



DRAFT ANNUAL ACCOUNTS **2024/25**



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Introductory Statements

Narrative Statement

This report sets out to provide the context for the Council's financial statements and to demonstrate how the Council has achieved its desired objectives for 2024/25.

1. Introduction

Leicester City Council is a unitary authority in the East Midlands consisting of 54 councillors, representing 21 wards in the city, overseen by a directly elected City Mayor.

The Council's responsibilities are wide-ranging and include services it is legally required to provide (e.g. adult social care and waste collection) as well as discretionary services such as parks, open spaces and leisure centres.

Leicester City Council employs more than 11,000 staff, who are responsible for delivering services to a diverse range of customers. Examples of the areas in which they work are below:

- Neighbourhood and Environmental Services
- Adult Social Care
- Children's Social Care
- Housing
- Public Health & Sports
- Schools (over 40% of our employees work within schools).

During 2024/25 the Council faced increased costs, particularly relating to homeless households which had a budget increase of £10.6m. While the final out-turn for the year was a £17m underspend against

budgets, this includes some one-off income items and does not fairly represent the significant financial pressures the Council is facing. The net call on the managed reserves strategy in year was £61m, and the reserves available to support future budgets are rapidly being depleted.

The underlying demand and cost pressures, which are recognised as national issues, are expected to continue into 2025/26 and will continue to put strain on the Council's finances. Without further action, the budget gap will grow in future years and available managed reserves will be exhausted.

Vision & Values

- The vision of the Council is that we will operate with creativity and drive for the benefit of Leicester and its people. To achieve this, we have committed to five values:
- Confidence
- Clarity
- Respectfulness
- Fairness
- Accountability

The City Mayor's vision is for Leicester to be a proud, dynamic, diverse and innovative city; that unifies around a shared civic pride and identity; and that works together to tackle the threat of the climate emergency and the injustice of social and economic inequality, and as a result becomes a safer, happier, fairer place to live and work.

The vision is underpinned by ten priorities:

- Supporting People
- Supporting Communities
- A good home
- A good job
- Safe, clean streets
- Climate ready
- Our well-being
- Our children and young people
- Our quality of life
- Our care services

Some of the key outcomes from the Mayor's pledges in 2024/25 have been:

- Setting a three year budget strategy;
- Investment in council housing;
- Investment temporary accommodation in the city.
- Investment in Jewry Wall Museum

Narrative Statement

3. Financial Performance

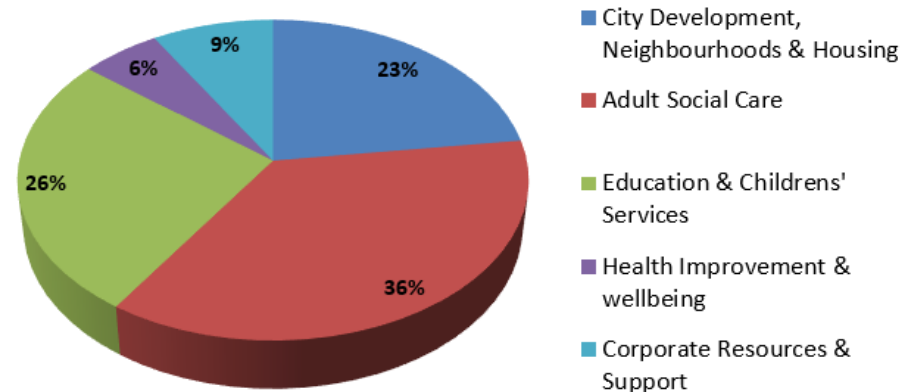
The budget for 2024/25 was set under a difficult financial situation. Following on from severe spending cuts and increasing demand for services that put pressure on spend and on income streams. It is positive to note the Council has managed to remain within its resources for this financial year.

Net expenditure on provision of services was £401m in 2024/25 and £411m in 2023/24. The chart to the right sets out the spend by General Fund service area.

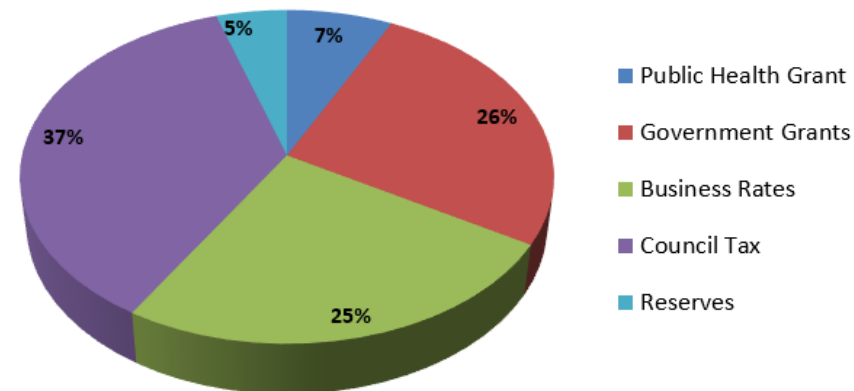
The services above are funded through various resources as demonstrated below.

The Expenditure and Funding Analysis at note 2 in the accounts shows the relationship between the outturn position and what is reported in the Council's Comprehensive Income & Expenditure Statement.

2024/25 Spend by Category
(General Fund Net Spend)



2024/25 Sources of Funding
(General Fund)

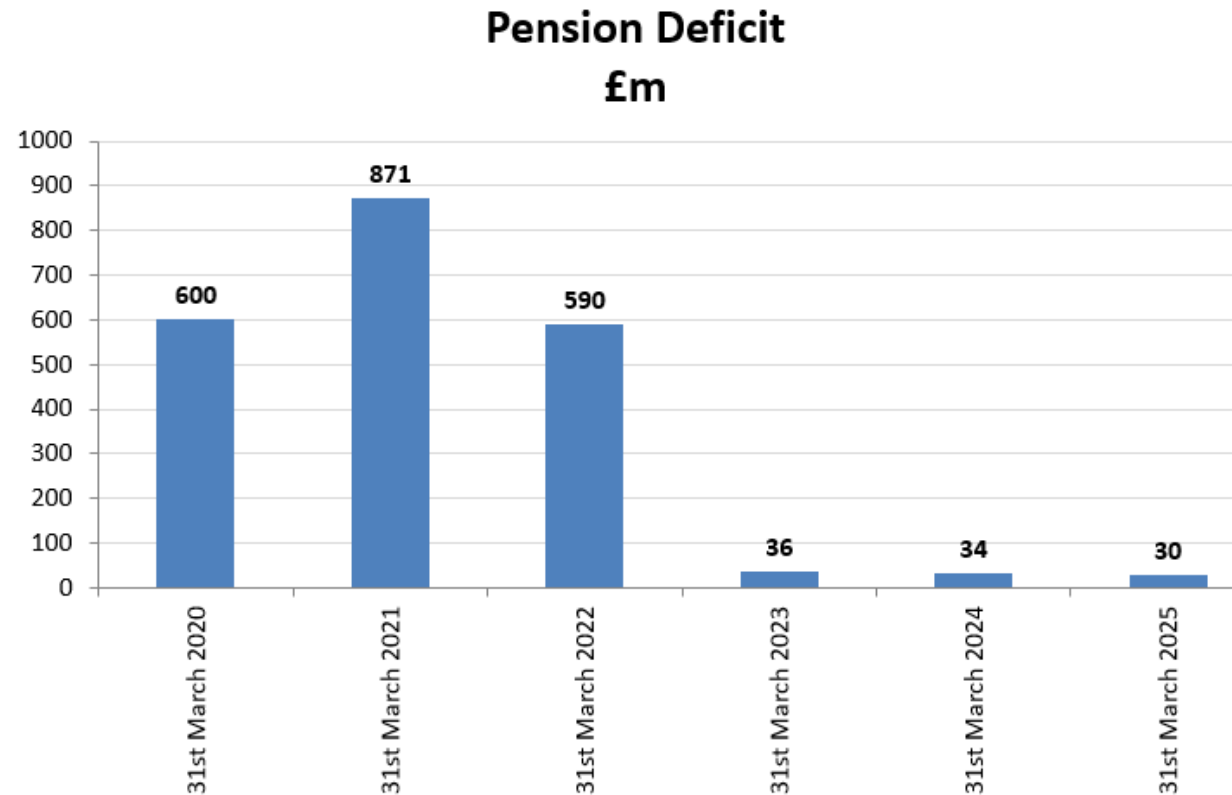


Narrative Statement

Pension Liabilities

The Council is a member of the Leicestershire local authority pension scheme. In common with many such schemes, the scheme position has recently improved, after showing significant deficits for several years. This represents the difference between expected investment returns and the cost of providing benefits to scheme members which have been earned to date, whilst also taking into account the contributions made by the Council.

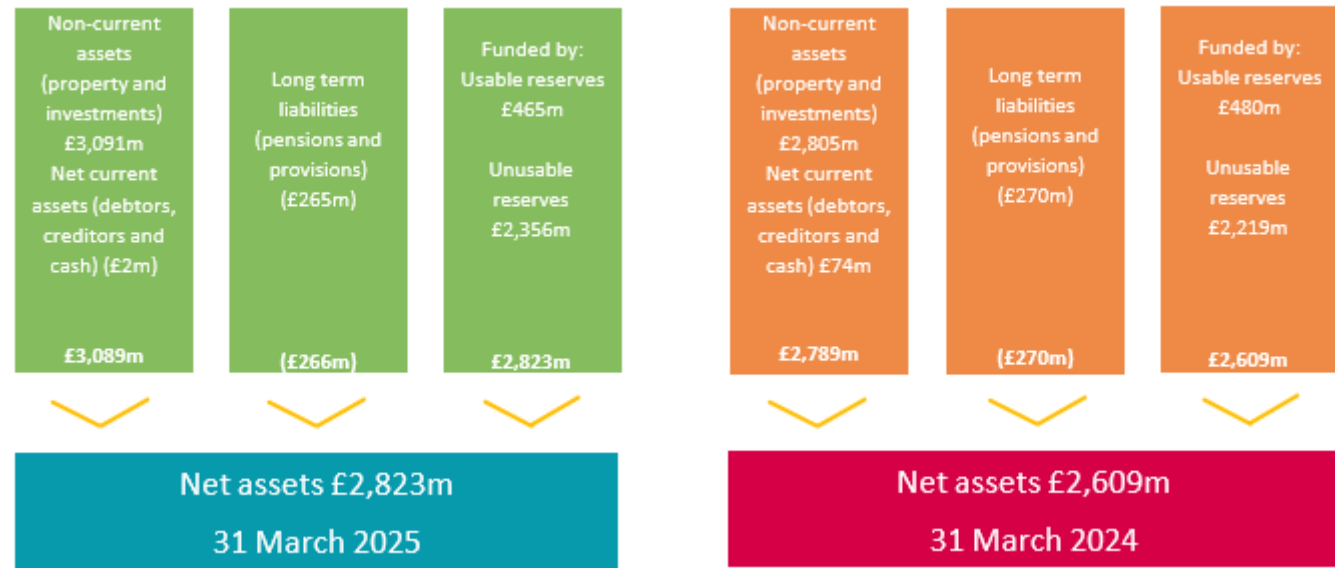
Variations between the years will occur, principally due to changes in assumptions made by the scheme actuaries about the growth of future liabilities and rates of returns on the fund's investments. The graph to the right illustrates the volatility that can occur on a year-by-year basis because of these changes, and hence the limited context in which annual movements should be viewed. This year the Council have a net asset on the pension fund, however due to asset ceiling accounting requirements the position shown in the accounts is a £30m deficit relating to unfunded liabilities. This is explained further in the pension fund disclosures in Note 42.



Narrative Statement

Net Assets

The Council maintains a strong balance sheet despite financial challenges, with net assets of £2,823m at 31st March 2025 (£2,609m at 31st March 2024).



Cash Flow Management

Cash management differs from budget management in that cash balances do not represent sums which could be used to support the budget.

The Council's treasury strategy is based on utilising cash balances to fund capital expenditure without the need to borrow.

Outstanding borrowing is kept under review; early repayment of £20m was made in the year, when an interest change was requested.

Cash & Cash equivalents at 31st March 2025 were £69m, which was £22m lower than the previous year, as a result of as a result of funding the capital programme without taking new borrowing. Cash balances can vary significantly on a day to day basis so it is prudent to maintain a level of cash that is readily available to manage the Council's business. Cash can also be used to repay debt, but Central Government rules usually make it too expensive to repay PWLB debt.

Narrative Statement

Capital

The Council has an ambitious capital programme aimed at regenerating the City, including:

- Children's Home Refurbishments
- Levelling up schemes
- Council house improvements
- Additional school places
- Affordable Housing

Capital expenditure of £143m was incurred in 2024/25 compared to £140m in 2023/24. Details of the spending can be seen in the table.

Capital Expenditure 2024/25		
Category	£m	Spending includes;
Planning, Development & Transport	29.4	Connecting Leicester, Leicester Railway Station Levelling Up, Transport Improvement Works, Highways Maintenance
Housing Revenue Account	43.4	Affordable Housing Acquisitions, Council House Improvements; including environment and communal
Schools	14.1	Schools' maintenance, additional Primary, Secondary and Send places, Children's Homes Refurbishments
Tourism, Culture & Inward Investment	10.1	Jewry Wall Museum, Leicester Market Redevelopment, Pilot House Levelling Up & Growth Hub
Estates & Building Services	21.8	Property and Operational Estate Maintenance, Replacement Cladding Phoenix Square, The Curve Remedial Works, Haymarket Theatre Internal Completion Works
Neighbourhood & Environmental Services	1.8	Multi Use Games Areas (MUGAs), Parks Plant and Equipment, Saffron Lane Stadium S106 Improvements, St Margarets Pastures Skate Park
Housing General Fund	17.6	Housing acquisitions, Disabled facilities grant, Vehicle Fleet Replacement Program, Action Homeless Supported Living Scheme
Other	4.7	Public Health schemes and loans to third parties
Total	142.9	

Narrative Statement

Leicester and Leicestershire Enterprise Partnership (LLEP)

The Council is the accountable body to the LLEP, which is formally constituted as a limited company although has remained dormant. Until 31st-March 2024, the LLEP was a strategic body comprising local government and business leaders, together with senior education and third sector representatives. Its remit was to create economic prosperity in Leicester and Leicestershire. From 1st April 2024, and in line with Government policy developments, the core functions transferred to Leicester City Council and Leicestershire County Council. With the City Council acting as the lead authority.

As the accountable body for the LLEP, the Council oversaw its finances. As at the 31st March 2024, the Council held £18.2m; the total is shown as a creditor in the balance sheet. The LLEP's operating income and expenditure was not included in the core statements of the Council during 2023/24. From 1st April 2024, all funds associated with the LLEP will be held by the Council directly as the lead authority and included in these accounts

Narrative Statement

4. Governance

Details regarding the Council's governance arrangements can be found in the Annual Governance Statement (page 152) along with the significant risks facing the authority.

5. Looking Ahead

The Council has set a balanced budget for 2025/26, and forecasts to balance for the next three years based on the following actions:

- Savings programme
- Cost Mitigation in areas such as social care
- Funding the capital programme through borrowing.

Further detail on the Council's long-term strategy can be found in the budget report, which is available on the Council's website.

However, the future outlook continues to be extremely difficult. In common with many authorities across the country, significant demand pressures in social care and support for homeless households are expected to continue. Whilst some new funding has been made available, it is insufficient to meet our forecast cost growth.

In addition to the General Fund budget pressures highlighted above, the Dedicated Schools Grant (High Needs Block) budgets for children and young people with special educational needs and disabilities continue to be under severe pressure. These budgets

have recorded unavoidable overspends, with the cumulative balance on the DSG deficit reserve being £22.2m. Under a "statutory override" available until 2027/28, this deficit does not reduce our General Fund reserves. However, we are preparing a deficit recovery plan, which all authorities are required to do, although it remains unclear how the situation is retrievable without further government support, given the continued increase in demand for these services.

Further detail on the risks facing the Council can be found in the Annual Governance Statement.

5. Conclusion

The Council expects to continue to operate within a constrained funding envelope whilst seeing significant demand on services, which is recognised as a national issue. With these pressures the Council managing within its means whilst providing good quality services will remain the primary challenge to the Council.

The Council will need to continue to work to ensure that it uses its cash and fixed asset resources in the most efficient and effective way possible. This will be important in maximising available resources whilst operating with prudent financial disciplines.

Further details on the Council's organisational structure, corporate plans and strategic issues can be found in the Annual Governance Statement.

Narrative Statement

6. Structure of the Statement of Accounts and Core Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31st March 2025. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. This is based on International Financial Reporting Standards adopted for use in the public sector context. The Core Statements are:

- The **Comprehensive Income and Expenditure Statement (CIES)** – this shows the net cost of providing services. This statement is prepared on the accounting basis. The Expenditure and Funding Analysis compares the CIES with the level of income and expenditure which are taken into account when setting the annual budget and council tax, since certain amounts are disregarded under statute.
- The **Movement in Reserves Statement** is a summary of the changes in the Council's reserves over the course of the year. Reserves are divided into usable reserves which can be used to fund future expenditure and unusable reserves which are maintained to meet statutory responsibilities.

- The **Balance Sheet** shows the Council's assets and liabilities at the year end. Net assets are matched by reserves which may be usable or unusable.
- The **Cash Flow Statement** shows the changes in cash and cash equivalents during the year and explains the reasons.

The Supplementary Financial Statements are:

- The **Annual Governance Statement** which provides an overview of the Council's key governance arrangements; along with updating readers on the conclusions of the annual review, including any changes and improvements that are being made.
- The **Housing Revenue Account** is a statutory ringfenced account relating to the provision of rented social housing.
- The **Collection Fund** which records all income and expenditure in relation to council tax and business rates and the redistribution to precepting authorities.

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

Group Accounts Preparation:

The Council has not identified any subsidiaries, associated companies or joint ventures in which it has material interest and therefore is not required to prepare group accounts.

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Section 151 Officer.
- Manage its affairs so as to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Signed:

Chair of Governance and Audit Committee

Date:

Statement of Responsibilities for the Statement of Accounts (continued)

The Section 151 Officer Responsibilities

The Section 151 Officer 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, the Section 151 Officer has:

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

The Section 151 Officer has also:

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

I certify that the Statement of Accounts has been prepared in accordance with proper practices and presents a true and fair view of the financial position of the City Council and its income and expenditure for the year ended 31st March 2025.

Signed:

A handwritten signature in black ink, consisting of a series of loops and a final flourish, positioned above the printed name of the signatory.

Amy Oliver CPFA, Director of Finance & Section 151 Officer

Date:

Independent Auditor's Report to the Members of Leicester City Council

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Core Financial Statements

Comprehensive Income and Expenditure Statement

The **Comprehensive Income and Expenditure Statement** shows the Council's actual financial performance for the year on the accounting basis, measured in terms of the resources consumed and generated over the financial period under the relevant accounting standards. This statement shows a surplus in 2024/25 of £213m.

Total comprehensive income and expenditure includes various transactions which illustrate aspects of the Council's financial position but do not impact on the 'bottom line' amounts chargeable to taxpayers, in particular gains on the revaluation of pension liabilities and gains on revaluation of property assets.

Restated 2023/24				2024/25		
Gross Exp	Income	Net Exp		Gross Exp	Income	Net Exp
£000	£000	£000		£000	£000	£000
196,441	(86,837)	109,604	City Development & Neighbourhoods	199,623	(103,065)	96,558
93,818	(93,320)	498	Housing Revenue Account (HRA)	87,669	(98,441)	(10,772)
211,844	(75,522)	136,322	Adult Social Care	239,534	(90,105)	149,429
38,383	(41,619)	(3,236)	Health Improvement & Wellbeing	41,983	(45,760)	(3,777)
449,920	(315,153)	134,767	Education & Children's Services	460,504	(331,119)	129,385
56,128	(19,082)	37,046	Corporate Resources & Support	54,096	(19,228)	34,868
73,875	(73,424)	451	Housing Benefits	72,449	(70,826)	1,623
(3,279)	(359)	(3,638)	Corporate Items	4,493	(428)	4,065
-	(517)	(517)	Capital Financing	-	(517)	(517)
1,117,130	(705,833)	411,297	Cost of Services	1,160,351	(759,489)	400,862

Comprehensive Income and Expenditure Statement (continued)

2023/24				2024/25		
Gross Exp	Income	Net Exp		Gross Exp	Income	Net Exp
£000	£000	£000	Note	£000	£000	£000
		104,684	Other Operating Income and Expenditure	11		(4,773)
		13,323	Financing and Investment Income and Expenditure	12		11,657
		(423,295)	Taxation and Non-Specific Grant Income and Expenditure	13		(386,179)
		106,009	(Surplus) or Deficit on Provision of Services	14		21,567
		75,341	(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets	26b		(253,021)
		17,997	Remeasurement of the Net Defined Benefit Pension Liability	42		18,018
		93,338	Other Comprehensive Income & Expenditure			(235,003)
		199,347	Total Comprehensive Income & Expenditure			(213,436)

Movement in Reserves Statement

The **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the Council, analysed into “usable reserves” (those that can be applied to fund expenditure or reduce local taxation) and unusable reserves which contain items that illustrate the difference between the Council’s financial position under accounting standards (the “accounting basis”) and the amount charged to the taxpayer for the year (the “funding basis”).

2024/25		General Fund Balance	Earmarked Reserves	General Fund Total	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
31st March 2024 brought forward		(15,000)	(292,654)	(307,654)	(22,715)	-	(124,655)	(25,343)	(480,367)	(2,128,854)	(2,609,221)
Total Comprehensive Expenditure and Income		21,830	-	21,830	(263)	-	-	-	21,567	(235,003)	(213,436)
Adjustments between accounting basis & funding basis under regulation	9	(12,002)	-	(12,002)	372	(893)	(5,411)	10,866	(7,068)	7,068	-
Transfers (from) / to Earmarked Reserves	10	(9,828)	9,828	-	-	-	-	-	-	-	-
Balance at 31st March 2025 carried forward		(15,000)	(282,826)	(297,826)	(22,606)	(893)	(130,066)	(14,477)	(465,868)	(2,356,789)	(2,822,657)

Movement in Reserves (continued)

2024/25		General Fund Balance	Earmarked Reserves	General Fund Total	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	Note	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
31st March 2024 brought forward		(15,000)	(292,654)	(307,654)	(22,715)	-	(124,655)	(25,343)	(480,367)	(2,128,854)	(2,609,221)
Total Comprehensive Expenditure and Income		21,830	-	21,830	(263)	-	-	-	21,567	(235,003)	(213,436)
Adjustments between accounting basis & funding basis under regulation	9	(12,002)	-	(12,002)	372	(893)	(5,411)	10,866	(7,068)	7,068	-
Transfers (from) / to Earmarked Reserves	10	(9,828)	9,828	-	-	-	-	-	-	-	-
Balance at 31st March 2025 carried forward		(15,000)	(282,826)	(297,826)	(22,606)	(893)	(130,066)	(14,477)	(465,868)	(2,356,789)	(2,822,657)

Balance Sheet

The Balance Sheet shows the Council's assets and liabilities.

The top of the Balance Sheet shows the Council's net assets. Assets include property, plant & equipment, intangible assets, amounts owed to the Council and the Council's cash and financial investments. Liabilities include amounts owed by the Council (including conditional funding received), provisions made in respect of future events, the Council's borrowing and the deficit on the Council's pension fund.

The bottom of the Balance Sheet shows how the Council's net assets are financed by reserves, which are divided into usable and unusable reserves.

31st March 2024		Note	31st March 2025
£000			£000
2,658,381	Property, Plant & Equipment	15	2,948,713
121,030	Heritage Assets	16	121,154
758	Intangible Assets	17	1,239
15,000	Long Term Investments	18a	10,000
9,737	Long Term Debtors	20	9,729
2,804,906	Long Term Assets		3,090,835
90,315	Short Term Investments	18a	20,115
2,810	Assets Held For Sale (<1 year)	22	5,862
3,252	Inventories	19	3,251
101,576	Short Term Debtors	20	99,766
90,820	Cash and Cash Equivalents	21	68,950
288,773	Current Assets		197,945

Balance Sheet (continued)

31st March 2024		Note	31st March 2025
£000			£000
(36,209)	Short Term Borrowing	18a	(21,887)
(175,006)	Short Term Creditors	23	(174,557)
(3,376)	Provisions (<1 year)	24	(3,150)
(214,591)	Current Liabilities		(199,593)
(5,980)	Provisions (>1 year)	24	(5,860)
(134,491)	Long Term Borrowing	18a	(134,491)
(119,316)	Other Long Term Liabilities	18a & 42	(112,103)
(2,797)	Revenue Grants Receipts in Advance	35	(1,822)
(7,278)	Capital Grants Receipts in Advance	35	(12,252)
(269,862)	Long Term Liabilities		(266,527)
2,609,226	Net Assets		2,822,659
<u>Represented by:</u>			
480,368	Usable Reserves	25	465,868
2,128,858	Unusable Reserves	26	2,356,791
2,609,226	Total Reserves		2,822,659

Cash Flow Statement

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

2023/24		2024/25	
£000		Note	£000
106,009	Net (surplus) or deficit on the provision of services		21,567
(166,904)	Adjustments to net surplus or deficit on the provision of services for non-cash movements	27	(64,716)
103,290	Adjustments for items included in the net surplus or deficit on the provision of services that are investing or financing activities	27	55,183
42,395	Net cash flows from Operating Activities		12,034
(89,957)	Net cash flows from Investing Activities	28	(9,947)
39,516	Net cash flows from Financing Activities	29	19,782
(8,046)	Net (increase) or decrease in cash and cash equivalents		21,869
82,773	Cash in hand / (overdraft) and cash equivalents at the beginning of the reporting period		90,819
90,819	Cash in hand / (overdraft) and cash equivalents at the end of the reporting period	21	68,950

Explanatory Notes To The Core Financial Statements

Note 1 Accounting Policies

Changes in Accounting Policies

In 2024/25 we updated our policies to reflect requirement of IFRS 16 Leases.

Accounting Policies for 2024/25

1. General Principles

The Statement of Accounts summarises the City Council's transactions for the 2024/25 financial year and its position at the year end of 31st March 2025. The Council is required to prepare an annual statement by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices comprise the Code of Practice on Local Authority accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. Figures within the Statement of Accounts may be adjusted by up to £2,000 to take account of rounding differences arising due to reporting figures in thousands (£000s)

2. Recognition of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the good or services are transferred to the service recipient in accordance with the performance obligations of the contract;
- Supplies are recorded as expenditure when they are consumed. Where supplies are held for future use they are shown as inventories on the Balance Sheet;
- Expenses in relation to services received (including services provided by employees) are recorded when the services are received rather than when payments are made;
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded on the Balance Sheet. Where debts

may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

3. Cash and Cash Equivalents

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

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form part of the Council's cash management.

4. Charges to Revenue for Non-Current Assets

Service revenue accounts & support services are charged 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. Depreciation is calculated on opening Net Book Values;

Note 1 Accounting Policies (continued)

4. Charges to Revenue for Non-Current Assets (continued)

- Revaluation & impairment losses on assets used by the service where there were no accumulated gains in the Revaluation Reserve against which the losses can be written off;
- Amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, the Council's policy is to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirements. This is known as "Minimum Revenue Provision" (MRP). The Council is also able to make additional voluntary MRP known as "Voluntary Set Aside" (VSA).

Depreciation, impairment losses, and amortisations are therefore replaced by MRP and VSA in the Movement in Reserves Statement by way of an adjusting transaction within the Capital Adjustment Account for the difference between the two.

The Council's full policy on the calculation of Minimum Revenue Provision is set out in the annual budget approved by Council. The Council's MRP policy brings the charge into line with asset lives.

5. Council Tax & Non Domestic Rates

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

Accounting for Council Tax and NDR

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

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

6. Employee Benefits

Benefits payable during employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include wages, salaries, paid annual and sick leave, bonuses and other non-monetary benefits (e.g. cars) for current employees and are recognised in the year in which the employee renders the service. An accrual is made for the cost of holiday entitlement earned by the employee but not taken before the end of the financial year. The accrual is made at the wage and salary rates applicable in the period the employee takes the benefit. This accrual is charged to services and reversed into the period when the entitlement is taken. To avoid an impact on balances this is reversed in the Movement in Reserves Statement.

Note 1 Accounting Policies (continued)

6. Employee Benefits (continued)

Termination Benefits

Termination benefits are payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or the officer's decision to accept voluntary redundancy.

These costs are charged on an accrual basis to the Cost of Services in the CIES when the Council is committed to the termination, or makes an offer to encourage voluntary redundancy.

When these involve enhancement of pensions the General Fund is required to be charged with the amount payable, however this is adjusted (in line with regulations) in the Movement in Reserves Statement to reflect the cash paid rather than the liability incurred under accounting standards.

Post-employment Benefits

Employees of the Council may be members of one of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education;
- The Local Government Pension Scheme, administered by Leicestershire County Council (LGPS);

- The NHS Pension Scheme (in relation to staff transferring from the NHS as part of the adoption of responsibility for public health), administered by the NHS Business Services Authority.

All schemes provide defined benefits to members (retirement lump sums and pensions), to which entitlement is earned as employees work for the Council.

However, the arrangements for the teachers' and NHS schemes mean that liabilities for those benefits cannot be identified as specifically accruing to the Council. The scheme is therefore accounted for as if it were a defined contributions scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Education and Children's services line in the CIES is charged with the employer's contributions payable to teachers' pensions in the year.

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

- The liabilities of the Leicestershire County Council Pension Scheme attributable to Leicester City Council are included in the balance sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates,

employee turnover rates etc. and projections of future earnings for current employees;

- The assets of the Leicestershire County Council Pension fund attributable to Leicester City Council are included in the Balance Sheet at their fair value;
- The change in the net pensions liability between Balance Sheet dates is analysed into six components:
- Current service cost – the increase in liabilities as a result of years of service earned this year, allocated in the CIES to the revenue accounts of services for which the employees worked;
- Past service costs – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Net Cost of Services in the CIES as part of Cost of Services;
- Net interest on the defined benefit liability – the net of the expected increase in the present value of liabilities over the year arising from the passage of time and the expected return on scheme assets discounted at the discount rate used for the liabilities. This is part of Financing & Investment Income & Expenditure;

Note 1 Accounting Policies (continued)

6. Employee Benefits (continued)

Post-employment Benefits (continued)

- Gains/losses on settlements and curtailments – the results of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited to the Net Cost of Services as part of Non-Distributed Costs;
- Re-measurements of the net defined benefit obligation – this is the change in the net pensions liability over the year attributable to changes in demographic and financial assumptions;
- Contributions paid to the Leicestershire County Council Pension Fund – cash paid as employer's contributions to the pension fund.

Statutory provisions limit the Council to raising council tax to cover the amounts payable by the Council to the pension fund in the year. This means that there are appropriations to and from the Pensions Reserve in the Movement in Reserves Statement, to remove the notional debits and credits for retirement benefits and replace them with debits for cash paid to the pension fund and any amounts payable to the fund but unpaid at the year-end. The negative balance on the Pensions Reserve measures the beneficial impact on the General Fund for

accounting on a cash basis rather than as the benefits are earned.

Discretionary Benefits

The Council also has limited 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 and ex-NHS staff) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

7. Events after Balance Sheet date

Events after the Balance Sheet date are those events, favourable or adverse, that occur between the end of the reporting period and the date that the Statements are authorised for issue. Two types of events could be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period. The statements are adjusted to reflect this better understanding of the situation at the Balance Sheet date;
- Those indicative of conditions that arose after the reporting period, but are relevant to the reader's understanding of the Council's financial position. The Statements are not adjusted, but if the events would have a material effect on the

reader's understanding, disclosure is made of the nature of the events and their estimated financial effect.

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

8. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability.

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

Financial Assets

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

Note 1 Accounting Policies (continued)

8. Financial Instruments (continued)

Financial Assets (continued)

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

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 (ie where the cash flows do not take the form of a basic debt instrument).

9. Government Grants and Contributions

Grant Conditions

Whether paid on account, by instalments or in arrears, Government grants and third party contributions and donations are recognised as income at the date that the Council satisfies the conditions of the entitlement to the grant/contribution and there is reasonable assurance that the monies will be received.

Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contributions have

been satisfied. Conditions are stipulations that specify that future economic benefits or service potentials embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or returned to the payer.

Monies advanced as grants and contribution for which conditions have not been satisfied are carried in the Balance Sheet as creditors.

Acting as a principal or agent

Grants are only recognised as income in the CIES, where the Council is acting as a principal. If the Council is acting as an intermediary, then the net balance of monies to either be repaid or due to the Council, will be shown on the balance sheet.

It is deemed the Council is acting as a principal if they have control of a grant i.e. the ability to direct the use of and obtain substantially all of the remaining benefits from the grant.

10. Leases

The Council identifies assets where there is a right to use, including peppercorn leases and arrangements with nil consideration in accordance with IFRS 16.

Where a lease covers both land and buildings each element is considered separately for classification. Arrangements that do not have

the legal status of a lease but convey a right to use the asset in return for a consideration are accounted for under this policy.

Council as Lessor

Where the Council is a lessor and has granted a finance lease over property or equipment, which is considered material, the relevant asset is written out of the Balance Sheet. Rentals under such leases are apportioned between:

- Finance income (credited to Finance and Investment income in the CIES).
- Charge for acquisition of the interest in the property (treated as a capital receipt and is used to reduce the long-term debtor created at the start of the lease).

Note 1 Accounting Policies (continued)

10. Leases (continued)

Council as Lessee

Contracts, and parts of contracts, including those described as contracts for services, are assessed 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 Council recognises contracts as leases in accordance with IFRS16.

The asset's recognition is matched by a liability for the obligation to pay the lessor. Contingent rents are charged as expenses in the periods they are incurred. Payments under such leases are apportioned between:

- Finance Income (charged to the Finance and Investment expenditure in the CIES).
- Charge for acquisition (debited against the lease liability created when the non-current asset is recognised on the Balance Sheet).

11. Property Plant and Equipment

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

Recognition:

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, subject to a de minimis limit of £10k so that small items of expenditure may be charged to revenue. Expenditure that secures but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue.

Measurement:

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. The Council does not capitalise borrowing costs incurred during the construction period.

The cost of assets acquired other than by purchase, and donated assets, is deemed to be its current value. Gains are credited to the Revaluation Reserve and included in the Other Operating Income and Expenditure line of the CIES.

Assets are carried in the Balance Sheet using the following measurement basis:

- Council dwellings – current value using basis of existing use value for social housing.
- Vehicles, Plant, and Equipment: Mainly at historic cost net of depreciation, with a few assets being subject to current value

measurement.

- Infrastructure Assets, Community Assets, and Assets under Construction: Depreciated historic cost or nominal value in the main, with a few being subject to current value measurement.
- Land and Buildings: Current value, determined as the amount that would be paid for the asset in existing use (based on market value at highest and best use). Where there is no market-based evidence of current value because of the specialized nature of the asset, depreciated replacement cost is used as an estimate of current value.
- All Other Assets Including Surplus Assets: Fair value, determined as the amount that would be paid for the asset in existing use (based on market value at highest and best use).

Other PPE valuations are carried out by the Council's qualified valuers "to existing" assets and are included in the Balance Sheet at current value. The Council's PPE are revalued annually, with the exception of low-value and de minimis assets. Annual valuations of council dwellings are carried out by a specialist external valuer.

Note 1 Accounting Policies (continued)

11. Property Plant and Equipment (continued)

Impairment:

The values of each category of asset and of material individual assets are reviewed at the end of each financial year for evidence of reductions in value. Where impairment is identified, it is accounted for as follows:

Consumption of Economic Benefit: If the impairment is clearly attributable to the consumption of economic benefit, the loss is charged to the relevant service revenue account.

Other Impairments: If the impairment is not attributable to the consumption of economic benefit, it is written off against any previous revaluation gains attributable to the asset in the Revaluation Reserve. Any excess impairment is then charged to the Surplus or Deficit on Provision of Services (SDPS).

Disposals:

When it becomes probable that the carrying amount of an asset will be recovered from sale rather than through continued use, it is immediately revalued and reclassified as an Asset Held for Sale. The asset is then carried at fair value less costs to sell.

For assets that no longer meet the criteria of Assets Held For Sale they are reclassified back to non-current assets and valued back to their carrying value before being reclassified, adjusted for depreciation that would have been incurred.

When an asset is disposed of or de-commissioned, the value of the asset in the

Balance Sheet is written off to the Other Operating Income and Expenditure line in the CIES as part of the gain or loss on disposal.

Receipts from disposals are credited to the CIES 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). Amounts in excess of £10k are categorised as capital receipts.

A proportion of receipts relating to Housing Revenue Account (HRA) dwellings sold under the Right To Buy (RTB) rules from 1st April 2012 is payable into a government pool, with the balance of the receipts (after a deduction to compensate the HRA for a higher level of sales under the new rules) being available for general capital investment plus a prescribed requirement to provide new affordable housing. 50% of HRA receipts from non-RTB disposals are also required to be paid into the government pool, unless they are reinvested in new affordable housing or regeneration capital schemes, in which case the pooling requirement is waived.

Usable capital receipts are credited to the Usable Capital Receipts Reserve and can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement).

The written-off value of disposals is not charged against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing.

Depreciation:

Depreciation is provided for on all assets with a

determinable finite life, by allocating the value of the asset in the Balance Sheet over the periods in which the benefits from their use are expected to arise.

Depreciation is calculated on the following bases:

- Council dwellings - dividing the buildings element of the valuation (i.e. current less an adjustment for social housing) by the residual life (25-75 years) of the property.
- Other buildings - straight-line allocation over the life of the property subject to a maximum of 50 years as estimated by the valuer.
- Vehicles - on a straight-line basis over 5-7 years.
- Plant and Equipment - straight-line over the estimated life of the asset.
- Infrastructure - straight-line over estimated use of life.
- Community - straight-line over estimated use of life.
- Surplus - straight-line over estimated use of life.

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

Note 1 Accounting Policies (continued)

11. Property Plant and Equipment (continued)

Depreciation is calculated on opening net book values and is based on the remaining useful life on the assets.

Schools

Schools assets are included within the Council's Balance Sheet in line with the criteria for recognition of non-current assets set out in the Code of Practice. Consideration is given to the recognition of the assets on a school-by-school basis but in effect the assets of all schools run under the standard community schools model (including Voluntary Controlled schools) are recognised because the Council is both the legal owner of the assets and also the beneficiary of them in substance. Where the governance of the school differs from the community school model (for example Academies, Voluntary Aided and Foundation Trust schools), the Council considers whether it has effective control of the school's assets in respect of access to future economic benefits or service potential, and also its exposure to the risks of ownership. Where this is not the case, the assets are not recognised on the Council's Balance Sheet.

Where schools become Academies, the Council retains legal title to the assets of the school but transfers the economic benefits and service potential of those assets to the Academy by way of a long lease. The Council therefore derecognises those assets from its Balance

Sheet in line with the Code of Practice's provisions on leasing.

Heritage Assets

Heritage assets are classified and measured on the following basis:

- Heritage Buildings – Current Value
- Museum/Gallery Exhibits (including Mayoral Regalia and Civic Silver) - Insurance Value (based on revaluation every three years)
- Statues and Monuments - Insurance Value

The carrying amounts in the Balance Sheet of all the assets (i.e. other than museum exhibits and assets held at nominal current value) are reviewed as part of the on-going revaluation programme undertaken by the Council. Where there is evidence of impairment, such as physical deterioration, that impairment will be recognised and measured in accordance with the Council's general policies on impairment.

Asset purchases will be recognised at cost and acquisitions (for example donations) will be initially recognised at a nominal value until valuations can be ascertained by either the museum's curators with reference to the appropriate commercial markets, or by an external valuer.

The Council may dispose of heritage assets

which have a doubtful provenance or are unsuitable for display. Proceeds of such items will be disclosed separately in the notes to the financial statements and will be accounted for in accordance with the statutory requirements relating to capital expenditure and capital receipts (see Note 15 – Property, Plant and Equipment).

Heritage Assets are not depreciated.

Highways Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, traffic management systems and land which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits will flow to the authority and the cost can be measured reliably.

Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums

Note 1 Accounting Policies (continued)

borrowed as at 1st April 1994, which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are assessed by the Highways Department using industry standards where applicable as follows:

Part of the highways network	Useful life (Years)
Carriageways	25
Footways and cycleways	25
Structures	120
Street Lighting	40
Traffic Management	20

Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are 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 transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

12. Private Finance Initiatives (PFI)

PFI, and similar contracts, are agreements to receive services which may include the requirement to provide assets by the supplier in the delivery of the service. As the Council is deemed to control the service, and ownership of the property will pass to the Council at the end of the contract with no extra charge, the Council carries the value of the asset on its Balance Sheet as part of Property, Plant and Equipment.

The initial recognition of the assets, at current value, is balanced by the recognition of the liability for amounts due to the scheme contractor to pay for the capital investment.

The amounts payable to the PFI contractor each year comprise:

- Value of the service received in the year – charged to relevant service in the CIES.
- Finance Cost – the interest charge on the outstanding Balance Sheet liability, charged to the Finance and Investment line in the CIES.
- Contingent Rent – lease payments that increase or decrease as a result of changes in factors occurring subsequent to the inception of the lease, other than the passage of time.
- Payment towards the liability – applied to the Balance Sheet Liability.
- Lifecycle Costs – additional expenditure on assets either added as prepayment for the asset or to the service lines where not material, when the relevant work is carried out.

Note 1 Accounting Policies (continued)

13. Provisions, Contingent Liabilities and Assets

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by transfer of economic benefits and a reliable estimate can be made to the amount of the obligation.

Provisions are charged as an expense to the appropriate service in the CIES in the year that the Council becomes aware of the obligation and are measured at the best estimate at the balance sheet date, taking into account relevant risks and uncertainties.

Contingent liabilities arise where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence of uncertain future events not wholly within the control of the Council. Contingent assets arise where an event has taken place that gives the council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Both contingent items are not recognised in the Balance Sheet but disclosed further in the notes to the accounts.

14. Reserves

The Council sets aside specific amounts as usable reserves for future policy provisions or to cover contingencies. Reserves are created by appropriating amounts of the General Fund

Balance.

Certain unusable reserves are kept to manage the accounting process for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Council. These reserves are explained in further detail in Note 26 to the accounts.

15. Revenue Expenditure Funded from Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provision but does not result in the creation of fixed assets has been charged as expenditure to the relevant service revenue account in the CIES, in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, it is transferred from the General Fund to the Capital Adjustment Account so there is no impact on the level of Council Tax.

16. Schools

Where the Council determines that the overall balance of control of schools lies within the Council those schools' assets, liabilities, reserves and cash flows are recognised in the Council financial statements. Therefore, schools' transactions, cash flows and balances are recognised in the Financial Statements of the Council as if they were the transactions, cash flows and balances of the Council. Academies and other schools such as voluntary aided

schools, where control does not lie with the Council, are excluded from the Council's financial statements.

17. VAT

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

18. Prior Period Adjustments, changes in accounting policies and estimates and errors

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

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

Note 2 Expenditure & Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. A breakdown of adjustments is included in note 8.

2024/25	Revenue Outturn Report-Expenditure	Adjustments to arrive at the Net Amount funded from General Fund *	Net Expenditure Charged to the HRA & General Fund Balance	Adjustments Between Accounting & Funding Basis	Net Expenditure on the Comprehensive Income & Expenditure Statement
			£000	£000	£000
City Development & Neighbourhoods	95,886	(19,030)	76,856	19,702	96,558
Housing Revenue Account (HRA)		(11,720)	(11,720)	948	(10,772)
Adult Social Care	152,344	(1,308)	151,036	(1,607)	149,429
Health Improvement & Wellbeing	(6,822)	3,875	(2,948)	(829)	(3,777)
Education & Children's Services	110,022	(9,304)	100,718	28,667	129,385
Corporate Resources & Support	36,133	892	37,025	(2,157)	34,868
Housing Benefits		1,623	1,623	-	1,623
Corporate Items	421	19,140	19,561	(15,496)	4,065
Capital Financing	1,701	(2,218)	(517)	-	(517)
Cost of Services	389,685	(18,050)	371,634	29,228	400,862
Other Operating Expenditure	-	(19,483)	(19,483)	14,710	(4,773)
Financing and Investment Income and Expenditure	-	26,279	26,279	(14,622)	11,657
Taxation and Non-Specific Grant Income	-	(368,495)	(368,495)	(17,684)	(386,179)
(Surplus) or Deficit on Provision of Services	389,685	(379,749)	9,935	11,632	21,567

Movement in Balances	General Fund / Earmarked Reserves	HRA	Total
Opening Balance	(307,654)	(22,716)	(330,370)
Surplus or Deficit in the Year	9,828	109	9,937
Closing Balance	(297,826)	(22,607)	(320,433)

*Due to differences in the Outturn report compared with the requirements for the CIES. For example; capital financing costs are reported within Corporate Items in the outturn report but are shown below cost of services for the CIES, and also the income that supports the budget in the out-turn report is included in Taxation & non Specific Grant income on the CIES.

Note 2 Expenditure & Funding Analysis (continued)

2023/24	Revenue Outturn Report: Expenditure	Adjustments to arrive at the Net Amount funded from General Fund *	Net Expenditure Charged to the HRA & General Fund Balance	Adjustments Between Accounting & Funding Basis	Net Expenditure on the Comprehensive Income & Expenditure Statement
			£000	£000	£000
City Development & Neighbourhoods	80,777	(16,562)	64,215	45,389	109,604
Housing Revenue Account (HRA)	-	(9,135)	(9,135)	9,632	498
Adult Social Care	146,961	(9,691)	137,270	(948)	136,322
Health Improvement & Wellbeing	(2,904)	160	(2,744)	(492)	(3,236)
Education & Children's Services	108,181	683	108,864	25,903	134,767
Corporate Resources & Support	37,552	1,068	38,620	(1,573)	37,047
Housing Benefits	-	451	451	-	451
Corporate Items	8,544	6,769	15,314	(18,951)	(3,638)
Capital Financing	(1,618)	1,101	(517)	-	(517)
Cost of Services	377,493	(25,156)	352,337	58,960	411,297
Other Operating Expenditure	-	(767)	(769)	105,452	104,684
Financing and Investment Income and Expenditure	-	26,497	26,497	(13,174)	13,323
Taxation and Non-Specific Grant Income	-	(365,717)	(365,716)	(57,579)	(423,295)
(Surplus) or Deficit on Provision of Services	377,493	(365,143)	12,350	93,659	106,009

Movement in Balances	General Fund / Earmarked Reserves	HRA	Total
Opening Balance	(317,346)	(25,378)	(342,724)
Surplus or Deficit in the Year	9,690	2,661	12,351
Closing Balance	(307,657)	(22,716)	(330,373)

*Due to differences in the Outturn report compared with the requirements for the CIES. For example; capital financing costs are reported within Corporate Items in the outturn report but are shown below cost of services for the CIES, and also the income that supports the budget in the outturn report is included in Taxation & non Specific Grant income on the CIES.

Note 3 Accounting Standards Issued But Not Yet Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), the Council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- **IAS 21 The Effects of Changes in Foreign Exchange Rate (IAS 21 Lack of Exchangeability)** – 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.
- **IAS 12 (Income Taxes)** - the amendment places a requirement to recognise deferred tax on particular transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.
- **IFRS 17 - Insurance Contracts.** IFRS 17

replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

- **Amendments to IAS 12 International Tax Reform: Pillar Two Model Rules** – introducing a temporary mandatory exception from accounting for deferred taxes.
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment 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

None of these amendments are anticipated to have a material impact on the Council's financial performance and financial position.

Note 4 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

Accounts prepared on a going concern basis

These accounts have been prepared on a going concern basis, assuming that the Council, its functions, and services will continue in operational existence for the foreseeable future. However, there is a high degree of uncertainty about future levels of funding for local government and the future national economic outlook. The Council's management has used its judgement and determined that its financial strategy is robust and that this uncertainty is not yet sufficient to affect the assumptions underpinning the strategy and that the Council will continue as a going concern. If the Council were not considered a going concern, it would have a material effect on the financial statements.

Note 5 Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

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

The items in the Council's Balance Sheet at 31st March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant & Equipment (Value - £2.9bn) (Depreciation - £57m) Refer to Note 15.	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for property, plant & equipment would increase by approximately £4.4m for every year that useful lives had to be reduced.
Fair Value Measurements (Surplus Assets - £115m) Refer to Note 15.	Some property (surplus) assets are held at Fair Value (see Accounting Policies & Notes 15 for more information). When there is no quoted market value for an asset, the Council applies other valuation methods in accordance with the Code of Practice and the underlying IFRS 13 standard, but these may incorporate elements of judgement around risks and the basis of assumptions.	It is not possible to quantify the level of variance that may arise if assumptions used differ from actual asset values. The Council is confident, however, that the risk of any variance will not affect the Council's financial strategy.

Note 5 Assumptions made about the future and other major sources of estimation uncertainty (continued)

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<p>Pension Liability</p> <p>(Net Asset—£30m)</p> <p>Refer to Note 42.</p>	<p>The net asset is not recognized in the accounts due to the application of the asset ceiling. There is a significant risk that the assumptions and judgments underpinning this assessment may change in the next 12 months due to actuary valuations.</p>	<p>If the carrying amount of the pension liability is restricted to £30m by the application of the asset ceiling, the sensitivity reporting the effect on the net pension liability may not be appropriate. The report produced by the Actuary provides sensitivities that are recorded in Note 42 , page 131.</p>

Note 6 Material Items of Income and Expense

In 2024/25 the valuation of surplus land owned by the Council at Ashton Green increased from £55m to £96m. This is due to externally sourced valuation reports exceeding land value expectations. This revaluation is reflected in Note 15 Property, Plant and Equipment—Movement on Balances in 2024/25.

During the year, St Mary's Fields Primary, Shenton Primary, Bridge Junior, and Buswells Lodge Primary were converted into academies. The net book value of St Mary's Fields Primary (£8m), Shenton Primary (£5m), Bridge Junior (£3m) and Buswells Lodge Primary (£5m) have therefore been written out from the Council's balance sheet. These disposals are reflected in Note 11 Other Operating Income and Expenditure.

Note 7 Events After the Balance Sheet Date

There were no significant events at the time of publishing the draft accounts.

Note 8 Note to the Expenditure and Funding Analysis

The following tables provide reconciliations between the main adjustments to Net Expenditure Chargeable to the General Fund and Housing Revenue Account balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement. For the General Fund this also includes Earmarked Reserves.

Adjustments Between Accounting & Funding Basis						
2024/25	Net Expenditure on the Comprehensive Income & Expenditure Statement	Adjustments for Capital Purposes	Adjustments for Defined Benefit Pensions	Other Adjustments	Total	Net Expenditure Charged to the HRA & General Fund Balance
	£000	£000	£000	£000	£000	£000
City Development & Neighbourhoods	96,558	(25,055)	5,529	(176)	(19,702)	76,856
Housing Revenue Account (HRA)	(10,772)	(3,502)	2,201	353	(948)	(11,720)
Adult Social Care	149,429	(546)	2,206	(53)	1,607	151,036
Public Health	(3,777)	(1)	752	78	829	(2,948)
Education & Children's Services	129,385	(22,920)	10,134	(15,881)	(28,667)	100,718
Corporate Resources & Support	34,868	(486)	2,612	31	2,157	37,025
Housing Benefits	1,623				-	1,623
Corporate Items	4,065	15,348	(131)	279	15,496	19,561
Capital Financing	(517)				-	(517)
Cost of Services	400,862	(37,162)	23,303	(15,369)	(29,228)	371,634
Other Operating Expenditure	(4,773)	(14,710)			(14,710)	(19,483)
Financing and Investment Income and Expenditure	11,657	15,737	(1,115)		14,622	26,279
Taxation and Non-Specific Grant Income	(386,179)	19,812		(2,128)	17,684	(368,495)
(Surplus) or Deficit on Provision of Services	21,567	(16,323)	22,188	(17,497)	(11,632)	9,935

Note 8 Note to the Expenditure and Funding Analysis (continued)

Adjustments Between Accounting & Funding Basis						
2023/24	Net Expenditure on the Comprehensive Income & Expenditure Statement	Adjustments for Capital Purposes	Adjustments for Defined Benefit Pensions	Other Adjustments	Total	Net Expenditure Charged to the HRA & General Fund Balance
	£000	£000	£000	£000	£000	£000
City Development & Neighbourhoods	109,604	(49,357)	3,915	53	(45,389)	64,215
Housing Revenue Account (HRA)	498	(11,568)	1,544	392	(9,632)	(9,135)
Adult Social Care	136,322	(693)	1,567	74	948	137,270
Health Improvement & Wellbeing	(3,236)	(1)	477	16	492	(2,744)
Education & Children's Services	134,767	(33,286)	7,657	(274)	(25,903)	108,864
Corporate Resources & Support	37,047	(355)	1,936	(8)	1,573	38,620
Housing Benefits	451				-	451
Corporate Items	(3,638)	17,132	3,724	(1,905)	18,951	15,314
Capital Financing	(517)				-	(517)
Cost of Services	411,297	(78,128)	20,820	(1,652)	(58,960)	352,337
Other Operating Expenditure	104,684	(105,452)			(105,452)	(769)
Financing and Investment Income and Expenditure	13,323	14,340	(1,166)		13,174	26,497
Taxation and Non-Specific Grant Income	(423,295)	65,533		(7,954)	57,579	(365,716)
(Surplus) or Deficit on Provision of Services	106,009	(103,707)	19,654	(9,606)	(93,659)	12,350

Note 8 Note to the Expenditure and Funding Analysis (continued)

Adjustments for Capital Purposes

This column adds depreciation, impairment and revaluation gains and losses into the services line, and for:

- **Other Operating Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- **Financing and Investment Income and Expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and Non-specific Grant Income and Expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions are satisfied in the year.

Net Change for Pensions Adjustments

This column is for the removal of pension contributions and the addition of IAS19 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 charges to the CIES.

Other Adjustments

These columns reflect other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable receivable to be recognised under statute.

- For Financing and Investment Income and Expenditure figures reflect the adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under taxation and non-specific grant income and expenditure figures reflect the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income.

- The reversal of officer's remuneration chargeable on an accruals basis is different to that chargeable under statutory requirements

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations

Adjustment	2024/25					Movemt in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£000	£000	£000	£000	£000	
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Account:						
Charges for depreciation, capital expenditure not adding value and amortisation of non-current assets	(45,841)	(14,176)	-	-	-	60,017
Revaluation gains/(losses) on Property Plant and Equipment	14,449	(3,228)	-	-	-	(11,221)
Capital grants and contributions applied	45,814	24	-	-	-	(45,838)
Capital expenditure funded from revenue	1,170	-	-	-	-	(1,170)
Revenue expenditure funded from capital under statute	(18,570)	(88)	-	-	-	18,658
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(24,222)	(10,286)	-	-	-	34,508
Income recognised in respect of donated assets	-	-	-	-	-	-
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:						
Statutory provision for the financing of capital investment	14,104	1,633	-	-	-	(15,737)
Capital expenditure charged against the General Fund and HRA balances	-	-	-	-	-	-
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	9,952	10,286	(20,238)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	14,415	-	-	(14,415)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(250)	(190)	440	-	-	-

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

Adjustment Continued	2024/25					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movemt in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	(27)	-	-	27
Adjustments primarily involving the Major Repairs Reserve:						
Transfer of HRA depreciation costs to Major Repairs Reserve	-	13,965	-	(13,965)	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	13,073	-	(13,073)
Adjustments primarily involving the Capital Grants Unapplied Reserve:						
Capital grants recognised in the year and credited to the Capital Grants Unapplied Reserve	31,141	-	-	-	(31,141)	-
Application of grants to capital financing credited to the Capital Adjustment Account	(42,007)	-	-	-	42,007	-
Adjustments primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	278	384	-	-	-	(662)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(38,202)	(3,946)	-	-	-	42,148
Employer's pensions contributions and direct payments to pensioners payable in the year	58,313	6,023	-	-	-	(64,336)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	(2,128)	-	-	-	-	2,128
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(3,431)	(30)	-	-	-	3,461
Adjustment primarily involving DSG Deficit:						
School budget deficit transferred from General Fund in accordance with statutory requirements	(12,570)	-	-	-	-	12,570
Total Adjustments	(12,003)	371	(5,411)	(893)	10,866	(7,068)

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

Adjustment	2023/24					
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Movemt in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Account:						
Charges for depreciation, capital expenditure not adding value and amortisation of non-current assets	(56,968)	(28,260)	-	-	-	85,228
Revaluation gain/(losses) on Property Plant and Equipment	(1,905)	611	-	-	-	1,294
Capital grants and contributions applied	56,581	24	-	-	-	(56,605)
Capital expenditure funded from revenue	4,198	-	-	-	-	(4,198)
Revenue expenditure funded from capital under statute	(25,372)	(92)	-	-	-	25,464
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(116,294)	(13,079)	-	-	-	129,373
Income recognised in respect of donated assets	171	-	-	-	-	(171)
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Account:						
Statutory provision for the financing of capital investment	12,977	1,363	-	-	-	(14,340)
Voluntary provision for the financing of capital expenditure	-	-	-	-	-	-
Capital expenditure charged against the General Fund and HRA balances	-	1,826	-	-	-	(1,826)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	10,672	13,766	(24,438)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	22,416	-	-	(22,416)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	-250	(267)	517	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-	-	-

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations (continued)

Adjustment Continued	2023/24					
	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movemt in Unusable Reserves £000
Adjustments primarily involving the Deferred Capital Receipts Reserve:						
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	-	-	-26	-	-	26
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	-	-	-
Adjustments primarily involving the Major Repairs Reserve:						
Transfer of HRA depreciation costs to Major Repairs Reserve	-	14,323	-	-14,323	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	14,323	-	(14,323)
Adjustments primarily involving the Capital Grants Unapplied Reserve:						
Capital grants recognised in the year and credited to the Capital Grants Unapplied Reserve *	22,270	-	-	-	-22,270	-
Application of grants to capital financing credited to the Capital Adjustment Account *	-	-	-	-	22,749	(22,749)
Adjustments primarily involving the Financial Instruments Adjustments Account:						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	-1,905	384	-	-	-	1,521
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	-39,691	-3,089	-	-	-	42,780
Employer's pensions contributions and direct payments to pensioners payable in the year	57,926	4,508	-	-	-	(62,434)
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which Council Tax income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax income calculated for the year in accordance with statutory requirements	-7,954	-	-	-	-	7,954
Adjustment primarily involving the Accumulated Absences Account:						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3,515	9	-	-	-	(3,524)
Adjustment primarily involving Earmarked Reserves:						
Transfers from the General Fund and Housing Revenue Account to Earmarked Reserves	-	-	-	-	-	-
Transfers to the General Fund and Housing Revenue Account from Earmarked Reserves	-	-	-	-	-	-
Adjustment primarily involving DSG Deficit:						
School budget deficit transferred from General Fund in accordance with statutory requirements	-3,654	-	-	-	-	3,654
Total Adjustments	(85,683)	(7,973)	(1,531)	-	479	(94,708)

Note 10 - Movement in Earmarked Reserves

Earmarked reserves are amounts set aside to provide financing for future expenditure plans. The table to the right provides a list of reserves held by the Council. Additional information on the earmarked reserves can be found in the Council's outturn report.

2024/25	Balance at 31st March 2024	Transfers In 2024/25	Transfers Out 2024/25	Balance at 31st March 2025
	£000	£000	£000	£000
Ring-fenced Reserves				
School Balances	20,715	1,850	(4,370)	18,194
Education & Skills Funding Agency Learning Programmes	775	103	(878)	-
Arts Council National Portfolio Organisation Funding	196	-	-	196
NHS Joint Working Projects	13,117	2,862	(13,663)	2,316
Social Care Projects	5,825	3,617	(5,494)	3,948
Health & Wellbeing Projects	3,822	106	(3,170)	758
Housing Projects	1,685	1,859	(1,662)	1,882
Other City Development & Neighbourhood Projects	3,728	2,217	(2,943)	3,002
Schools Catering	193	-	(193)	-
CHP Reserve	-	2,689	-	2,689
Covid-19 Collection Fund Compensation/Grants	100	-	(100)	-
Partnership Funds	-	9,968	-	9,968
Total Ring-fenced Reserves	50,155	25,271	(32,473)	42,953
Corporate Reserves				
Capital Programme Reserve	102,942	4,658	(100,573)	7,027
Managed Reserves Strategy	91,561	182,759	(83,703)	190,617
Waste Procurement Reserve	-	-	-	-
BSF Financing	9,157	225	(3,292)	6,090
Insurance Fund	3,848	-	(1,601)	2,247
Severance Fund	4,723	-	-	4,722
Service Transformation Fund	5,170	2,530	(1,698)	6,002
Welfare Reserve	2,164	45	(918)	1,291
Anti Poverty Reserve	1,783	-	(1,783)	-
Workforce Development Fund	-	4,000	-	4,000
Total Corporate Reserves	221,347	194,218	(193,568)	221,997
Financial Services Reserve	-	-	-	-
ICT Development Fund	10,453	-	(2,453)	8,000
Elections Reserve	1,811	-	(400)	1,411
Ward Committees	96	80	(97)	79
Other Departmental Reserves	8,792	2,463	(2,869)	8,386
Total Other Reserves	21,152	2,543	(5,819)	17,876
Total Earmarked Reserves	292,654	222,032	(231,860)	282,826

**Note 10 - Movement in Earmarked Reserves
(continued)**

2023/24	Balance at 31st March 2023	Transfers In 2023/24	Transfers Out 2023/24	Balance at 31st March 2024
	£000	£000	£000	£000
Ring-fenced Reserves				
School Balances	31,156	5,106	(15,547)	20,715
School Capital Fund	2,417	-	(2,417)	-
Education & Skills Funding Agency Learning Programmes	887	-	(112)	775
Arts Council National Portfolio Organisation Funding	188	12	(4)	196
NHS Joint Working Projects	19,039	2,953	(8,875)	13,117
Social Care Projects	-	5,825	-	5,825
Health & Wellbeing Projects	-	3,822	-	3,822
Housing Projects	-	1,685	-	1,685
Other City Development & Neighbourhood Projects	-	3,728	-	3,728
Schools Catering	871	79	(757)	193
Covid-19 Collection Fund Compensation/Grants	(3,280)	6,410	(3,030)	100
Total Ring-fenced Reserves	51,278	29,620	(30,742)	50,156
Corporate Reserves				
Capital Programme Reserve	103,043	13,585	(13,686)	102,942
Managed Reserves Strategy	65,828	59,855	(34,122)	91,561
Waste Procurement Reserve	-	-	-	-
BSF Financing	9,160	-	(5)	9,155
Insurance Fund	6,159	114	(2,425)	3,848
Severance Fund	4,723	-	-	4,723
Service Transformation Fund	5,170	-	-	5,170
Welfare Reserve	2,116	224	(176)	2,164
Anti- Poverty Reserve	2,772	-	(989)	1,783
Other Corporate Reserves	-	-	-	-
Total Corporate Reserves	198,971	73,778	(51,403)	221,346
Financial Services Reserve	4,432	-	(4,432)	-
ICT Development Fund	10,480	-	(28)	10,452
Elections Reserve	2,440	234	(862)	1,812
Ward Committees	52	44	-	96
Other Departmental Reserves	464	8,328	-	8,792
Total Other Reserves	52,097	18,867	(49,812)	21,152
Total Earmarked Reserves	302,346	122,265	(131,957)	292,654

Note 11 Other Operating Income and Expenditure

	2023/24	2024/25
	£000	£000
Total (gains)/losses on the disposal of non-current assets	105,367	14,710
Other operating income and expenditure	(683)	(19,483)
Total	104,684	(4,773)

See note 6 for further information on the reported losses on disposals.

Note 12 Financing and Investment Income & Expenditure

	2023/24	2024/25
	£000	£000
Interest payable and similar charges	19,562	16,067
Impairment losses (including reversals of impairment losses or impairment gains) on financial instruments	479	897
Pensions interest cost and expected return on pensions assets	1,166	1,115
Interest receivable and similar income	(7,884)	(6,422)
Total	13,323	11,657

Note 13 Taxation and Non-Specific Grant Income & Expenditure

	2023/24	2024/25
	£000	£000
Council Tax income	(142,452)	(153,818)
Non-domestic rates	(119,545)	(102,625)
Non-ringfenced government grant Income	(95,594)	(109,942)
Non-ringfenced government grant Expenditure*	-	18
Capital grants and contributions	(65,533)	(19,812)
Donated Assets	(171)	-
Total	(423,295)	(386,179)

Note 14 Expenditure and Income Analysed by Nature

The Council's expenditure and income reported in the Comprehensive Income & Expenditure Statement is analysed by nature in the table below.

	2023/24	2024/25
	£000	£000
Expenditure		
Employee Benefit Expenses	411,450	428,562
Other Services expenses	621,702	680,814
Depreciation, amortisation, impairment	86,664	49,869
Interest Payments	20,727	16,110
Precepts & Levies	94	96
(Gain)/ Loss on the Disposal of Assets	105,367	14,710
Total Expenditure	1,246,004	1,190,161
Income		
Fees, charges and other service income	(205,710)	(228,533)
Interest & Investment Income	(7,884)	(6,422)
Income from Council Tax, non domestic rates	(261,996)	(256,442)
Government grants & contributions	(664,405)	(677,197)
Total Income	(1,139,995)	(1,168,594)
(Surplus) or Deficit on Provision of Services	106,009	21,567

Note 15 Property, Plant and Equipment - Movement on Balances in 2024/25

The first table in this note illustrates the change in the value of the Council's property, plant and equipment assets during 2024/25. The following tables provide additional detail on the basis for valuations of these assets and future capital expenditure already committed.

Movements on Balances in 2024/25	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
As at 1st April 2024	1,216,930	1,026,416	85,908	1,390	3,458	70,953	31,634	2,436,689	75,589
Additions	39,321	29,624	5,735		684	1,682	27,443	104,489	190
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	449	195,195	-		(45)	18,240	-	213,839	1,173
Revaluation Increases/(Decreases) not recognised in the Revaluation Reserve	-	(12,439)	(109)	(13)	(362)	25,033	(3,213)	8,897	
De-recognition – disposals	(10,392)	(22,496)	(2,018)		-	(1,241)	-	(36,147)	
De-recognition – other								-	
Assets reclassified (to)/from Held for Sale	-	417	-		-	1,747	-	2,164	-
Asset reclassified (other)	-	(434)	-		-	(1,747)	-	(2,181)	-
As at 31st March 2025	1,246,308	1,216,283	89,516	1,377	3,735	114,667	55,864	2,727,750	76,952

Note 15 Property, Plant and Equipment - Movement on Balances in 2024/25 (continued)

As at 31st March 2025	1,246,308	1,216,283	89,516	1,377	3,735	114,667	55,864	2,727,750	76,952
Accumulated Depreciation &									
As at 1st April 2024	1	(2,259)	(38,220)	(289)	(3)	(1)	(283)	(41,054)	(10,652)
Depreciation Charge	(13,039)	(24,740)	(8,815)	(17)	(29)	36	-	(46,604)	(4,115)
Depreciation written out to the Revaluation Reserve	12,935	22,122	-		28	2	-	35,087	2,476
Depreciation written out to the Surplus/Deficit on the provision of services	-	1,248	-		-	-	-	1,248	
De-recognition – disposals	106	228	1,832		-	-	-	2,166	
As at 31st March 2025	3	(3,401)	(45,203)	(306)	(4)	37	(283)	(49,157)	(12,291)
Net Book Value as at 31st March 2025	1,246,311	1,212,882	44,313	1,071	3,731	114,704	55,581	2,678,593	64,661

*This table includes the Gross Book Value of assets, and under the temporary relief for Highways Infrastructure Assets is not disclosed and are excluded from this table as they are measured at historic cost.

Note 15 Property, Plant and Equipment - Movement on Balances in 2023/24

Comparative Movements 23/24	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment	Service Concession Assets Included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation									
As at 1st April 2023	1,229,914	1,219,894	85,217	1,393	2,651	72,827	1,604	2,613,500	160,018
Additions	38,667	16,536	2,438	-	554	1,951	27,267	87,413	
Revaluation									
Increases/(Decreases) recognised in the Revaluation Reserve	(25,060)	(80,159)	-	20	840	(7,334)	-	(111,693)	2,506
Revaluation									
Increases/(Decreases) not recognised in the Revaluation Reserve	(13,370)	(11,991)	(145)	(23)	(513)	1,786	(1,741)	(25,997)	-
De-recognition – disposals	(13,221)	(113,539)	(1,602)	-	-	(336)	-	(128,698)	(86,935)
Assets reclassified (to)/from Held for Sale	-	417	-	-	-	1,747	-	2,164	-
Asset reclassified (other)	-	(4,742)	-	-	(74)	312	4,504	-	-
As at 31st March 2024	1,216,930	1,026,416	85,908	1,390	3,458	70,953	31,634	2,436,689	75,589

Note 15 Property, Plant and Equipment - Movement on Balances in 2023/24 (continued)

As at 31st March 2024	1,216,930	1,026,416	85,908	1,390	3,458	70,953	31,634	2,436,689	75,589
Accumulated Depreciation & Impairment									
As at 1st April 2023	1	(265)	(30,914)	(272)	(3)	(7)	-	(31,460)	(9,012)
Depreciation Charge	(13,381)	(29,601)	(8,633)	(17)	(31)	(11)	-	(51,674)	(6,297)
Depreciation written out to the Revaluation Reserve	13,239	22,959	-	-	31	13	-	36,242	2,477
Depreciation written out to the Surplus/Deficit on the provision of services	-	1,889	-	-	-	4	-	1,893	-
De-recognition – disposals	142	2,759	1,327	-	-	-	(283)	3,945	2,180
As at 31st March 2024	1	(2,259)	(38,220)	(289)	(3)	(1)	(283)	(41,054)	(10,652)
Net Book Value as at 31st March 2024	1216931	1,024,157	47,688	1,101	3,455	70,952	31,351	2,395,635	64,937

Note 15 Property, Plant and Equipment - Highways Infrastructure Assets

Highways Infrastructure Assets - Movements on balances

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

The authority has determined in accordance with Regulation [30M England] of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

	2023/24	2024/25
	£000	£000
Net carrying amount at 1st April	248,221	262,742
Additions	26,851	18,103
Disposals	(2,339)	(729)
Depreciation	(9,991)	(9,991)
Revaluations	-	-
Net carrying amount at 31st March	262,742	270,125

Total PPE Assets

	2023/24	2024/25
	£000	£000
Infrastructure Assets	262,742	270,125
Property, Plant and Equipment	2,395,635	2,678,593
Net Book Value at 31st March	2,658,377	2,948,718

Note 15 Property, Plant and Equipment - Capital Commitments

At 31st March 2025, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in future years. Similar commitments at 31st March 2024 were £56.4m. The significant commitments are:

Contract for Capital Investment	Period	£000
Leicester Market Redevelopment Project	25/26	7,224
Leicester Museum and Art Gallery	26/27	3,411
Hospital Close	25/26	2,721
Phoenix Cladding	25/26	2,416
Pilot House	24/25	1,881
The Curve Façade	27/28	1,238
BM/S - LTP Capital Monitoring (HAMS)	32/33	791
Childrens Homes Refurbishments	25/26	775
Education Systems Replacement	26/27	490
Dawns Centre	25/26	485
Expansion of Schools	24/25	438
Rushey Mead Primary School Heating Replacement	26/27	284
Jewry Wall Museum Improvements	25/26	271
Total		22,424

Note 15 Property, Plant and Equipment - Capital Commitments

The Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in future years. Commitments as at 31st March 2024.

Contract for Capital Investment	Period	£000
Replacement Cladding Phoenix Square	25/26	11,174
Pilot House - Levelling Up	24/25	9,130
Leicester Market Redevelopment	25/26	7,866
Pioneer Park - Levelling Up	24/25	7,581
Waterside Strategic Regeneration Area	26/27	6,037
Affordable Housing Acquisitions - Hospital Close	25/26	5,043
Jewry Wall Museum Improvements	24/25	3,767
Leicester Railway Station - Levelling up	24/25	1,428
Highways Maintenance	32/33	936
Education System Re-tender	26/27	914
Connecting Leicester	25/26	610
Overdale Infant and Juniors School Expansion	24/25	508
New Build Council Housing - Hydra Walk	25/26	436
Winstanley Contact Centre	24/25	404
Children's Homes Refurbishments	24/25	306
Air Quality Action Plan	24/25	260
Total		56,400

Note 15 Property, Plant and Equipment - Revaluations

2024/25 Valuation Dates	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Total
	£000	£000	£000	£000	£000	£000	£000
Historical Cost	-	3,538	62,811	40	-	53,139	119,528
Valued at fair or nominal value as at:							
Pre 1st April 2012	-	174	-	379	-	-	553
1st April 2012	-	-	-	-	-	-	-
1st April 2013	-	-	-	-	-	-	-
1st April 2014	-	-	-	-	-	-	-
1st April 2015	-	-	-	-	-	-	-
1st April 2016	-	-	-	-	-	-	-
1st April 2017	-	-	-	-	-	-	-
Valued @ 31st March 2019	-	3	-	3	4	-	10
Valued @ 31st March 2020	-	-	-	2	-	-	2
Valued @ 31st March 2021	-	-	-	-	-	-	-
Valued @ 31st March 2022	-	101	-	-	-	-	101
Valued @ 31st March 2023	-	(44)	26,705	-	-	-	26,661
Valued @ 31st March 2024	-	7,583	-	33	1,667	-	9,283
Valued @ 31st March 2025	1,246,311	1,204,930	-	3,277	112,995	2,728	2,570,241
Total	1,246,311	1,216,285	89,516	3,734	114,666	55,867	2,726,379

The Council carries out a rolling programme of valuations that ensures that all property and land (subject to a de minimis of £10k for asset values) required to be measured at current value are revalued at least every 5 years with the majority of assets being valued annually. The few exceptions to this rule appear in the table above. All property and land assets that are valued at Market Value are shown at current value in line with the Code.

Properties are valued as at the 31st March of the financial year. For those assets not formally valued by the valuer at the financial year end, forecast indices are used to update and ensure that the valuations at 31st March are accurate and reflective of current values.

Annual valuations of council dwellings are carried out by a specialist external valuer and are based on guidance issued by the Ministry of Housing, Communities and Local Government.

All other valuations are carried out internally by an accredited valuer and chartered member of the Royal Institution of Chartered Surveyors (RICS), in accordance with the methodologies and bases for estimation set out in the professional standards of RICS.

Valuations of the majority of vehicles, plant, furniture and equipment, and of infrastructure, are based on historical cost.

Note 16 Heritage Assets

The Council holds a number of Heritage Assets, defined as assets having historical, artistic, scientific, technological, geophysical or environmental qualities, and that are held and maintained principally for their contribution to knowledge and culture.

The following tables show the movement in the value of Heritage assets during 2024/25 and the previous year.

Heritage Buildings

These include the Magazine, Abbey House and the Great Hall at Leicester Castle. The land and buildings relating to these assets are included within the revaluation cycle employed by the Council. However, none of these assets are charged depreciation as per the Council's stated accounting policy on Heritage Assets (see Note 1). Some buildings that are part of Leicester's heritage are included within Property, Plant & Equipment (Note 15).

Museum Exhibits

Leicester City Council operates six museums in the City. The museum sites are accredited museums, meaning they meet standards approved by the Arts Council on behalf of the Department for Culture, Media and Sport for collections care, visitor experience and organisational health.

There are currently around two million museum

and gallery exhibits which are managed in accordance with the policies and procedures approved by the Council in line with nationally and internationally agreed standards.

Museum exhibits are included in the Balance Sheet at insurance value, reflecting the replacement cost of these assets. Additions to the exhibits collection are initially included at historical cost and are then included as part of the insurance revaluation.

Statues and Monuments

The Council has responsibility for a number of statues and monuments across the City. A number of the more significant assets are included at insurance values. The remainder are included at a nominal value as per our stated accounting policy on Heritage Assets.

Note 16 Heritage Assets (continued)

Reconciliation of the Carrying Value of Heritage Assets Held by the Council

Movement on Balances 2024/25	Buildings	Museum Exhibits	Statues & Monuments	Total Assets
	£000	£000	£000	£000
Cost or Valuation				
At 1st April 2024	2,654	112,500	5,876	121,030
Additions	-	-	-	-
Impairment losses recognised in surplus/deficit on the provision of services	-	-	-	-
Disposals	-	-	-	-
Revaluations	-	124	-	124
As at 31st March 2025	2,654	112,624	5,876	121,154

2023/24 Comparative Movements	Buildings	Museum Exhibits	Statues & Monuments	Total Assets
	£000	£000	£000	£000
Cost or Valuation				
At 1st April 2023	2,608	112,247	5,876	120,731
Additions	-	186	-	186
Impairment losses/(reversals) recognised in Surplus or Deficit on the Provision of Services	-	-	-	-
Disposals	-	-	-	-
Revaluations	46	67	-	113
As at 31st March 2024	2,654	112,500	5,876	121,030

Note 17 Intangible Assets

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

All of the Council's intangible assets are amortised over 5 years on a straight-line basis. None of the Council's intangible assets have been internally generated.

	2023/24	2024/25
	£000	£000
Balance at 1st April		
Gross Carrying Amounts	4,572	4,672
Accumulated Amortisation	(3,618)	(3,914)
Net carrying amount at 1st April	954	758
Additions (Purchases)	219	789
Impairment losses recognised in the Surplus/Deficit on the Provision of Services	(119)	-
Disposals in year (gross)	-	-
Disposals in year (amortisation)	-	-
Amortisation applied in Year	(296)	(308)
Gross Carrying Amount at 31st March	4,672	5,461
Accumulated Amortisation	(3,914)	(4,222)
Net Carrying Amount at 31st March	758	1,239

Note 18a Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Some balance sheet categories, for example current debtors, include both items which are financial instruments and items which are not financial instruments. The tables below shows the carrying values of financial instruments included within the various lines of the council's balance sheet.

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

Financial Assets	Long Term		Short Term	
	31st March 2024	31st March 2025	31st March 2024	31st March 2025
	£000	£000	£000	£000
<i>Measured at Amortised cost</i>				
- Principal at amortised cost	15,000	10,000	83,000	15,000
- Accrued interest	-	-	798	567
<i>Measured at fair value</i>	-	-	6,517	4,548
Total Investments	15,000	10,000	90,315	20,115
<i>Measured at Amortised cost</i>				
- Cash (including bank accounts)	-	-	55,819	47,110
<i>Measured at fair value</i>				
- Cash equivalents	-	-	35,000	21,840
Total Cash and Cash Equivalents	-	-	90,819	68,950
<i>Measured at Amortised cost</i>				
- Trade receivables and other debtors	4,417	4,436	65,765	79,304
- Loans made for service purposes	5,321	5,293	358	358
Included in Debtors	9,738	9,729	66,123	79,662
Total Financial Assets	24,738	19,729	247,257	168,727

Note 18a Financial Instruments - Classifications (continued)

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

Financial Liabilities	Long Term		Short Term	
	31st March 2024	31st March 2025	31st March 2024	31st March 2025
	£000	£000	£000	£000
<i>Measured at Amortised cost</i>				
- Principal sum borrowed	134,491	134,491	34,075	20,000
- Accrued interest	-	-	1,526	1,279
- EIR adjustments	-	-	608	608
Total Borrowing	134,491	134,491	36,209	21,887
<i>Measured at Amortised cost</i>				
- Finance leases	7,646	9,182	-	-
- PFI arrangements	57,771	53,003	-	-
- Transferred debt liability	19,075	18,312	-	-
- Other	89	304	-	-
Included in Other Long-term Liabilities	84,581	80,801	-	-
<i>Measured at Amortised cost</i>				
- Finance leases	-	-	63	63
- PFI arrangements	-	-	3,499	2,039
- Transferred debt liability	-	-	795	763
- Trade payables and other creditors	-	-	107,378	45,407
Included in Short term Creditors	-	-	111,735	48,272
Total Financial Liabilities	219,072	215,292	147,944	70,159

Note 18b Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following items:

	Financial Liabilities	Financial Assets		
	Amortised Cost	Amortised Cost	Other	2024/25 Total
	£000	£000	£000	£000
Financial assets measured at fair value through profit or loss	-	-	897	897
Financial assets measured at amortised cost	-	-	-	-
Net (gains)/losses	-	-	897	897
Interest expense	16,067	-	-	16,067
Interest payable and similar charges	16,067	-	-	16,067
Interest income	-	(6,181)	-	(6,181)
Dividends	-	-	(241)	(241)
Interest and investment income	-	(6,181)	(241)	(6,422)
Net (Gain)/Loss for the Year	16,067	(6,181)	656	10,542

	Financial Liabilities	Financial Assets		
	Amortised Cost	Amortised Cost	Other	2023/24 Total
	£000	£000	£000	£000
Financial assets measured at fair value through profit or loss	-	-	479	479
Financial assets measured at amortised cost	-	(164)	-	(164)
Net (gains)/losses	-	(164)	479	315
Interest expense	19,562	-	-	19,562
Interest payable and similar charges	19,562	-	-	19,562
Interest income	-	(7,557)	-	(7,557)
Dividends	-	-	(327)	(327)
Interest and investment income	-	(7,557)	(327)	(7,884)
Net (Gain)/Loss for the Year	19,562	(7,721)	152	11,993

Note 18c Financial Instruments - Fair Values

The majority of the council's financial instruments are held at amortised cost with the exception of some financial assets which are carried in the balance sheet at fair value.

When considering the fair value of financial instruments, the authority categorises inputs to valuations within the following hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices. There are only Money Market funds at this hierarchy level and they are quoted at the active market price.
- 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. Most financial instruments valued at this level are based on observed market rates for similar transactions. However, for lease payables, PFI liabilities and transferred debt liabilities they are based on discounting at AA corporate bond yields.
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness. This applies to loans to other companies and they are quoted at estimated creditworthiness.

Fair Value Determination Methods

- Cash Equivalents - Money Market Funds: Valued at Level 1 using quoted market prices.
- Property Unit Trusts: Valued at Level 2 using observable market inputs.

- Long-term Loans to Local Authorities and Companies: Valued at Level 2 using observed market rates for similar instruments.
- Finance Lease: Valued at Level 2 based on discounting future lease payments.
- Long-term Loans from PWLB: Valued at Level 2 using observed market rates for similar instruments.
- Other Long-term Loans: Valued at Level 2 using observed market rates.
- Lease Payables and PFI Liabilities: Valued at Level 2 using discounting based cash flows.

- Transferred Debt Liabilities: Valued at Level 2 using observed market rates.

The following tables show amounts held for financial instruments as at 31st March 2025 and their corresponding fair values.

The fair value of financial liabilities held at amortised cost are broadly in line with their balance sheet carrying amount because the money was borrowed when interest rates were at a similar rate to what they are now.

		31st March 2024		31st March 2025	
	Fair Value Level	Balance Sheet £000	Fair Value £000	Balance Sheet £000	Fair Value £000
<i>Financial assets held at fair value:</i>					
Cash equivalents - Money market funds	1	35,000	35,000	21,840	21,840
Property Unit Trusts	2	6,517	6,517	4,548	4,548
<i>Financial assets held at amortised cost:</i>					
Long-term loans to local authorities	2	15,000	15,258	10,000	10,000
Long-term loans to companies	3	4,716	4,716	4,717	4,717
Finance Lease	3	604	604	576	576
Total		61,837	62,095	41,681	41,681
Assets for which fair value is not disclosed *		210,157	-	146,775	-
Total Financial Assets		271,994	62,095	188,456	41,681
<i>Recorded on balance sheet as:</i>					
Long-term debtors		9,737		9,729	
Long-term investments		15,000		10,000	
Short-term debtors		66,123		79,663	
Short-term investments		90,315		20,114	
Cash and cash equivalents		90,820		68,950	
Total Financial Assets		271,995		188,456	

*The fair value of short-term financial assets including trade receivables is assumed to be

Note 18c Financial Instruments - Fair Values (continued)

		31st March 2024		31st March 2025	
	Fair Value Level	Balance Sheet £000	Fair Value £000	Balance Sheet £000	Fair Value £000
Financial liabilities held at amortised cost:					
Long-term loans from PWLB	2	134,491	119,889	134,491	103,709
Long-term LOBO loans **	2	20,608	22,969	-	-
Other long-term loans	2	-	-	-	-
Lease payables and PFI liabilities	2	68,979	46,932	62,185	91,376
Transferred debt liabilities	2	19,870	10,231	19,075	10,231
Total		243,948	200,021	215,751	205,316
Liabilities for which fair value is not disclosed *		123,068		69,700	
Total Financial Liabilities		367,016	200,021	285,451	205,316
Recorded on balance sheet as:					
Short-term creditors		111,734		48,912	
Short-term borrowing		36,209		21,279	
Long-term creditors		-		-	
Long-term borrowing		134,491		134,491	
Other long-term liabilities		84,581		80,769	
Total Financial Liabilities		367,015		285,451	

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

Note 18d Nature and Extent of Risks arising from Financial Instruments

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

- **Credit Risk:** The possibility that the counterparty to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.
- **Liquidity Risk:** The possibility that the Council might not have the cash available to make contracted payments on time.
- **Market Risk:** The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk Management is carried out by the Treasury Management team under the policies approved by Council in the Treasury Management Strategy.

a) Credit Risk

Credit risk is the risk that amounts due to the Council may not be received. Amounts due to the Council from financial assets can arise either from loans and investments made, or from income receivable for goods or services provided by the Council.

The majority of the Council's loans and investments are made for treasury management purposes; the parameters within which these investments are made are set out within the Council's approved Treasury Management Strategy. Credit risk is minimised through the strategy as it stipulates a number of controls for different investment types such as limits on the maximum sum to be invested, the investment period and required independent credit ratings institutions must hold.

The Council's maximum exposure to credit risk in relation to its investments in commercial institutions (banks and building societies) of £47m as at 31st March 2025 (£35m as at 31st March 2024) 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. The Council's exposure to credit risk in relation to its investments in other local authorities is £25m (£98m as at 31st March 2024). Such investments are assessed to be virtually risk free. A risk of non-recovery applies to all of the Council's deposits, but there was no evidence at 31st March 2025 or subsequently that this was likely to crystallise.

The financial standing of remaining long-term loan recipients and finance lessees are checked before they are granted. There is no uniform practice in respect of other customers, but many of these are receiving a service linked to the social aims and objectives of the Council where it would not be practicable to assess the customer's financial standing as a precondition for the provision of that service. The Council operates an active debt recovery policy, to ensure that amounts due are collected as promptly as possible. Trade debtors are carried in the Council's balance sheet net of an impairment provision, which is estimated on the basis of known factors affecting individual debtors and previous history of collectability for different types of debtor. This represents the extent to which the Council estimates that the debt may be uncollectable (this is known as the expected credit loss) and a provision of £20.5m was made in 2024/25 (£16.9m in 2023/24). The Council does not write off debt from its Balance Sheet until all options for debt collection have been exhausted, a process that often will take a number of years. Notwithstanding the carrying amount as reported on the balance sheet has been reduced to account for impairment in line with the code.

Note 18d Nature and Extent of Risks arising from Financial Instruments (continued)

b) Liquidity risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans.

Time to maturity (years)	31st March 2024	31st March 2025
	£000	£000
Not over 1	40,940	33,339
Over 1 but not over 2	4,550	5,792
Over 2 but not over 5	15,077	14,676
Over 5 but not over 10	28,807	30,354
Over 10 but not over 20	21,509	18,461
Over 20 but not over 30	135,152	135,152
Over 30	13,513	13,586
Total	259,548	251,360

Note 18d Nature and Extent of Risks arising from Financial Instruments (continued)

c) Market Risks

Interest Rate Risk

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

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall
- investments at variable rates – the interest income credited will rise
- investments at fixed rates – the fair value of the assets will fall.

Investments classed as “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. Movements in the fair value of fixed rate investments classed as “Other” will be reflected in the Comprehensive Income and Expenditure Statement.

The accounting arrangements for “Lender’s Option, Borrower’s Option” (LOBO) loans is more complex. These are loans where the lender has a periodic option to propose an increase in the rate of interest payable on the loan and the borrower has the option to decline this increase and to repay. In the event that a statement increase was accepted the carrying amount of the loan is recalculated and the increase in the carrying amount of the loan will reflect the net present value of the increase in interest payments in future years. The increase in the carrying amount of the loan will be accounted for as an immediate charge to the Comprehensive Income and Expenditure. In simple terms, a relatively small increase in the annual interest payable will be accounted for as a far larger sum once the net present value of all future increases is calculated.

The Treasury Management Strategy aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	£000
Increase in interest receivable on variable rate investments	790
Increase in interest receivable on short term investments	457
Increase in interest payable on variable rate loans	(240)
Impact on Surplus or Deficit on the Provision of Services	1,007
Decrease in fair value of available for sale financial assets	0
Impact on Comprehensive Income and Expenditure	0
Decrease in fair value of loans and receivables *	0
Decrease in fair value of fixed rate borrowings/liabilities *	13,184

*No impact on Comprehensive Income and Expenditure Statement

The approximate impact of a 1% fall in interest rates would be as above but with the reverse movement.

Note 19 Inventories

The value of inventories as at 31st March :

	Balance at 31st March 2024	Balance at 31st March 2025
	£000	£000
Consumable Stores	437	368
Maintenance Materials	2,298	2,433
Work in Progress	517	450
Total	3,252	3,251

Note 20 Debtors

Long-Term Debtors

The value of long-term debtors as at 31st March :

Long-Term Debtors

	Balance at 31st March 2024	Balance at 31st March 2025
	£000	£000
PFI & Other Leases	3,078	3,265
Other Long Term Debtors	6,659	6,464
Total	9,737	9,729

Short-Term Debtors

The value of short-term debtors as at 31st March:

	Balance at 31st March 2024	Balance at 31st March 2025
	£000	£000
Central Government bodies	16,365	18,590
Other Local Authorities	19,081	12,187
NHS bodies	7,834	2,710
Other Entities and Individuals	30,957	36,060
Payments in Advance	7,388	9,024
Local Taxation (Council Tax & Business Rates)	19,950	21,196
Total	101,575	99,767

Note 21 Cash and Cash Equivalents

The value of cash and cash equivalents as at 31st March:

	Balance at 31st March 2024	Balance at 31st March 2025
	£000	£000
Cash held by the Council	29	26
Bank	55,790	47,084
Short-term deposits	35,000	21,840
Total Cash and Cash Equivalents	90,819	68,950

Note 22 Assets Held for Sale

The value of assets held for sale as at 31st March:

	2023/24	2024/25
	£000	£000
Balance at 1st April	6,583	2,810
Property, Plant and Equipment newly classified as held for sale	-	
Property, Plant and Equipment declassified as held for sale	(2,164)	17
Assets Sold	(1,584)	(528)
Other Adjustments	(25)	3,563
Balance at 31st March	2,810	5,862

Note 23 Creditors

The value of creditors as at 31st March:

	Balance at 31st March 2024 £000	Balance at 31st March 2025 £000
Central Government bodies	30,303	20,285
Other Local Authorities	9,697	9,334
NHS bodies	907	956
Public Corporations and Trading Funds	-	-
Other Entities and Individuals	111,079	112,514
Receipts in Advance	23,019	31,468
Total	175,005	174,557

Note 24 Provisions

The table below provides a list of provisions made by the authority at the end of the financial year:

Payment of Insurance Claims

The Authority holds funds to meet the costs of insurance claims, for both claims received but not yet settled and claims that will be received in the future. The sum of £5.7m is held as a provision, being the amount that the Council estimates will be required to meet claims already received. A further sum of £2.2m is held as an earmarked reserve (as per Note 10), to meet the costs of liabilities incurred for which claims have not been received. Periodically, the fund value is reviewed by actuaries.

Housing Benefit Subsidy Claims

The Council pays and administers Housing Benefit within Leicester and receives subsidy from the Government to reimburse it for amounts paid out. The amount of subsidy received is based on a claim completed annually.

Claims are subject to audit and often give rise to the discovery of overpayments to some benefits recipients. This can lead to the value of the claim being amended, based on an extrapolation. A provision was previously maintained based on the total value of the subsidy claims outstanding. In recent years the provision has not been required so has been reduced to nil.

	Insurance	Housing Benefits	Housing	Business Rate Appeals	Total
	£000	£000	£000	£000	£000
Balance at 1st April 2023	3,612	657	485	5,856	10,610
Net Movement (additions less amounts used)	867	(657)	-	(1,464)	(1,254)
Balance at 1st April 2024	4,479	-	485	4,392	9,356
2024/25 Provisions/(Reductions)	1,246		15	(3,000)	(1,739)
Amounts used in 2024/25				1,392	1,392
Balance at 31st March 2025	5,725	-	500	2,784	9,009

Housing Provisions

The sum is held in respect of HRA liabilities within the Housing service including losses on stock and liabilities to other third parties.

Business Rate appeals

A number of appeals against rateable value assessments have not been determined by the Valuation Office Agency. If successful, there will be a retrospective reduction in income. Therefore, a provision has been charged to the collection fund calculated at a total of £9m (Council share of £2.8m).

Note 25 Usable Reserves

Movements in the Council's usable reserves are detailed in the table below, which indicates the statement or note that provides further detail.

	Opening Balance £000	Movement £000	Closing Balance £000	Supporting Note
General Fund	(15,000)		(15,000)	MIRS and Narrative Statement
Earmarked Reserves	(292,654)	9,828	(282,826)	Note 10 and Narrative Statement
Total General Fund Reserves	(307,654)	9,828	(297,826)	
Housing Revenue Account	(22,716)	109	(22,607)	HRA Statements and Notes
Major Repairs Reserve	-	(893)	(893)	Note 9 and HRA Note 13
Capital Receipts Reserve	(124,655)	(5,411)	(130,066)	Note 9 and HRA Note 13
Capital Grants Unapplied Reserve	(25,343)	10,866	(14,477)	Note 9 and HRA Note 13
Total Usable Reserves	(480,368)	14,499	(465,869)	

Note 26a Unusable Reserves

Unusable reserves contain items that illustrate the difference between the Council's financial position under accounting standards (the "accounting basis") and the amount charged to the taxpayer for the year (the "funding basis").

	31st March 2024	31st March 2025
	£000	£000
Revaluation Reserve	(1,156,534)	(1,374,503)
Capital Adjustment Account	(1,041,269)	(1,064,591)
Financial Instruments Adjustment Account	19,947	19,287
Deferred Capital Receipts Reserve	(989)	(962)
Pensions Reserve	34,355	30,185
Collection Fund Adjustment Account	(465)	1,664
Accumulated Absences Account	6,449	9,910
Dedicated Schools Grant Adjustment Account	9,648	22,219
Total Unusable Reserves	(2,128,858)	(2,356,791)

Note 26b Unusable Reserves (continued)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment, heritage assets, assets held for sale and intangible assets. 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 1st April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2023/24	2024/25
	£000	£000
Balance at 1st April	(1,316,634)	(1,156,532)
Upward revaluation of assets	(89,592)	(307,087)
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	164,933	54,064
(Surplus) or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	75,341	(253,023)
Difference between fair value depreciation and historical cost depreciation	24,781	21,629
Accumulated gains on assets sold or scrapped	59,980	13,423
Balance at 31st March	(1,156,532)	(1,374,503)

Note 26c Unusable Reserves (continued)

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. The account is credited with sums provided to fund capital expenditure, both current and previous, with sums being transferred from the capital receipts reserve, capital grants and contributions, the Major Repairs Reserve and the General Fund (either direct funding or provision for repayment of borrowing). The account is debited with the reversal of sums charged to the CIES (to reflect the use of the asset by services) to avoid an impact on the General Fund. These charges include depreciation, impairment and amortisation.

The account contains revaluation gains accumulated on property, plant and equipment, heritage assets, assets held for sale and intangible assets before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains. The table below provides details of the source of all the transactions posted to the account.

	2023/24	2024/25
	£000	£000
Balance at 1st April	(1,061,239)	(1,041,270)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation & impairment	84,932	59,710
Revaluation (gain)/loss on Property, Plant and Equipment	1,294	(11,221)
Amortisation of intangible assets	296	308
Revenue expenditure funded from capital under statute	25,464	18,658
Amounts of non-current assets written off on disposal or sale as part of the (gain)/loss on disposal to the Income and Expenditure Statement	129,374	34,508
	(819,879)	(939,307)
Adjusting amounts written out of the Revaluation Reserve	(84,761)	(35,052)
Net written out amount of the cost of non-current assets consumed in the year	(904,640)	(974,359)
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(22,416)	(14,415)
Use of the Major Repairs Reserve to finance new capital expenditure	(14,323)	(13,073)
Capital Grants, Contributions & Donated Assets credited to the Income and Expenditure Statement that have been applied to capital financing	(79,527)	(45,838)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(14,340)	(15,737)
Voluntary provision for the financing of capital investment charged against the General Fund and HRA balances	-	-
Capital expenditure charged against the General Fund and HRA balances	(6,024)	(1,169)
Balance at 31st March	(1,041,270)	(1,064,591)

Note 26d Unusable Reserves (continued)

Financial Instruments Adjustment Account

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

The Council uses the account to manage discounts and premia paid on the early redemption of loans. Discounts are 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. Premia are debited 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 income (on discounts) and the expense (on premia) are posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.

The statutory arrangements referred to came into force on 1st April 2007 and applied to unamortised balances as at that date. The bulk of the outstanding balance is amortised over 10 years from that date with part of that balance being amortised over shorter periods.

The general policy is that any premia that are incurred in the future will be amortised over the longer of the residual life of the loan repaid or the life of any replacement loan that was taken. Shorter amortisation periods may be adopted, however, when this is considered prudent. Any discount that is received in the future will be amortised over the residual life of the loan repaid.

	2023/24	2024/25
	£000	£000
Balance at 1st April	18,426	19,947
Proportion of discounts incurred in previous financial years to be credited to the General Fund Balance in accordance with statutory requirements	1,521	(660)
Balance at 31st March	19,947	19,287
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	1,521	(660)

Note 26e Unusable Reserves (continued)

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve (DCRR) holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. For the Council these amounts relate to mortgage loans made in respect of the purchase of Council dwellings and to properties leased out under finance leases. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When mortgage and lease payments are made the principal repayment element of these amounts are transferred to the Capital Receipts Reserve.

	2023/24	2024/25
	£000	£000
Balance at 1st April	(1,015)	(989)
Transfer of deferred sale proceeds to the DCRR	-	-
Transfer to the Capital Receipts Reserve upon receipt of cash	26	27
Balance at 31st March	(989)	(962)

Note 26f Unusable Reserves (continued)

Pensions Reserve

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

	2023/24	2024/25
	£000	£000
Balance at 1st April	36,012	34,355
Remeasurement of the Net Defined Benefit Liability	17,997	18,018
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	42,780	42,148
Employer's pensions contributions and direct payments to pensioners payable in the year	(62,434)	(64,336)
Balance at 31st March	34,355	30,185

Note 26g&h Unusable Reserves (continued)

Collection Fund Adjustment Account

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

	2023/24	2024/25
	£000	£000
Balance at 1st April	(8,419)	(465)
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	7,954	2,128
Balance at 31st March	(465)	1,663

	2023/24	2024/25
	£000	£000
Balance at 1st April	9,973	6,449
Settlement or cancellation of accrual made at the end of the preceding year	(9,973)	(6,449)
Amounts accrued at the end of the current year	6,449	9,910
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(3,524)	3,461
Balance at 31st March	6,449	9,910

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 (i.e. annual leave entitlement carried forward at 31st March each year). Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Note 26i Unusable Reserves (continued)

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account holds accumulated deficits relating to the schools budget. Where an authority has incurred a deficit between the 1st April 2020 to 31st March 2025, the authority is required to reverse this out to an unusable reserve as part of a temporary statutory override. The Council is unable to charge these deficits to the General Fund.

	2023/24	2024/25
	£000	£000
Balance at 1st April	5,994	9,648
School budget deficit transferred from General Fund in accordance with statutory requirements	3,654	12,570
Balance at 31st March	9,648	22,218

Note 27 Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2023/24	2024/25
	£000	£000
Interest received	(7,884)	(6,422)
Interest paid	1,166	11,150
Net interest	(6,718)	4,728

The surplus on the provision of services has been adjusted for the following non-cash movements:

	2023/24	2024/25
	£000	£000
Depreciation	(61,665)	(56,595)
Downward revaluations, impairment losses and reversal of prior year impairments	(27,705)	8,897
Amortisation	(296)	(308)
Increase / (decrease) in creditors	5,914	(1,281)
(Increase) / decrease in debtors	21,542	(1,590)
(Increase) / decrease in inventories	94	(1)
Movement in pension liability	19,654	22,188
Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	(125,215)	(33,990)
Other non-cash items charged to the net surplus or deficit on the provision of services	773	(2,036)
	(166,904)	(64,716)

Note 27 Cash Flow Statement - Operating Activities (continued)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing or financing activities:

	2023/24	2024/25
	£000	£000
Capital Grants credited to surplus or deficit on the provision of services	78,852	34,945
Proceeds from the sale of property plant and equipment, investment property and intangible assets	24,438	20,238
	103,290	55,183

Note 28 Cash Flow Statement - Investing Activities

	2023/24	2024/25
	£000	£000
Purchase of property, plant and equipment and intangible assets	114,669	123,191
Purchase of short-term and long-term investments	73,000	1,154,120
Proceeds from sale of property, plant and equipment and intangible assets	(24,438)	(20,238)
Proceeds from short-term and long-term investments	(172,299)	(1,227,119)
Capital Grants credited to surplus or deficit on the provision of services	(78,850)	(34,945)
Other receipts and payments from investing activities	(2,039)	(4,956)
Net Cash Flows from Investing Activities	(89,957)	(9,947)

Note 29 Cash Flow Statement - Financing Activities

	2023/24	2024/25
	£000	£000
Cash receipts of short and long-term borrowing	(38,600)	(51,200)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and PFI contracts	4,612	5,707
Repayments of short and long-term borrowing	73,504	65,275
Net Cash Flows from Financing Activities	39,516	19,782

Note 30 - Pooled Budgets

The Council has entered into the following pooled budget arrangement under Section 75 of National Health Services Act 2006:

Supply of Integrated Community Equipment Loan Services (ICELS)

This is an arrangement for the supply of community equipment with Leicestershire County Council, Rutland County Council and the Integrated Care Board (ICB) in the areas covered by the councils. Leicester City Council acts as the host partner.

The City Council contributed £0.67m (Adult Social Care contribution of £0.60m and Education contribution of £0.07m) to the pool during 2024/25 (in 2023/24 this was £0.70m Adult Social Care and £0.08m Education). This expenditure is also included in the Adult Social Care line and the Education and Children's Services line of the Comprehensive Income and Expenditure Statement.

As host partner Leicester City Council commissions the goods and services, with each partner then accounting for their own share of these goods and services, as set out in the table on the righthand side.

	2023/24	2024/25
	£000	£000
Funding provided to the pooled budget:		
Leicester City Council	783	671
Leicestershire County Council	1,459	1,255
Rutland County Council	85	73
NHS Leicester, Leicestershire & Rutland ICB	5,088	4,372
Total Funding provided to the pooled budget	7,415	6,371
Total Expenditure met from the pooled budget		

Note 30 Pooled Budgets (continued)

Better Care Fund

This is an arrangement between Leicester City Council and NHS Leicester, Leicestershire and Rutland integrated care board (ICB) to meet the aims and benefits prescribed in the section 75 agreement by delivering a robust and more integrated service between health and social care.

The Better Care Fund (BCF) has been established by the Government to provide funds to local areas to support the integration of health and social care. The grant is to be used for the purposes of meeting adult social care needs; reducing pressures on the NHS including supporting more people to be discharged from hospital when they are ready; and ensuring that the local social care provider market is supported.

It is a requirement of the BCF that the ICB and LCC establish a pooled fund/budget for this purpose. The ICB acts as the host partner.

The City Council contributed £20.9m to the pool in 24/25 (£18.6m Adult Social Care and £2.3m City Development and Neighbourhoods). In 23/24 this was £20.5m (£18.6m Adult Social Care and £1.9m City Development and Neighbourhood). This expenditure is also included in those respective lines in the Comprehensive Income and Expenditure statement.

	2023/24	2024/25
	£000	£000
<u>Income</u>		
Revenue		
ICB Minimum Fund	29,727	31,410
Improved Better Care Fund (IBCF)	17,557	17,557
Total Revenue Income	47,284	48,967
Capital Disabled Facilities Grant	2,951	3,367
Total Income	50,235	52,334
<u>Expenditure</u>		
Revenue		
Actual Spend incurred by LCC managed schemes incl IBCF	37,276	38,436
Actual spend incurred by ICB & LPT (Leicestershire Partnership Trust) managed schemes	10,008	10,530
Total Revenue Expenditure	47,284	48,966
<u>Capital</u>		
Disabled Facilities Grant	2,951	3,368
Total Capital Expenditure	2,951	3,368
Total Expenditure	50,235	52,334

Details of the income and expenditure in the pool are provided in the table above.

- Activity where funding was received and expended under the control of the ICB has been accounted for in their accounts
- Activity where funding was received and expended under the control of the Council has been accounted for in the Council's accounts
- Activity where funding was under joint control has been accounted for on the basis of the share for each organisation

Note 31 Members' Allowances

The Council paid the following amounts to members of the Council during the year:

	2023/24	2024/25
	£	£
Basic Allowance Payments	631,753	727,236
Special Responsibility Payments	346,516	373,407
General Expense Payments	73,693	761
Total	1,051,962	1,101,404

Note 32 Officers' Remuneration

This note comprises two parts. The first discloses the remuneration of the Council's most senior officers. The second part discloses the total number of 'higher paid' Council officers whose remuneration exceeded £50k during 2024/25, shown in bands and excluding those senior officers in the first part.

Part 1 - Senior Employees' Remuneration

The table shows the amounts paid to the holders of senior posts in 2024/25 with comparative data from 2023/24 where applicable.

Senior employees are defined as certain statutory chief officer posts (including the Head of Paid Service), those earning over £150k per annum and those earning less than this sum but reporting directly to the Head of Paid Service (Chief Operating Officer).

Remuneration in this table (as defined in statutory regulations) includes salary, fees/allowances, employer's pension contributions, taxable benefits and any compensation for loss of office.

Post	Financial Year	Salary, Fees and Allowances	Pension Contributions	Compensation for loss of office	Total
		£	£	£	£
Chief Operating Officer - Alison Greenhill (Head of Paid Service)	2024/25	161,909	41,624	-	203,533
	2023/24	157,965	40,527	-	198,492
Director of Corporate Services (Note 1)	2024/25	96,189	22,842	-	119,031
	2023/24	12,378	3,116	-	15,494
Director of Finance - S151 Officer	2024/25	101,007	28,080	-	129,087
	2023/24	94,621	26,305	-	120,926
City Barrister & Head of Standards - Monitoring Officer (Note 2)	2024/25	87,803	24,359	-	112,162
	2023/24	85,666	23,765	-	109,431
Strategic Director Social Care and Education (Note 3)	2024/25	141,951	39,408	-	181,359
	2023/24	23,050	6,408	-	29,458
Strategic Director - City Development & Neighbourhoods	2024/25	151,740	42,184	-	193,924
	2023/24	148,039	41,155	-	189,194
Director of Public Health (Note 4)	2024/25	104,718	29,062	-	133,780
	2023/24	91,859	25,487	-	117,346

Notes:

- 1) The Director of Corporate Services took up the role in February 2024
- 2) The City Barrister works on a part time basis
- 3) The Strategic Director of Social Care and Education took up the new role in February 2024
- 4) The Director of Public Health took up the role in September 2023

Note 32 Officers' Remuneration (continued)

Part 2 - Higher Paid Employees

The number of other Council employees receiving more than £50,000 remuneration for the year are shown in the table to the right. In line with the relevant regulations, the table excludes the senior officers listed in the previous table.

These figures include teaching, senior leadership and support staff within local authority schools. Employees in schools which become academies are only included if their remuneration during the period of the financial year prior to academy conversion (i.e. when the school was under the local authority) exceeded the £50k threshold. Further details of academies' higher paid employees are published by academies themselves or can be requested directly from academies under the Freedom of Information Act 2000.

It should be noted that the definition of remuneration in this table differs from that in the table above (in line with regulations) as it excludes employers' pension contributions.

The table includes compensation for loss of office, so employees who left in the year may appear in a higher band than the equivalent role would appear in based on a normal year's salary. Equally, some posts would not be included in the table based on a normal year's salary, but are included because of payments for compensation for loss of office.

The threshold for inclusion in this report is defined in regulations and remains static at £50k annually. Salaries paid to staff include annual pay increases as and when these are awarded, increasing the scope of the report over time.

Remuneration Band £	Number of Employees					
	Non-Schools		Schools		Total	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
50,000-54,999	183	205	105	163	288	368
55,000-59,999	64	81	57	77	121	158
60,000-64,999	48	44	20	30	68	74
65,000-69,999	30	38	32	22	62	60
70,000-74,999	23	15	21	20	44	35
75,000-79,999	7	19	9	25	16	44
80,000-84,999	2	5	10	9	12	14
85,000-89,999	3	4	9	5	12	9
90,000-94,999	-	-	3	6	3	6
95,000-99,999	2	1	3	3	5	4
100,000-104,999	1	4	-	3	1	7
105,000-109,999	5	3	1	-	6	3
110,000-114,999	-	1	2	1	2	2
115,000-119,999	-	-	2	2	2	2
120,000-124,999	-	-		3	-	3
145,000-149,999	-	-	1	-	1	-
160,000-164,999	-	-	-	1	-	1
Total	368	420	275	370	643	790

Note 33 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections and to non-audit services provided by the Council's external auditors:

	Restated 2023/24 £000	2024/25 £000
Fees payable with regard to external audit services carried out by the appointed auditor for the year	419	426
Fees payable for the certification of grant claims and returns for the year	84	62
Fees payable in respect of other services provided during the year	13	23
Total	516	511

Note 34 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools' Budget, as defined in the School Finance and Early Years (England) Regulations 2017. The Schools' Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools' Budget (ISB), which is divided into a budget share for each maintained school.

Regulations for DSG deficits which affect the financial years between the 1st April 2020 to 31st March 2025 require that, where Local Authorities incur a deficit, that it must be carried forward in the schools budget to be funded from future DSG income. Therefore, this deficit is included in the unusable reserve titled DSG Grant Adjustment Account in Note 26.

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

2024/25	Central Expenditure	Individual Schools Budget	Total
	£000	£000	£000
Final DSG for 2024/25 before Academy recoupment	-	-	452,949
Academy figure recouped for 2024/25	-	-	(196,371)
Total DSG after Academy recoupment for 2024/25	-	-	256,578
Brought forward from 2023/24	-	-	-
Agreed initial budgeted distribution in 2024/25	115,474	141,104	256,578
In year adjustments	(80)	437	357
Final budgeted distribution for 2024/25	115,394	141,541	256,935
Actual central expenditure for the year	(127,964)	-	(127,964)
Actual ISB deployed to schools	-	(141,541)	(141,541)
Local Authority contribution for 2024/25	-	-	-
In year Carry forward to 2025/26	(12,570)	-	(12,570)
DSG unusable Reserve at the end of 2023/24			(9,648)
Total of DSG unusable reserve at the end of 2024/25			(22,218)

2023/24	Central Expenditure	Individual Schools Budget	Total
	£000	£000	£000
Final DSG for 2023/24 before Academy recoupment	-	-	418,805
Academy figure recouped for 2023/24	-	-	(173,884)
Total DSG after Academy recoupment for 2023/24	-	-	244,921
Brought forward from 2022/23	-	-	-
Agreed initial budgeted distribution in 2023/24	106	97	203
In year adjustments	101,841	143,283	245,124
Final budgeted distribution for 2023/24	(105,495)	-	(105,495)
Actual central expenditure for the year	-	(143,283)	(143,283)
Actual ISB deployed to schools	-	-	-
Local Authority contribution for 2023/24	-	-	-
Carry forward to 2024/25	(3,654)	-	(3,654)
DSG unusable Reserve at the end of 2022/23			(5,994)
Total of DSG unusable reserve at the end of 2023/24			(9,648)

Note 35 Grant Income

Capital grants recognised in the year

The Council received the following capital grants in 2024/25.

These grants are analysed between those credited to the Comprehensive Income and Expenditure Statement and those held as receipts in advance, in line with the Council's accounting policies.

	2023/24	2024/25
	£000	£000
Credited to Services (All REFCUS related)		
DFT ZEBRA Grant	2,970	-
Homes England Grant	2,897	-
Disabled Facilities Grant	1,905	1,554
Devolved Formula Capital Grant	1,748	1,179
Green Homes Grant	1,661	50
Levelling Up Fund	1,425	3,637
High Streets Heritage Action Zones	481	101
Other	230	709
Phoenix Square Cladding		7,856
S106 Contributions	-	47
ERDF Growth Hub	-	
DFT Transforming Cities Fund	-	
Affordable Warmth	-	
Total Credited to Services	13,317	15,133

Note 35 Grant Income (continued)

	2023/24	2024/25
	£000	£000
Credited to Taxation & Non-Specific Grant Income		
Levelling Up Fund	22,229	1,543
Homes England Grant	7,856	3,185
DFE Basic Need Grant	7,483	-
DFE Capital Maintenance Grant	7,148	7,069
High Needs Provision Capital	5,437	1,291
Business Rates Pool	4,155	537
DFT Maintenance Grant	2,632	3,262
DFT Integrated Transport Grant	2,576	2,576
Local Authority Housing Fund	2,434	1,512
Other DFT Grants	1,467	996
DFT Transforming Cities Fund	1,259	-
Other	803	4,564
Brownfield Land Release Fund	713	-
Devolved Formula Capital Grant	662	(137)
S106 Contributions	603	467
Green Homes Grant	322	(39)
Other DFE Grants	270	2,497
DFT ZEBRA Grant	3	-
High Streets Heritage Action Zones	-	(101)
Affordable Warmth	-	-
Disabled Facilities Grant	-	(1,554)
Phoenix Square Cladding	-	(7,856)
ERDF Low Carbon Projects	-	-
ERDF Growth Hub	-	-
Social Housing Decarbonisation Fund*	(2,518)	-
Total Credited to Taxation & Non-Specific Grant Income	65,534	19,812

*This negative balance has arisen as a result of grant being returned to government.

Note 35 Grant Income (continued)

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 have not yet been met. The balances at the year-end are as follows:

	2023/24	2024/25
	£000	£000
Capital Grants Receipts in Advance		
Other DFT Grants	2,661	2,079
Homes England Grant	2,267	2,267
Local Authority Housing Fund	867	2,789
Disabled Facilities Grant	725	1,449
Other DFE Grants	558	1,021
Other	96	2,543
Green Homes Grant	60	60
Salix	22	22
Devolved Formula Capital Grant	8	8
DFT Breathe Grants	-	-
Total Capital Grants Receipts in Advance	7,264	12,238
Capital Receipts not Recognised (deposits)	14	14
Total Received in Advance	7,278	12,252

Note 35 Grant Income (continued)

Revenue grants recognised in the year

The Council received the following revenue grants in 2024/25.

These grants are analysed between those credited to the Comprehensive Income and Expenditure Statement and those held as receipts in advance, in line with the Council's accounting policies.

	2023/24	2024/25
	£000	£000
Credited to Taxation & Non-Specific Grant Income		
Revenue Support Grant	33,413	35,626
Social Services Support Grant	28,101	36,695
Section 31 Grants	30,069	34,002
New Homes Bonus Scheme	125	1,513
Other	4,098	707
BRRG top Up	-	459
Business Rates Reconciliation Grant	-	128
Total Credited to Taxation & Non-Specific Grant Income	95,806	109,130
Credited to Services		
Children's and Education Services		
Dedicated Schools Grant (see note 34)	245,018	257,014
Other Education	37,178	39,507
Pupil Premium	11,315	11,103
Other Covid-19 Grants	1,840	490
Adult Social Care		
Improved Better Care Fund	17,556	17,556
Other Adult Social Care	11,140	12,831
Other Covid-19 Grants	64	37
Public Health		
Public Health Grant	29,169	30,433
Other Public Health	2,951	5,129
City Development, Neighbourhoods & Housing		
Other City Development, Neighbourhoods & Housing	18,936	24,376
Waste PFI	2,074	2,591
Waste Re- procurement costs		468
Regulatory Services		29
Corporate and Resources		
Housing Benefit Subsidies	72,753	70,212
Other Corporate and Resources	9,625	9,226
Housing Benefit & Council Tax Benefit Admin Grant	1,043	1,013
Local Council Tax Support Admin Grant	685	
Waste PFI	517	
Elections	55	
Total Credited to Services	461,919	482,015
Total Recognised in Year	557,725	591,145

Note 35 Grant Income (continued)

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 have not yet been met. The balances at the year-end are as follows:

	2023/24	2024/25
	£000	£000
Children's and Education Services		
Other Education	-	-
Adult Social Care		
Other Adult Social Care	245	
City Development, Neighbourhoods & Housing		
City Development, Neighbourhoods & Housing	1,180	-
Housing		
Other City Development, Neighbourhoods & Housing		453
Corporate and Resources		
Other Corporate and Resources	637	228
Public Health		
Public Health	735	1141
Total Receipts in Advance	2,797	1,822

Note 36 Related Parties

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

The Council is also required to disclose interests it holds in companies and other entities.

Organisations or individuals which are related parties of the Council

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides substantial 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). Grant funding received from central government is shown within Note 35 to the accounts.

Members and Officers

Members and senior officers of the Council have direct control of the financial and operating policies of the Council. Members receive allowances for their role, and these are detailed in Note 31. Remuneration of senior officers is

detailed in Note 32.

All wards in the city are allocated a ward budget of £18k per annum. These budgets are used to fund projects in wards and the allocations are determined by elected members.

Members and officers are also required to disclose any other arrangements giving rise to related party interests.

The council itself, 14 Members of the Council and 3 senior officers sit (either in a personal capacity or as representatives of the Council) on the governing bodies of 22 different organisations. The Council made a total of £5m in payments to Nineteen of these organisations, primarily in the form of grants, works, or services. All payments are made with proper consideration of declaration of interest. The relevant members did not take part in any discussion or decision relating to the payments. In addition, a total of £1.2m was received from Twelve of the organisations, primarily relating to services provided by the Council and interest on an outstanding loan balance.

A senior officer from the Council sits on the board of directors at Leicestershire County Cricket Club, where there is a balance of £2m outstanding on a loan the Council made, the interest rate is at market rate terms.

Details of members' interests are recorded in the Register of Members' Interest open to public

inspection at the Town Hall during office hours.

Leicester & Leicestershire Enterprise Partnership (LLEP)

Until 31st March 2024, the LLEP was a strategic body comprising local government and business leaders, together with senior education and third sector representatives. Its remit was to create economic prosperity in Leicester and Leicestershire, and the City Council was the accountable body. From 1st April 2024, in line with Government policy, the core LLEP functions transferred to Leicester City Council and Leicestershire County Council; the LLEP staff team became part of the City Council operating as the Leicester & Leicestershire Business & Skills Partnership (BSP). As such, the BSP's income and expenditure has been included within the core statements of the Council.

As at 31st March 2025, the only funds which were held by the Council in its legacy role as accountable body to the LLEP include:

- £1.5m of funding under the business rates pool which had yet not been defrayed.
- £1.1m of business rates growth across the Enterprise Zone sites located within the Borough of Charnwood.

These are funds which will transfer to other organisations in due course.

Note 37 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PPP contracts), together with the resources that have been used to finance it.

This note also illustrates the Council's Capital Financing Requirement (CFR). The CFR represents the total underlying borrowing required to finance the Council's assets. There are two key points to note about this borrowing:

- Most borrowing used to finance capital expenditure was incurred prior to 2010, when the standard model in local government entailed borrowing funded by central government over the life of the loan. Since 2010, government has provided grant funding upfront to support all government funded capital expenditure. Borrowing is now only undertaken to support schemes that deliver revenue savings sufficient to repay the debt;
- The underlying need to borrow does not necessarily represent external loans taken out, but is generally financed by the Council's free cash flows. This minimises the cost of external borrowing to the Council.

Where capital expenditure is not financed by grant or revenue, the expenditure results in an increase in the Capital Financing Requirement (CFR). Increases in the CFR result in higher levels of Minimum Revenue Provision (MRP) charged to the revenue budget in future years. The Council's policy for the calculation of MRP is set out in its annual budget setting report presented to Council.

	2023/24	2024/25
	£000	£000
Opening Capital Financing Requirement	591,062	594,562
<u>Capital Investment</u>		
Property, Plant and Equipment	114,187	123,285
Intangible Assets	219	790
Heritage Assets	186	-
Revenue Expenditure Funded from Capital Under Statute	25,464	18,658
Capital Loans Expenditure	71	848
De Minimis Capital Spend	1	-
Sub-total	140,128	143,581
<u>Sources of Finance</u>		
Capital Receipts	(22,414)	(14,415)
Government Grants & Other Contributions	(79,527)	(45,838)
Sums set aside from revenue:	-	-
Direct Revenue Contributions	(20,347)	(14,243)
MRP	(14,340)	(15,737)
Voluntary provision of financing	-	-
Sub-total	(136,628)	(90,233)
Closing Capital Financing Requirement	594,562	647,910
Increase/(Decrease) in underlying need to borrow	3,500	53,001
HRA CFR adjustment	-	-
Assets acquired under Finance Leases	-	-
Assets acquired under PFI contracts	-	-
Increase/(Decrease) in Capital Financing Requirement	3,500	53,001

Note 38 Leases

Council as Lessee

Finance Leases

The Council has acquired a number of assets under finance leases, including various buildings and IT equipment. The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31st March 2024	31st March 2025
	£000	£000
Other Land and Buildings	2,506	3,177
Vehicles, Plant and Equipment	197	1,930
Total	2,703	5,107

The Council is committed to making minimum payments under these leases comprising settlement of the long-term liability or the interest in the property acquired by the Council, and finance costs that will be payable by the Council in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31st March 2024	31st March 2025
	£000	£000
Finance lease liabilities	7,804	9,001
Finance costs payable in future years	12,727	12,557
Total minimum lease payments	20,531	21,558

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31st March 2024	31st March 2025	31st March 2024	31st March 2025
	£000	£000	£000	£000
Within one year	479	880	63	399
Within 2 to 5 years	1,918	3,024	284	1,226
Later than 5 years	18,134	17,654	7,457	7,377
Total	20,531	21,558	7,804	9,002

Note 38 Leases (continued)

Operating Leases

The Council leases a number of buildings for operational use. The future minimum lease payments due under non-cancellable leases in future years are:

	31st March 2024	31st March 2025
	£000	£000
Not later than one year	456	456
Later than one year and not later than 5 years	1,688	1,616
Later than 5 years	2,784	2,400
Total	4,928	4,472

Council as Lessor

Finance Leases

The council has leased out a number of properties on finance leases, two of which are on peppercorn annual payments. The following tables show the lease debtors and lease payments for the remainder:

Finance Lease Debtor	31st March 2024	31st March 2025
	£000	£000
Current	27	28
Non-current	629	601
Unearned finance income	446	424
Gross Investment in the lease	1,102	1,053

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

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Minimum Lease Payments	31st March 2024	31st March 2025
	£000	£000
Within one year	48	48
Within 2 to 5 years	193	193
Later than 5 years	861	813
Total	1,102	1,054

Note 38 Leases (continued)

Operating Leases

The Council leases out a number of buildings for economic support purposes. The future minimum lease payments due under non-cancellable leases in future years are:

The minimum lease payments do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

	31st March 2024	31st March 2025
	£000	£000
Not later than one year	5,161	5,137
Later than one year and not later than 5 years	14,731	19,639
Later than 5 years	81,631	95,157
Total	101,523	119,933

Note 39 Private Finance Initiatives and Service Concession Arrangements

Integrated Waste Management Service

In 2003, the Council entered into a 25 year contract valued in excess of £300m with Biffa (Leicester) Ltd under the PFI scheme.

The arrangement, which became operational in 2004, covers the collection, treatment, and disposal of City residents' waste.

The contractor took on the obligation to provide assets required to deliver these services, including a recycling facility,

purpose-built anaerobic digester for organic waste, and vehicles used in the waste collection and recycling services.

At the end of the contract, the assets will be transferred to the Council for nil consideration.

	Other Land & Buildings	Vehicles, Plant & Equipment	Total
	£000	£000	£000
Balance at 1st April 2024	7,951	2,715	10,666
Additions	-	190	190
Depreciation	(1,285)	(1,231)	(2,516)
Revaluation	896	-	896
Balance at 31st March 2025	7,562	1,674	9,236

	Other Land & Buildings	Vehicles, Plant & Equipment	Total
	£000	£000	£000
Balance at 1st April 2023	6,313	3,946	10,259
Additions	-	-	-
Depreciation	(1,285)	(1,231)	(2,516)
Revaluation	2,923	-	2,923
Balance at 31st March 2024	7,951	2,715	10,666

Note 39 Private Finance Initiatives and Service Concession Arrangements (continued)

Payments

The Council makes an agreed payment each year which is increased by inflation (based on RPIX) and can be reduced if the contractor fails to meet performance standards. Payments remaining to be made under the PFI contract at 31 March 2025 (excluding inflation) are as follows:

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to the contractor for capital expenditure incurred is as follows:

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Lifecycle Capital Replacement costs	Total
	£000	£000	£000	£000	£000
Within 1 year	6,701	128	421	1,887	9,137
Within 2 to 5 years	14,114	258	446	3,806	18,624
Total	20,815	386	867	5,693	27,761

	2023/24	2024/25
	£000	£000
Balance outstanding at 1st April	2,363	385
Payments during the year	(1,978)	(1,989)
Additions	-	190
Balance at 31st March	385	(1,414)

Note 39 Private Finance Initiatives and Service Concession Arrangements (continued)

Building Schools for the Future – Phase 1 - Rebuild of Judgemeadow and Soar Valley Community Colleges

In December 2007, the Council entered into a 25-year contract with Leicester BSF Company 1 Limited under a PFI scheme. The contractor was to design, build, finance and operate, on the existing sites, replacement buildings for two community colleges – Judgemeadow and Soar Valley – valued at £34.9m (on completion of the rebuild in 2009). At the end of the contract, as

things stand, all assets will revert to Council control. Judgemeadow became an academy in 2018 and Soar Valley in 2023. When a PFI school converts, the Council continues to make payments under this contract from a combination of PFI credits and contributions from schools. At conversion the assets are transferred to the academy, subject to the on-going provisions of

the PFI contract. The rebuild for phase 1 was completed in 2009 and 2024/25 was therefore the sixteenth year of the operation of the contract costing £7.5m.

The assets are no longer contained on the council's balance sheet in the year 2024/25 as a result only the 2023/24 figures are included as a previous year comparative.

	Other Land & Buildings
	£000
Balance at 1st April 2023	47,949
Additions	-
Revaluations	-
Depreciation	(1,229)
Disposal	(46,720)
Balance at 31st March 2024	-
Balance at 31st March 2025	-

Note 39 Private Finance Initiatives and Service Concession Arrangements (continued)

Payments

The Council makes an agreed annual payment which is increased by inflation each year

and can be reduced if the contractor fails to meet availability and performance standards in

any year but which is otherwise fixed. Payments remaining to be made under the contract

at 31st March 2025 (excluding any estimation of inflation and availability/performance

deductions) are as follows:

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to the contractor for capital expenditure incurred is shown:

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Lifecycle Capital Replacement Costs	Total
	£000	£000	£000	£000	£000
Within 1 year	2,669	1,672	1,911	799	7,051
Within 2 to 5 years	11,498	6,964	6,096	5,553	30,111
Within 6 to 10 years	13,358	12,645	3,114	2,323	31,440
Within 11 to 15 years	0	0	0	0	-
Total	27,525	21,281	11,121	8,675	68,602

	2023/24	2024/25
	£000	£000
Balance outstanding at 1st April	23,855	22,698
Payments during the year	(1,157)	(1,416)
Balance at 31st March	22,698	21,282

Note 39 Private Finance Initiatives and Service Concession Arrangements (continued)

Building Schools for the Future – Phase 2 - Rebuild of Crown Hills and City Of Leicester Community Colleges

On 31st March 2012 the City Council committed to a joint PFI project scheme for the re-building of Crown Hills and City of Leicester Community Colleges. The Council is contracted to Leicester BSF Company 2 Limited for 25 years. The new schools became operational at the end of October 2013 with construction costs of £44.6m.

At the end of the contract, as things stand, all assets will revert to City Council control.

Crown Hills College remains under the Council's control while The City of Leicester College has transferred to an Academy. When a PFI school converts, the Council continues to make payments under this contract from a combination

of PFI credits and contributions from the school. At conversion assets are transferred to the academy, subject to the on-going provisions of the PFI contract. 2024/25 was the twelfth year of the operation of the contract costing £7.6m.

Property Plant and Equipment

The assets used to provide the service were recognised on the Council's Balance Sheet and the transfer of Assets to the Academy Trust, treated as a disposal. The value of fixed assets is as shown:

Other Land & Buildings	
	£000
Balance at 1st April 2024	47,628
Additions	-
Disposals	-
Revaluations/(Impairment)	2,753
Depreciation	(1,191)
Balance at	49,190

Other Land & Buildings	
	£000
Balance at 1st April 2023	86,677
Additions	-
Disposals	(38,034)
Revaluations/(Impairment)	1,128
Depreciation	(2,143)
Balance at 31st March 2024	47,628

Note 39 Private Finance Initiatives and Service Concession Arrangements (continued)

Payments

The Council makes an agreed payment each year which is increased by inflation (based on the RPI-X measure) and can be reduced if the contractor fails to meet performance standards. Payments remaining to be made under the PFI contract at 31 March 2025 are as follows:

	Payment for Services	of Capital Expenditure	Interest	Replacement Costs	Total
	£000	£000	£000	£000	£000
Within 1 year	2,896	913	2,055	1,823	7,687
Within 2 to 5 years	12,424	6,799	7,253	4,513	30,989
Within 6 to 10 years	17,605	11,464	6,084	6,335	41,488
Within 11 to 15 years	14,234	10,754	1,677	5,321	31,986
Within 16 to 20 years	-	-	-	-	-
Total	47,159	29,929	17,069	17,993	112,150

The liability outstanding to the contractor for capital expenditure incurred is as follows:

	2023/24	2024/25
	£000	£000
Balance outstanding at 1st April	32,263	31,303
Payments during the year	(960)	(1,374)
Balance at 31st March	31,303	29,929

Note 39 Private Finance Initiatives and Service Concession Arrangements (continued)

District Energy Heating & Combined Heat Power Scheme

On 14th January 2011 the Council signed an agreement with Leicester District Energy Company Ltd (LDEC Ltd) for the implementation and provision of a district heating and combined heat and power scheme in Leicester.

The scheme involves the replacement of existing heating boilers, the use of existing

heating networks and the construction of additional heating networks in the City Centre and some outer Council estates. Leicester University are part of the scheme and their heating and electricity networks are linked into the overall network scheme.

The initial capital investment made by LDEC Ltd for the whole scheme was £13.7m.

Property Plant and Equipment

The assets used to provide the service and directly attributable to the City Council are recognised on the Council's Balance Sheet. The value of fixed assets attributable to the Council and operational as at 31st March 2025 are shown in the table:

	Vehicles, Plant & Equipment
	£000
Balance at 1st April 2024	5,710
Depreciation	(408)
Balance at 31st March 2025	5,302

Payments

The Council will make payments each year which can be reduced if the contractor fails to meet performance standards. Payments (substantially based on assumed levels of energy consumption) scheduled to be made under the contract at 31st March 2025 (excluding future inflation increases and the final phase which has yet to be completed) are as follows:

	Vehicles, Plant & Equipment
	£000
Balance at 1st April 2023	6,118
Depreciation	(408)
Balance at 31st March 2024	5,710

	Payment for Services	Reimbursement of Capital Expenditure	Interest	Lifecycle Capital Replacement Costs	Total
		£000	£000	£000	£000
Within 1 year	1,793	357	695	215	3,060
Within 2 to 5 years	7,172	1,577	2,634	860	12,243
Within 6 to 10 years	8,965	3,108	2,156	1,076	15,305
Within 11 to 15 years	4,908	2,301	356	538	8,103
Within 16 to 20 years	1,309	113	-77	0	1,345
Total	24,147	7,456	5,764	2,689	40,056

Note 39 Private Finance Initiatives and Service Concession Arrangements (continued)

Liability

The liability outstanding to the contractor for capital expenditure incurred up to 31st March 2025 is as per the following table:

Under the terms of the agreement, at the end of the scheme, or, if earlier, upon termination of the agreement, LDEC Ltd will sell the boiler plant and heating network (such parts that are required to heat all of the City Council’s buildings) to the City Council or to a new service provider. The term is designed to ensure that the City Council has a working district heating system at the end of the contract period. At the end of the scheme the expectation is that the sale price would be minimal. Under the agreement the Council has granted to LDEC Ltd licence to exercise rights to use the heat network to supply heat to any third party consumer. Any such supply agreements will be co-terminus with or less than the scheme term.

	2023/24	2024/25
	£000	£000
Liability for capital expenditure incurred for operational phases	7,205	6,909
Payments during the year	(296)	(327)
Balance at 31st March	6,909	6,582

Note 40 Termination Benefits

The Council terminated the contracts of a number of employees in 2024/25 incurring liabilities of £1.0m (£1.8m in 2023/24). Of this £0.6m (£0.8m in 2023/24) was for redundancy and other departure costs, and £0.4m (£1m in 2023/24) was the cost arising from the early release of pension benefits as required by the regulations of the Local Government Pension Scheme (LGPS).

The number and cost of exit packages are set out in the table to the right. In 2024/25 the Council approved 24 compulsory redundancies (33 in 2023/24).

Band	Total number of exit packages by cost band	Total Cost of Exit packages 2023/24	Total number of exit packages by cost band	Total Cost of Exit packages 2024/25
£	2023/24	£	2024/25	£
0 - 20,000	56	473,387	41	288,681
20,001 - 40,000	6	159,797	4	122,176
40,001 - 60,000	9	460,709	1	41,115
60,001 - 80,000	2	136,468	2	154,261
80,001 - 100,000	2	181,089	-	-
100,001 - 120,000	3	385,872	-	-
120,001-140,000	-	-	2	246,673
140,001-160,000	-	-	1	155,244
Total	78	1,797,321	51	1,008,150

Note 41 Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pensions

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

The Scheme is a defined benefit scheme. However, 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. For the purposes of the Statement of Accounts, it is accounted for on the same basis as a defined contribution scheme. Under this treatment, the council has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Council's obligation is limited to the amount that it has agreed to contribute to the fund and in consequence, actuarial risk and investment risk fall on the employee.

In 2024/25, the Council paid £21.4m to Teachers' Pensions in respect of teachers' retirement benefits, representing 28.68% of pensionable pay. The figures for 2023/24 were £17.6m and 23.68%.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 42.

Public Health

Certain public health employees remain members of the NHS pension scheme. The scheme provides these staff 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 an unfunded defined benefit scheme. For the purposes of the Statement of Accounts, it is accounted for on the same basis

as a defined contribution scheme. Under this treatment, the council has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The Council's obligation is limited to the amount that it has agreed to contribute to the fund and in consequence, actuarial risk and investment risk fall on the employee.

In 2024/25, the Council paid £0.1m to the NHS Pension Scheme in respect of former NHS staff retirement benefits representing 14.38% of pensionable pay.

Note 42 Defined Benefit Pension Schemes

Participation in 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 the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in three post-employment pension schemes:

- Teachers' Pensions Scheme – see Note 41 for further information
- NHS Pension Scheme – see Note 41 for further information
- The Local Government Pension Scheme (LGPS) administered locally by the Leicestershire County Council – this is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liability with investment assets.

Hymans Robertson, an independent firm of actuaries, has valued the Council's fund asset share and liabilities for the Local Government Pension Scheme.

The accounts have been prepared on the basis of the actuary's updated IAS19 valuation report dated 24th April 2025.

Note 42 Defined Benefit Pension Schemes

Transactions relating to post-employment benefits (LGPS)

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

	2023/24	2024/25
	£000	£000
Comprehensive Income and Expenditure Statement		
<u>Cost of Services</u>		
Current service cost	45,027	40,606
Past service cost	61	427
Settlements and curtailments	(3,474)	
Total Service Cost	41,614	41,033
Financing and Investment Income and Expenditure		
Expected return on scheme assets	(81,055)	(91,360)
Interest cost	78,709	81,037
Effect of Asset Ceiling Adjustment	3,512	11,438
Net Interest Cost	1,166	1,115
Total Post-employment Benefit charged to the (Surplus) or Deficit on the Provision of Services	42,780	42,148
Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement		
Return on plan assets excluding amounts included in net interest	(83,887)	(9,970)
Actuarial (gains)/losses arising from changes in demographic assumptions	(10,179)	(2,946)
Actuarial (gains)/losses arising from changes in financial assumptions	(98,203)	(262,120)
Other Experience adjustments	51,882	(15,974)
Effect of Asset Ceiling Adjustment	158,384	309,028
Total remeasurements recognised in the Comprehensive Income and Expenditure Statement	17,997	18,018
Total post-employment Benefit charged to the Comprehensive Income and Expenditure statement	60,777	60,166
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits	42,780	42,148
Actual amount charged against the General Fund Balance for pensions in the year (Employers contributions paid to the scheme)	(62,434)	(64,336)
Total Movement in Reserves	(19,654)	(22,188)

Note 42 Defined Benefit Pension Schemes (continued)

Assets and Liabilities in Relation to Post-employment Benefits

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

	2023/24	2024/25
	£000	£000
Balance at 1st April	1,667,167	1,680,800
Current service cost	45,027	40,606
Past service costs (including curtailments)	61	427
Effect of settlements	(9,008)	-
Interest cost	78,709	81,037
Contributions by scheme participants	13,393	13,568
Benefits paid	(58,692)	(60,963)
Effect of business combinations and disposals	643	-
Remeasurements arising from changes in financial assumptions	(98,203)	(262,120)
Remeasurements arising from changes in other assumptions	51,882	(15,974)
Remeasurements arising from changes in demographic assumptions	(10,179)	(2,946)
Balance at 31st March	1,680,800	1,474,435

Reconciliation of fair value of the scheme (plan) assets:

	2023/24	2024/25
	£000	£000
Balance at 1st April	1,705,084	1,882,270
Interest income	81,055	91,360
Effect of settlements	(5,534)	-
Contributions by scheme participants	13,393	13,568
Employer contributions	62,402	61,048
Effect of business combinations and disposals	675	-
Benefits paid	(58,692)	(57,675)
Other Experience	-	-
Return on plan assets excluding amounts included in net interest	83,887	9,970
Balance at 31st March	1,882,270	2,000,541

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Note 42 Defined Benefit Pension Schemes (continued)

Scheme History

	2020/21	2021/22	2022/23	2022/23	2024/25	2024/25
	£000	£000	£000	£000	£000	£000
Present value of funded obligations	(1,799,983)	(2,390,572)	(2,306,075)	(1,631,155)	(1,646,445)	(1,438,639)
Present value of unfunded obligations	(45,181)	(50,180)	(43,825)	(36,012)	(34,355)	(30,185)
Fair value of assets in the scheme	1,244,676	1,570,021	1,760,111	1,705,084	1,882,270	1,994,930
Asset Ceiling Adjustment	-	-	-	(73,929)	(235,825)	(556,291)
Surplus/(deficit) in the scheme	(600,488)	(870,731)	(589,789)	(36,012)	(34,355)	(30,185)

Impact on future cash flows

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. In previous years the Council has shown a significant liability on the pension fund, representing a forecast shortfall in the fund's assets available to pay future costs.

However, last year and this year the Council's share of the pension fund assets has exceeded the related obligations. This is due to the rise in long term interest rates, leading to expected higher returns on investments. Accounting standards require that we do not recognise the net asset on the main part of the pension fund, due to the Council's minimum funding contributions for future years being more than the future years' service cost; which means the asset cannot be realised by the Council. Therefore, the final position shown is a £30m liability which relates to unfunded obligations that cannot be met from scheme assets.

The total contributions expected to be made to the Local Government Pension Scheme by the council in the year to 31st March 2026 is £60.0m. The maturity profile is as follows:

Liability Split	
Active members	40.4%
Deferred members	17.9%
Pensioner members	41.7%
Total	100.0%

The weighted average duration of the defined benefit obligation for scheme members is 18 years as at the date of the most recent valuation.

Note 42 Defined Benefit Pension Schemes (continued)

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, based on the latest full valuation of the scheme as at 31st March 2024.

The main assumptions used by the actuary have been:

Local Government Pension Scheme	2023/24	2024/25
Mortality assumptions:		
Longevity at 65 for current pensioners (years):		
Men	20.7	20.6
Women	23.7	23.6
Longevity at 65 for future pensioners (years):		
Men	21.5	21.4
Women	25.1	25.1
Benefit entitlement assumptions		
Rate of increase in salaries	3.25%	3.25%
Rate of increase in pensions	2.75%	2.75%
Rate for discounting scheme liabilities	4.85%	5.80%
Take-up of option to convert annual pension into retirement lump-sum – relating to service pre April 2008	55.0%	55.0%
Take-up of option to convert annual pension into retirement lump-sum – relating to service post April 2008	55.0%	55.0%

Note 42 Defined Benefit Pension Schemes (continued)

The Local Government Pension Scheme's assets consist of the categories in the table below, by proportion of the total assets held:

	2023/24				2024/25			
	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Percentage of Total	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Percentage of Total
	£000	£000	£000	Assets	£000	£000	£000	Assets
Equity								
Consumer	574		574	0%	1,849		1,849	0%
Manufacturing	-		-	0%	1,744		1,744	0%
Energy and Utilities	1,199		1,199	0%	1,775	13	1,787	0%
Financial Institutions	1,350		1,350	0%	2,095		2,095	0%
Health and Care	1,850		1,850	0%	2,627		2,627	0%
Information Technology	-		-	0%	46		46	0%
Other	1,118		1,118	0%	2,839		2,839	0%
Debt Securities								
UK Government	82,481	203	82,684	4%	72,994	204	73,198	4%
Other	7,561		7,561	0%	10,257		10,257	1%
Private Equity								
All		114,812	114,812	6%		115,739	115,739	6%
Real Estate								
UK Property		121,695	121,695	6%		136,542	136,542	7%
Investment Fund and Unit Trusts								
Equities	798,060	3,382	801,443	43%	845,115	3,579	848,693	42%
Bonds			-	0%	-		-	0%
Hedge Funds	9		9	0%	7		7	0%
Commodities		43,449	43,449	2%	-	40,136	40,136	2%
Infrastructure		161,132	161,132	9%	-	184,048	184,048	9%
Other	216,312	171,558	387,870	21%	247,236	140,357	387,593	19%
Derivatives								
Foreign Exchange	110		110	0%	(9,958)		(9,958)	0%
Cash and Cash Equivalents								
All	149,804		155,415	8%	201,298		201,298	10%
Total	1,260,428	616,231	1,882,270	100%	1,379,924	620,617	2,000,541	100%

Note 42 Defined Benefit Pension Schemes (continued)

Sensitivity Analysis

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below.

Changes in assumptions at 31st March 2025	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount (£000)
0.1% decrease in Real Discount Rate	2%	25,989
0.1% increase in the Salary Increase Rate	0%	1,320
1 Year Increase in Life Expectancy	4%	58,753
0.1% increase in the Pension Increase Rate	2%	25,391

The sensitivity figures above can be used to estimate the impact of adopting different financial assumptions. In order to qualify the impact of a change in the financial assumptions used, the value of the scheme liabilities have been calculated at the accounting date on varying bases.

Note 43 Contingent Liabilities

A claim has been lodged with HM Courts and Tribunal Service by Biffa Group Holdings (UK) Limited and group companies, regarding disputed matters in relation to payments due under the PFI contract for waste management (see Note 39). There is potential for this to progress through the high court process, with a full court hearing unlikely conclusion in 2026. It is not practicable at this time to estimate the financial effect. It is however unlikely that the council will receive any reimbursement.

Note 44 Contingent Assets

The council has no contingent assets to disclose in the 2024/25 accounts.

Note 45 Prior Period Adjustments

There are no prior period adjustments.

Supplementary Financial Statements & Explanatory Notes

Housing Revenue Account

Housing Revenue Account (HRA) Statements - Income and Expenditure

The Housing Revenue Account (HRA) is a ring-fenced account that represents the Council's social housing service. This service is required by law to be ring-fenced in order to ensure that there is a clear link between rents charged to tenants and expenditure on social housing.

2023/24			2024/25
£000		Note	£000
Income			
(81,969)	Dwelling Rents	5	(88,512)
(357)	Non-dwelling Rents	6	(350)
(10,205)	Service Charges	6	(8,254)
(789)	Contributions & Miscellaneous income		(1,324)
(93,320)	Total Income		(98,440)
Expenditure			
14,049	General Management		14,455
15,819	Special Management	3	16,047
32,930	Repairs & Maintenance		36,260
2,231	Rent, Rates, Taxes & Other Charges		2,225
278	Increase/ (Decrease) in Bad Debt Provision	4	419
27,649	Depreciation & Impairment of Fixed Assets	12	17,404
60	Debt Management Expenses		60
92	Other Expenditure		88
93,108	Total Expenditure		86,958
710	HRA share of Corporate & Democratic Core		710
498	"HRA Comprehensive Income and Expenditure Line"		(10,772)
498	Net Cost of HRA Services		(10,772)
(420)	(Gain) or Loss on Sale of HRA Assets		190
12,214	Loan Charges - Interest		12,440
(1,781)	Investment Interest		(2,245)
8,784	Pensions - Interest on Liabilities	14	10,236
(8,659)	Pensions - Expected Return on Assets	14	(10,112)
10,636	(Surplus) / Deficit for the Year		(263)

Housing Revenue Account (HRA) Statements - Movement in Reserve

2023/24		2024/25	
£000		Note	£000
10,636	(Surplus) / Deficit for the Year (from above)		(263)
<u>Additional items required by statute and non-statutory proper practices to be taken into account in determining the movement on the Housing Revenue Account balance</u>			
383	Amounts charged to the HRA for amortisation of Premia and Discounts for the year determined in accordance with statute		383
1,419	HRA share of contributions to/(from) the Pension Reserve	14	2,077
420	Gain or (Loss) on Sale of HRA Fixed Assets		(190)
(27,649)	Depreciation and capital expenditure not adding value for Fixed Assets	12	(17,404)
1,850	Capital Expenditure Financed from Revenue Account	10	24
1,363	HRA Set-Aside (MRP)		1,633
14,323	Transfers to/(from) the Major Repairs Reserve	13	13,965
9	Transfers to/(from) the Employee Benefits Reserve		(30)
(92)	Other Adjustments		(88)
(7,974)	Total value of items reversed as part of determining the statutory movement on the Housing Revenue Account Balance		370
2,662	Net (Surplus)/Deficit on the Housing Revenue Account in the year		107
(25,378)	Balance Brought Forward 1st April 2024		(22,716)
(22,716)	Balance Carried Forward 31st March 2025 - (Surplus)/Deficit		(22,609)

Housing Revenue Account (HRA) Explanatory Notes

1. Housing Revenue Account

The rules for the Housing Revenue Account (HRA) are specified within the Local Government and Housing Act 1989. Additionally a suite of self financing determinations was issued by the Ministry of Housing, Communities and Local Government (MHCLG) in 2012, including the Item 8 Credit and Item 8 Debit determinations which set out the capital accounting and financing entries under the 1989 Act.

These determinations have been made by the Council and the appropriate entries have been made in respect of capital accounting and financing transactions.

2. Changes to Accounting Practice

There has been no change in accounting practice.

3. Special Management

These include group central heating and hot water schemes, caretaking services, security services to high rise flats, maintenance of shrubberies and grassed areas, communal services, tenancy sustainment for tenants and support for hostel residents.

4. Rent Arrears and Provision for Bad Debts

Rents and Service Charges

The bad debt provision for rents and service charges at 31st March 2025 was £1.5m (£1.1m at 31st March 2024). This is calculated on a rent and service charge arrears balance of £3.9m (£3.5m in 2024/25).

5. Net Rent Income from Dwellings

The total rent income comes from the face of the I&E. These are the total net amounts, reflecting voids. Identify HRA HB received (postings to 50235 R6201) - this is the amount for the year in question.

	2023/24	2024/25
	£000	£000
Total Rent income from Dwellings	81,969	88,512
Less Housing Benefit	(25,962)	(24,446)
Total	56,007	64,065

6. Non -Dwelling Rents and Service Charges

These include the charges made to tenants and leaseholders for district heating, garages, security and cleaning services to flats.

Housing Revenue Account (HRA) Explanatory Notes (continued)

7. Housing Stock

Changes to Housing Stock:

	2023/24	2024/25
Number of Dwellings at 1st April	19,435	19,370
Acquisitions	140	111
Right to Buy sales	(205)	(146)
Other Disposals	-	2
Number of Dwellings at 31st March	19,370	19,337

8. Value of HRA Assets

	31st March 2024	31st March 2025
	£000	£000
Dwellings	1,216,931	1,246,311
Other Land and Buildings	25,009	24,827
Assets Under Construction	-	-
Vehicles, Plant, Furniture & Equipment	460	-
Surplus Assets	2,242	1,046
Assets Held for Sale	949	2,727
Intangible Assets	-	-
Total	1,245,591	1,274,911

Housing Revenue Account (HRA) Explanatory Notes (continued)

9. Vacant Possession Value of Council Dwellings

The vacant possession value of council dwellings at 31st March 2025 was £2.9bn. At the same date the balance sheet value of council dwellings was £1.2bn. The difference of £1.7bn reflects the fact that social housing rents generate a lower

income stream than could be obtained in the open market. The value placed on operational assets in a commercial environment 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 council housing will be reduced.

	31st March 2024	31st March 2025
	£000	£000
Vacant possession values	2,897,338	2,967,152

10. Capital Expenditure

HRA capital expenditure on land, houses and other property in 2024/25 totalled £43m, financed as follows:

	2023/24	2024/25
	£000	£000
Major Repairs Reserve	14,323	13,073
Use of borrowing	12,261	16,483
Other grants and contributions	3,268	4,597
Usable capital receipts	7,724	9,038
Financing from revenue account	1,850	24
Total	39,426	43,215

11. Capital Disposals

HRA capital disposals in 2024/25 were as follows:

	2023/24		2024/25	
	Total Receipt	Usable/ Retained	Pooled/ Set aside	Total Receipt
	£000	£000	£000	£000
Right to Buy (RTB) sales	(13,499)	(9,002)	(2,893)	(11,895)
Total	(13,499)	(9,002)	(2,893)	(11,895)

Housing Revenue Account (HRA) Explanatory Notes (continued)

12. Depreciation and capital expenditure not adding value for Fixed Assets

A breakdown of the depreciation and capital expenditure not adding value charges are provided in the table below:

	2023/24				2024/25			
	Depreciation	Capital expenditure not adding value	Other Impairments	Total	Depreciation	Capital expenditure not adding value	Other Impairments	Total
	2023/24	2023/24	2023/24	2023/24	2024/25	2024/25	2024/25	2024/25
	£000	£000		£000	£000	£000	£000	£000
Dwellings	13,381	13,370	-	26,751	13,040			13,040
Other Land and Buildings	567	13	(578)	2	557	215		772
Vehicles, Plant, Furniture & Equipment	364	-	-	364	364	-	-	364
Assets Under Construction	-	555	-	555	-	3,213	-	3,213
Surplus Assets	4	-	(34)	(30)	4	11		15
Intangible Assets	7	-	-	7	-	-	-	-
Total	14,323	13,938	(612)	27,649	13,965	3,439	-	17,404

To be consistent with the format of the dwellings valuation supplied by the authority's external valuers, the dwellings depreciation charge has been calculated by dividing the buildings element of the valuation (on an 'Existing Use Value – Social Housing' basis) by the residual life of the properties.

Housing Revenue Account (HRA) Explanatory Notes (continued)

13. Use of Major Repairs Reserve

	2023/24	2024/25
	£000	£000
Balance at 1st April	-	-
Depreciation credited	(14,323)	(13,965)
Capital expenditure on land, houses and other property	14,323	13,073
Balance at 31st March	-	(892)

14. HRA Contributions to the Pensions Reserve

This table identifies the total HRA share of contributions to and (from) the pensions reserve and breaks the figure down to show the type of contribution to or (from) the reserve. More detailed information on pensions is provided in note 42 to the core financial statements.

	2023/24	2024/25
	£000	£000
Pension costs incurred in Net Cost of Services:		
Current service cost	1,544	2,201
	1,544	2,201
Pension interest cost and expected return on assets:		
Interest on liabilities	(8,784)	(10,236)
Expected return on assets	8,659	10,112
	(125)	(124)
Total Transfer to Pension Reserve	1,419	2,077

Collection Fund Account

Collection Fund - Income and Expenditure Statement

The Collection Fund is a ring-fenced account that represents the Council's role in collecting Council Tax and Non-Domestic Rates for the City of Leicester. The Council records taxation income in the Collection Fund and then makes distributions to precepting authorities including the Leicestershire and Rutland Combined Fire Authority and the Office of the Police Crime Commissioner for Leicester, Leicestershire and Rutland as well as to the Council's own General Fund.

2023/24				2024/25		
Council Tax	Business Rates	Total		Council Tax	Business Rates	Total
£000	£000	£000	Note	£000	£000	£000
Income						
(172,971)		(172,971)	Council Tax Collectable	2	(184,457)	(184,457)
	(94,872)	(94,872)	Income from Business Ratepayers		(101,540)	(101,540)
	(5,943)	(5,943)	Transitional Protection payments - Business Rates		(1,095)	(1,095)
		(273,786)	Total Income			(287,092)
Expenditure						
Precepts and Demands:						
			3			
144,891		144,891	Leicester City Council		153,587	153,587
21,598		21,598	Police & Crime Commissioner for Leicestershire		22,842	22,842
6,268		6,268	Leicestershire & Rutland Combined Fire Authority		6,516	6,516
		172,757				182,945
Business Rates:						
			4			
	51,200	51,200	Payments to Government		52,429	52,429
	1,024	1,024	Payments to Fire		1,049	1,049
	50,176	50,176	Payments to Leicester City Council		51,380	51,380
	476	476	Costs of Collection		473	473
		102,875				105,331
(154)	10,993	10,839	Contributions in respect of previous year's surplus / (deficit)	6	(1,171)	2,887
Bad and Doubtful Debts:						
			7			
1,436	1,078	2,514	Write-offs		2,973	5,092
1,688	382	2,070	Increase / (Reduction) to provision for bad debts		(1,736)	(509)
	(2,986)	(2,986)	Increase / (Reduction) to provision for appeals		-	(3,281)
		288,068	Total Expenditure			292,464
2,755	11,526	14,282	Fund (Surplus) / Deficit for the Year		(1,447)	5,372
(1,389)	(14,785)	(16,175)	Fund (Surplus) / Deficit brought forward	5	1,366	(1,893)
1,366	(3,259)	(1,893)	FUND BALANCE AS AT 31st MARCH - (Surplus)/Deficit	1	(81)	3,479

Collection Fund Explanatory Notes

1. Statutory Requirements & Allocation of Balances

This statement fulfils the statutory requirement for the Council to maintain a separate Collection Fund.

The balance on the collection fund is split between the relevant bodies as shown in the table below:

	2023/24			2024/25		
	Council	Business	Total	Council	Business	Total
	Tax	Rates		Tax	Rates	
	£000	£000	£000	£000	£000	£000
Leicester City Council	1,146	(1,597)	(451)	(67)	1,745	1,677
Central Government	-	(1,629)	(1,629)	-	1,780	1,780
Leicestershire & Rutland Combined Fire Authority	49	(33)	17	(4)	36	32
Police & Crime Commissioner for Leicester, Leicestershire & Rutland	171	-	171	(10)		(10)
Fund Balance Allocations as at 31st March	1,366	(3,259)	(1,893)	(81)	3,560	3,479

Collection Fund Explanatory Notes (continued)

2. Council Tax Base

The Council's Tax Base i.e. the number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings, was calculated as follows:

The total collectable Council Tax during 2024/25 was £184m including arrears from prior years.

The collectable Council Tax specifically for 2024/25 was £210.5m (including sums paid under the Local Council Tax Reduction Scheme). After taking into account the total amount of this reduction (£26.2m), the average number of Band D dwellings equates to 80,403. This is a slight increase from the 79,801 dwellings existing when the 2024/25 budget was prepared.

Band	Estimated No. of Taxable Properties After Effect of Discount	Ratio	Band D Equivalent Dwellings	Less Band D Equivalent - LCTR Scheme Dwellings	Net Band D Equivalent Dwellings
A-	322	5/9	179	56	123
A	71,342	6/9	47,561	8,789	38,772
B	24,790	7/9	19,281	1,688	17,593
C	14,516	8/9	12,903	814	12,089
D	6,258	9/9	6,258	239	6,019
E	3,278	11/9	4,006	108	3,898
F	1,481	13/9	2,139	39	2,100
G	590	15/9	983	6	977
H	33	18/9	66	0	66
	122,610		93,377	11,739	81,638
Less adjustments for collection rates and other adjustments.					(1,837)
Council Tax Base					79,801

Collection Fund Explanatory Notes (continued)

3. Precepts and Demands

The following sums were paid from the collection fund.

	2023/24 £000	2024/25 £000
Leicester City Council	144,891	153,587
Police & Crime Commissioner for Leicestershire	21,598	22,842
Leicestershire & Rutland Combined Fire Authority	6,268	6,516
Total	172,757	182,945

4. Income from Business Rates

Under the arrangements for business rates, the Council collects rates payable in the City, which are based on the rateable values multiplied by a uniform rate.

	31st March 2024 £	31st March 2025 £
Non Domestic Rateable Value	311,267,826	310,694,113

	2023/24	2024/25
Non Domestic Rating Multiplier	51.2p	54.6p
Non Domestic Rating Multiplier- Small Business	49.9p	49.9p

Collection Fund Explanatory Notes (continued)

5. Collection Fund Surpluses & Deficits

The Collection Fund account shows a cumulative deficit of £3.5m at 31st March 2025 (£1.9m surplus at 31st March 2024) for Council Tax and Business Rates.

The deficit arising from business rates is £3.6m (£3.3m surplus at 31st March 2024). The reported deficit is affected by changes in the forecast for loss of revenue due to appeals against relatable values and by timing differences around rates reliefs funded by grant paid directly into the General Fund.

The surplus arising on Council Tax is £0.8m (£1.4m deficit 31st March 2024). The surplus that has arisen on Council Tax will be distributed between Leicester City Council, the Police & Crime Commissioner for Leicestershire and the Leicester, Leicestershire & Rutland Combined Fire Authority in proportion to the respective precepts and demands.

Collection Fund Explanatory Notes (continued)

6. Contributions to Collection Fund Surpluses & Deficits

Share of Surpluses/Deficits

Council Tax

Every January, the Authority has to estimate the surplus/deficit for the collection fund at the end of the financial year.

For the Council Tax, this has to be notified to the police commissioner and the fire authority, which are entitled to receive a share of any surplus (or contribute a share towards a deficit) made in respect of Council Tax. This is detailed in the table below.

	City	Police	Fire	Total
	£000	£000	£000	£000
Estimated Deficit - Jan 2024	982	146	43	1,171

Business Rates

For Business Rates, this is notified to central government and the fire authority, which are entitled to receive a share of any surplus (or contribute a share towards a deficit) made in respect of Business Rates. This is detailed in the table below.

	City	Government	Fire	Total
	£000	£000	£000	£000
Estimated Surplus - Jan 2024	(1,989)	(2,029)	(41)	(4,058)

Collection Fund Explanatory Notes (continued)

7. Bad and Doubtful Debts

This table provides more detail on the bad debt write-offs and the increase in the provision for bad and doubtful debts.

Provisions	Bad Debt Provision			
	Balance at	Bad Debt Write-	Increase/	Balance at
	1st April 2024	offs In year	(Decrease) to	31st March
	£000	£000	£000	2025
				£000
Council Tax	16,864	(2,973)	1,237	15,128
NNDR	5,923	(2,119)	3,346	7,150
Total	22,787	(5,092)	4,583	22,278

Annual Governance Statement

Leicester City Council Annual Governance Statement 2024-25

1. Introduction

The Council is committed to good corporate governance and complies with the CIPFA/SOLACE “Delivering Good Governance Framework” (2016). The Framework requires local authorities to be responsible for ensuring that:

- their business is conducted in accordance with all relevant laws and regulations
- public money is safeguarded and properly accounted for
- resources are used economically, efficiently and effectively to achieve agreed priorities which benefit local people

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

This statement is produced in fulfilment of the requirements under the Accounts and Audit Regulations 2015, to prepare an annual governance statement which covers:

- The Council's governance arrangements
- The role of those responsible for the development and maintenance of the governance environment
- Any significant risks or priorities that have been identified

- An assessment of the effectiveness of key elements of the Council's governance framework

2. The Arrangements

The Council has an approved Local Code of Corporate Governance which is based on seven core principles taken from the International Framework: Good Governance in the Public Sector (CIPFA/IFAC, 2014) (the ‘International Framework’). A diagram showing the seven core principles is included in Appendix 1.

Appendix 2 then summarises the Council's actual governance arrangements.

The remainder of this paragraph describes how the systems, policies and procedures the Council has in place for governance address the seven core principles.

A) The Council behaves with Integrity, demonstrates strong commitment to ethical values, and respects the rule of law by having the following codes and rules which are followed:

- Constitution
- Financial Procedure Rules
- Code of Conduct for Members
- Code of Conduct for Employees
- Anti-fraud, Bribery and Corruption Policy

- Whistleblowing Policy
- Anti-Money Laundering Policy
- Information Governance & Risk Policy

B) The Council ensures Openness and Comprehensive Stakeholder Engagement through the following:

- Open Council & committee meetings with published minutes
- Published Executive decisions
- Scrutiny of Executive projects through scrutiny commissions
- Call in periods for Executive decisions
- Public engagement through consultation, representations and petitions
- Use of social media engagement on key projects and partnership working
- Publication of Freedom of Information Act responses and transparency data
- A range of communication channels including press-release and other communications linked to significant decisions and council activity

Leicester City Council Annual Governance Statement 2024-25 (continued)

2. The Arrangements (continued)

C) The Council defines outcomes in terms of the City Mayor's ten key priorities:

- Supporting people
- Supporting communities
- A good home
- A good job
- Safe, clean streets
- Climate ready
- Our well-being
- Our children and young people
- Our quality of life
- Our care services

D) The Council determines the interventions necessary to optimise the achievement of the intended outcomes by supporting the above key pledges with the following key plans:

- Budget Strategy (updated annually)
- Housing Strategy
- Corporate Equalities Strategy
- Climate Emergency Strategy
- Local Transport Plan 2011-2026
- Health Inequalities Improvement Plan
- Anti-poverty strategy
- Waste Management Strategy
- Cultural and Creative Industries Strategy
- Tourism Action Plan
- Street Design Guide

- Active Leicester Strategy 23 - 28
- VCSE Engagement Strategy
- Leicester Tree Strategy

E) The Senior Leadership team continue to develop the entity's capacity, including the capability of its leadership and the individuals within it and this is supported by:

- Governance Services including Member and Civic Support Services, who also support member development
- An Organisational Development Team, who facilitate effective development of employees
- A communications function which includes PR, media and digital media teams
- A staff intranet and established internal communication channels, which provide guidance to staff
- Partnership working on key priorities
- An Information Assurance Team to support our data policies
- Specialist teams offering professional advice, for example legal, procurement, IT and finance

F) The Council manages risks and performance through robust internal control and strong public financial management by reviewing processes and delivery throughout the year, supported by:

- Internal Audit
- External Audit
- Information Governance
- Audit and Risk Committee (decommissioned 05/07/2023)
- Governance & Audit Committee

(replaced Audit and Risk Committee)

- Regular reporting of capital and revenue spending during a year
- Annual review of the Local Code of Corporate Governance
- Annual review of risk management strategy and policy and regular monitoring, evaluation and reporting on strategic and operational risks
- Annual review of the Assurance Framework

G) The Council Implements good practices in transparency, reporting, and audit to deliver effective accountability. This is demonstrated through:

- External Audit
- Annual Financial Statements
- Annual Governance Statement
- Open Council & committee meetings with published minutes
- Published Executive decisions accompanied by external communications
- Compliance with CIPFA codes of practice (including the Financial Management Code)
- Scrutiny Commissions and regulatory committees
- External inspections and reviews of services

Additional information on many of the areas detailed above can be found on the Council's website;

www.leicester.gov.uk

Leicester City Council Annual Governance Statement 2024-25 (continued)

3. Review of Effectiveness

The Governance & Audit Committee (previously Audit & Risk Committee) considers a wide range of business as part of its central role as part of the Council's system of corporate governance, risk management, fraud and internal control. The Governance & Audit Committee is complemented by the various scrutiny committees.

Any areas or activities that identify significant weaknesses in financial controls, governance arrangements or the management of risk through the Council's review of processes are then reported to the Governance & Audit Committee.

The Governance & Audit Committee met 8 times during the year, and issues considered included:

- Annual review of local code of corporate governance
- Progress against internal audit plans
- Regular progress updates on the external audit of the statement of accounts
- Performance of the Council in authorising regulatory investigation powers
- Ombudsman complaints report
- Health & Safety annual report
- Procurement annual report
- Insurance annual report
- Counter fraud reports
- Strategic & operational risk registers
- Business continuity strategies and policies
- Specific issues (e.g. a cyber-attack experienced by the Council)

Overall, from this year's work, it can be concluded that controls are operationally sound and that the Council's financial management arrangements conform to the governance requirements of the CIPFA 'Statement on the Role of the Chief Financial Officer in Local Government'.

This view is supported by Appendix 3 which demonstrates how the Council complies with the CIPFA Financial Management Code, and by the internal audit opinion which stated:

"The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the council is that it provides Reasonable Assurance. A "Reasonable Assurance Opinion" means that, overall, there is satisfactory management of risk within the council but with a number of weaknesses identified. An acceptable control environment is in operation but there are a number of improvements that could be made. The opinion given is based on work that has been undertaken directly by internal audit, and on the cumulative knowledge gained through our ongoing liaison and planning with officers. No reliance was placed on the work of other assurance providers in reaching this opinion. In giving this opinion, there are no significant control weaknesses which, in the opinion of the Head of Internal Audit, need to be considered for inclusion in the annual governance statement."

Risk management and internal control are a significant part of the governance framework and are designed to manage risk to a reasonable level. We cannot eliminate all risk of failure to achieve policies, aims and objectives; however the above controls provide reasonable but not absolute assurance of effectiveness.

Leicester City Council Annual Governance Statement 2024-25 (continued)

Areas of significant risk or priorities for action have been identified and are detailed in the tables, together with an update of the issues identified last year.

Issues Identified in 2024/25

The areas of significant risk or priorities for action that have been identified are listed in the table:

Issue Identified	Action taken to date:
<p>Financial Sustainability – We set a balanced budget for 2024/25 with the use of one-off resources. At the time:</p> <ul style="list-style-type: none"> a) Reserves were estimated to run out in 2025/26; b) We were facing restricted government funding at a time of increasing costs, and significant cost pressures in adult social care, children's social care and homelessness; c) There was substantial uncertainty about future funding. 	<p>A balanced budget was set for the period 2025/26 to 2027/28, using both recurrent savings and one-off monies. Some limited additional government funding assisted this.</p> <p>An action plan to constrain costs in demand led services resulted in substantial savings (see issues in 2024/25, below), and enabled the adult care budget for 2024/25 to be reduced by £17m in-year.</p>
<p>Demographic growth – Significant ongoing pressures and risks were identified in relation to homelessness, and adults and children's social care.</p>	<p>Investment in new housing units is estimated to have avoided £40m per year in additional cost by 2027/28.</p> <p>Anticipated growth in the costs of children's social care has been successfully moderated.</p>
<p>Cyber Risk – loss or compromise of IT systems and/or associated data through a cyber security attack was seen as a key risk.</p>	<p>See issues in 2024/25, below</p>

Leicester City Council Annual Governance Statement 2024-25 (continued)

Issues Identified in 2024/25 Continued

The areas of significant risk or priorities for action that have been identified are listed in the table:

Issue Identified	Actions planned:
<p>Financial Sustainability – We have set a balanced budget for the years 2025/26 to 2027/28 with the use of one-off resources, together with savings/cost constraint measures amounting to £95m per year by 2027/28.</p> <p>However, we need to plan to become financially sustainable on a recurrent basis.</p>	<p>Delivery of savings identified in the budget strategy, and continued cost constraint in demand led services.</p> <p>The Council will continue to monitor its finances, with focus on reviewing budgets and services to achieve the significant level of savings required.</p> <p>The Council will continue to be a prominent voice in the sector and provide feedback as appropriate to government on the challenges faced.</p> <p>Plan to bridge the recurrent budget gap.</p>
<p>Capacity in the Finance Function – As identified by the peer review report, we need to build capacity. A deputy to the DoF has already been appointed.</p>	<p>Training of existing staff and recruitment to fill resource gaps</p>
<p>Local Government Reorganisation – The Government intends to reform local government structures to remove two tier authorities, potentially expanding the boundaries of the city.</p>	<p>Significant piece of work to prepare a detailed proposal to Government and to work with other authorities to ensure we set the groundwork for successful LGR.</p>
<p>Cyber Risk – loss or compromise of IT systems and/or associated data through a cyber security attack. Such attacks are becoming more prevalent and sophisticated.</p>	<p>Vulnerabilities with respect to supply chain management have been addressed. We continue to invest in cyber security and are implementing a new digital operating model that adopts the NCSC “10 Steps to Cyber Security” framework. We have agreed with our internal auditors to take account of this structure during internal audits.</p> <p>The revised DDaT Digital Operating Model considers risk in relation to systems and to data, both in storage and in transit. Cloud adoption is being actively promoted to simplify cyber security where possible.</p>

Leicester City Council Annual Governance Statement 2024-25 (continued)

3 Conclusion

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

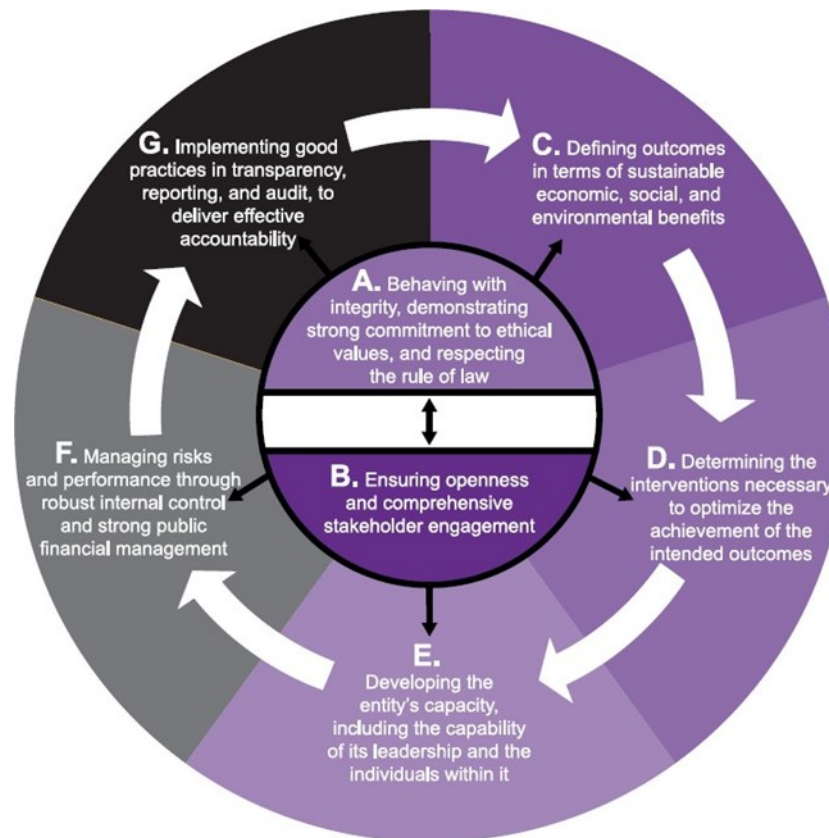
Signed:

City Mayor

Chief Operating Officer

The Council's Code of Corporate Governance is based on the seven core principles. The illustration below shows the principles of good governance in the public sector and how they relate to each other.

Achieving the Intended Outcomes
While Acting in the Public Interest at all Times



The Council had the following governance arrangements in place during 2024/25.

SUMMARY OF THE COUNCIL'S GOVERNANCE ARRANGEMENTS

Mayor, Executive and Council

- Provide leadership, develop and set policy
- Key risks are considered by the Executive three times per year

Decision making

- Executive decisions are recorded on the Council's website
- There is a period of grace in which decisions are open to review

Risk management

- Risk registers identify both operational and strategic risks
- Key risks are considered by Corporate Management Team three times per year

Scrutiny and review

- Scrutiny commissions review Council policy and can challenge decisions
- Governance & Audit Committee approves the annual accounts and reviews policies & procedures that ensure good governance of the Council. It also approves the Internal Audit Annual Report and opinion

Corporate Management Team (CMT)

- Provides service level management and interface with the political leadership

Head of Paid Service is the Chief Operating Officer, who is responsible for all Council
- The Director of Finance is the s.151 Officer and is responsible for safeguarding the Council's financial position and ensuring value for money.
- Monitoring Officer is the City Barrister & Head of Standards who is responsible for ensuring legality and promoting high standards of public conduct

The following table is a summary of the CIPFA financial management code standards with a brief explanation of how the Council complies with each standard.

CIPFA financial management standard	How the Council demonstrates it complies
The leadership team is able to demonstrate that the services provided by the authority provide value for money.	<p>Annually this is supported by the external audit value for money opinion.</p> <p>Ensuring value for money is also the role of the section 151 officer and this is evidenced in the Annual Governance Statement, under the summary of the Council's governance arrangements.</p>
The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government.	<p>The Director of Finance (section 151 officer) is professionally qualified and has suitable experience. The Director of Finance is a key member of the leadership team and is actively involved in all material business decisions, ensuring they are in line with the Council's financial strategy.</p> <p>She safeguards public money through good financial management and leads a finance team that is resourced and fit for purpose. Annually this is supported by the value for money opinion and the audited statement of accounts.</p>
The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.	The Annual Governance Statement supports the leadership team meeting these requirements. The Statement includes:
The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).	<ul style="list-style-type: none"> • How governance and internal control are supported by scrutiny and review, in particular through the Governance & Audit Committee (previously Audit and Risk Committee). • A statement from the Council that it complies with the CIPFA/SOLACE Delivering Good Governance Framework (2016).

CIPFA financial management standard	How the Council demonstrates it complies
The financial management style of the authority supports financial sustainability.	<p>Annually the Council approves the budget strategy which includes the revenue and capital budgets, alongside the Treasury Management Strategy and Investment Strategy. As part of the budget strategy, the medium-term financial outlook is considered, as is the recurrent budget deficit. This evidences that the Council understands its prospects for financial sustainability in the longer term and this is reported clearly to members.</p> <p>The budget report includes a statement from the Chief Finance Officer on the robustness of estimates and the adequacy of financial reserves.</p> <p>Throughout the year, monitoring is conducted to identify any variations from budget, allowing for corrective action to be taken. Revenue and capital monitoring reports are made periodically to the Overview Select Committee.</p>
The authority has carried out a credible and transparent financial resilience assessment.	
The authority understands its prospects for financial sustainability in the long-term and has reported this clearly to members.	
The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.	
The authority complies with its statutory obligations in respect of the budget setting process.	
The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.	
The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.	Annually, the Council approves the budget strategy together with the Treasury Management Strategy and the Investment strategy. These strategies comply with the prudential code. The Council also reports its compliance with these strategies twice a year.
The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.	The Council consults statutory consultees.

CIPFA financial management standard	How the Council demonstrates it complies
The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.	As part of the executive approval process, decision reports are submitted to the Executive which where appropriate contain option appraisals and a recommended course of action. Decisions are published on the Council's website.
The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.	Throughout the year monitoring is conducted to identify any variations from what was budgeted and allows for timely corrective action to be taken. Monitoring reports are subject to scrutiny and go to the Overview Select Committee on a periodic basis. This includes the capital and revenue budget monitoring, income collection and treasury management reports.
The leadership team monitors the elements of its balance sheet that pose a significant risk to its financial sustainability.	
The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.	
The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.	Annually the statement of accounts is published and a statement regarding the accounts complying with the CIPFA Code of Practice is included within the statement of responsibilities signed by the section 151 officer. The statement of accounts is audited annually and we regularly receive an unqualified audit opinion.

Glossary

Glossary

This Glossary explains terms that may be encountered in discussion of Local Government finance. Definitions are intended to assist a general audience, rather than reflecting exactly the technical sense in which the terms are used.

Academies

Publicly funded schools, independent of Local Authority control, held accountable directly to the Government.

Accountable Body

An accountable body is an organisation which takes financial responsibility for the management of funds which comprise of contributions from multiple organisations; the fund itself is not a legal entity.

Accounting Policies

Those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in the financial statements through recognising, selecting measurement bases for, and presenting assets, liabilities, gains, losses and changes in reserves. Accounting policies do not include estimation techniques.

Accruals

The concept that items of income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Basis

The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.

Agent

Is where the authority is acting as an intermediary.

Amortisation

The reduction in an amount carried on the Balance Sheet by the regular debiting or crediting to an Income and Expenditure Account.

Appropriation

The process of transferring balances from revenue to reserves and vice versa.

Asset

A resource controlled by the authority, as a result of past events and from which future economic benefits are expected to flow to the authority.

Assets Held for Sale

These are assets which are very likely to be sold within 12 months of the balance sheet date. They are therefore classified as Current Assets.

Balance Sheet

The Balance Sheet shows the assets and liabilities of the Authority.

Bonds

Investment in certificates of debts issued by a Government or company. These certificates represent loans which are repayable at a future date with interest.

Budget

The financial plan reflecting the Council's policies and priorities over a period of time.

Capital Expenditure

Expenditure on the purchase, construction or enhancement of major items which have a lasting value to the authority.

Capital Financing

The raising of money to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, direct revenue financing, usable capital receipts, capital grants, capital contributions and revenue reserves.

Glossary (continued)

Capital Financing Requirement

Reflects the authority's level of debt relating to capital expenditure.

Capital Programme

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

Capital Receipts

Money the Council receives from selling assets (buildings, land etc.). Capital receipts from the sale of housing assets cannot be used entirely to fund new capital expenditure; a proportion must be paid to government.

CIPFA (Chartered Institute of Public Finance and Accountancy)

The principal accountancy body dealing with local government finance.

Code of Practice on Local Authority Accounting (The Code)

A publication produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) that provides comprehensive guidance on the content of a Council's Statement of Accounts.

Collection Fund

A separate fund recording the expenditure and income relating to Council Tax and NNDR.

Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful lives and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Community Schools

Schools which the Council run, employ the staff and normally owns and maintains the land and buildings (with the exception of PFI schools).

Comprehensive Income and Expenditure Statement

This Statement reports the net cost of all services and functions for which the authority is responsible.

Contingent Liabilities

Liabilities which may or may not occur in the future. They often depend on future events for which the outcome cannot be predicted. Due to their uncertainty they do not appear in the balance sheet.

Council

The Council comprises the City Mayor and all elected Councillors who represent the various electoral divisions.

Council Tax

This is a tax, which is levied on the broad capital

value of domestic properties, and charged to the resident or owner of the property.

Council Tax Base

This is a figure that expresses the total band D equivalent properties. The amount to be funded by Council Tax is divided by this, and charges for all other bands of property are based on this charge.

Council Tax Precept

The amount of income due to Leicestershire Police Authority and Leicester, Leicestershire and Rutland Combined Fire Authority from the Council, who are responsible for billing Council Tax.

Creditors

Amounts owed by the Council for work done, goods received or services rendered but for which payment has not been made by the end of the financial year.

Debits and Credits

A debit represents expenditure against an account and a credit represents income to an account.

Glossary (continued)

Debtors

Amounts due to the Council but unpaid at the end of the financial year.

Dedicated Schools Grant

A ring-fenced grant from the government that has to be used to fund the delegated budget of each school, together with certain items of related central expenditure.

Deficit

Arises when expenditure exceeds income or when expenditure exceeds available budget.

Depreciation

The term used to describe the charge made for the cost of using tangible fixed assets. The charge for the year will represent the amount of economic benefits consumed (i.e. wear and tear).

Direct Revenue Financing

The cost of capital projects that is charged against revenue budgets.

Equities

Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholder's meetings.

Expenditure and Funding Analysis

This statement shows how annual expenditure is used and funded from resources by the Council in comparison to those resources consumed or earned by authorities in accordance with generally accepted accounting practices.

External audit

An audit is an examination by an independent expert of the authority's financial affairs to check that the relevant legal obligations and codes of practice have been followed.

Fair Value

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

Finance Lease

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

Financial Instruments

Financial instruments are formally defined in the Code as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Reporting Standards (FRSs)

Statements prepared by the Financial Reporting

Council. Many of the Financial Reporting Standards (FRSs) and the earlier Statements of Standard Accounting Practice (SSAPs) apply to local authorities and any departure from these must be disclosed in the published accounts.

General Fund

The Council's main revenue account, covering the net cost of all services other than Council housing.

Going Concern

The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.

Government Grants

Payment by Government towards the cost of local authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (formula grant).

Housing Benefits

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

Glossary (continued)

Housing Revenue Account (HRA)

A separate account to the General Fund which includes the expenditure and income arising with the provision of housing accommodation by the Council. The HRA is ring-fenced: no cross subsidy is allowed between the HRA and the General Fund in either direction.

Impairment Loss

A material reduction in the value of fixed assets outside the normal periodic revaluations.

Internal Audit

An independent appraisal function established by the management of an organisation for the review of the internal control system as a service to the organisation.

International Financial Reporting Standards (IFRSs)

These are guidelines for the production of financial statements. Many of these now apply to local authorities and departure from these must be disclosed in the published accounts.

International Financial Reporting Interpretations Committee (IFRIC)

Aims to provide guidance on newly identified financial reporting issues not specifically dealt with in IFRSs.

Inventories

Comprises; 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.

Investments

An asset which is purchased with a view to making money by providing income, capital appreciation or both.

Joint Venture

An organisation for which the Council has partial control and ownership, but decisions require the consent of all participants.

Leasing

A method of financing the acquisition of assets, notably equipment, vehicles and plant. This is normally for an agreed period of time, up to several years.

Liabilities

An obligation to transfer economic benefits. Current liabilities are payable within one year.

LOBO Loans

Lender Option, Borrower Option loans. This is a loan in which the lender can, at a predetermined

time, request to change the interest rate at which the loan is being charged. If the borrower does not agree to the rate change, the borrower then has the option to repay the loan.

Local Council Tax Reduction Scheme

System of granting means-tested Council Tax discounts and exemptions depending on personal taxpayer circumstances.

Long Term Borrowing

Loans raised to finance capital spending which have to be repaid over a period in excess of one year from the date of the accounts.

Materiality

Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Minimum Revenue Provision (MRP)

A minimum amount, set by law, which the Council must charge to the income and expenditure account, for debt redemption or for the discharge of other credit liabilities (e.g. finance lease).

Glossary (continued)

Movement In Reserves Statement

This statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that be applied to fund expenditure or reduce local taxation) and other reserves.

National Non-Domestic Rate (NNDR)

Represents the rate of taxation on business properties. Central Government have the responsibility for setting the rate and Local Authorities are responsible for the billing and collection of the tax. Income is shared between Central Government, the Council and Leicestershire Fire authority.

Net Book Value

The amount at which non-current assets are included in the balance sheet. It represents historical cost or current value less the cumulative amounts provided for Depreciation or Impairment.

Net Expenditure / Net Cost of Service

The actual cost of a service to an organisation after taking account of all income charged for services provided.

Non-Current Assets

Assets that yield benefits to the Council for a period of more than one year, examples include land, buildings and vehicles.

Operating Lease

A lease where an asset is used only for a small proportion of its economic life.

Operational Assets

Fixed assets held and occupied in the pursuit of strategic or service objectives.

Outflow

This represents cash going out of the Council.

Precept

An amount charged by another authority to the Council's Collection Fund. There are two preceptors on Leicester's collection fund: the Police and Crime Commissioner and the Leicestershire & Rutland Combined Fire Authority.

Prior Period 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.

Principal

Is where the authority is acting on its own behalf.

Private Finance Initiative (PFI)

An initiative for utilising private sector funding to provide public sector assets.

Provision

An amount of money set aside in the budget to meet liabilities that are likely or certain to arise in the future, but which cannot be quantified with certainty.

Public Works Loan Board (PWLb)

A government agency providing long and short-term loans to local authorities. Interest rates are generally lower than the private sector, and slightly higher than the rates at which the Government may borrow.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances and the monetary value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Revaluation Reserve

This reserve contains revaluation gains on assets recognised since 1 April 2007 only, the date of its formal implementation.

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