

# **Kirklees Council Draft Statement of Accounts**

**2025/2026**

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# Section 1: Narrative report

## Foreword

I am pleased to introduce the Council's Statement of Accounts for the year ended 31 March 2026.

The preparation of the Statement of Accounts is a statutory requirement, and for 2025/26 (to 2026/27) local authorities are required to have them signed by the Section 151 Officer by 30 June, following the end of the financial year. The audited accounts should then be published by 30 November that year. However, given the ongoing sectoral issues and the backlog of outstanding audit opinions across the sector there is now a backstop date in operation set by Government. For the 2025/26 Accounts this date is 31 January 2027. The intention is that the Audited Accounts will be published in advance of this.

The Council also publishes a number of other useful documents on its website, including the Corporate Plan. These documents, together with the Statement of Accounts, all help towards reporting on the Council's stewardship of public funds.

The annual Statement of Accounts is a very important document because it provides assurance to the public that Council funds have been properly accounted for, and this includes rigorous external validation by appointed auditors.

In the broader financial and economic context within which the Council operates, the annual Statement of Accounts should be viewed also as a key indicator of the extent of our Council's economic, effective and efficient use of resources, and the overall financial health of the organisation.

The 2025/26 financial performance should be assessed in the context of the continued challenging economic backdrop, with underlying demand, demographic and inflationary pressures on service budgets and persistent inflation and high interest rates. The organisation delivered £19.2m of savings, equating to 64% of the target of £30.2m and the overall outturn position was an overspend of £1.8m on the general fund revenue budget.

The Council's budget plans for 2026/27 provide an extra £28.6m of budgetary provision to fund demand and inflationary pressures.

The General Reserves balance at 31<sup>st</sup> March 2026 was £26.0m; equivalent to 5.6% of the 2026/27 net revenue budget. Usable general fund balances (excluding Statutory Reserves) at 31<sup>st</sup> March 2026 are £62.5m (31<sup>st</sup> March 2025 £61.1m).

## Acknowledgements

I wish to thank colleagues in Finance for their hard work, commitment, and skill in completing this Statement of Accounts and all the supporting information by 25 June 2026. I also want to thank colleagues across the organisation and partner organisations for their collective commitment to support the finalisation of the draft Statement of Accounts by 25 June 2026.

Kevin Mulvaney

Service Director – Finance and S151 Officer

## Introduction to Kirklees



The Council serves one of the larger Districts in England and Wales, both in terms of population and geographical area and this, along with other key characteristics of the Kirklees District, are summarised below:

- Kirklees is home to **447,900 residents**. The Kirklees population is projected to increase by 3% overall to 457,200 by 2034; this includes an 18% projected increase in ages 65 and over to 95,400; included within this is a 40% increase specifically for ages 85 and over (2022 ONS Subnational population projections).
- **Kirklees ranks fourteenth out of 318 districts** in terms of population in England and Wales (2024).
- **Population by ethnic group**; 74%\* White, 19% Asian or British Asian, 7% Other (\*England & Wales average 82%).
- **3rd largest metropolitan district in area** covering 157 square miles.
- **183,400 households (2024 projection)**, of which about 66% are owner occupied, and 11% Council rented (2021 Census). Households are projected to increase 16% by 2047, to 213,200 (ONS 2022-based household projections).
- **160,800 employees in Kirklees**, of which 15% relates to Manufacturing, double the Great Britain average of 7%. Health also provides 14%; with Education accounting for 10% and Retail 9%.
- **The average median gross weekly earnings for Kirklees residents full and part-time in 2025 is £600.70**; lower than the Great Britain average of **£644.90**.
- **The unemployment rate\* at March 2026 is 4.7%**; in comparison to the Great Britain average of 4.0% (\*unemployment rates relate to the claimant count for Jobseekers' Allowance plus those who claim Universal Credit and are required to seek work and be available for work. In May 2024, the Department for Work and Pensions increased the administrative earnings threshold for full work search conditionality. This change affected around 180,000 claimants, increasing the Claimant Count at the time of the change.
- **69 Local Councillors serve 23 wards**; following the May 2026 election Reform UK is the largest party with 29 seats, followed by: 12 Green Party, 9 Conservative, 9 Kirklees Independent Group, 5 Liberal Democrats, 3 Valley Independent Group and 2 Independents.
- **72% of residents surveyed are satisfied with the local area as a place to live.**
- **Index of deprivation 2025 for Kirklees; 14%\* of the district's population live within areas which rank within the worst 10% in England**; (\*the average for England is 10%).

# The Council

## Kirklees' Services

### What does the council do with its money? 2025/26

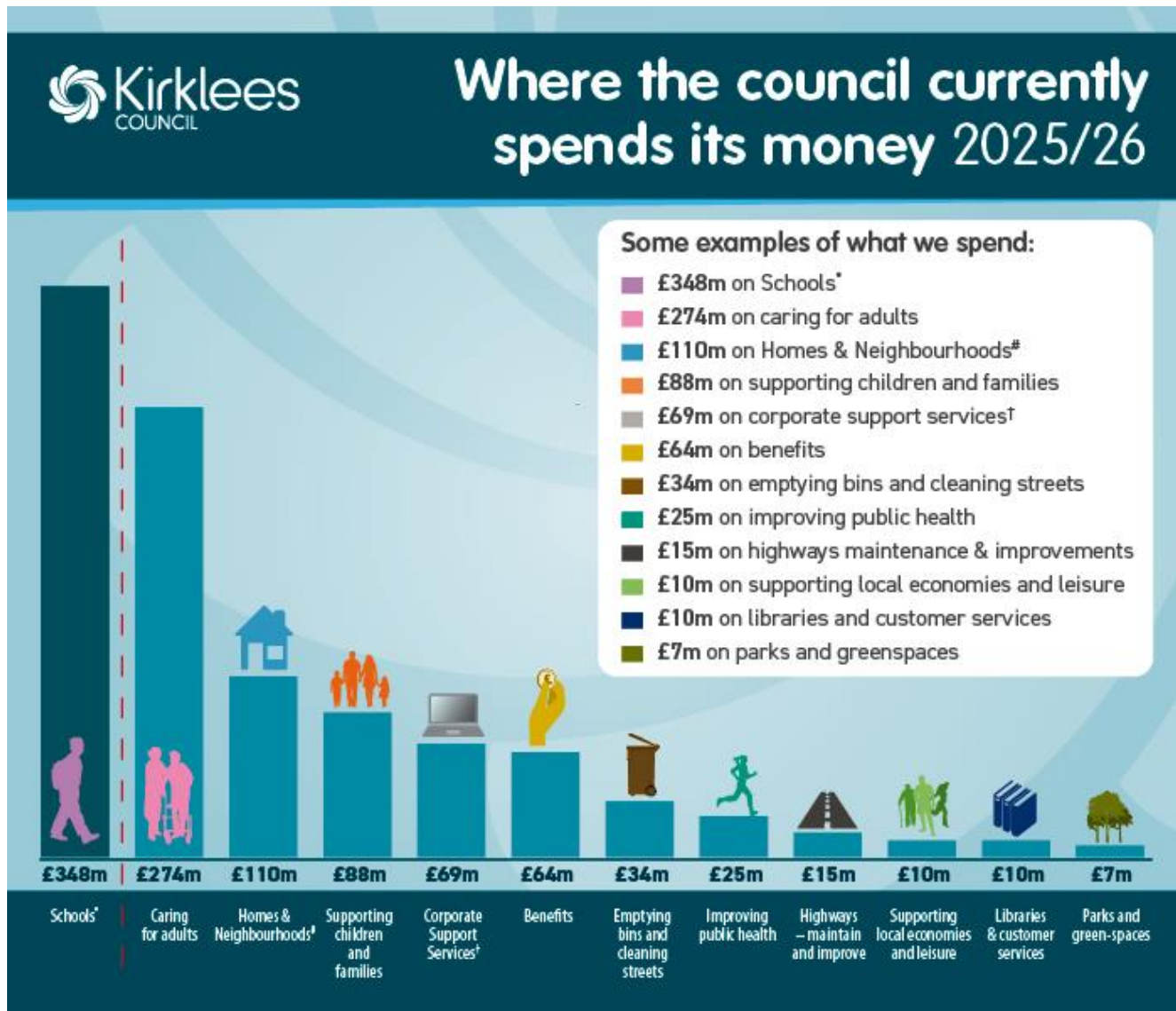


Table 1 Breakdown of Council gross spend by department

Department	Amount £m
Schools	348
Caring for adults	274
Homes & Neighbourhoods	110
Supporting children and families	88
Corporate Support Services	69
Benefits	64

Department	Amount £m
Emptying bins and cleaning streets	34
Improving public health	25
Highways maintenance and improvements	15
Supporting local economies and leisure	10
Libraries and customer services	10
Parks and green spaces	7

## The Workforce

Below is a snapshot of total staff employed across non-schools and schools, as at 31 August 2025 (source Kirklees People Services):

Table 2 Snapshot of total staff employed

Staff employed	Full-time	Part-time	Total	Full time equivalent
Non-schools	4,388	3341	7,729	6,331
Schools	1,497	3484	4,981	3,515
Total	<b>5,885</b>	<b>6,825</b>	<b>12,710</b>	<b>9,846</b>

To put the above into perspective, the full-time equivalent figure in 2010 was 14,003; this represents an overall reduction of 4,157, approximately 30%, over the period.

## Financial Performance

### Revenue – General Fund

The Council's net revenue expenditure totalled £398.3m in 2025/26 compared to the revised budget of £391.1m. The overall outturn position was an overspend of £1.8m after the use of £5.5m of Budget Contingency Reserve (compared to an overspend of £5.6m in 2024/25) and summarised below.

The actual spend to budget is summarised by directorate below:

Table 3 Actual spend to budget

Service Area	Revised Budget £000	Outturn £000	Variance £000
Children and Families	108,389	116,681	8,292
Adults and Health	108,720	122,058	13,338
Place	56,708	59,194	1,486
Public Health & Corporate Resources	64,842	60,504	-4,338
Central Budgets	52,393	40,907	-11,486
<b>General Fund</b>	<b>391,052</b>	<b>398,344</b>	<b>7,292</b>
Use of Budget Contingency Reserve	0	-5,500	-5,500
Use of Voluntary Revenue Provision	0	-1,792	-1,792

Service Area	Revised Budget £000	Outturn £000	Variance £000
Adjusted General Fund Total	391,052	391,052	0

## Children and Families

The outturn position for Children's Services was an overspend of £8.3m.

Kirklees has a number of relative strengths compared to its statistical comparators including:

- Lower than average numbers of children in care
- Higher use of Special Guardianship Orders, enabling children to remain within their extended families, improving outcomes and reducing costs
- Sustained avoidance of agency social workers, improving workforce stability and delivering cost efficiencies

Despite these strengths there are significant and increasing financial pressures. Over the past two years, there has been a sustained rise in the number of children placed in private children's homes. At outturn, 45 children were in these placements (budget 32), representing the primary driver of the overspend, together with an increase in the average weekly cost from £6.2k to £7.2k. These are being managed carefully, but it is a continuing pressure, not only for this Council, but across the sector. These upward trends are of concern both in terms of outcomes for children and overall financial sustainability. There is strong operational and strategic oversight with a Sufficiency Board chaired by the Chief Executive and an External Placement Board chaired by the Executive Director of Children's services.

Other variances within Children's Services were in relation to other Sufficiency led activities (Leaving Care Supported Accommodation, and Home Care), again representing pressures on the system. There were also overspends in relation to Home to School Transport on Looked After Children due to increased demand and complexity of routes.

In the Learning & Early Support area of the service, there are continued pressures relating to the necessary use of Educational Psychology Locums to support service delivery, and there were also pressures seen on the Education, Health and Care Plan (EHCP) team in relation to staffing, linked to increased demand and complexity. Collectively these total £0.3m. These pressures were partially offset by other vacancies in the service, and higher income on penalty notices for unauthorised absences.

## Adults & Health

Adult social care services across the country are facing sustained pressures from rising demand, complexity of cases, impact of national living wage rises all leading to higher costs. This means more older people and working-age adults requiring support for longer, more complex and specialist needs, fragile market capacity, and higher costs for care packages and placements. In line with the actions referenced in Children's services, there is strategic oversight with the Executive Director of Adults chairing the Adults Transformation Board and the Chief Executive chairing a group that reviews the overall savings programme in addition to the monitoring the impacts of changes to demand for services.

The overall position for the Adults & Health Directorate was an overspend of £13.3m partially offset by a drawdown from the Budget Contingency Reserve to fund a contribution to an in year slippage in savings (£2.6m) and the delay in the transfer of the Care Homes (£0.65m) to leave an outturn overspend of £10.1m (9%) on a budget of £112m. The position has worsened position from Quarter 3 by £6.3m. Growing demand and increasing weekly costs for service users in placements led to an overspend of £8.6m, shortfalls in income totalled £3.4m mainly relating to shortfalls of client income compared to budgeted levels; these were partially offset by underspends, some of which are staffing related (£1.7m), resulting in the overall £10.1m overspend.

Significant variances were seen across key demand-led headings, and on the achievement of the savings target which were 15% of the overall net budget. The ambitious savings target was £16.9m (including carried forward savings from 24/25). Actual savings delivered or alternative one-off funding provided totalled £8.7m (51%).

Breaking down the overspends into client groups, services provided to support Older People and People with a Physical Disability overspent by £7.6m, on a £61m budget. The budgeted savings target was £9.6m of which, £4.1m (43%) has been achieved in year.

Services provided to support People with a Learning Disability and People with Mental Health needs overspent by £2.9m, on a £61.9m budget. There was a budgeted savings target of £4.2m of which, £1.5m (36%) has been achieved to date.

Strategic Commissioning, Partnership and Provider Services overspent the £24.4m budget by £2.2m. The savings target of £2.7m was 85% achieved.

Communities and Access Services have underspent the £6.7m budget by £2.2m and this is largely due to in year vacancies and utilisation of grants.

## Place

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The outturn for the Place directorate is an overspend of £1.5m prior to the release from the Budget Contingency Reserve of £2.1m relating specifically to Home to School Transport pressures and £0.2m for Care Homes; to leave a reported outturn underspend of £0.8m which is a £2.4m favourable movement from Q3 (and reflects a continued improvement from the Q1 position which projected an overspend of £2.9m).

Highways and Streetscene overspent by £1.7m. The areas of overspend include Parking £0.5m, Transport £0.5m, Highways £0.5m and Adverse Weather £0.7m. These are offset by underspends on Waste (£0.4m) and Parks and Greenspaces (£0.3m). The main reason for the overspend is the under recovery of parking income / permit fees and spend on hire vehicles. It should be noted that whilst there was an overspend on Adverse Weather budgets, there was a reduced number of grits in 2025/26 compared to the previous 2 years. Additional budget provision is being made in respect of Parking income and Adverse weather in 2026/27 to mitigate the risk of ongoing pressures.

There was an underspend of £1.1m across Development. This included an underspend of (£0.2m) on Housing Services (maximising staff charges to capital and grants, (£0.2m) within Housing Growth linked to vacancies and o a one-off repayment of Business Rates.

The Home to School Transport budget overspent by £0.1m but this is after an in-year injection of £2.1m. To mitigate this going forward, a permanent increase in budget of £2m has been provided in 2026/27 and as with other demand related activity will be closely monitored in year. There was also an underspend of £0.3m in the Directorate Programme Office linked to holding of vacancies.

Skills and Regeneration underspent by £1.4m. Various underspends were seen across the portfolio including within Major Projects (£0.4m), Employment & Skills (£0.3m) and Planning and Building control (£0.7m).

## Public Health and Corporate Resources

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The outturn position was an underspend of £4.3m.

The Strategy and Innovation function (which includes IT, Data and Insight, Policy and Communications teams) and People Services underspent by £1m each predominantly due to vacancy management. Savings on Emergency Planning and Health and Safety were £0.2m; Public Health services which are funded by a ring-fenced grant underspent by £0.8m and this has been transferred to the statutory ring fenced reserve.

Governance and Commissioning overspent by £0.2m, due to a £0.9m overspend on Legal Services linked to demand pressures and increased external costs (+£1m). Vacancies and reduced insurance charges offset this pressure. Finance underspend by £0.4m mainly through vacancy management, although there were pressures on debt tracing and external audit fees.

There was a £0.6m underspend on Housing Benefit subsidy. Following a review of outstanding benefit debt, a reduction in the provision for bad debt of £1.2m has been made. This helped to offset the £0.8m overspend due to the numbers of people in bed and breakfast and other temporary accommodation for which 100% subsidy is not payable by the DWP. These numbers are stabilising as work continues to find alternative accommodation.

Culture and Visitor Economy underspent by £1.5m, predominantly due to increased income from Town Halls (£0.5m), and continued cost savings in Catering (£0.7m). Vacancy management across the service also contributed to the underspend. Bereavement Services overspent by £0.4m due to reduced income levels arising from lower demand and a switch to cheaper cremations.

## Central

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Central budgets underspent by £11.5m. Of this underspend, £5.5m sits within Treasury Management and is related to slippage in the in-year capital plan and a combination of interest rates on borrowing taken being lower than budgeted, proactive debt management and interest income on balances. There was also a £4.2m underspend on inflation, largely due to a historic rebate of energy charges relating to PPP schools. This is a one-off reduction. The remaining balance of £1.8m related to contingency budgets not required in-year.

Further details of the outturn variations at service level can be found in the Council's outturn report which will be published by early July 2026.

## Reserves

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Total General Fund reserves have decreased through 2025/26 by £0.8m; from £73.1m (£61.1m excluding Statutory Reserves) at the start of the year to £72.3m (£62.5m excluding Statutory Reserves) as at 31 March 2026.

## Dedicated Schools Grant (DSG) Balances

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The 24/25 in-year deficit was £20.1m taking the total DSG Deficit to £63.8m at 31st March 2025. The deficit mainly relates to rising complexity and demand in mainstream schools and inflationary increases from external providers, mainly in the Independent Non-Maintained Schools sector remaining significantly above the funding provided by Government and the safety valve contributions. These pressures have continued into 25/26 and the outturn position is an in year overspend of £17.4 on High Needs expenditure. The cumulative deficit in this area has now increased to £82.2m.

The DSG is currently subject to a Statutory Override meaning that the deficit is excluded from the Council's usable reserves. The Statutory Override remains in place until March 2028 and it has been indicated by the DfE that a "proportionate" contribution will be made by the DfE towards in year DSG deficits during 2026/2027 and 2027/2028 (assumed to be 90% again). It is expected that the Council will be responsible for the remaining 10% and the cost of this will need to be addressed in the MTFs. Estimates of the required Council contribution between now and March 2028 are c£10m (cumulative total of 10% of the 25-26 closing deficit plus 10% share of the in-year deficits for 2026-27 and 2027-28).

## Revenue – Housing Revenue Account (HRA)

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The HRA is a statutory ring-fenced account that holds all income and expenditure in relation to the provision of landlord services to approximately 21,000 tenancies.

The HRA outturn is an operational underspend of £0.6m, including an underspend for housing management costs of £0.7m and an underspend of £0.9m for damp mould and condensation works offset by an under-recovery of £0.9m on rental income and £0.4m for void rent loss. This underspend was transferred to reserves and there has been a further planned transfer from reserves of £5.3m in year.

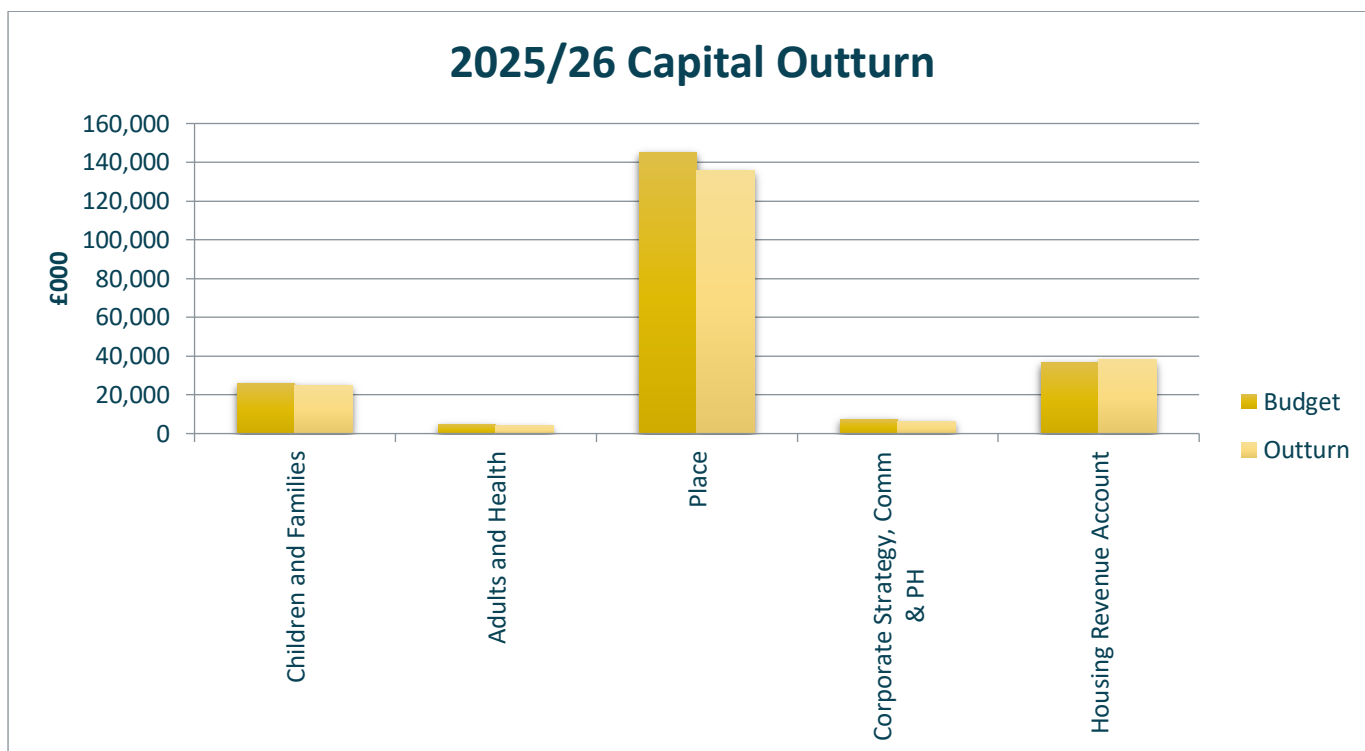
## Capital expenditure

The Council's revised capital plan budget was £219.7m in 2025/26.

Capital expenditure in 2025/26 totalled £209m; equivalent to 95% against budgeted investment.

The outturn position relative to budget reflects a number of deferred expenditure commitments rolled forward into future years; examples include slippage on General Fund strategic priority capital schemes, including £2.5m on the Transforming Cities Fund for major transport schemes, £2.2m on the Cultural Heart and £1m on the Huddersfield Town Centre Action Plan. The Housing Revenue Account overspent by £1.5m due to increased activity on essential fire safety works.

Capital budget and expenditure in 2025/26, is summarised by outcome below:



Capital expenditure in 2025/26 was funded by the following sources of finance; borrowing £70.8m, grants and contributions £93.1m, capital receipts at £15.2m Major Repairs Reserve (HRA) at £24.7m, Reserves/Revenue contributions to capital at £5.2m.

## Collection Fund

The Collection Fund separately accounts for income and expenditure relating to Council Tax and Business Rates by the billing authority. Council Tax and Business Rates are separate accounts held within the Collection Fund and cannot cross-subsidise each other.

Payments are made from the Collection Fund at the start of each year to the various precepting bodies i.e. West Yorkshire Police Authority and West Yorkshire Fire & Rescue Authority in relation to Council Tax, and West Yorkshire Fire & Rescue Authority and Central Government in relation to Business Rates. Payments are based on annual income estimates.

Actual income received in-year can vary from estimates, which normally results in there being either a deficit or surplus on Council Tax and Business Rates at each year end.

Surpluses or deficits roll forward automatically through the Collection Fund, but the intention is that these surpluses or deficits are 'smoothed out' over subsequent financial years, through corresponding payment adjustments, including the relevant precepting authorities and Central Government.

The in-year Council Tax performance (Council Share) was a £2.1m deficit (0.8% of budgeted income). This position was largely due to lower than budgeted income of £0.7m and an increased bad debt provision requirement of £1.4m resulting from slower than anticipated debt repayments.

The in-year Business Rates performance (Council Share) was a net £1.9m deficit (3.6% of budgeted income). This position was largely due to lower than budgeted income because of higher than budgeted exemptions/empty properties and increased unfunded reliefs (mainly Charity and Improvement reliefs).

The percentage of Council Tax collected in year was 94.2% (2024/25 94.1%). The Council's share of the arrears outstanding as at 31 March 2026 was £33.0m (31 March 2025 £29.1m).

The percentage of Business Rates collected in the year was 95.4% (2024/25 96.2%). The Council's share of the arrears outstanding at 31 March 2026 was £4.4m (31 March 2025 £4.5m). In addition, there is a provision for Business Rates appeals outstanding. The Council's share of this provision at 31 March 2026 is £2.5m (31 March 2025 £2.0m).

The Council's share of overall Collection Fund financial performance in 2025/26 is summarised below.

Table 4 Collection Fund Summary

Collection Fund (Council Share)	Council Tax £000	Business Rates £000	Total £000
<b>(Surplus)/Deficit at 1 April 2025</b>	<b>4,848</b>	<b>5,307</b>	<b>10,155</b>
Re-payments to/(from) General Fund 2025/26	-2,052	-1,737	-3,789
In year Financial Performance	2,143	1,886	4,029
<b>(Surplus)/Deficit at 31 March 2026</b>	<b>4,939</b>	<b>5,456</b>	<b>10,395</b>
Planned Repayments to General Fund 2026-28	-2,796	-3,570	-6,366
<b>Residual (Surplus)/Deficit</b>	<b>2,143</b>	<b>1,886</b>	<b>4,029</b>

The approved 2026-29 Medium Term Financial Plan (MTFP) included a repayment of £6.4m from the General Fund to the Collection Fund, based on the estimated Collection Fund performance in 2025/26. The net effect of this still leaves a residual Collection Fund deficit of £4.0m. It is intended to fund this additional £4.0m shortfall, from business rates safety net payments due to the Council in 2026/27 and the funding set aside at this outturn in the Collection Fund Smoothing reserve.

The Council was also part of a regional business rates pooling arrangement – Leeds City Region Business Rates Pool, for 2025/26.

## Balance Sheet

The table below summarises the Balance Sheet movements during 2025/26 and indicates that the Council maintains an overall positive Balance Sheet in terms of net assets and usable reserves.

Table 5: Balance Sheet movements during 2025/26

Net assets and usable reserves	At March 2025 £m	At March 2026 £m	Movements in-year £m
Long Term Assets	1,858.4	1,937.3	78.9
Net Current Assets	-34.0	-61.2	-27.2
Long Term Liabilities	-837.1	-852.3	-15.2
<b>Net assets</b>	<b>987.3</b>	<b>1,023.8</b>	<b>36.5</b>
<i>Represented by:</i>			
Usable Reserves	-204.9	-194.8	10.1
Unusable Reserves	-782.4	-829.0	-46.6

## Assets

The value of Property, Plant and Equipment has increased during the year by £72.8m to £1,740.4m. The movement includes additions of £167.0m, net revaluation gains on Plant, Property and Equipment of £23.3m, offset by assets being reclassified as Held for Sale £14.1m, the disposals of assets £31.6m (including schools transferring to academy status), and depreciation £71.9m. In addition, the Council has Heritage Assets and Investment Property valued at £67.3m and £86.6m respectively as at 31 March 2026 (31 March 2025: £55.8m and £81.5m). Current assets decreased by £0.9m to £168.8m.

The Council's policy towards cash flow management is prudent and all deposits/investments in 2025/26 have been placed short-term with a view towards security and liquidity. As at 31 March 2026, the Council held investments of £20.4m within "cash equivalents", that is highly liquid deposits with an insignificant risk of change in value (31 March 2025 £49.6m).

## Liabilities

Current liabilities increased by £26.3m to £230.0m and long-term liabilities increased by £15.2m to £852.3m. As at 31 March 2026, the Council had total provisions (long term and short term) of £13.8m (31 March 2025 £15.3m).

Total external borrowing during the year increased from £782.2m to £827.2m (includes interest owed). £90.0m of new long-term borrowing was taken from the Public Works Loan Board (PWLB) in the year. The average interest rate for long-term PWLB borrowing in 2025/26 was 4.67% (2024/25 4.26%)

The amount of the LGPS funded pension asset remained at nil at 31 March 2026 (nil at 31 March 2025). The Council has a net pensions asset at the accounting date, however the actuary has calculated the maximum economic benefit the Council could recognise in the accounts (referred to as the asset ceiling) calculated in accordance with accounting standards IFRIC 14. This figure is zero, thus reducing and restricting the surplus on the balance sheet.

Whilst the net pensions figure has moved substantially it should be remembered that:

- The sum is the current assessment taking a long-term view of the current and future contributions to the fund and the future liabilities for existing pensioners and current employees who are accruing pension entitlement.
- It is not a situation unique to Kirklees Council or Local Authorities generally, with many pension funds currently in a net asset position.
- The West Yorkshire Pension Fund is regularly reviewed and contributions to the fund are amended accordingly to ensure it remains sustainable over the long term.

- Employee contribution rates may change as may the method of calculating accrued benefits and therefore, liabilities.

The net asset/liability is matched by an appropriate accounting entry under Reserves.

## Reserves

General Fund Reserves at 31 March 2026 were £72.3m (31 March 2025 £73.1m); a net in-year decrease of £0.8m. This movement was broken down as follows:

- Net contributions of £8.3m approved in the 2025/26 Annual Budget Report.
- Planned drawdowns in-year of £6.9m (net). This included:
  - Drawdown of £1.8m from the Voluntary Revenue Provision Reserve to part offset in-year pressures;
  - Drawdown of £1.9m from the Transformation Reserve to fund transformation projects.
  - Drawdown of £2.5m from the Strategic Budget Contingency Reserve to part offset in-year budget pressures.

Council reserves also include an amount of £8.1m (31 March 2025 £11.1m) relating to schools' balances.

Total usable reserves (excluding ring-fenced Schools and Public Health Reserves) at 31 March 2026 are £62.5m, equivalent to 13% of the 2026/27 £467.3m net revenue budget (15% of a rebased net revenue budget of £410.7m to reflect £56.6m of service grants being moved to Revenue Support Grant in 2026/27), (31 March 2025; 16% of £386.9m).

For comparator purposes, the median percentage across the 35 Metropolitan Councils on this particular indicator was 28% as at 31 March 2025.

The significance of this indicator is that it features as part of CIPFA's suite of 'financial resilience' performance indicators to support officers, members and other stakeholders as an independent and objective suite of indicators that measure the relative financial sustainability and resilience of Councils, given extensive and ongoing national coverage and concern about financial sustainability across the local government sector. The updated 2025/26 indicator is expected to be released towards the end of 2026 by CIPFA.

HRA Balances at 31 March 2026 were £26m and these will be used to help sustain a balanced revenue position for the HRA over the medium to longer term informed by the 30 year HRA business plan. There was a nil balance on the Major Repairs Reserve at 31 March 2026 (31 March 2025 nil), which was previously used to support capital expenditure and repay debt within the year.

There are two Capital reserves – unapplied capital grants and capital receipts – which total £96.5m at 31 March 2026 (31 March 2025 £101.2m).

The unusable reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

As noted earlier, since 31 March 2021 the DSG deficit is held separately as an unusable reserve.

## Group accounts

The Council's has assessed the need to produce Group Accounts as part of the normal annual closedown procedures and has determined that Group Accounts are not required for 2025/26.

## Council finances – prospects

Achieving objectives within available resources in the context of the ongoing inflationary, demographic and other demand pressures locally continues to be amongst the biggest challenges facing the Council. The

approved 2026/27 budget includes significant levels of investment in services of £41m along with sustainable savings of £10.5m over the period. The Council must ensure that it delivers the £10.5m savings proposals in 2026/27, alongside maintaining overall plans within the approved budget envelopes. This will be supported by appropriate and robust member and officer stewardship, monitoring and review, and will form the basis of overall in-year financial reporting in the corporate member arena through established annual Council planning cycle and governance processes.

The Council's budget plans for 2026/27 reflect these overarching principles:

- The Council will become more sustainable by reducing the reliance of one-off funding sources, such as reserves, to fund recurring expenditure and it must continue to make an appropriate provision to top up its unallocated (general) reserve to ensure that on a risk based approach this reserve is always above a minimum level and seeks to reach a desirable level over the medium term. This strategy provides the removal of use of reserves supporting base expenditure by the financial year 2027/2028.
- The strategy will also provide specific funding earmarked reserves to continue to fund transformation costs that will be required to deliver service change across the Council. This change can help deliver its ambition of being a modern efficient Council.
- The strategy also recognised the need to provide the Council's agreed contribution to the SEND Safety Valve plan at c£10.6m. Subsequently, in February 2026 the Council was informed that the Safety Valve Programme would end immediately and that the Government intended to fund 90% of historic Council DSG deficits during 2026/27 through the High Needs Stability Grant. This is subject to the agreement of a plan with the DfE. It is likely that these contributions will be utilised instead to provide funding for the 10% required level of contribution.
- This financial plan aims to provide funding to address known pressures in the base budget and will make appropriate provision for inflation (pay and prices) and a reasonable assessment of demand pressures based upon the latest available information.
- In general, fees and charges to the public are assumed to be increased annually by 3%; however, where costs rise beyond this, services will continue to seek to recover full costs in line with the Council policy on fees and charges - so as to not to create additional burdens on the Council's financial position. Charges for users of Adult Social Care services will continue to be based on assessment of a clients' ability to pay.
- The Capital Plan has been reviewed and will evolve on an ongoing basis and it is likely that as part of the ongoing review, some schemes will be slipped or removed from the Capital Plan.
- New capital schemes will be considered for inclusion in the Capital plan as part of the Council's investment and modernisation programme. It is anticipated that as the Council's Digital strategy develops, it is likely that significant capital investment will be required to support the implementation costs of more modern systems that will enable the Council to become more efficient and productive.
- Collectively, these principles are designed to continue the work from last year to ensure the base revenue budget is robust and affordable and one from which Members can make decisions on savings proposals that will be required to deliver a balanced budget.
- By recognising the ongoing pressures within the base budget, the S151 Officer is content that this ensures the budget set for 2026/27 in the context of Government funding increases continues to set the Council's finances on a more sustainable footing. However, there still remains a need for savings across services to be able to set a balanced budget for 2026/27, especially in the light of the additional pressures seen in social care in the 25/26 outturn.

This will be supported by appropriate and robust member and officer stewardship, monitoring and review and will form the basis of overall in-year financial reporting through established annual Council planning cycle and governance processes.

The Council's Medium-Term Financial Strategy (MTFS) will continue to be updated in light of emerging national, regional and local intelligence in what remains a very challenging environment when set against the national and local financial landscape for local government.

Budget plans for 2026-28 were approved at budget Council on 25 February 2026. These are summarised below.

## Overall budget position:

The table below summarises the updated balanced budget position for 2026/27 from the 2025/26 base.

**Table 6: Balanced budget 2026/27**

	<b>2025/26 £m</b>
<b>Opening Position Balanced 2025/26 Budget</b>	<b>0.0</b>
Funding Changes	-29.5
Contribution to Reserves Changes	6.1
Additional Budgeted Spend	41.0
Superannuation Rate Reduction	-7.1
Savings Proposals (total inc previously approved)	-10.5
<b>Balanced Budget</b>	<b>0.0</b>

The Council set its budget for 2026/27 in the context of the continued challenging economic backdrop. There has been significant levels of investment in base budgets to address ongoing issues of demand, demographic and inflationary pressures on service budgets. In Kirklees, these pressures amount to around £41m in the coming financial year. A major part of the pressure on council budgets has been due to increased demand for services, especially for social care for both adults and children. This is an ongoing national issue. The budget addressed these demands with an additional £15.2m for adult social care and an extra £5.5m for children who need extra support

To deliver the financial stability upon which services rely, and in line with the council's legal responsibilities, the draft budget is balanced so that planned spending matches the council's assessment of available income. The council must also maintain a prudent level of reserves to protect services in case of the kind of economic shocks the country has seen in recent years. The budget achieves those aims by identifying efficiency savings across services. The plans include £7m in new revenue savings (alongside £3m of existing agreed savings). This is the lowest savings requirement for the last three years and demonstrates the increasing sustainability of the budget. Savings are primarily focused on reducing the management and administration costs of services and retaining posts that are already vacant. This approach minimises any impact on frontline services and Kirklees residents.

Changes to central government funding are benefiting Kirklees with an increase in unringfenced funding of c£14m in 2026/27. In part, this is due to the implementation of 100% Council Tax equalisation through the Fair Funding review 2.0. This increase to full equalisation means that councils with a relatively low taxbase, such as Kirklees, are fully compensated through the Settlement Funding Assessment for the fact they are less able to raise resources locally in comparison to many councils across England.

Overall, the budget balances the council's ambition to transform and improve services for residents while focusing funding on local people and services that need support the most. It builds on the significant

investment already coming into Kirklees through the council and its partners while setting a stable and prudent platform for service and economic development for future years.

In light of the economic outlook, indications from government and trends in service demand, particularly social care, further efficiencies will be required in future years to deliver balanced budgets that deliver core services.

## Dedicated Schools Grant (DSG) - High Needs

The Council signed up to the Government’s Safety Valve Agreement in March 2022 as one of a number of Councils with a significant Dedicated Schools Grant (DSG) deficit; £36.0m at the time the safety valve agreement was signed in March 2022.

The Safety Valve Agreement was intended to eliminate the Council’s DSG deficit completely by 2026/27 through a Council 5 year Special Educational Needs & Disabilities (SEND) management plan. As a result of continued rising demand complexity of cases and inflationary costs the original timescale has been extended, with approval from the DfE 2029/30. The plan was intended to bring the in-year High Needs spend position into ‘balance’ within available in-year DSG funding, by 2029/30. Government agreed a contribution of £33.5m to help clear the historic DSG deficit, including an initial £13.5m ‘down payment’ received in March 2022.

During 2025/2026 quarterly returns have been made to the DfE in respect of performance against the Safety Valve plan and funding has been released in accordance with the Safety Valve plan including the Council’s own contribution of £2.15m. However, in February 2026 the Council was informed that the Safety Valve Programme would end immediately and that the Government intended to fund 90% of historic Council DSG deficits during 2026/27 through the High Needs Stability Grant. This is subject to the agreement of a plan with the DfE. This plan was submitted on 19th June 2026 in accordance with DfE deadlines.

The Statutory Override remains in place until March 2028 and it has been indicated by the DfE that a “proportionate” contribution will be made by the DfE towards in year DSG deficits during 2026/2027 and 2027/2028 (assumed to be 90% again). It is expected that the Council will be responsible for the remaining 10% and the cost of this will need to be addressed in the MTFs. Estimates of the required Council contribution between now and March 2028 are c£10m (being cumulative total of 10% of the 25-26 closing deficit plus 10% share of the in-year deficits for 2026-27 and 2027-28).

Table 7: DSG Balances

	Balance at 31.3.25 £m	25/26 In Year £m	Balance at 31.3.26 £m
High Needs	64.7	17.5	82.2
Early Years	0	(1.0)	(1.0)
Schools / DSG	0	(1.3)	(1.3)
<b>Overall DSG</b>	<b>64.7</b>	<b>15.2</b>	<b>79.9</b>

## Council Plan 2026/27

To support our ongoing day-to-day services, the council will focus on four key priorities for the next three years. Our 2026/27 deliverables set out how we will make progress on these this year.

This doesn’t aim to summarise everything we do as a council; it sets out the key actions we will take to deliver on these four priorities. Our four council priorities are:

1. Getting the basics right
2. Protecting the vulnerable

3. Enabling everyone to thrive and have successful lives
4. Economic growth

## Key Risks

The corporate risk register summarises the key strategic risks or barriers to achieving the organisation objectives, including meeting challenging savings targets and successfully completing transformation projects along with the continued financial challenges. It also provides visibility about the management actions which are either in place or brought into action to mitigate the impact of these risks. Many of these are of a financial nature and provide contextual information when setting the Council's budget. The areas identified are summarised below:

- Risk that additional funding announced comes with new burdens
- Failure to maintain sufficient level of priority and focus leading to required savings initiatives not being delivered, resulting in budget overspend.
- Risk of increased costs due to inflation, in particular the pay award and NLW increases being above those assumed in the budget.
- Risk that the capital programme is not sustainable due to a reliance on capital receipts from asset disposals that are not guaranteed and borrowing at a time of elevated and volatile interest rates.
- The risk of a reduction in expected income as tenants, residents and businesses are unable to meet financial commitments, resulting in a failure to meet budgeted income targets.
- Risk of medium-long term financial instability caused by failure to develop or adhere to robust financial planning processes and procedures leading to reductions in service provision, possible Government intervention and reputational damage.
- Risks associated with the availability and provision of Temporary Accommodation for persons accepted as homeless and the resulting cost implications.
- Demand pressures, generally, and particularly within Adults Social Care result in unbudgeted additional costs.

Corporate Risk is reviewed and reported to Cabinet on a quarterly basis throughout the year.

# Statement of Accounts

## The Financial Statements

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The Statement of Accounts contains four core accounting statements:

- Comprehensive Income and Expenditure Statement (CIES)
- Movement in Reserves Statement (MiRS)
- Balance Sheet at 31 March 2026
- Cash Flow Statement

Each of the above accounting statements is preceded by a short note describing its purpose, and they are followed by notes explaining figures in the statements.

## Other Accounting Information

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This main section of the Statement of Accounts is followed by supplementary statements:

- Housing Revenue Account (HRA)
- Collection Fund

The Council is required to keep separate accounts for HRA and Collection Fund by statute. Both of these supplementary statements are preceded by notes explaining their purpose and followed by explanatory notes.

The accounts also include:

- The Statement of Responsibilities and Certificate - sets out the respective responsibilities of the Council and the Service Director Finance for the accounts.
- The Statement of Accounting Policies - explains the basis of the figures in the financial statements, and the concepts and policies underpinning the accounts.
- The Annual Governance Statement - sets out a framework within which overall governance and internal control are managed and reviewed.

Wherever possible, technical accounting terms have been explained either in the main text or in the glossary at the back of this publication.

## Section 2: Statement of responsibilities and certificate

### 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 Service Director Finance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

### The Service Director Finance's responsibilities

The Service Director Finance 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 Service Director has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the local council Code.

The Service Director has also:

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

The Service Director also confirms that to the best of his knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Council; and;
- the Narrative Statement includes a fair review of the development and performance of the business and the position of the Council, together with a description of the principal risks and uncertainties that it faces.

## Certification of the Statement of Accounts

I certify that this Statement of Accounts presents a true and fair view of the financial position of Kirklees Council at the reporting date, and its income and expenditure for the year ended 31 March 2026.

Kevin Mulvaney

Service Director Finance

25 June 2026

I certify that this Statement of Accounts was approved by the Corporate Governance and Audit Committee on xxxxx.

Cllr xxxxx

Chair, Corporate Governance and Audit Committee

# Section 3: Main Financial Statements

## Comprehensive Income and Expenditure Statement (CIES)

This Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation and rents. Authorities raise taxation and rent to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement and Expenditure and Funding Analysis shown in Note 8.

Table 8: Comprehensive Income and Expenditure Statement (CIES)

Department	2025/26 Gross Exp £000	2025/26 Gross Income £000	2025/26 Net Exp £000	2024/25 Gross Exp £000	2024/25 Gross Income £000	2024/25 Net Exp £000	Note
Children & Families	511,872	-377,586	134,286	482,329	-347,476	134,853	
Adults & Health	294,447	-172,539	121,908	287,061	-165,027	122,034	
Place	169,460	-73,186	96,274	171,675	-69,603	102,072	
Corporate Strategy, Commissioning & Public Health	187,352	-121,305	66,047	198,037	-134,489	63,548	
Central Budgets	29,858	-926	28,932	31,711	-7,600	24,111	
HRA	92,045	-114,809	-22,764	102,505	-109,263	-6,758	
Cost of services	<b>1,285,034</b>	<b>-860,351</b>	<b>424,683</b>	<b>1,273,318</b>	<b>-833,458</b>	<b>439,860</b>	
Other operating expenditure			30,390			14,504	12
Financing and investment income & expenditure			23,152			35,335	13
Taxation and non-specific grant income			-474,252			-427,560	14
<b>Deficit on Provision of Services</b>			<b>3,973</b>			<b>62,139</b>	
Surplus (-)/ Deficit on revaluation of property, Plant and Equipment (PPE) and Heritage assets			-45,332			15,262	15&16
Surplus (-)/ Deficit from investments in equity instruments designated at fair value through other comprehensive income			-82			57	
Remeasurements of the net defined benefit asset/liability			4,939			141,791	41
<b>Total Other Comprehensive Income</b>			<b>-40,475</b>			<b>157,110</b>	
<b>Total Comprehensive Income and Expenditure</b>			<b>-36,502</b>			<b>219,249</b>	

## Statement of Movement in Reserves

This statement shows the movement in the year on the different reserves held by the Council, analysed into “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and other “unusable reserves”. The statement shows how the movements in year of the Council’s reserves are broken down between gains and losses incurred, in accordance with generally accepted accounting practices and statutory adjustments required to return to the amounts chargeable to Council Tax/Housing Rents for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments. Explanations and detailed movements of each reserve can be found in the Glossary and in Notes 11 and 28.

Table 9: Statement of movement in reserves 2025/26

2025/26	General Fund Balances £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2025	-73,066	-30,646	-21,718	0	-79,459	-204,890	-782,405	-987,295
<b>Movement in reserves 2025/26</b>								
Total Comprehensive Income and Expenditure	21,855	-17,882	0	0	0	3,973	-40,475	-36,502
Adjustments between accounting & funding basis under regulations (Note 10)	-21,120	22,549	-4,323	0	8,972	6,078	-6,078	0
<b>Net Increase (-)/ Decrease</b>	<b>735</b>	<b>4,667</b>	<b>-4,323</b>	<b>0</b>	<b>8,972</b>	<b>10,051</b>	<b>-46,553</b>	<b>-36,502</b>
<b>Balance at 31/03/2026 carried forward</b>	<b>-72,331</b>	<b>-25,979</b>	<b>-26,041</b>	<b>0</b>	<b>-70,487</b>	<b>-194,839</b>	<b>-828,958</b>	<b>-1,023,797</b>

Table 10 Statement of movement in reserves 2024/25

2024/25	General Fund Balances £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Council Reserves £000
Balance at 31 March 2024	-73,954	-33,942	-21,088	0	-74,701	-203,685	-1,002,860	-1,206,545
<b>Movement in reserves 2024/25</b>								
Total Comprehensive Income and Expenditure	63,221	-1,082	0	0	0	62,139	157,110	219,249
Adjustments between accounting & funding basis under regulations (Note 10)	-62,333	4,377	-630	0	-4,758	-63,344	63,344	0
<b>Net Increase (-)/ Decrease</b>	<b>888</b>	<b>3,296</b>	<b>-630</b>	<b>0</b>	<b>-4,758</b>	<b>-1,205</b>	<b>220,455</b>	<b>219,249</b>
<b>Balance at 31 March 2025 carried forward</b>	<b>-73,066</b>	<b>-30,646</b>	<b>-21,718</b>	<b>0</b>	<b>-79,459</b>	<b>-204,890</b>	<b>-782,405</b>	<b>-987,295</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves is usable reserves; that is those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example, the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

Table 11: Balance sheet

Description	31/03/2026 £000	31/03/2025 £000	Note
Property, Plant & Equipment (PPE)	1,740,386	1,667,617	15
Heritage Assets	67,255	55,812	16
Investment Property	86,576	81,514	17
Intangible Assets	1,724	2,380	18
Long Term Investments	12,857	12,835	19
Long Term Debtors	28,465	38,203	19&20
<b>Long Term Assets</b>	<b>1,937,262</b>	<b>1,858,361</b>	
Inventories	25,105	6,802	21
Short Term Debtors	112,004	103,777	19&22
Assets Held for Sale	11,262	9,501	15
Cash and Cash Equivalents	20,405	49,646	19&23
<b>Current Assets</b>	<b>168,776</b>	<b>169,726</b>	
Bank Overdraft	-6,750	0	23
Short Term Borrowing	-106,825	-83,319	19
Short Term Creditors	-103,359	-105,731	19&24
Other Short-Term Liabilities	-7,636	-8,203	19
Provisions	-5,405	-6,400	25
<b>Current Liabilities</b>	<b>-229,975</b>	<b>-203,653</b>	
Long Term Borrowing	-720,361	-698,851	19
Other Long-Term Liabilities	-131,905	-138,288	26
<b>Long Term Liabilities</b>	<b>-852,266</b>	<b>-837,139</b>	
<b>Net Assets</b>	<b>1,023,797</b>	<b>987,295</b>	
Usable Reserves	-194,839	-204,890	27
Unusable Reserves	-828,958	-782,405	28
<b>Total Reserves</b>	<b>-1,023,797</b>	<b>-987,295</b>	

## 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. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

Table 12: Cash flow statement

Cash flow statement		2025/26 £000		2024/25 £000	Note
Net surplus (-)/ deficit on the provision of services		3,973		62,139	
Adjustments to net surplus/deficit on the provision of services for non-cash movements		-76,124		-144,186	30
Adjustment for items included in the net surplus/deficit on the provision of services that are investing and financing activities		85,109		66,916	31
<b>Net cash flows from Operating Activities</b>		<b>12,957</b>		<b>-15,131</b>	
<b>Net cash flows from Investing Activities</b>					
Purchase of property, plant and equipment, investment property and intangible assets	163,096		113,350		
Purchase of short-term and long-term investments	13		2,892		
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-20,050		-15,489		
Proceeds from short-term and long-term investments	-8,693		-1,023		
Other receipts from investing activities – capital grants	-66,571		-51,101		
		<b>67,795</b>		<b>48,629</b>	
<b>Net cash flows from Financing Activities</b>					
Cash receipts of short and long-term borrowing	-157,829		-177,553		
Other receipts from financing activities	0		0		
Cash payments for the reduction for the outstanding liabilities relating to finance leases and PFI contracts	8,390		8,085		
Repayments of short and long-term borrowing	104,529		109,747		
Other payments for financing activities	149		2,961		
		<b>-44,762</b>		<b>-56,760</b>	
<b>Net increase (-)/ decrease in cash and cash</b>		<b>35,991</b>		<b>-23,262</b>	
Cash and cash equivalents at the beginning of the reporting period		49,645		26,383	
Cash and cash equivalents at the end of the reporting period (1)		13,655		49,645	23

(1) Figure is net of balance sheet overdraft

# Section 4: Notes to the Main Financial Statements

## 1. Accounting Policies

### 1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code), 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.

Unless otherwise stated the convention used in these Financial Statements is to round the amounts to the nearest thousand pounds. Totals in supporting tables are rounded additions of unrounded figures and therefore may from time to time, not be the strict sums of the figures presented in the text or tables, or match core statements due to rounding differences.

### 1.2 Accruals of Income and Expenditure

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

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage of completion of the transaction, and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

## 1.3 Cash and Cash Equivalents

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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 90 days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts as the use of the latter is considered an integral part of cash management.

## 1.4 Charges to Revenue for Non-Current Assets

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

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

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. This is termed Minimum Revenue Provision. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## 1.5 Collection Fund

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The transactions of the Collection Fund are wholly prescribed by legislation. The effect of this is:

- Shares of Non-Domestic Rating income to major preceptors and a billing authority are paid out of the Collection Fund and credited to the CIESs of precepting and billing authorities. However, the transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the financial year, whereas each authority will recognise income on a full accruals basis (i.e. sharing out in full of surpluses and deficits at the end of the year, even though it will be distributed to or recovered in a subsequent financial year).
- A share (after allowable deductions) of the Non-Domestic Rating income is paid out of the Collection Fund to Central Government.
- Council Tax precepts for major precepting authorities and a billing authority's demand on the fund are paid out of the Collection Fund and credited to the CIESs of precepting and billing authorities. However, as with Non-Domestic rating income, the transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the financial year, whereas each authority will recognise income on a full accruals basis (ie sharing out in full of surpluses and deficits at the end of the year, even though it will be distributed to or recovered in a subsequent financial year).
- Parish precepts are paid from the General Fund of billing authorities and are disclosed on the notes to the CIES.

- The difference between the Non-Domestic Rate and Council Tax income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

## 1.6 Employee Benefits

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### Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, annual and sick leave, and bonuses for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday and flexi-time entitlements earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then statutory regulations require this to be reversed out through the Movement in Reserves Statement, so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service or, where applicable, to Non Distributed Costs within the Central Budgets line in the CIES when the Council is demonstrably committed to the termination of the employment of an officer or group of officers.

### Post Employment Benefits

Employees of the Council are members of three separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Business Services on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by the NHS Business Services Authority.
- West Yorkshire Pension Fund, which is part of the Local Government Pension Scheme (LGPS), administered by City of Bradford Metropolitan District Council.

The schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

#### The Teachers' Pension Scheme

This scheme is unfunded, meaning it has no investment assets. The administrator uses a notional fund as the basis for calculating the employers' contribution rate by local education authorities. This means that liabilities for benefits cannot be identified specifically to the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children & Families service line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year.

#### The NHS Pension Scheme

Public Health staff transferred to the Council on 1 April 2013 have retained access to the NHS Pension Scheme. This scheme is also unfunded and is accounted for on a defined contribution basis. The

Corporate Strategy, Commissioning and Public Health line in the CIES is charged with the employer's contributions payable to NHS Pensions in the year.

### **The Local Government Pension Scheme (LGPS)**

This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions' liabilities with investment assets over the long term.

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

- The liabilities of the West Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – that is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices (based on UK AA rated bond prices compiled into a model by the WYPF's actuary Aon Solutions UK Ltd).
- The assets attributable to the Council are included in the Balance Sheet at their fair value.

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

#### **Service cost comprising:**

- Current service cost – the increase in liabilities as a result of years of service earned this year. Allocated in the CIES to the services for which the employees worked.
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years. Debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs in Central Budgets.
- Net interest on the net defined benefit liability (asset) i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period, taking account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

#### **Remeasurements comprising**

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset). Charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their assumptions. Charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

#### **Contributions paid to the fund**

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

The LGPS permits employees retiring to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. The figures in this year's Statement of Accounts

have been prepared by our actuary, based on the assumption that each member will exchange 75% of the maximum amount permitted of their service pension rights on retirement for additional lump sum.

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

### **Discretionary Benefits**

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

## **1.7 Events after the Balance Sheet Date**

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

- Those that provide evidence of conditions that existed at the end of the reporting period. In these cases, the accounting statements are adjusted to reflect such events, if they have a material effect.
- Those that are indicative of conditions that arose after the reporting period. In these cases, the accounting statements are not adjusted to reflect such events, but where they would have a material effect, disclosure is made in the notes as to the nature of the events and their estimated financial effect.

## **1.8 Fair Value Measurement**

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

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

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that the market participants act in their economic best interest. When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

## 1.9 Financial Instruments

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### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. 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, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

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

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the CIES in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the losses over the term that was remaining on the replacement loan and similarly for gains up to a maximum of ten years. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### Financial Assets

There are three main classes of financial assets measured at:

- Amortised cost,
- Fair value through profit or loss (FVPL), and
- Fair value through other comprehensive income (FVOCI).

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

### Financial Assets Measured at Amortised Cost

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

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

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

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

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

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

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

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

IFRS 9 Financial Instruments sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in fair value through other comprehensive income. The Council will assess each investment on an individual basis and assign an IFRS 9 category. The assessment will be based on the underlying purpose for holding the financial instrument.

Any changes in the fair value of instruments held at fair value through profit or loss will be recognised in the net cost of service in the CIES and will have a General Fund impact.

## **Financial Assets measured at Fair Value through other Comprehensive Income (FVOCI)**

The Council has equity instruments designated at fair value through other Comprehensive Income (FVOCI). These were previously classified as Available for Sale assets at 31 March 2018.

The Council has made an irrevocable election to designate three of its equity instruments as FVOCI on the basis that they are held for non-contractual benefits, they are not held for trading but for strategic purposes. These assets were transferred to the new asset category on 1 April 2018 and are held at fair value. The value is based on the principal that these equity shares have no quoted market prices and are based on an appraisal of the company valuation and forecasted dividends.

Dividend income is credited to Financing and Investment Income and Expenditure line in the CIES when it becomes receivable by the Council. Changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve.

When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

The same accounting treatment was adopted previously when the asset was classified as Available for Sale, except accumulated gains and losses on the available for sale asset were previously held in an Available for Sale Financial Instruments Reserve at 31 March 2018. The balance on this reserve was transferred to the new Financial Instruments Revaluation Reserve as at 1 April 2018.

## Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Lifetime losses are recognised for trade receivables (debtors) based on a simplified approach by using default rates driven from own historical credit loss experience and adjusted for forward looking information.

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

## Instruments Entered into Before 1 April 2006

The Council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required, or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

## Soft loans

For any soft loans that the Council may have made to outside organisations at less than market rates, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet.

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

## 1.10 Government Grants and Contributions

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

- The Council will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor. The grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the CIES.

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

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. When capital grants have been applied, they are posted to the Capital Adjustment Account.

## 1.11 Heritage Assets

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These are assets generally with historical, artistic, scientific, technological, geophysical, or environmental qualities that the Council holds principally for their contribution to knowledge and culture.

### Recognition and Measurement

The Code requires heritage assets to be recognised and measured in accordance with accounting policies on Property, Plant and Equipment. However, the unique nature of many heritage assets makes reliable valuation complex and some of the measurement rules have been relaxed. As such, valuations may be made by any method that is appropriate and relevant, and valuations need not be carried out or verified by external valuers. A full valuation is not required every five years, but the Code does specify that reviews must be carried out with sufficient regularity to ensure they remain current.

A de minimis level of £10,000 has been established for the recording of new heritage assets in the Balance Sheet. The Council has recognised three main groups of heritage assets on its Balance Sheet – the art collection, museum exhibits and other (notably civic silver and certain structural heritage assets). The recognition and measurement policies for these assets are as follows:

#### Fine Art Collection

These items are reported on the Balance Sheet using insurance valuations. Higher value items have been formally valued during the last three years by Bonhams Fine Art Auctioneers and Valuers, whilst lower value items are based on values estimated by the Council's Museum and Gallery staff with reference to recent information from sales at auctions and, occasionally, expert advice. The valuations are reviewed on an annual basis. Acquisitions are occasionally made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at valuation in accordance with the policy on valuations of the art collection.

#### Museum Exhibits

Only a small proportion of these items have market values and are reported on the Balance Sheet. The values have been estimated by the Council's Museum and Gallery staff with reference to recent information from sales at auctions and, occasionally, expert advice. The valuations are updated on an annual basis. The collection is relatively static and acquisitions and donations are rare. Where they do occur, acquisitions are initially recognised at cost and donations are recognised at valuation in accordance with the policy on valuations of museum exhibits.

## Other

The Civic Silver Collection is reported on the Balance Sheet at replacement cost. There is a regular programme of valuations and the items in the collection are valued by an external valuer (Gerard Laurence Collins) who specialises in precious metal craft and design. The Council has a number of structural heritage assets which are not recognised elsewhere on the Balance Sheet. These comprise two clock towers, a Victorian tower and two park band stands. These items have been valued by external valuers and are reported in the Balance Sheet at depreciated replacement cost. They will be revalued at least every five years, but current policy is to revalue every three years.

Where cost information is not available and the cost of obtaining valuations outweighs the benefits to users of the financial statements, the Code does not require that the asset is recognised on the Balance Sheet. Where this approach has been adopted, it is set out in the disclosure note on heritage assets.

Where assets are not principally maintained for their contribution to knowledge and culture, for example listed buildings being used for operational purposes such as museums, they are recorded on the Balance Sheet under Property, Plant and Equipment.

The Council has had a number of heritage assets kindly donated over the years. The Council has insufficient information as to when such assets were donated and/or what the value of these items would have been when they were donated. The Council therefore has not recognised any heritage assets in the Donated Assets Account on the Balance Sheet prior to 1 April 2010. The Council has no material intangible heritage assets.

## Depreciation and impairment

Depreciation is only provided on the structural heritage assets. Depreciation is not warranted on other heritage assets as their lives are either indefinite or sufficiently long to mean any charge would not be material. The carrying amounts of heritage assets are reviewed for evidence of impairment, for example where an item has suffered physical deterioration, breakage or doubts arise to its authenticity. Any impairment is recognised and measured in accordance with the Council's policies on impairment for Property, Plant and Equipment.

## Disposal

The Council has a strong presumption against the disposal of any items in its collections. However, it will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the provisions relating to the disposal of Property, Plant and Equipment.

## 1.12 Intangible assets

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

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

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

A de minimis level of £10,000 has been established for the recording of new assets in the Balance Sheet.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life (usually between 5 and 10 years) to the relevant service line in the CIES. Straight-line amortisation has been adopted and it is assumed that residual value is insignificant or nil. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line in the CIES.

Amortisation and impairment charges are not permitted to have an impact on the General Fund Balance. Entries are effectively reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account.

## **1.13 Interests in companies and other entities**

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Where the Council exercises control, shares control or exerts a significant influence in another entity, and the Council's interests are material in aggregate, it will prepare Group Accounts. In the single entity accounts the Council's interest in companies and other entities are recorded as financial assets at cost less any impairment. Any gains or losses are recognised in the CIES.

## **1.14 Inventories**

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Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the weighted average costing formula. Work in Progress is shown at current cost, including overheads.

## **1.15 Investment property**

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

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

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

## **1.16 Joint operations**

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Joint operations are joint arrangements whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. If material, the Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the CIES with the expenditure it incurs and the share of income it earns from the activity of the operation.

## 1.17 Leases

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### Transition to IFRS 16

The Council adopted IFRS 16 on 1 April 2024, using the adaptations and interpretations set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26. Previously, lease contracts were recognised under IAS 17 and IFRIC 4 as either finance leases or operating leases, with the accounting treatment dependent on the lease category.

### The Council as lessee

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

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

### Initial measurement

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

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

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

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

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

### Subsequent measurement

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

- assets held under non-commercial leases

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

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

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

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

The liability is remeasured when:

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

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

### **Low value and short lease exemption**

As permitted by the Code, the Council excludes leases:

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

### **Lease expenditure**

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

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

### **The Council as lessor**

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

## Finance leases

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

Lease rentals receivable are apportioned between:

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

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement.

Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the capital receipts reserve.

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

## Operating leases

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

## 1.18 Overheads and support services

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The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

## 1.19 Prior period adjustments, changes in accounting policies, errors and changes in accounting estimates

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Prior period adjustments may arise as a result of a change in accounting policies or, to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively 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.

Changes in accounting estimates are accounted for prospectively, that is in the current and future years affected by the change and do not give rise to a prior period adjustment.

## **1.20 Private Finance Initiative (PFI) and similar contracts**

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PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the service passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the assets will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on the Balance Sheet as part of Property, Plant and Equipment.

The Council has four PFI schemes –

- A twenty-five-year contract from April 1998 for waste disposal services was extended to 2028.
- A thirty-two-and-a-half-year contract, starting March 2001, for major repairs/refurbishment and continuing maintenance of nineteen schools, together with caretaking and cleaning services.
- A twenty-six-and-a-half-year contract, starting March 2005 for the new build of two special schools and full refurbishment of existing buildings at a third special school, together with the maintenance of buildings and premise management functions at all three schools.
- A twenty-two-and-a-half-year contract starting December 2011, for the design, build, financing and operation of 466 housing units. This is accounted for within the HRA.

Non-current assets are recognised in the Balance Sheet and are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into the following elements:

- Fair value of services received during the year – debited to the relevant service in the CIES.
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to Financing and Investment Income and Expenditure line in the CIES.
- Payment towards liability – applied to write down the Balance Sheet liability.
- Lifecycle replacement costs – recognised as additions to Property, Plant and Equipment when the relevant works are carried out.

The Council receives an annual PFI Grant from Central Government which is credited to the CIES.

## 1.21 Property, Plant and Equipment (PPE) – Excluding highways network infrastructure assets

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

### Recognition

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

A de minimis level of £10,000 has been established for the recording of new assets in the Balance Sheet.

### 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 whilst assets are under construction.

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

Assets included in the Balance Sheet at fair value or current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year end. The Council is required to revalue the assets every five years with annual indexation applied to assets during the four intervening years. Where no suitable indices can be obtained without undue cost or effort, the Council revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

Council dwellings are valued annually.

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

- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH).
- Surplus – fair value, estimated at highest and best use from a market participant's perspective.
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. DRC is a method of valuation that provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation.

Where non-property assets (vehicles, plant and equipment) have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. In certain circumstances gains might be credited to the CIES where they arise from the reversal of a previous loss charged to a service, adjusted for depreciation that would have been charged if the loss had not been recognised.

Where decreases in value are identified, they are accounted for by:

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

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

## Depreciation

Depreciation is provided for on all PPE assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (that is freehold land and certain Community Assets) and assets under construction. Assets are depreciated on a straight-line basis over their estimated useful lives. Depreciation is calculated on the opening Balance Sheet value of the assets, with residual values being taken into account where appropriate. Estimated lives for new assets vary but are typically as follows:

- Buildings Up to 60 years
- Vehicles and operational equipment 5 – 10 years
- Computer equipment 7 years

Where an item of PPE has a major component, whose cost is significant in relation to the total cost of the item and whose life is significantly different from the life of the asset to which it is attached, the component is separately identified and depreciated. The calculation of depreciation on the Council's housing stock is based on an analysis of the major components of a typical dwelling.

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

## Impairment

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

Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).

- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

## Disposals and non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES, even if there are accumulated revaluation gains on the asset in the Revaluation Reserve. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

When an asset is derecognised, the carrying amount of the asset in the Balance Sheet (whether PPE or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (that is netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to HRA housing disposals (net of statutory deductions and allowances) is payable to the Government; this has been frozen on a temporary basis. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

## 1.22 Highways network infrastructure assets

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Highways network infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), 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 associated with the item will flow to the Council and the cost of the item can be measured reliably.

## Measurement

Highways network 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 borrowed as at 1 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. All highways network infrastructure assets are assumed to have an estimated useful life as follows:

- Carriageways 25 years
- Footways and Cycle tracks 25 years
- Structures (bridges, tunnels and underpasses) 100 years
- Street lighting and street furniture 40 years
- Traffic management systems 15 years

## 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 is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Where a part of the network is replaced, an adaptation provided in a separate update to the Code (Update to the Code and Specification for Future Codes for Infrastructure Assets November 2022) assumes that from the introduction of the IFRS based Code when parts of an asset are replaced or restored the carrying amount of the derecognised part will be zero because parts of infrastructure assets are rarely replaced before the part has been fully consumed.

## 1.23 Provisions, contingent liabilities and contingent assets

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### Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the payment of compensation.

Provisions are charged as an expense to the appropriate service line 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 of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year.

Where material, provisions are split between long term and short-term depending on whether the provision is likely to be settled in the next financial year. If it is not possible to split out, the full amount is put to short term.

## Contingent liabilities

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

## Contingent assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## 1.24 Reserves

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The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council.

## 1.25 Revenue Expenditure Funded from Capital under Statute (REFCUS)

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Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's Council Tax. These items are generally grants and expenditure on property not owned by the Council, and amounts directed under section 16(2) of part 1 of the Local Government Act 2003. Such expenditure is charged to the relevant service 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, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

## 1.26 Revenue recognition

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Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient.

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

## 1.27 Schools

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In line with accounting standards and the Code on group accounts and consolidation, all maintained schools are considered to be entities controlled by the Council. Rather than produce group accounts the income, expenditure, assets, liabilities, reserves and cash flows of each school are recognised in the Council's single entity accounts. The Council has the following types of maintained schools under its control:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation Trust
- Foundation

Schools' non-current assets (school buildings and playing fields) are recognised on the Balance Sheet where the Council directly owns the assets, where the Council holds the balance of control of the assets or where the school or the school governing body own the assets.

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

The written-off asset value is not a charge against the General Fund, as the cost of non-current asset disposals resulting from schools transferring to an Academy status is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## 1.28 Value Added Tax (VAT)

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VAT payable is included as an expense only where irrecoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

## 2. Prior Period Adjustments

No prior period adjustments were required in this year's accounts.

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

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the 2025/26 Code.

The Code also requires that changes in accounting policy are to be applied retrospectively unless transitional arrangements are specified.

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 and will be adopted in 2026/27:

- Amendment to FRS102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage Assets) issued in March 2024.
- Amendments to the classification and measurement of Financial Instruments (Amendments to IFRS9 and IFRS7) issued in May 2024.
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024.
- Contracts referencing nature-dependent electricity (Amendments to IFRS9 and IFRS7) issued in December 2024.

These changes are not expected to have a material impact on the Council's statements.

### 4. Critical Judgements

In preparing the accounts, the Council has made judgements in applying its accounting policies in Note 1. Those which have a significant bearing on the figures recognised in the financial statements include:

#### Accounting for Schools – Balance Sheet Recognition

The Council recognises the land and buildings used by schools in line with the provisions of the Code of Practice. It states that property used by Local Authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The Council recognises school land and buildings on its Balance Sheet where it directly owns the assets or where the school or school Governing Body own the assets or where rights to use the assets have been transferred from another entity.

Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body then it is not included on the Council's Balance Sheet. The exception is where the entity has transferred the rights of use of the asset to the Council, school or school Governing Body.

The Council has completed a school-by-school assessment across the different types of schools it controls within the Borough. Judgements have been made to determine the arrangements in place and the accounting treatment of the land and building assets.

All Community schools are owned by the Council and the land and buildings used by the schools are included on the Council's Balance Sheet. Legal ownership of Voluntary Controlled (VC) and Voluntary Aided (VA) school land and buildings usually rests with a charity, normally a religious body who have granted a licence to the school to use the land and buildings. Under this licence arrangement, the rights of

use of the land and buildings have not transferred to the school and thus are not included on the Council's Balance Sheet.

Foundation and Foundation Trust schools were created to give greater freedom to the Governing Body responsible for school staff appointments and who also set the admission criteria with legal ownership of the land and buildings by a separate Trust, so these assets are not included on the Council's Balance Sheet.

Academies are not considered to be maintained schools in the Council's control. The land and building assets are not owned by the Council and are therefore not included on the Council's Balance Sheet.

The total numbers and types of schools are noted in the table below.

Table 13: Types of schools and total numbers

Type of school	Nursery schools	Primary schools	Secondary schools	Special schools	Other schools	Total
Community	1	43	2	3	0	49
Voluntary Controlled (VC)	0	23	0	0	0	23
Voluntary Aided (VA)	0	8	1	0	0	9
Foundation/Foundation Trusts	0	2	3	1	0	6
<b>Maintained Schools</b>	<b>1</b>	<b>76</b>	<b>6</b>	<b>4</b>	<b>0</b>	<b>87</b>
Academies	0	61	19	2	4	86
Free Schools	0	0	0	0	1	1
<b>Total Schools</b>	<b>1</b>	<b>137</b>	<b>25</b>	<b>6</b>	<b>5</b>	<b>174</b>

## Group Boundaries

The Council carries out a complex range of activities, often in conjunction with external organisations. Where those organisations are in partnership with or under the ultimate control of the Council a judgement is made by management as to whether they are within the Council's group boundary. This judgement is made in line with the provisions set out in the Code and relevant accounting standards.

Those entities which fall within the boundary and are material, are included in the Council's group accounts. Profit and loss, net worth, and the value of assets and liabilities are considered individually for each organisation against a materiality limit set by the Council.

The Council has assessed its group boundary for 2025/26 and has determined that Group Accounts are not required.

## Asset Classifications

The Council has made judgements on whether assets are classified as Investment Property, or Property, Plant and Equipment. These judgements are based on the main reason that the Council is holding the asset. If the asset is used in the delivery of services or is occupied by third parties that are subsidised by the Council it is deemed to be a Property, Plant and Equipment asset. If there is no subsidy and/or a full market rent being charged this would indicate that the asset is an Investment Property. The classification determines the valuation method used. Details of the fair value of Investment Property are provided in Note 17.

## PFI and Similar Contracts

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The Council has made judgements on its four PFI schemes under the requirements of the Code and determined, irrespective of legal title, whether the Council controls through ownership, beneficial entitlement or otherwise any significant residual interest at the end of the arrangement, that the assets should be recognised on its Balance Sheet, together with a liability to pay for the assets. – Note 40 in the Notes to the Main Financial Statements and Note H10 to the HRA give further details for each scheme.

## 5. Assumptions and 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 considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

### Property, Plant and Equipment (Note 15)

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The valuation of the Council's Property, Plant and Equipment (PPE) is a significant area of estimation uncertainty. This includes Council Dwellings, Other Land and Buildings and Surplus Assets. The Council's valuer uses a combination of methodologies to value these operational assets, including Depreciated Replacement Cost (DRC), Existing Use Value (EUV and Social Housing EUV) and market/comparable methods.

The Council carries out a rolling programme of valuations for PPE required to be measured at current value and £233.4 million of assets were valued at current value in 2025/26. The Council's external valuers provided valuations for approximately 33% of its operational portfolio. Property values will vary according to market conditions, or where an asset is valued on a depreciated replacement cost (DRC) basis, land values, construction costs and remaining lives are key variables.

Additionally, from 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of PPE. PPE assets must now be revalued every five years with annual indexation applied to assets during the four intervening years. Where appropriate indices cannot be obtained without undue cost or effort, authorities can revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

These methods can cause estimation uncertainty due to the indices and inputs that must be used to applying valuations. If the actual values differ from the assumptions used to value PPE, there is a risk of material adjustment to the carrying value of PPE within the next financial year. A reduction in estimated valuation would result in a reduction to the Revaluation Reserve and/or a loss recorded in the Comprehensive Income and Expenditure Statement. An increase in estimation valuation would result in an increase in the Revaluation Reserve and/or gain recorded in the Comprehensive Income and Expenditure Statement. As an example, a variation of 1% in the value of the Council's land and buildings would be approximately £4.9 million. Note 15, Property, Plant and Equipment, to the accounts sets out the Council's approach to valuation of its PPE.

Assets are depreciated over their useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced (non HRA), the

depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge would increase by £8.4 million for every year that the useful lives had reduced on the carrying value of £1,478 million on all depreciated assets.

## Pensions Asset/Liability (Note 41)

The estimation of the net asset/liability to pay pensions depends on a number of complex judgements such as the discount rate used, the rate at which salaries are projected to increase, changes in retirement age, mortality rates and expected returns on pension fund assets. A firm of qualified actuaries is engaged to provide the Council with expert professional advice about the assumptions to be applied.

During 2025/26 the Council's actuaries advised that the funded net pension asset had increased by £210.5 million to £846.1 million. In line with IFRIC 14 where there is a surplus position, the Council requested an Asset Ceiling calculation from the actuary. Due to the minimum funding requirement exceeding the expected IAS 19 service cost in all future periods, the asset ceiling was calculated to be nil and therefore the funded net pension asset has been reduced to this.

As the Council retains an unfunded obligation element to its Pension Fund, this must remain as a net liability in the accounts, resulting in an overall net pension liability being recognised in the balance sheet.

Variations in key assumptions would have the following impact:

- A 0.1% increase in the discount rate would change the funded defined benefit obligation by £28.1 million
- A 0.1% increase in the assumed level of pension increases will increase the funded defined benefit obligation by £44.2 million
- An increase in one year of longevity would increase the funded defined benefit obligation by £44.2 million

## 6. Exceptional Items and Material Items of Income and Expense

Where items are not disclosed on the face of the Comprehensive Income and Expenditure Statement (CIES) the Council must set these out in a note.

There were no exceptional items during 2025/26.

## 7. Events after the reporting period

These accounts were authorised for issue on the date the Service Director Finance signed the accounts – see Statement of Responsibilities and Certificate on page 19.

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

There are no non-adjusting events after the Balance Sheet date.

## 8. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax and rent payers how the funding available to the Council (i.e. government grants, rents, Council Tax and Business Rates) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services.

Table 14: Expenditure and Funding Analysis 2025/26

2025/26	Outturn reported to Council £000	Adjustments between net cost of services and other income and expenditure £000	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000
Children & Families	116,680	4,734	121,414	12,872	134,286
Adults & Health	122,058	0	122,058	-150	121,908
Place	58,194	976	59,170	37,104	96,274
Corporate Strategy, Commissioning & Public Health	60,505	0	60,505	5,542	66,047
Central Budgets	38,907	-21,954	16,953	11,979	28,932
HRA	4,667	-9,357	-4,690	-18,074	-22,764
<b>Net Cost of Services</b>	<b>401,011</b>	<b>-25,601</b>	<b>375,410</b>	<b>49,273</b>	<b>424,683</b>
Other operating expenditure	1,235	1,092	2,327	28,063	30,390
Financing and investment income and expenditure	0	34,800	34,800	-11,648	23,152
Taxation and non-specific grant income	-396,844	-10,291	-407,135	-67,117	-474,252
<b>Net Surplus (-)/ Deficit</b>	<b>5,402</b>	<b>0</b>	<b>5,402</b>	<b>-1,429</b>	<b>3,973</b>
<b>Opening Balances 1 April 2025:</b>					
General Fund			-73,067		
HRA			-30,646		
Total			<b>-103,713</b>		
Add net deficit in Year			5,402		
<b>Closing General Fund &amp; HRA Balance 31 March 2026</b>			<b>-98,311</b>		
General Fund			-72,332		
HRA			-25,979		

Table 15 Expenditure and Funding Analysis 2024/25

2024/25	Outturn reported to Council £000	Adjustments between net cost of services and other income and expenditure £000	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the CIES £000
Children & Families	111,649	4,778	116,427	18,426	134,853
Adults & Health	113,927	-432	113,495	8,539	122,034
Place	62,996	878	63,874	38,198	102,072
Corporate Strategy, Commissioning & Public Health	56,725	-70	56,655	6,893	63,548
Central Budgets	22,835	-18,242	4,593	19,518	24,111
HRA	3,296	-9,457	-6,161	-597	-6,758
<b>Net Cost of services</b>	<b>371,428</b>	<b>-22,545</b>	<b>348,883</b>	<b>90,977</b>	<b>439,860</b>
Other operating expenditure	992	522	1,514	12,990	14,504
Financing and investment income and expenditure	0	32,279	32,279	3,056	35,335
Taxation and non-specific grant income	-368,237	-10,256	-378,493	-49,067	-427,560
<b>Net Surplus (-)/Deficit</b>	<b>4,183</b>	<b>0</b>	<b>4,183</b>	<b>57,956</b>	<b>62,139</b>
Opening Balances 1 April 2024:					
General Fund			-73,954		
HRA			-33,942		
Total			<b>-107,896</b>		
Add net deficit in Year			4,183		
<b>Closing General Fund and HRA Balance at 31 March 2025</b>			<b>-103,713</b>		
General Fund			-73,067		
HRA			-30,646		

A more detailed breakdown of the adjustments between funding and accounting basis is shown below:

- (i) This note details the adjustments from the Net expenditure Chargeable to the General Fund and HRA Balances to arrive at amounts in the CIES.

Table 16: Detailed breakdown of adjustments between funding and accounting basis 2025/26

2025/26	Adjustments for Capital Purposes (a) £000	Net change for the Pensions Adjustments (b) £000	Other Differences (c) £000	Total Adjustments £000
Children & Families	19,171	-6,042	-257	12,872

2025/26	Adjustments for Capital Purposes (a) £000	Net change for the Pensions Adjustments (b) £000	Other Differences (c) £000	Total Adjustments £000
Adults & Health	1,409	-1,204	-355	-150
Place	39,147	-1,388	-655	37,104
Corporate Strategy, Commissioning & Public Health	7,679	-1,630	-507	5,542
Central Budgets	-7,940	3,196	16,723	11,979
HRA	-18,110	0	36	-18,074
<b>Net Cost of Services</b>	<b>41,356</b>	<b>-7,068</b>	<b>14,985</b>	<b>49,273</b>
Other operating expenditure	28,063	0	0	28,063
Financing and investment income and expenditure	-2,507	1,345	-10,486	-11,648
Taxation and non-specific grant income	-67,359	0	242	-67,117
<b>Difference between General Fund and HRA</b>	<b>-447</b>	<b>-5,723</b>	<b>4,741</b>	<b>-1,429</b>

Table 17 Detailed breakdown of adjustments between funding and accounting basis 2024/25

2024/25	Adjustments for Capital Purposes (a) £000	Net change for the Pensions Adjustments (b) £000	Other Differences (c) £000	Total Adjustments £000
Children & Families	19,889	-1,460	-3	18,426
Adults & Health	7,311	1,232	-4	8,539
Place	36,868	1,336	-6	38,198
Corporate Strategy, Commissioning & Public Health	5,452	1,446	-5	6,893
Central Budgets	698	-1,170	19,990	19,518
HRA	-632	0	35	-597
<b>Net Cost of Services</b>	<b>69,586</b>	<b>1,384</b>	<b>20,007</b>	<b>90,977</b>
Other operating expenditure	12,990	0	0	12,990
Financing and investment income and expenditure	8,734	-5,513	-165	3,056
Taxation and non-specific grant income	-51,828	0	2,761	-49,067
<b>Difference between General Fund and HRA</b>	<b>39,482</b>	<b>-4,129</b>	<b>22,603</b>	<b>57,956</b>

(a) Adjustments for Capital Purposes

- Adds in capital charges (depreciation, impairment, REFCUS, revaluation gains and losses) and deducts statutory charges for capital financing in the services line;
- Adjusts in the Other Operating Expenditure line for capital disposals with a transfer of income on disposal of PPE assets and amounts written for those assets and for the payment to the Government Housing Capital Receipts Pool;

- The Financing and Investment Income and Expenditure line is adjusted for capital disposals with a transfer of income on disposal of Investment Property and amounts written off for those assets;
- Adds in capital grants into the Taxation and Non-Specific Grant Income line.

(b) Net Change for the Pensions Adjustments

- For services, this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service and past service costs;
- The Financing and Investment Income and Expenditure line is adjusted for the net interest on the defined benefit liability.

(c) Other Differences

- For services, this represents adjustments for premiums and discounts and entries relating to the accrual of compensated absences earned but not taken in the year;
- The Financing and Investment Income and Expenditure line recognises adjustments for soft loans;
- The charge under Taxation and Non-Specific Grant represents the difference between what is chargeable under statutory regulations for Council Tax and Business Rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code.

(ii) This note shows income received on a segmental basis.

Table 18: Income received on a segmental basis 2025/2026

2025/26	Grants and Contributions £000	Fees and Charges £000	Capital charge and pension credits £000	Total £000
Children & Families	-358,050	-18,622	-914	-377,586
Adults & Health	-138,208	-33,835	-496	-172,539
Place	-33,757	-37,578	-1,851	-73,186
Corporate Strategy, Commissioning & Public Health	-89,406	-25,930	-5,969	-121,305
Central Budgets	-609	-65	-252	-926
HRA	-7,997	-98,064	-8,748	-114,809
<b>Total Income analysed on a segmental basis</b>	<b>-628,027</b>	<b>-214,094</b>	<b>-18,230</b>	<b>-860,351</b>

Table 19 Income received on a segmental basis 2024/2025

2024/25	Grants and Contributions £000	Fees and Charges £000	Capital charge and pension credits £000	Total £000
Children & Families	-326,425	-19,794	-1,257	-347,476
Adults & Health	-129,706	-35,185	-136	-165,027

2024/25	Grants and Contributions £000	Fees and Charges £000	Capital charge and pension credits £000	Total £000
Place	-27,936	-37,441	-4,226	-69,603
Corporate Strategy, Commissioning & Public Health	-104,032	-23,174	-7,283	-134,489
Central Budgets	-7,124	-32	-444	-7,600
HRA	-7,912	-98,553	-2,798	-109,263
<b>Total Income analysed on a segmental basis</b>	<b>-603,135</b>	<b>-214,179</b>	<b>-16,144</b>	<b>-833,458</b>

## 9. Expenditure and Income analysed by nature (Subjective Analysis)

Table 20: Expenditure analysed by nature (Subjective Analysis)

Expenditure	2025/26 £000	2024/25 £000
Employee Expenses*	478,323	486,946
Premises and Transport	119,502	131,658
Supplies and Services	162,006	154,803
Other Service Expenses	517,961	484,208
Support Charges	21,109	20,362
Capital Charges	110,541	145,278
Precepts and Levies	1,478	1,228
Losses on the Disposal of PPE and Investment Assets	23,215	6,538
Interest Payable and Similar Charges	41,571	38,963
Net interest on the defined benefit obligation	1,345	0
Central Items	96	245
<b>Total Expenditure</b>	<b>1,477,147</b>	<b>1,470,229</b>

Table 21: Income analysed by nature (Subjective Analysis)

Income	2025/26 £000	2024/25 £000
Fees, Charges and Other Service Income	-216,477	-216,849
Grants, Reimbursements and Contributions	-797,942	-747,671
Capital Charges Credits	-22,526	-22,899
Internal Recharges	-113,527	-124,395
Interest and Investment Income	-5,651	-6,769
Gains on the Disposal of PPE and Investment Assets	-2,100	-970

Income	2025/26 £000	2024/25 £000
Net interest on the defined benefit obligation	0	-5,513
Gain on Derecognition of Financial Liabilities	-10,487	0
Income from Council Tax and Business Rates	-304,464	-283,024
<b>Total Income</b>	<b>-1,473,174</b>	<b>-1,408,090</b>
<b>Surplus (-)/ Deficit on Provision of Services</b>	<b>3,973</b>	<b>62,139</b>

\*This includes £42.2 million in 2025/26 (£39.8 million in 2024/25) relating to employees of Voluntary Aided and Trust schools who are not employees of the Council but are required to be consolidated into the Council's financial statements.

## 10. Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. An explanation of each Usable Reserve is provided in the Glossary.

### 2025/26 Adjustments

Table 22: Adjustments between accounting basis and funding basis under regulations 2025/26

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments 2025/26 Capital Adjustment Account (CAA)</b>						
Charges for depreciation and impairment of non-current assets	-47,226	0	0	-24,661	0	71,887
Amortisation of Intangible Assets	-1,262	0	0	0	0	1,262
Revaluation losses on PPE	-33,535	0	0	0	0	33,535
Revaluation gains on PPE	9,482	8,748	0	0	0	-18,230
Movements in the market value of Investment Properties	2,133	-108	0	0	0	-2,025
Revenue expenditure funded from capital under statute (REFCUS)	-27,928	0	0	0	0	27,928
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-31,782	-8,727	0	0	0	40,509
Capital grants and contributions applied	30,028	1,293	0	0	0	-31,321
Capital grants and contributions applied (REFCUS)	18,839	0	0	0	0	-18,839
Provision for the financing of capital expenditure	14,030	4,067	0	0	0	-18,097

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Capital expenditure charged against balances	3,094	5,295	0	0	0	-8,389
Donated income	2,300	0	0	0	0	-2,300
Financial instruments impairment charges	-1,585	0	0	0	0	1,585
<b>Adjustments 2025/26 Capital Grants Unapplied Account</b>						
Capital grants and contributions unapplied and credited to the CIES	33,930	0	0	0	-33,930	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	42,902	-42,902
<b>Adjustments 2025/26 Capital Receipts Reserve</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	7,651	12,302	-19,953	0	0	0
Financing new capital expenditure	0	0	15,153	0	0	-15,153
Contribution towards administrative costs of asset disposals	-304	-285	589	0	0	0
Cash receipts from the repayment of capital loans given	0	0	-8,579	0	0	8,579
Used to repay debt (transfer to CAA)	0	0	8,468	0	0	-8,468
<b>Adjustments 2025/26 Deferred Capital Receipts Reserve</b>						
Finance Leases - Amount by which sale proceeds received in CIES differs from those received in accordance with statutory requirements	-3	0	0	0	0	3
<b>Adjustments 2025/26 Major Repairs Reserve</b>						
Financing of new capital expenditure (transfer to CAA)	0	0	0	24,661	0	-24,661
Used to repay debt (transfer to CAA)	0	0	0	0	0	0
<b>Adjustments 2025/26 Financial Instruments Adjustment Account</b>						
Amount by which finance costs charged to the CIES are different from those required by statutory regulations	9,705	-35	0	0	0	-9,670
<b>Adjustments 2025/26 Pensions Reserve</b>						
Reversal of items relating to retirement benefits debited or credited to the CIES	-43,022	0	0	0	0	43,022

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Employer's pensions contributions and direct payments	48,745	0	0	0	0	-48,745
<b>Adjustments 2025/26 Collection Fund Adjustment Account</b>						
Amount by which Council Tax and Non-Domestic Rating income credited to the CIES is different from that required by statutory regulations	-242	0	0	0	0	242
<b>Adjustments 2025/26 Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from that required by statutory regulations	1,774	0	0	0	0	-1,774
<b>Adjustments 2025/26 Dedicated Schools Grant Adjustment Account</b>						
Amount of schools budget deficit to DSG adjustment accounts	-15,942	0	0	0	0	15,942
<b>Adjustments 2025/26 Pooled Fund Adjustment Account</b>						
Charges for fair value movements on the CCLA Property Fund	-1	0	0	0	0	1
<b>Total Adjustments 2025/26</b>	<b>-21,120</b>	<b>22,549</b>	<b>-4,323</b>	<b>0</b>	<b>8,972</b>	<b>-6,078</b>

## 2024/25 Adjustments

Table 23: Adjustments between accounting basis and funding basis under regulations 2024/25

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments 2024/25 Capital Adjustment Account (CAA)</b>						
Charges for depreciation and impairment of non-current assets	-46,109	0	0	-23,976	0	70,085
Amortisation of Intangible Assets	-765	0	0	0	0	765
Revaluation losses on PPE	-39,755	-10,566	0	0	0	50,321
Revaluation gains on PPE	13,345	2,798	0	0	0	-16,143
Movements in the market value of Investment Properties	-11,153	0	0	0	0	11,153
Revenue expenditure funded from capital under statute (REFCUS)	-35,397	0	0	0	0	35,397
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	-12,997	-6,304	0	0	0	19,301

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Capital grants and contributions applied	23,384	2,024	0	0	0	-25,408
Capital grants and contributions applied (REFCUS)	18,554	0	0	0	0	-18,554
Provision for the financing of capital expenditure	10,077	3,762	0	0	0	-13,839
Capital expenditure charged against balances	2,979	4,637	0	0	0	-7,616
Financial instruments impairment charges	229	0	0	0	0	-229
<b>Adjustments 2024/25 Capital Grants Unapplied Account</b>						
Capital grants and contributions unapplied and credited to the CIES	26,821	0	0	0	-26,821	0
Application of grants to capital financing transferred to the CAA	0	0	0	0	22,063	-22,063
<b>Adjustments 2024/25 Capital Receipts Reserve</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	7,126	8,266	-15,392	0	0	0
Financing new capital expenditure	0	0	14,375	0	0	-14,375
Contribution towards administrative costs of asset disposals	-230	-205	435	0	0	0
Cash receipts from the repayment of capital loans given	0	0	-969	0	0	969
Used to repay debt (transfer to CAA)	0	0	921	0	0	-921
<b>Adjustments 2024/25 Deferred Capital Receipts Reserve</b>						
Finance Leases - Amount by which sale proceeds received in CIES differs from those received in accordance with statutory requirements	-3	0	0	0	0	3
<b>Adjustments 2024/25 Major Repairs Reserve</b>						
Financing of new capital expenditure (transfer to CAA)	0	0	0	23,976	0	-23,976
Used to repay debt (transfer to CAA)	0	0	0	0	0	0
<b>Adjustments 2024/25 Financial Instruments Adjustment Account</b>						
Amount by which finance costs charged to the CIES are different from those required by statutory regulations	270	-35	0	0	0	-235
<b>Adjustments 2024/25 Pensions Reserve</b>						

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
Reversal of items relating to retirement benefits debited or credited to the CIES	-45,350	0	0	0	0	45,350
Employer's pensions contributions and direct payments	49,479	0	0	0	0	-49,479
<b>Adjustments 2024/25 Collection Fund Adjustment Account</b>						
Amount by which Council Tax and Non-Domestic Rating income credited to the CIES is different from that required by statutory regulations	-2,760	0	0	0	0	2,760
<b>Adjustments 2024/25 Accumulated Absences Account</b>						
Amount by which officer remuneration charged to the CIES on an accruals basis is different from that required by statutory regulations	18	0	0	0	0	-18
<b>Adjustments 2024/25 Dedicated Schools Grant Adjustment Account</b>						
Amount of schools budget deficit to DSG adjustment accounts	-20,260	0	0	0	0	20,260
<b>Adjustments 2024/25 Pooled Fund Adjustment Account</b>						
Charges for fair value movements on the CCLA Property Fund	164	0	0	0	0	-164
<b>Total Adjustments 2024/25</b>	<b>-62,333</b>	<b>4,377</b>	<b>-630</b>	<b>0</b>	<b>-4,758</b>	<b>63,344</b>

## 11. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund Balance in earmarked reserves to provide financing for future expenditure plans. No earmarked reserves have been set up for the HRA.

Table 24: Transfers to/from Earmarked Reserves

Earmarked reserves	Balance at 31/03/24 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance at 31/03/25 £000	Transfers Out 2025/26 £000	Transfers In 2025/26 £000	Balance at 31/03/26 £000
Statutory	-12,715	1,024	-324	-12,015	2,481	-304	-9,838
Member Led	-1,249	284	-14	-979	258	0	-722
Apprenticeship Levy	-3,574	1,309	0	-2,265	122	0	-2,143
Transformation	-3,067	1,587	0	-1,480	1,989	-2,599	-2,089
Demand	-3,000	3,000	0	0	0	0	0
Development Funding	-621	210	-503	-914	66	-694	-1,542
Revenue Grants	-9,020	3,576	-12,554	-17,998	7,392	-6,140	-16,746

<b>Earmarked reserves</b>	<b>Balance at 31/03/24 £000</b>	<b>Transfers Out 2024/25 £000</b>	<b>Transfers In 2024/25 £000</b>	<b>Balance at 31/03/25 £000</b>	<b>Transfers Out 2025/26 £000</b>	<b>Transfers In 2025/26 £000</b>	<b>Balance at 31/03/26 £000</b>
Stronger Families Grant	-784	396	-300	-688	688	0	0
Specific Risk	-3,500	3,500	0	0	0	-931	-931
WYCA Returned Levy	-9,424	9,424	0	0	0	0	0
Voluntary Revenue Provision	0	8,691	-15,195	-6,504	-10,804	7,778	-9,531
Strategic Budget Contingency	0	0	-3,500	-3,500	5,500	-3,022	-1,020
Other	-1,954	610	-332	-1,677	323	-370	-1,723
<b>Total Earmarked Reserves</b>	<b>-48,908</b>	<b>33,610</b>	<b>-32,722</b>	<b>-48,020</b>	<b>8,017</b>	<b>-6,282</b>	<b>-46,286</b>
<i>Unallocated Balances</i>	-25,046	0	0	-25,046	0	-1,000	-26,046
<b>General Fund Balances</b>	<b>-73,954</b>	<b>33,610</b>	<b>-32,722</b>	<b>-73,066</b>	<b>8,017</b>	<b>-7,282</b>	<b>-72,332</b>

- The Statutory Reserve relates to individual school balances/deficits carried forward to following years under the terms of the Education Reform Act 1988 and timing issues on Public Health grant spend commitments. The balance at 31 March 2026 represents 73 Schools with cumulative balances of £9.8 million (85 schools and £12.2 million at 31 March 2025) and 14 schools with cumulative deficits amounting to £1.7 million (13 schools and £1.0 million at 31 March 2025) and Public Health grant spend commitments of £1.7 million (£0.9 million at 31 March 2025).
- The Member Led Reserve reflects timing issues on ward-based activity spend commitments, support of a number of local area based mental health initiatives and to support the resourcing of emerging Place Standard action plans.
- The Apprenticeship Levy Reserve is to be used to fund future payments into the apprenticeship levy.
- The Transformation Reserve has been set up for strategic transformation developments over the next 12 to 24 months.
- The Development Funding Reserve was set aside to address the scale of development costs required to support targeted development and the upscaling of capital investment activity and major project activity over the MTF5.
- The Revenue Grants Reserve represents grants and contributions recognised in the CIES before expenditure has been incurred.
- The Stronger Families Grant Reserve reflects timing issues on expenditure commitments supporting a range of Stronger Families activity, funded from external grant.
- The Specific Risk Reserve was set aside to manage specific risks including repayment of Collection Fund deficits, the potential risk of future loan defaults and managing the volatility surrounding treasury management budgets with respect to both potential changes in interest rates and the level of delivery of the capital plan.
- Voluntary Revenue Provision relates to funds put aside for voluntary overpayments of Minimum Revenue Provision (MRP).
- Strategic budget Contingency is to fund budget pressures that may arise due to delays in implementing savings plans and/or issues that have arisen post the agreement of the budget.

## Notes referring to specific items in the CIES

### 12. Other Operating Expenditure

Table 25: Other Operating Expenditure

Other operating expenditure	2025/26 £000	2024/25 £000
Parish council precepts	1,235	993
Levies	243	235
Gains(-)/losses on the disposal of non-current assets	23,186	6,441
Revaluation loss on assets held for sale	4,848	6,549
De-recognition of Academies' Balances	878	286
<b>Total</b>	<b>30,390</b>	<b>14,504</b>

Net loss on the disposal of non-current assets includes academy transfers. These totalled £25.8 million in 2025/26 as part of ten academy conversions (2024/25 £9.0 million as part of five schools' academy conversions).

### 13. Financing and Investment Income and Expenditure

Table 26: Financing and investment income and expenditure

Financing and investment income and expenditure	2025/26 £000	2024/25 £000
Interest payable and similar charges	41,656	39,027
Net interest on the net defined benefit obligation	1,345	-5,513
Interest receivable and similar income	-5,271	-5,113
Income and expenditure in relation to investment property and changes in fair value (Note 17)	-5,210	9,318
Dividend Income	-464	-670
Income from sale of shares	0	-1,321
Gain on de-recognition of financial instrument (1)	-10,487	0
Other – movements on financial instruments	1,585	-393
<b>Total</b>	<b>23,152</b>	<b>35,335</b>

(1) Represents a £10.5m discount on early repayment of £40m long-term borrowing, recognised in the CIES in 2025/26 and appropriated to the Financial Instruments Adjusted Account, to be released to the General Fund over 10 years

# Notes referring to specific items in the balance sheet

## 14. Taxation and Non-Specific Grant Income

Table 27: Taxation and Non-Specific Grant Income

Taxation and Non-specific Grant Income	2025/26 £000	2024/25 £000
Council Tax income	-251,993	-235,556
Non-Domestic Rates	-52,470	-47,468
Non-ring-fenced government grants	-102,429	-92,708
Capital grants and contributions	-65,059	-51,828
Donated asset	-2,300	0
<b>Total</b>	<b>-474,251</b>	<b>-427,560</b>

More detail on grant income is shown in Note 37 and on Council Tax and Non-Domestic Rate income in the section on Collection Fund.

## 15. Property, Plant and Equipment (PPE)

Table 28: Property, Plant and Equipment (PPE) 2025/2026

Movement in 2025/2026	Council Dwellings £000	Other land & buildings £000	Vehicles, Plant Furniture & equipment £000	Community Assets £000	Surplus Assets £000	Assets under construction £000	Total plant & equipment £000	PFI Assets Included in PPE £000
<b>Cost or Valuation</b>								
<b>At 1 April 2025</b>	<b>834,727</b>	<b>480,079</b>	<b>45,724</b>	<b>14,369</b>	<b>24,977</b>	<b>55,812</b>	<b>1,455,688</b>	<b>77,048</b>
<b>Revised Cost or Valuation</b>								
Additions	37,246	18,647	4,540	986	820	62,477	124,716	4,772
Revaluation increases/ decreases (-) recognised in the Revaluation Reserve	11,169	-6,971	0	0	-1,956	0	2,242	-6,874
Revaluation increases/ decreases (-) recognised in the Provision of Services	8,281	-23,647	0	0	-1,063	0	-16,429	-5,947
De-recognition – disposals	-2,363	-27,221	-3,129	-9	-3,005	0	-35,727	0

<b>Movement in 2025/2026</b>	Council Dwellings £000	Other land & buildings £000	Vehicles, Plant Furniture & equipment £000	Community Assets £000	Surplus Assets £000	Assets under construction £000	<b>Total plant &amp; equipment £000</b>	PFI Assets Included in PPE £000
Assets reclassified to Held for Sale	-9,047	-5,060	0	0	0	0	-14,107	0
Other movements in cost or valuation	1,893	-5,292	0	0	1,460	1,856	-83	0
<b>At 31 March 2026</b>	<b>881,906</b>	<b>430,535</b>	<b>47,135</b>	<b>15,346</b>	<b>21,233</b>	<b>120,145</b>	<b>1,516,300</b>	<b>68,999</b>
<b>Accumulated</b>								
At 1 April 2025	0	-7,529	-24,470	-11,535	-566	0	-44,100	-236
Depreciation charge	-24,514	-12,048	-5,416	-601	-118	0	-42,697	-2,471
Depreciation written out to the Revaluation Reserve	24,056	7,507	0	0	1	0	31,564	1,292
Depreciation written out to the Deficit on the Provision of Services	458	5,489	0	0	24	0	5,971	1,375
De-recognition – disposals	0	1,053	3,057	9	28	0	4,147	0
Other movements in depreciation and impairment	0	152	0	0	-69	0	83	0
<b>At 3 March 2026</b>	<b>0</b>	<b>-5,376</b>	<b>-26,829</b>	<b>-12,127</b>	<b>-700</b>	<b>0</b>	<b>-45,032</b>	<b>-410</b>
<b>Net Book Value</b>								
<b>At 31 March 2026</b>	<b>881,906</b>	<b>425,159</b>	<b>20,306</b>	<b>3,219</b>	<b>20,533</b>	<b>120,145</b>	<b>1,471,268</b>	<b>68,959</b>
At 31 March 2025	834,727	472,550	21,254	2,834	24,411	55,812	1,411,588	76,812

Table 29 Property, Plant and Equipment (PPE) 2024/2025

<b>Movement in 2024/2025</b>	Council Dwellings £000	Other land & buildings £000	Vehicles, Plant Furniture & equipment £000	Communi ty Assets £000	Surplus Assets £000	Assets under construction £000	<b>Total plant &amp; equipment £000</b>	PFI Assets Included in PPE £000
<b>Cost or Valuation</b>								
<b>At 1 April 2024</b>	<b>824,731</b>	<b>521,445</b>	<b>45,915</b>	<b>13,500</b>	<b>37,282</b>	<b>41,959</b>	<b>1,484,832</b>	<b>80,695</b>
Adjustment on adoption of IFRS 16	10,471	2,707	1,335	0	0	0	14,513	12,662

<b>Movement in 2024/2025</b>	<b>Council Dwellings £000</b>	<b>Other land &amp; buildings £000</b>	<b>Vehicles, Plant Furniture &amp; equipment £000</b>	<b>Community Assets £000</b>	<b>Surplus Assets £000</b>	<b>Assets under construction £000</b>	<b>Total plant &amp; equipment £000</b>	<b>PFI Assets Included in PPE £000</b>
Revised Cost or Valuation	835,202	524,152	47,250	13,500	37,282	41,959	1,499,345	93,357
Additions	26,596	11,105	3,308	904	825	29,763	72,501	3,317
Revaluation increases/ decreases (-) recognised in the Revaluation Reserve	-25,452	-18,497	0	0	-2,276	0	-46,226	-4,534
Revaluation increases/ decreases (-) recognised in the Provision of services	-8,195	-17,406	0	0	-6,117	0	-31,719	-15,093
De-recognition – disposals	-2,196	-10,315	-4,833	-35	-1,366	0	-18,744	0
Assets reclassified to Held for Sale	-6,364	-8,673	0	0	-1,166	0	-16,203	0
Other movements in cost or valuation	15,136	-287	0	0	-2,205	-15,910	-3,266	0
<b>At 31 March 2025</b>	<b>834,727</b>	<b>480,079</b>	<b>45,724</b>	<b>14,369</b>	<b>24,977</b>	<b>55,812</b>	<b>1,455,689</b>	<b>77,048</b>
<b>Accumulated Depreciation &amp; Impairment</b>								
<b>At 1 April 2024</b>	<b>0</b>	<b>-7,114</b>	<b>-23,077</b>	<b>-11,160</b>	<b>-737</b>	<b>0</b>	<b>-42,088</b>	<b>-313</b>
Depreciation charge	-23,819	-11,913	-5,880	-410	-245	0	-42,267	-4,978
Depreciation written out to the Revaluation Reserve	23,392	7,229	0	0	132	0	30,753	3,404
Depreciation written out to the Deficit on the Provision of Services	427	3,364	0	0	299	0	4,090	1,652
De-recognition – disposals	0	447	4,488	35	9	0	4,979	0
Other movements in depreciation and impairment	0	460	0	0	-24	0	436	0
<b>At 31 March 2025</b>	<b>0</b>	<b>-7,529</b>	<b>-24,470</b>	<b>-11,535</b>	<b>-566</b>	<b>0</b>	<b>-44,100</b>	<b>-236</b>
<b>Net Book Value</b>								

Movement in 2024/2025	Council Dwellings £000	Other land & buildings £000	Vehicles, Plant Furniture & equipment £000	Community Assets £000	Surplus Assets £000	Assets under construction £000	Total plant & equipment £000	PFI Assets Included in PPE £000
At 31 March 2025	834,727	472,550	21,254	2,834	24,411	55,812	1,411,588	76,812
At 31 March 2024	824,731	514,330	22,837	2,340	36,545	41,959	1,442,742	80,382

## Highways Infrastructure Assets

### Movements on balances

Table 30: Highways Infrastructure Assets Movement on balances

Highways Infrastructure assets	2025/26 £000	2024/25 £000
Net Book Value (Modified Historical Cost)		
<b>At 1 April</b>	<b>256,028</b>	<b>247,444</b>
Additions	42,270	36,337
De-recognition – disposals	0	0
Depreciation charge	-29,182	-27,809
Impairment	0	0
Other movements in cost	0	56
<b>Net Book Value 31 March</b>	<b>269,116</b>	<b>256,028</b>

### Reconciling note with the Balance Sheet

Table 31: Highways Infrastructure Assets Movement Reconciling not with the Balance Sheet

Highways Infrastructure assets	2025/26 £000	2024/25 £000
Infrastructure Assets	269,116	256,028
Other PPE Assets	1,471,269	1,411,587
<b>Total PPE Assets</b>	<b>1,740,385</b>	<b>1,667,615</b>

In accordance with the Update to the Code on infrastructure assets (Update to the Code and Specifications for Future Codes for Infrastructure Assets November 2022) this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

Gross costs and accumulated depreciation have not been disclosed in the accounts because it would be difficult to identify and account for those parts of the Highways Network that have been derecognised during the year – the Council does not hold the required level of detail to comply with Code without the application of the Update noted above.

The Council believes that the information not disclosed does not prevent users of the financial statements to take economic or other decisions.

The Council has determined in accordance with Regulation 30M 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.

## Fair value measurement of surplus assets

The Council has accounted for surplus assets in accordance with IFRS13 which has been achieved through a fair value hierarchy. Surplus assets have been valued at the highest and best use. The fair value of surplus property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets. The valuers are of the opinion that all surplus assets are at Level 2 on the fair value hierarchy using significant observable inputs.

There have been no transfers between the different levels of hierarchy during the year. There has been no change in the valuation techniques used during the year for surplus assets.

## Assets Held for Sale

Table 32: Assets Held for Sale

Assets Held for Sale	2025/26 £000	2024/25 £000
Net Book Value 1 April	9,501	3,899
De-recognition – disposals	-7,501	-3,899
Revaluation	-4,773	-6,549
Transfers from Property, Plant and Equipment	14,035	16,051
<b>Net Book Value 31 March</b>	<b>11,262</b>	<b>9,501</b>

## Revaluations

The Council undertakes a rolling programme of valuation that ensures that all PPE required to be measured at current value is revalued at least every five years, or when it is anticipated that there has been significant movement in the value of the asset. The valuations this year were carried out by external valuers – Align Property Partners. The valuer holds the appropriate qualification required and belong to the Royal Institution of Chartered Surveyors (RICS). The valuation dates were 31 December 2025 for the General Fund and for the HRA assets. These were done in accordance with the methodologies and bases for estimation set out in accordance with the RICS Red Book requirements.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of Property, Plant and Equipment (PPE). PPE equipment assets must now be revalued every five years with annual indexation applied to assets during the four intervening years. Where appropriate indices cannot be obtained without undue cost or effort, authorities can revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

## Indexation

The Council has completed the assessment of indexation in line with the requirements of the Code, reflecting market-based movements and has concluded that there were some material movements in the value of assets. This is illustrated in the table below and reflected in the balance sheet at 31 March 2026.

Although the valuation approaches differ, both indexation and the rolling programme of valuations are treated equally for accounting purposes under the revaluation model.

Table 33: Total Indexation applied in 2025/26

Index	Average Change %	Valuation Change £000
BCIS all-in Tender Price Index (TPI)	2.0%	2,018
Consumer Price Index (CPI)	2.6%	190
Land Registry UK House Price Index	2.9%	11
<b>Total indexation applied in 2025/26</b>		<b>2,219</b>

There was a net gain in the PPE values of £23.3 million as the result of revaluations. The effect of any gains and losses have been split between the revaluation reserve and the provision of services in the CIES.

The table below shows current values of assets, whether valued at historical cost or at revalued amounts, identifying the year they were last revalued.

## Current values of assets

Table 34: Current values of assets by year last revalued

Assets	Council Dwellings £000	Other Land & Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Infrastructure Assets £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000
Carried at historical cost	0	9,351	20,306	269,116	3,218	1,422	120,145	423,558
Carried at indexed values at 2025/26	0	108,732	0	0	0	0	0	108,732
Carried at current value as at:								
2025/26	881,906	228,022	0	0	0	5,361	0	1,115,289
2024/25	0	45,586	0	0	0	6,765	0	52,351
2023/24	0	33,467	0	0	0	6,987	0	40,454
<b>Total</b>	<b>881,906</b>	<b>425,158</b>	<b>20,306</b>	<b>269,116</b>	<b>3,218</b>	<b>20,535</b>	<b>120,145</b>	<b>1,740,385</b>

## Capital Commitments

In March 2026, the Council approved a capital programme of £328 million for 2026/27. A further £837 million of capital investment was also approved for the following four years. This covers expenditure on PPE, intangible assets and revenue expenditure funded from capital under statute. The Council has capital commitments of £68 million at 31 March 2026 (£86 million at 31 March 2025) for schemes under progress.

## 16. Heritage Assets

### Movements on balances

Table 35: Heritage assets movements on balances

Movement in 2025/26	Fine Art Collection £000	Museums & Galleries Exhibits £000	Other £000	Total assets £000
<b>Cost or Valuation</b>				
At 1 April 2025	49,566	3,514	2,745	55,825
Additions	0	0	1	1
Revaluation increases/decreases (-) recognised in the Revaluation Reserve	10,000	0	1,527	11,527
Revaluations recognised in the Provision of Services	0	0	0	0
Derecognition - disposals	0	0	-76	-76
<b>At 31 March 2026</b>	<b>59,566</b>	<b>3,514</b>	<b>4,197</b>	<b>67,277</b>
<b>Accumulated Depreciation</b>				
At 1 April 2025	0	0	-14	-14
Depreciation charge	0	0	-9	-9
Depreciation written out to the Revaluation Reserve	0	0	0	0
Depreciation written out to the Provision of Services	0	0	0	0
<b>At 31 March 2026</b>	<b>0</b>	<b>0</b>	<b>-23</b>	<b>-23</b>

Table 36 Heritage assets movements on balances 2024/2025

Movement in 2024/25	Fine Art Collection £000	Museums & Galleries Exhibits £000	Other £000	Total assets £000
<b>Cost or Valuation</b>				
At 1 April 2024	49,566	3,302	2,743	55,611
Additions	0	0	2	2
Revaluation increases/decreases (-) recognised in the Revaluation Reserve	0	212	0	212
Revaluations recognised in the Provision of Services	0	0	0	0
<b>At 31 March 2025</b>	<b>49,566</b>	<b>3,514</b>	<b>2,745</b>	<b>55,825</b>
<b>Accumulated Depreciation</b>				
At 1 April 2024	0	0	-4	-4
Depreciation charge	0	0	-9	-9

Movement in 2024/25	Fine Art Collection £000	Museums & Galleries Exhibits £000	Other £000	Total assets £000
Depreciation written out to the Revaluation Reserve	0	0	0	0
Depreciation written out to the Provision of Services	0	0	0	0
<b>At 31 March 2025</b>	<b>0</b>	<b>0</b>	<b>-13</b>	<b>-13</b>
Net Book Value				
<b>At 31 March 2026</b>	<b>59,566</b>	<b>3,514</b>	<b>4,174</b>	<b>67,254</b>
At 31 March 2025	49,566	3,514	2,732	55,812

## Fine Art and Museum Exhibits Collections

Kirklees Museums and Galleries Service manages the collections of fine art and museum exhibits. Although many early additions to the collections were acquired by purchase, more recent additions are likely to be by donation or, occasionally, by bequests.

Some items have been purchased through the national purchase grant fund administered by the Victoria and Albert Museum and the Museums, Libraries and Archives Council. The collection has also benefited from continued membership of the Contemporary Art Society. The majority of items acquired in this way have covenants covering terms of use and restrictions on sale.

Like most museums and galleries services, much of the collection is in store. The Council showcases the best of the collections and includes wide ranging collections from the dawn of time to present day of local, regional, national and international significance. The Council has a "Collections Development Policy" which gives details on how the collections are managed through review, rationalisation, acquisition, disposal, care, conservation and documentation. The Policy is approved by Council and is reviewed at least once every five years.

There have been no significant purchases, disposals or impairments of items over the last five years.

## Fine Art Collection

The collection comprises around 3,000 artworks. Although a small number of artworks are on display in Kirklees museums and town halls along with artworks from the collection that are on loan and on display at other institutions (nationally and internationally), the majority of the Kirklees Art Collection is now in storage whilst redevelopment of Our Cultural Heart Library and Museum and Gallery is progressed..

The most significant exhibit in the collection is the "Figure Study II" by Francis Bacon. It was acquired as a gift from the Contemporary Art Society. The painting has a value of £30.0 million (£20.0 million at 31 March 2025) and was most recently valued for insurance purposes as part of a loan agreement with National Galleries Scotland. Being a donated asset, the painting has conditions placed upon it. Other notable pieces include two paintings by L S Lowry, the "Huddersfield Canvas" and "Level Crossing Canvas", with a combined value of £6.7 million (£6.7 million 31 March 2025) and the "Falling Warrior" sculpture by Henry Moore valued at £6.0 million (£6.0 million 31 March 2025). The total value of donated artwork items as at 31 March 2026 is £36.6 million (£26.6 million 31 March 2025).

## Museum Exhibits

The collection consists of around 750,000 items relating to archaeology, arts and crafts (ceramics, furniture etc), industry, natural sciences, social history and world cultures which have been collected during the

nineteenth and twentieth centuries. At any time 4% of the collection is on display across the museum sites. Some of the more significant items include the Skelmanthorpe Flag; the Porritt Collection (British butterflies and moths); a collection linked to Bamforth and Company (publishers of comic postcards); a collection of Mesolithic material; and a photographic archive of over 250,000 images on glass plate and celluloid negatives, lantern slides and original prints.

## Other Heritage Assets

This category includes the Civic Silver Collection, structural heritage assets, statues and books of remembrance. In terms of monetary value, the first two are the most significant. There have been no significant purchases, disposals or impairments under this category over the last five years.

The Civic Silver Collection consists of 387 items, mainly comprising of chains and pendants of office, maces and silverware. Its value as at 31 March 2026 is £3.1 million (£1.6 million 31 March 2025). Many of the pieces have been donated over the years to mark historic occasions or events and the current value of donated civic silver items recognised as Long Term Assets is £1.8 million (£0.9 million 31 March 2025).

The Council has a number of structural heritage assets which are not recognised elsewhere on the Balance Sheet. These consist of two clock towers, a Victorian tower and two park band stands. Of particular note is the Victorian Tower on Castle Hill, Huddersfield which was completed in 1899 to celebrate the 60th anniversary of Queen Victoria's reign. The value of structural assets as at 31 March 2026 is £0.4 million (£0.4 million 31 March 2025).

## Heritage Assets not recognised on the Balance Sheet

The Council also holds a number of heritage assets which are not recognised on the Balance Sheet, notably Castle Hill, war memorials, the local studies collection and a number of museum exhibits, including the British Archaeology, Natural Sciences (bird's eggs) and the Ethnography Collections. Castle Hill, Huddersfield is a Scheduled Ancient Monument and a Regionally Important Geological Site. The Victorian Tower mentioned above is built on Castle Hill. The land and the Tower were transferred into the Council's ownership from the Ramsden Estate in 1920.

## Heritage Assets recognised under other asset categories

Where assets are operational and not principally maintained for their contribution to knowledge and culture, they are recorded on the Balance Sheet under Property, Plant and Equipment. The most notable building is Oakwell Hall in Gomersal, a grade one listed Elizabethan manor house with Bronte connections which is used as a museum. The Council also has a number of grade two listed buildings largely used for museum, civic and commercial purposes.

## 17. Investment Property

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the CIES:

### Income and expenditure

Table 37: Income and expenditure

Income and expenditure	2025/26 £000	2024/25 £000
Rental income from Investment Property	-2,383	-2,398

Income and expenditure	2025/26 £000	2024/25 £000
Direct operating expenses arising from Investment Property	1,267	1,436
<b>Net gain</b>	<b>-1,116</b>	<b>-962</b>
Net gains (-)/ loss from fair value adjustments	-2,025	11,152
Net gains (-)/ loss on disposals of assets	-2,070	-873
<b>Net income (-)/ expenditure in relation to investment property and changes in fair value</b>	<b>-5,211</b>	<b>9,317</b>

There are no restrictions on the Council's ability to realise the value inherent in its Investment Property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repair, maintain or enhance such property.

## Movement in the fair value of Investment Property over the years

The movement in the fair value of Investment Property over the year is as follows:

Table 38: Movement in the fair value of Investment Property over the years

Movement in fair value	2025/26 £000	2024/25 £000
Balance at 1 April	81,515	90,762
Additions	2,089	615
Donated asset	2,300	0
Disposals	-1,353	-1,637
Net gains/loss (-) from fair value adjustments	2,025	-11,152
Transfers from Property, Plant and Equipment	0	2,927
<b>Balance at 31 March</b>	<b>86,576</b>	<b>81,515</b>

## Fair Value Measurement

The Council has accounted for Investment Property in accordance with IFRS13 which has been achieved through a fair value hierarchy. The fair value of Investment Property has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rental, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's investment asset portfolio. Market conditions are such that similar properties are actively purchased and sold and the level of observable are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

There have been no transfers between the different levels of hierarchy during the year.

Investment Property has been valued at highest and best use. There have been some changes in valuation technique from income-based approach to market value approach. This is not always the current use of the asset – in some cases, agricultural holdings which are being used for grazing land are in residential areas and could be used for development.

## Revaluations

The fair value of the Council's Investment Property is measured annually at each reporting date. Valuations are carried out by external valuers – Align Property Partners – in accordance with the methodologies and bases for estimation set out in the professional standards of RICS.

## 18. Intangible Assets

The Council accounts for 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 purchased licences and other purchased software. The Council does not have any internally generated intangible assets.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life (usually between 5 and 10 years) on a straight-line basis.

Amortisation of £1.3 million was charged to CIES in 2025/26 (£0.8 million in 2024/25).

Table 39: Intangible assets

Intangible assets	2025/26 £000	2024/25 £000
Balance at 1 April		
Gross carrying amounts	9,637	8,747
Accumulated amortisation	-7,257	-6,491
<b>Net carrying amount at 1 April</b>	<b>2,380</b>	<b>2,256</b>
Additions – Purchases	606	890
Amortisation for the period	-1,262	-765
<b>Net carrying amount at 31 March</b>	<b>1,724</b>	<b>2,380</b>
Comprising:		
Gross carrying amounts	10,243	9,637
Accumulated amortisation	-8,519	-7,257
<b>Total</b>	<b>1,724</b>	<b>2,380</b>

## 19. Financial Instruments

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

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

### Financial Assets

## Amortised cost

Table 40: Financial assets Amortised cost 31 March 2026 and 2025

Financial Assets Amortised costs	2026 Non-Current Investments £000	2025 Non-Current Investments £000	2026 Non-Current Debtor £000	2025 Non-Current Debtor £000	2026 Current Invest £000	2025 Current Invest £000	2026 Current Debtors £000	2025 Current Debtors £000
Investment principal	0	60	9,900	18,541	0	0	65,664	64,416
Investment accrued interest	0	0	0	0	0	82	0	0
Soft loans principal	0	0	12,498	13,334	0	0	0	0
Soft loans accrued interest	0	0	0	0	6	6	0	0
Finance Leases	0	0	3,388	3,391	0	0	0	0
Cash and cash equivalents	0	0	0	0	24	19,484	0	0
Cash and cash equivalents accrued interest	0	0	0	0	0	3	0	0
<b>Total Amortised cost</b>	<b>0</b>	<b>60</b>	<b>25,786</b>	<b>35,266</b>	<b>30</b>	<b>19,575</b>	<b>65,664</b>	<b>64,416</b>
Fair value through profit and loss	8,693	8,694	0	0	20,375	30,071	0	0
Fair value through other comprehensive income designated equity instruments	4,164	4,081	0	0	0	0	0	0
<b>Total Financial Assets</b>	<b>12,857</b>	<b>12,835</b>	<b>25,786</b>	<b>35,266</b>	<b>20,405</b>	<b>49,646</b>	<b>65,664</b>	<b>64,416</b>
Non-Financial Assets	0	0	2,678	2,937	0	0	46,340	39,361
<b>Total</b>	<b>12,857</b>	<b>12,835</b>	<b>28,465</b>	<b>38,203</b>	<b>20,405</b>	<b>49,646</b>	<b>112,004</b>	<b>103,777</b>

## Financial Liabilities

### Amortised cost

Table 41: Financial Liabilities Amortised cost 31 March 2026 and 2025

Financial Liabilities Amortised costs	2026 Non-Current Borrowings £000	2025 Non-Current Borrowings £000	2026 Non-Current Creditors £000	2025 Non-Current Creditors £000	2026 Current Borrowings £000	2025 Current Borrowings £000	2026 Current Creditors £000	2025 Current Creditors £000
Principal	-719,571	-698,037	0	0	-96,471	-75,190	-62,186	-57,088
Loans accrued interest	0	0	0	0	-10,354	-8,129	0	0
Market loans EIR adjustment	-790	-814	0	0	0	0	0	0

Financial Liabilities Amortised costs	2026 Non-Current Borrowings £000	2025 Non-Current Borrowings £000	2026 Non-Current Creditors £000	2025 Non-Creditors £000	2026 Current Borrowings £000	2025 Current Borrowings £000	2026 Current Creditors £000	2025 Current Creditors £000
PFI, finance lease and transferred debt	-77,035	-82,835	0	0	-7,636	-8,203	0	0
Bank Overdraft	0	0	0	0	-6,750	0	0	0
<b>Total Financial Liabilities</b>	<b>-797,396</b>	<b>-781,686</b>	<b>0</b>	<b>0</b>	<b>-121,211</b>	<b>-91,522</b>	<b>-62,186</b>	<b>-57,088</b>
Non-Financial Liabilities	0	0	0	0	0	0	-41,173	-48,643
<b>Total</b>	<b>-797,396</b>	<b>-781,686</b>	<b>0</b>	<b>0</b>	<b>-121,211</b>	<b>-91,522</b>	<b>-103,359</b>	<b>-105,731</b>

## Borrowings

### Financial Borrowings

Table 42: Financial Borrowings 31 March 2026 and 2025

Borrowings	2026 non-current £000	2026 Current £000	2025 non-current £000	2025 Current £000
PWLB	-640,088	-46,174	-590,514	-38,344
LOBOs	-30,790	-271	-30,814	-271
Other market debt	-42,500	-60,100	-70,540	-44,434
Stock	-6,983	-270	-6,983	-270
<b>Total</b>	<b>-720,361</b>	<b>-106,825</b>	<b>-698,851</b>	<b>-83,319</b>

### Material Soft Loans made by the Council

The Council provided support in 2009/10 to Kirklees College's Waterfront Development with a loan. The loan is secured against the assets of the College, and the loan is charged at the cost of the borrowing to the Council plus a small margin to cover administration. The fair value of the loan at initial recognition was arrived at by adding a margin of 1.75% to reflect risk. The loan is being repaid on an annuity basis. The College requested a repayment holiday for one year from August 2019 to July 2020. This was approved by the Strategic Director Economy and Infrastructure on the 28 September 2018 so the College will now repay the full amount advanced by 2035/36. The Council has also provided interest free loans to Kirklees' householders in respect of renewable energy works. The loans are secured as a fixed charge on the householder's properties (that is the loans are recoverable when the householder sells the property). The fair value of the renewable energy loans at initial recognition were arrived at by taking the cost to the Council of taking a ten-year loan and adding an allowance of 2% for risk.

Movements on material soft loans are detailed as follows:

Table 43: Movements on material soft loans

Movements on material soft loans	College £000	Renewable Energy £000	Total £000
Balance at 1 April 2024	12,626	1,726	14,352
Loans repaid 2024/25	-921	-38	-958
Change in impairment loss allowance 2024/25	337	0	336
Unwinding of discount 2024/25	169	0	169
<b>Balance at 31 March 2025</b>	<b>12,211</b>	<b>1,688</b>	<b>13,899</b>
Loans repaid 2025/26	-968	-94	-1,062
Change in impairment loss allowance 2025/26	113	7	120
Unwinding of discount 2025/26	166	0	166
<b>Balance at 31 March 2026</b>	<b>11,522</b>	<b>1,600</b>	<b>13,123</b>
Nominal value at 31 March 2025	13,856	1,779	15,635
<b>Nominal value at 31 March 2026</b>	<b>12,888</b>	<b>1,685</b>	<b>14,572</b>

## Equity Instruments Designated at Fair Value Through Other Comprehensive Income

The Council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

Table 44: Equity Instruments Designated at Fair Value Through Other Comprehensive Income

Equity Instruments	31/03/2026 Fair Value £000	31/03/2025 Fair Value £000
LCR Revolving Investment Fund	3,284	3,154
Kirklees Schools Services Ltd	663	807
QED (KMC) Holdings Ltd	217	121
<b>Total</b>	<b>4,164</b>	<b>4,082</b>

## Offsetting Financial Assets and Liabilities

The Council has legal right of offset on its current account banking arrangements and as at 31 March 2026 had a credit balance of £1.1 million at the bank (£1.1 million 31 March 2025) offset by a debit balance of £1.1 million (£1.1 million 31 March 2025).

## Income, Expense, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are detailed as follows:

Table 45: Financial Instruments Income, Expense, Gains and Losses

Income, Expense, Gains and Losses	Financial Liabilities Amortised Cost £000	Financial Assets Amortised Cost £000	Financial Assets Fair Value through OCI £000	Financial Assets Fair Value through Profit and Loss £000	2025/26 Total £000	2024/25 Total £000
Interest expense	41,594	0	0	0	41,594	38,985
Losses on de-recognition	4	0	0	0	4	26
Impairment losses	0	3,184	0	0	3,184	1,718
<b>Interest payable and similar charges</b>	<b>41,598</b>	<b>3,184</b>	<b>0</b>	<b>0</b>	<b>44,783</b>	<b>40,729</b>
Interest income	0	-3,520	0	-1,479	-4,999	-4,723
Dividend income	0	0	0	-399	-399	-428
Gains on de-recognition	-10,514	0	0	0	-10,514	-30
<b>Interest and investment income</b>	<b>-10,514</b>	<b>-3,520</b>	<b>0</b>	<b>-1,878</b>	<b>-15,912</b>	<b>-5,181</b>
Net impact on Surplus/Deficit on the Provision of Service	<b>31,085</b>	<b>-336</b>	<b>0</b>	<b>-1,878</b>	<b>28,871</b>	<b>35,548</b>
Gains on revaluation	0	0	-82	0	-82	0
Losses on revaluation	0	0	0	0	0	57
Impact on other comprehensive income	0	0	-82	0	-82	57
<b>Net gain (-) / loss for the year</b>	<b>31,085</b>	<b>-336</b>	<b>-82</b>	<b>-1,878</b>	<b>28,789</b>	<b>35,605</b>

## Fair Value of Financial Instruments

Some of the Council's financial assets are measured at fair value in the Balance Sheet on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Table 46: Financial Assets Recurring Fair Value Measurements

Recurring Fair Value Measurements	Input level in Fair Value Hierarchy	Valuation technique used to measure Fair Value	31/03/2026 Fair Value £000	31/03/2025 Fair Value £000
<b>Fair Value through Profit and Loss</b>				
Money Market Funds	Level 1	Unadjusted quoted prices in active markets for identical shares	20,269	29,971
CCLA Property Fund	Level 2	Inputs that are observable for the asset, other than quoted prices	8,799	8,794
<b>Fair Value through Other Comprehensive Income</b>				
LCR Revolving Investment Fund	Level 3	Discounted cash flow techniques	3,284	3,154
Kirklees Schools Services Ltd QED (KMC) Holdings Ltd	Level 3	Discounted cash flow techniques	880	928

In addition, the fair value of short-term instruments, including investments, borrowing, cash, trade payables and receivables, is assumed to approximate to the carrying amount. However, there are a number of

financial assets and liabilities which are carried in the Balance Sheet at amortised cost. Their fair values are shown in the tables below:

## Financial Assets Fair Value

Table 47: Fair Value of Financial Assets held at amortised cost

Financial Assets	Fair Value level	31/03/2026 Carrying Amount £000	31/03/2026 Fair Value £000	31/03/2025 Carrying Amount £000	31/03/2025 Fair Value £000
Long-term debtors	2	25,786	26,120	35,266	35,402
Short-term debtors		65,664	65,664	64,416	64,416
Cash and cash equivalents		30	30	19,575	19,575
<b>Total Amortised Cost</b>		<b>91,479</b>	<b>91,813</b>	<b>119,257</b>	<b>119,393</b>
<b>Cash and cash equivalents - Fair value through profit and loss</b>		<b>20,375</b>	<b>20,375</b>	<b>30,071</b>	<b>30,071</b>

The fair value of financial assets held at amortised cost is higher than their Balance Sheet carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made. The fair values of long-term debtors have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.

## Financial Liabilities Fair Value

Table 48: Fair Value of Financial Liabilities held at amortised cost

Financial Liabilities	Fair Value level	31/03/2026 Carrying Amount	31/03/2026 Fair Value £000	31/03/2025 Carrying Amount	31/03/2025 Fair Value £000
PWLB	2	-686,262	-617,848	-628,859	-563,035
LOBOs	2	-31,061	-32,116	-31,085	-33,351
Other market debt	2	-102,610	-102,324	-114,974	-102,241
Loan stock	2	-7,253	-9,428	-7,253	-9,790
Transferred Debt	2	-2,173	-2,144	-2,263	-2,297
Short-term creditors		-62,186	-62,186	-57,088	-57,088
Bank Overdraft		-6,750	-6,750	-0	0
<b>Subtotal</b>		<b>-898,294</b>	<b>-832,795</b>	<b>-841,522</b>	<b>-767,802</b>
PFI & lease liabilities		<b>-82,498</b>		-88,174	
<b>Total</b>		<b>-980,793</b>		<b>-929,696</b>	

The fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2026, using the following methods and assumptions:

- Loans from the Public Works Loan Board (PWLB) have been valued by discounting the contractual cash flows over the life of the instrument at the appropriate market rate for local authority loans.

- Discount rates for “Lender’s Option Borrower’s Option” (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- The fair values of other market debt, loan stock and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March 2026.
- No early repayment or impairment is recognised for any financial instrument.
- Note that, following the implementation of IFRS 16, disclosure of fair values are no longer required for finance lease or PFI scheme liabilities.

The above fair values are judged to be Level 2 in the fair value hierarchy, using significant observable inputs.

The fair value of liabilities is less than the carrying amount because the Council’s portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2026) arising from a commitment to pay interest to lenders below current market rates.

## 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 other parties might fail to pay amounts due to the Council.
- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments.
- Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and other financial market movements.

The Council complies with CIPFA’s Code of Practice on Treasury Management in the Public Services and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021. In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Treasury Management Strategy includes an Investment Strategy in compliance with the Statutory Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council’s Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

Full details of the Council’s Treasury Management Strategy for 2025/26 can be found on the Council’s website.

### Credit Risk

Credit risk arises from deposits with banks and other financial institutions, as well as credit exposures to the Council’s customers. The risk is minimised through the Annual Investment Strategy which requires that deposits are not made with counterparties unless they meet the minimum criteria set out in the strategy and also considers the maximum time and amounts of investments with each institution.

The full Investment Strategy for 2025/26 was approved by the Council on 5 March 2025 and is available on the Council’s website.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

**Table 49: Credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity**

Credit rating	31/03/2026 Short-term £000	31/03/2025 Short-term £000
AAA	20,197	29,900
AA-	0	17,950
A+	0	753
<b>Total</b>	<b>20,197</b>	<b>48,603</b>

The investments detailed above are for cash flow purposes, made up entirely of cash equivalents with no short-term investments. Cash equivalents by definition are highly liquid deposits with an insignificant risk of change in value. The Council did not make any investments of a treasury management nature longer than three months in 2025/26.

The Council's maximum exposure to credit risk in relation to the above balances 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.

The Council does not generally allow credit for customers and trade debts are actively pursued. As at 31 March 2026, the Council had a balance owing from its customers (mainly services and rent) of £71.5 million (£69.8 million 31 March 2025). This is the short term debtor total of £149.9m (2024/25 £139.1m) less non-financial instrument and non-customer debtors totalling £78.4m (2024/25 £69.3m). The exposure to default has been assessed and is reflected in a bad debt provision of £7.2 million (£6.7 million 31 March 2025). Of the trade debtors outstanding as at 31 March 2026 of £15.0 million (£34.9m sundry debtor total less £19.8m relating to residential care), 77% (2024/25 74%) relate to outstanding debt due within 3 months of the Balance Sheet date, 4% (2024/25 8%) within 3 to 6 months, 5% (2024/25 5%) within 6 to 12 months and 14% (2024/25 13%) more than 12 months. The Council's credit risk on its lending arrangements for long term debtors is assessed and is reflected in an impairment provision of £9.2 million (2024/25 £8.7 million) against long term debtors of £34.9m (2024/25 £46.9m).

## Liquidity Risk

As well as keeping cash in instant access deposit accounts, the Council has ready access to borrowings from the Public Works Loan Board. Because of this, there is no significant risk that it will be unable to raise finance to meet its commitments. Instead, the risk is that the Council will be bound to replenish its borrowings at less favourable rates or, alternatively, liquidate its investments at more favourable rates. The strategy is to ensure that the loan repayment profile is even with no more than 20% of loans due to mature within one year.

The Council holds £20.2 million (£48.6 million 31 March 2025) of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

The maturity analysis of financial instruments is shown below:

Table 50: Maturity analysis of financial instruments

Time to maturity (years)	Liabilities 31/03/26 £000	Assets 31/03/26 £000	Net 31/03/26 £000	Liabilities 31/03/25 £000	Assets 31/03/25 £000	Net 31/03/25 £000
Less than one year	-183,397	86,069	-97,329	-148,044	114,062	-33,982
Between 1 and 2 years	-100,922	4,252	-96,670	-58,692	10,737	-47,955
Between 2 and 5 years	-197,999	11,243	-186,756	-163,108	13,175	-149,933
Between 5 and 10 years	-185,552	16,434	-169,118	-186,181	16,000	-170,181
Between 10 and 20 years	-106,438	212	-106,226	-122,433	1,740	-120,693
More than 20 years	-206,486	6,503	-199,982	-251,238	6,450	-244,788
<b>Total</b>	<b>-980,793</b>	<b>124,712</b>	<b>-856,081</b>	<b>-929,696</b>	<b>162,164</b>	<b>-767,532</b>

The above analysis assumes that Lender Option, Borrower Option loans (LOBOs – see below) run their full term.

The Council has a general target of paying all trade and other payables within 30 days.

## Market Risk

### Interest Rate Risk

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

- Borrowings at variable rates – the interest expense charged to the CIES will rise.
- Borrowings at fixed rates – the fair value of the liabilities will fall.
- Investments at variable rates – the interest income credited to the CIES will rise.
- Investments at fixed rates – the fair value of the assets will fall.

During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans may be repaid to limit exposure to losses.

The Treasury Management Strategy is proactive, providing for the constant assessment of interest rate exposures and deciding whether new borrowing taken out is fixed or variable.

As at 31 March 2026, investments held by the Council for cash flow purposes were entirely at variable rates for instant access. In terms of borrowing, the Council held £30.8 million debt in the form of LOBOs which equates to 4% of its total borrowing. LOBO agreements have periodic option dates on which lenders can opt to change the interest rate on a loan. If lenders exercise their option then the Council can either repay the loan (at no extra cost) or agree to the change of interest rate for the remaining term of the loan or until the lender chooses to exercise the option again. All LOBO debt is exposed to variable rates through lender options. A 1% rise in interest rates with all other variables held constant would increase interest costs by £0.8 million over the next 12 months, while it would reduce the fair value of fixed rate loans by £40.6m (no impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure).

### Price Risk

The Council does not generally invest in equity shares but does have shareholdings to the value of £0.9 million in a number of joint ventures. Similarly, the Council holds an investment in the LCR Revolving Investment Fund currently valued at £3.3m. The Council is consequently exposed to losses arising from movements in the values of the shares and its investment. As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio.

The equity shares and the investment are classified as “fair value through other comprehensive income – designated equity instruments”, meaning that any movements in fair value will not be recognised in the CIES, instead movements will be shown in the Financial Instruments Revaluation Reserve.

The Council holds investment units with the CCLA Property Fund which is subject to the risk of falling commercial property prices. The fund has been classified as fair value through profit and loss, however the Council has chosen to use the statutory override as allowed by CIPFA to allocate to fair value through other comprehensive income, therefore any gains or losses on prices will be charged to Financing and Investment Income and Expenditure line in the CIES which is then transferred to the Pooled Fund Adjustment Account. The override has been extended to March 2029.

### Foreign Exchange Risk

The Council has no material financial assets or liabilities denominated in foreign currencies. In this way, the Council has little exposure to loss arising from movements in exchange rates.

## 20. Long Term Debtors

This note identifies amounts owing to the Council which are being repaid over various periods longer than one year.

Table 51: Long Term Debtors

Long term debtors	31/03/2026 £000	31/03/2025 £000
Kirklees College	10,731	11,583
PFI Prepayments (i)	2,678	2,937
Finance Leases (ii)	3,388	3,391
Charges on Property for Residential Care	3,507	2,913
Renewable Energy	1,685	1,779
103 New Street	12,247	12,247
Kirklees Stadium Development Ltd	0	4,321
Kingsgate Phase 2	0	7,500
Other	655	704
<b>Total</b>	<b>34,891</b>	<b>47,375</b>
Impairment Provision	-6,246	-9,172
<b>Net Long-Term Debtors</b>	<b>28,465</b>	<b>38,203</b>

(i) Under the terms of the PFI contracts, the Council makes prepayments which the contractor puts into sinking funds which will be used to meet future costs incurred in the schemes.

(ii) Relates to obligations outstanding from lessees on leases judged to be finance leases.

## 21. Inventories

Table 52: Inventories

Inventories	Consumable Stores and Maintenance Materials £000	Construction Costs (i) £000	Rechargeable Work in Progress £000	Total £000
<b>Balance 1 April 2025</b>	2,929	3,736	138	6,803
Purchases	7,474	18,091	0	25,564
Recognised as an expense in the year	-7,225	0	0	-7,225
Adjustments	-158	0	0	-158
Movement in Work in Progress	0	0	120	120
<b>Balance 31 March 2026</b>	<b>3,020</b>	<b>21,827</b>	<b>258</b>	<b>25,105</b>

(i) Construction costs balance at 31 March 2026 is made up of £14.6m in relation to a new school in Almondbury (£1.9m at 31 March 2025) and £7.2m in relation to a new bus station in Heckmondwike (£1.8m at 31 March 2025).

## 22. Short Term Debtors

Table 53: Short Term Debtors

Short term debtors	31/03/2026 £000	31/03/2025 £000
Central government bodies	20,388	16,660
Other local authorities	4,631	5,123
NHS bodies	4,542	5,523
Capital debtors	17,856	19,368
Payments in advance	15,805	13,400
Other entities and individuals	86,666	79,011
<b>Total</b>	<b>149,888</b>	<b>139,085</b>
Bad debt provision – Other entities and individuals	-37,884	-35,308
<b>Net Short-Term Debtors</b>	<b>112,004</b>	<b>103,777</b>

The Capital debtors' figure of £17.9 million includes grants owed at 31 March 2026 of £2.5 million to West Yorkshire Combined Authority (WYCA) City Region Transport (£3.8 million in 2024/25), £2.7 million to WYCA Transport Fund (£8.2 million in 2024/25) and £7.4m to WYCA Transforming Cities Fund (£3.0m in 2024/25).

## 23. Cash and Cash Equivalents

Table 54: Cash and Cash Equivalents

Cash and cash equivalents	31/03/2026 £000	31/03/2025 £000
Cash held by the Council	24	40

Cash and cash equivalents	31/03/2026 £000	31/03/2025 £000
Bank Current Accounts	0	741
Instant access deposit accounts/investments that mature within 90 days or less	20,381	48,865
<b>Total</b>	<b>20,405</b>	<b>49,646</b>
Bank overdraft considered to be an integral part of cash management	-6,750	0

## 24. Short Term Creditors

Table 55: Short Term Creditors

Short term creditors	31/03/2026 £000	31/03/2025 £000
Central government bodies	-13,856	-17,028
Other local authorities	-1,925	-2,518
NHS bodies	-239	-86
Capital creditors	-4,260	-294
Accumulated absences	-11,093	-12,868
Receipts in advance	-15,614	-16,681
Other entities and individuals	-56,372	-56,257
<b>Total</b>	<b>-103,359</b>	<b>-105,732</b>

## 25. Provisions

Table 56: Provisions

Provisions	Insurance £000	Business Rate Appeals £000	Housing Disrepair Claims £000	Total £000
Balance at 1 April 2025	-10,982	-2,013	-2,233	-15,228
Additional provision made in 2025/26	-4,427	-1,497	0	-5,924
Amounts used in 2025/26	5,103	966	738	6,807
Amounts reversed in 2025/26	510	0	0	510
<b>Balance at 31 March 2026</b>	<b>-9,796</b>	<b>-2,544</b>	<b>-1,495</b>	<b>-13,835</b>

The insurance provision covers obligations arising from claims relating to Employer's Liability, Public Liability, Motor, Fire and miscellaneous risks. The nature of insurance claims, particularly liability claims, means that there can be significant lead in times as claimants do not need to lodge claims for some time after the event occurred. For each insurance claim received an expected value is calculated based on best known estimates at the time. The figures are derived from those calculated during the latest three-yearly actuarial valuation (2024/25). The short-term element of this provision is estimated based on the percentage of claims paid out in the previous year.

Amounts have been set aside within the Council's reserves to cover uninsured and unexpected losses which may arise from possible claims for third party asbestos, flooding and environmental impairment (pollution). It is not possible to state with any certainty the amount or timing of the likely use of the reserve due to the nature of the risks covered.

Councils are liable for a share of any repayments to ratepayers as a result of reductions in Rateable Value (RV) arising from successful appeals against rates charged. Appeals are determined by the Valuation Office Agency and can go back a number of years.

The Housing Disrepair Claims provision covers claims from tenants against the HRA for failing to repair properties to the correct standard.

The split between long term and short-term provisions is as follows:

Table 57: long term and short-term provisions

Long-term and Short-term provisions	Short Term Provisions £000	Long Term Provisions £000	Total Provisions £000
Balance at 31 March 2026	-5,405	-8,429	-13,834
Balance at 1 April 2025	-6,400	-8,828	-15,228

## 26. Other Long-Term Liabilities

Table 58: Other Long-Term Liabilities

Other Long-Term Liabilities	31/03/2026 £000	31/03/2025 £000
Deferred Liabilities (mainly outstanding PFI finance lease obligations)	-77,035	-82,235
Net Liability Related to Defined Benefit Pension Scheme	-46,441	-47,225
Long Term Provisions	-8,429	-8,828
<b>Total</b>	<b>-131,905</b>	<b>-138,288</b>

The Net Liability Related to Defined Benefit Pension Scheme only includes the LGPS Unfunded and Teachers pensions schemes in 2025/26 as the LGPS Funded pension scheme was a net Pension Asset as at 31 March 2026, restricted to zero per IFRIC14. Note 41 on retirement benefits provides further detail.

## 27. Usable Reserves

Movement in the Council's usable reserves are detailed in the Statement of Movement in Reserves, Note 10 Adjustments between accounting basis and funding basis under regulations and Note 11 Transfers to and from Earmarked Reserves.

## 28. Unusable Reserves

Some of the Council's reserves are required to comply with proper accounting practice and are not usable reserves available to meet revenue or capital expenditure. These are listed as follows:

Table 59: Unusable reserves

Unusable reserves	31/03/2026 £000	31/03/2025 £000
Capital Adjustment Account	-655,014	-637,434
Revaluation Reserve	-310,661	-277,810
Pensions Reserve	46,441	47,225
Financial Instruments Revaluation Reserve	-1,209	-1,126
Financial Instruments Adjustment Account	-7,796	1,873
Pooled Fund Adjustment Account	1,307	1,306
Deferred Capital Receipts Reserve	-3,391	-3,395
Collection Fund Adjustment Account	10,383	10,142
Accumulated Absences Account	11,093	12,868
Dedicated Schools Grant Adjustment Account	79,889	63,946
<b>Total Unusable Reserves</b>	<b>-828,958</b>	<b>-782,405</b>

The Dedicated Schools Grant Adjustment Account was created on 1 April 2020 following new provisions put in place by the School and Early Years Finance (England) Regulations 2020 and Local Authority Finance Regulations. These regulations require the Council to carry forward a deficit on the Dedicated Schools Grant (DSG) from the current and previous years to be dealt with from future DSG income up to 2027/28. The Council must record the deficit in an unusable reserve created solely for the purpose of recording deficits relating to its school's budget.

The Dedicated Schools Grant Adjustment Account negative balance of £79.9 million as at 31 March 2026 includes a £82.2 million High Needs deficit carried forward on the Balance Sheet to be funded by future DSG income as per updated statutory guidance. The remaining surplus balance of £2.3 million includes net savings on Early Years and Central School Services budgets in 2025/26.

Details of the movements on the Capital Adjustment Account, Revaluation Reserve and Pensions Reserve are detailed below.

The purpose of the other reserves is explained in the Glossary and the movements of the larger ones are detailed in Note 10.

## 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 debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Property. It also contains the revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date the Revaluation Reserve was created to hold such gains.

Table 60: Capital Adjustment Account

Capital Adjustment Account	2025/26 £000	2024/25 £000
Balance at 1 April	-637,434	-673,668
<b>Capital financing applied in the year:</b>		
Use of Capital Receipts Reserve to finance new capital expenditure	-15,153	-14,375
Use of Capital Receipts Reserve to repay debt	-8,468	-921
Use of the Major Repairs Reserve to finance new capital expenditure	-24,661	-23,976
Capital grants and contributions credited to the CIES that have been applied to capital financing	-50,160	-43,963
Application of grants to capital financing from the Capital Grants Unapplied Account	-42,902	-22,063
Statutory provision (MRP) for the financing of capital investment charged against the General Fund, HRA Balances and Major Repairs Reserve	-18,097	-13,839
Capital expenditure charged against the General Fund and HRA Balances	-8,389	-7,616
<b>Sub-total</b>	<b>-805,264</b>	<b>-800,421</b>
Charges for depreciation and impairment of non-current assets	71,888	70,085
Amortisation of intangible assets	1,262	765
Revaluation losses on PPE	33,535	50,322
Revaluation gains on PPE	-18,230	-16,143
Movements in the market value of Investment Property	-2,025	11,153
Revenue expenditure funded from capital under statute (REFCUS)	27,928	35,397
Amounts of non-current assets written off on disposal or sale	40,509	19,301
Adjusting amounts written out of the Revaluation Reserve	-12,481	-8,633
Donated asset	-2,300	0
Long-term debtors written down	8,579	969
Financial Instruments impairment charge	1,585	-229
<b>Balance at 31 March</b>	<b>-655,014</b>	<b>-637,434</b>

## Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Table 61: Revaluation Reserve

Revaluation Reserve	2025/26 £000	2024/25 £000
Balance at 1 April	-277,810	-301,706
Upward revaluation of assets	-70,560	-28,898
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	25,228	44,160
<b>Total</b>	<b>-323,142</b>	<b>-286,444</b>
Difference between fair value depreciation and historical cost depreciation	5,501	4,870
Accumulated gains on assets sold or scrapped	6,980	3,764
<b>Balance at 31 March</b>	<b>-310,661</b>	<b>-277,810</b>

## Pensions Reserve

This 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 CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, charging assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

Table 62: Pensions Reserve

Pensions Reserve	2025/26 LGPS £000	2025/26 Teachers £000	2025/26 Total £000	2024/25 LGPS £000	2024/25 Teacher s £000	2024/25 Total £000
Balance at 1 April	14,775	32,450	47,225	-127,276	36,839	-90,437
Pension cost payable to Pension Fund	-45,030	-3,715	-48,745	-45,779	-3,700	-49,479
Remeasurement of net pension position	2,412	2,527	4,939	144,161	-2,370	141,791
Reversal of IAS19 entries	41,246	1,776	43,022	43,669	1,681	45,350
<b>Balance at 31 March</b>	<b>13,403</b>	<b>33,038</b>	<b>46,441</b>	<b>14,775</b>	<b>32,450</b>	<b>47,225</b>

## 29. Cash Flow - Operating Activities

The cash flows for operating activities include the following items:

Table 63: Cash Flow - Operating Activities

Operating Activities	2025/26 £000	2024/25 £000
Interest received	-5,253	-4,835
Interest paid	39,453	37,997
Dividend received	-459	-597
Sale of Looking Local shares	0	-1,321

## 30. Cash Flow - Adjustments to net surplus or deficit on the provision of services for non-cash movements

Table 64: Cash Flow - Adjustments to net surplus or deficit on the provision of services for non-cash movements

Adjustments to net surplus or deficit on the provision of services for non-cash movements	2025/26 £000	2024/25 £000
Pension adjustments	5,723	4,129
Depreciation, impairment and amortisation	-73,150	-70,448
Revaluation gains/losses	-13,280	-51,704
Carrying amount of non-current assets sold or de-recognised	-40,509	-19,301
Movements on -		
Provisions	1,394	<b>-2,735</b>
Inventories	18,302	2,207
Revenue debtors (including bad debt provision)	10,363	7,228
Revenue creditors	3,964	-14,130
Discounts	10,487	0
Other non-cash items	582	568
<b>Total non-cash movements</b>	<b>-76,124</b>	<b>-144,186</b>

## 31. Cash Flow - Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities

Table 65: Cash Flow - Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities

Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	2025/26 £000	2024/25 £000
Capital grants	65,059	51,427
Proceeds from the sale of Property, Plant and Equipment (PPE), Investment Property and Intangible Assets	20,050	15,489
<b>Total</b>	<b>85,109</b>	<b>66,916</b>

Table 66: Cash Flow - Reconciliation of Liabilities arising from Financing Activities

Cash flow	2025/26 At 1 April £000	2025/26 Financing cashflows £000	2025/26 Noncash changes £000	2025/26 At 31 March £000	2024/25 At 1 April £000	2024/25 Financing cashflows £000	2024/25 Noncash changes £000	2024/25 At 31 March £000
Long term borrowing	698,851	32,021	-10,511	<b>720,361</b>	641,063	57,792	-4	<b>698,851</b>
Short term borrowing	83,319	21,279	2,227	<b>106,825</b>	73,305	10,014	0	<b>83,319</b>

Cash flow	2025/26 At 1 April £000	2025/26 Financing cashflows £000	2025/26 Noncash changes £000	2025/26 At 31 March £000	2024/25 At 1 April £000	2024/25 Financing cashflows £000	2024/25 Noncash changes £000	2024/25 At 31 March £000
PFI & finance lease liabilities	90,437	-8,390	2,623	<b>84,671</b>	77,635	-8,085	20,887	<b>90,437</b>
<b>Total liabilities from</b>	872,607	44,911	-5,661	<b>911,857</b>	792,003	59,721	20,883	<b>872,607</b>

## 32. External Audit Costs

Grant Thornton is the Council's appointed Auditor for the audit of the Statement of Accounts.

The fees payable were as follows:

Table 67: External Audit Costs

External Audit Costs	2025/26 £000	2024/25 £000
External audit services – scale fee	476	473
Certification of grant claims and returns services	61	102
<b>Total payable to Grant Thornton</b>	<b>537</b>	<b>575</b>

## 33. Pooled Funds

Section 75 of the National Health Service Act 2006 and the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 enable the establishment of joint working arrangements between NHS bodies and local authorities. Pooled funds allow health bodies and local authorities to work collaboratively to address specific local health issues.

### Integrated Community Equipment Service

In 2003/04, the Council in association with the local Integrated Care Board (ICB) (formerly Clinical Commissioning Group/Primary Care Trusts) established an Integrated Community Equipment Service. The partners contribute funds to the agreed budget and there is no fixed split of contributions. These are negotiated and agreed between the parties each year. The pooled budget is hosted by the Council on behalf of the partners to the arrangement. The Council accounts for the pool as a whole, along with the Adults and Children's contributions to the pool.

Table 68: Integrated Community Equipment Service Pooled Funds

Integrated Community Equipment Service	2025/26 £000	2024/25 £000
<b>Funding provided to the pooled budget</b>		
Kirklees Council – Adults	-941	-1,913
Kirklees Council – Children	-451	-500
West Yorkshire Integrated Care Board (WYICB)	-2,951	-1,804
<b>Total Funding</b>	<b>-4,343</b>	<b>-4,217</b>

<b>Integrated Community Equipment Service</b>	<b>2025/26 £000</b>	<b>2024/25 £000</b>
<b>Expenditure met from the pooled budget</b>		
Kirklees Council – Adults	335	1,327
Kirklees Council – Children	394	466
West Yorkshire Integrated Care Board (WYICB)	2,779	1,793
<b>Total Expenditure</b>	<b>3,508</b>	<b>3,586</b>
Net surplus arising on pooled budget during the year	-835	-631
<b>Council share of the net surplus arising on the pooled budget</b>	<b>-663</b>	<b>-620</b>

## Better Care Fund

Introduced with effect from the 2015/16 financial year, the Better Care Fund was established by the Government to drive closer integration with health services and improve outcomes for patients and service users. The Council in association with the local ICBs established a pooled budget to deliver the aims of the Better Care Fund in Kirklees. The pooled budget is hosted by the Council on behalf of the partners to the arrangement. The Council accounts for the gross contribution less amounts retained for ICB commissioned services.

Table 69: Better Care Fund Pooled Funds

<b>Better Care Fund</b>	<b>2025/26 £000</b>	<b>2024/25 £000</b>
<b>Funding provided to the pooled budget</b>		
Kirklees Council	-26,483	-31,918
West Yorkshire Integrated Care Board (WYICB)	-42,121	-41,269
<b>Total Funding</b>	<b>-68,604</b>	<b>-73,187</b>
<b>Expenditure met from the pooled budget</b>		
Kirklees Council	52,788	56,297
West Yorkshire Integrated Care Board schemes (WYICB)	15,816	16,890
<b>Total Expenditure</b>	<b>68,604</b>	<b>73,187</b>
Net surplus arising on pooled budget during the year	0	0
<b>Council share of the net surplus arising on the pooled budget</b>	<b>0</b>	<b>0</b>

## 34. Officers' Remuneration

The number of employees whose remuneration was £50,000 or more was as follows. This table includes Senior Officers who are disclosed in the next part of the note:

Table 70: Officers' Remuneration

<b>Remuneration Band (£)</b>	<b>2025/26 Schools</b>	<b>2025/26 Other</b>	<b>2024/25 Schools</b>	<b>2024/25 Other</b>
50,000 - 54,999	247	354	183	244

Remuneration Band (£)	2025/26 Schools	2025/26 Other	2024/25 Schools	2024/25 Other
55,000 - 59,999	136	186	108	130
60,000 - 64,999	79	75	64	54
65,000 - 69,999	49	17	37	9
70,000 - 74,999	34	16	26	22
75,000 - 79,999	19	3	29	5
80,000 - 84,999	20	8	22	6
85,000 - 89,999	18	8	15	10
90,000 - 94,999	10	6	9	4
95,000 - 99,999	8	4	1	1
100,000 - 104,999	2	1	1	2
105,000 - 109,999	1	2	4	0
110,000 - 114,999	2	1	2	8
115,000 - 119,999	2	7	1	0
120,000 - 124,999	2	0	1	1
125,000 - 129,999	0	0	0	1
130,000 - 134,999	1	0	0	0
135,000 - 139,999	0	0	0	1
140,000 - 144,999	0	1	0	0
145,000 - 149,999	0	1	1	2
150,000 - 154,999	0	2	0	0
155,000 - 159,999	1	0	1	0
160,000 - 164,999	1	0	0	0
165,000 - 169,999	0	0	0	0
170,000 - 179,999	0	0	0	1
180,000 - 189,999	0	1	0	0
<b>Total</b>	<b>632</b>	<b>693</b>	<b>505</b>	<b>501</b>

The remuneration figures includes any severance costs but exclude employer's pension contributions. It should be noted that 0 employees received redundancy payments in 2025/26 (2024/25 3 employees) exceeding the £50,000 remuneration band, who would not normally have done so.

The note excludes employees of Voluntary Aided and Trust Schools as they are employed by the School Governors, not the Council, even though payments are made by the Council.

The following table sets out the remuneration disclosures for the Council's Senior Officers (Directors' Group, s151 and Monitoring Officer), whose full-time equivalent salary is equal to or more than £50,000 per year. The definition of Senior Officers are those officers who have statutory responsibilities and/or are responsible for strategic decisions in the Council. In line with statutory regulations, officers with a salary of £150,000 or more per year are named.

## Senior Officers' emoluments

Table 71: Senior Officers' emoluments 2025/2026

Post holder information (Post title) 2025/26	Salary including fees & allowances £000	Compensation for loss of office £000	Total Remuneration Excluding pension contributions £000	Employers pension contributions (1) £000	Total Remuneration including pension contributions £000
Chief Executive - Steve Mawson	185,369	0	185,369	29,081	214,450
Executive Director, Place – David Shepherd	153,684	0	153,684	24,128	177,812
Deputy Chief Executive Officer, Executive Director, Public Health & Corporate Resources – Rachel Spencer-Henshall	153,684	0	153,684	23,642	177,326
Executive Director, Adults & Health	140,868	0	140,868	22,116	162,984
Executive Director, Children & Families	146,213	0	146,213	22,955	169,168
Service Director - Finance, Transactional Services (s151 Officer)	109,381	0	109,381	17,173	126,554
Service Director - Governance & Commissioning (Monitoring Officer)	108,955	0	108,955	17,106	126,061

Table 72 Senior Officers' emoluments 2024/25

Post holder information (Post title) 2024/25	Salary including fees & allowances £000	Compensation for loss of office £000	Total Remuneration Excluding pension contributions £000	Employers pension contributions (1) £000	Total Remuneration including pension contributions £000
Chief Executive - Steve Mawson	173,855	0	173,855	27,469	201,324
Executive Director, Adults & Health (2)	38,994	0	38,994	7,277	46,271
Executive Director, Children & Families	138,278	0	138,278	21,848	160,126
Deputy Chief Executive Officer, Executive Director, Public Health & Corporate Resources	148,919	0	148,919	23,529	172,448
Executive Director, Place	147,385	0	147,385	23,280	170,665
Service Director - Governance & Commissioning (Monitoring Officer) (3)	84,146	0	84,146	13,295	97,441
Service Director - Finance, Transactional Services (s151 Officer) (4)	89,755	0	89,755	14,181	103,936

(1) No added years pensions were provided for Senior Officers.

(2) The Executive Director, Adults & Health commenced on the 18<sup>th</sup> of December 2024.

(3) The Monitoring Officer, commenced on the 27<sup>th</sup> of May 2024

(4) Service Director – Finance, Transactional Services (s151 Officer), commenced on the 6<sup>th</sup> of May 2024.

It should be noted that the 2024/25 figures for senior officer's emoluments only relate to individuals who continued to be employed in 2025/26 and will exclude those who left the Council in 2024/25. This is because the requirements of this note are specific to employees qualifying for the current year, not for persons who left the Council in the prior year.

## Exit Packages and Termination Benefits

Exit packages include compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs. Pension strain arises when an employee retires early without actuarial reduction of their pension.

Table 73: Exit Packages and Termination Benefits 2025/2026

Exit package cost band 2025/2026	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £000	Split of exit packages (Termination Benefit) £000	Split of exit packages (Pension Strain) £000
£0 - £20,000	0	6	6	41	33	8
£20,001 - £40,000	0	2	2	54	41	13
<b>Total</b>	<b>0</b>	<b>8</b>	<b>8</b>	<b>95</b>	<b>74</b>	<b>21</b>

Table 74 Exit Packages and Termination Benefits 2024/2025

Exit package cost band 2024/2025	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band	Total cost of exit packages in each band £000	Split of exit packages (Termination Benefit) £000	Split of exit packages (Pension Strain) £000
£0 - £20,000	0	22	22	195	150	45
£20,001 - £40,000	0	12	12	331	276	55
£40,001 - £60,000	0	0	0	0	0	0
£60,001 - £80,000	0	6	6	419	148	271
£80,001 - £100,000	0	1	1	92	29	63
£100,001 - £150,000	0	1	1	127	33	94
<b>Total</b>	<b>0</b>	<b>42</b>	<b>42</b>	<b>1164</b>	<b>636</b>	<b>528</b>

## 35. Deployment of 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 2023. The Schools Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Table 75: Deployment of Dedicated Schools Grant

Deployment of Dedicated Schools Grant receivable	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2025/26 before recoupment			-543,440
Academy and High Needs figure recouped for 2025/26			244,139
Total DSG after recoupment for 2025/26			-299,301
Plus brought forward from 2024/25			0
Less carry forward to 2026/27 agreed in advance			0
Agreed initial budgeted distribution for 2025/26	-116,566	-182,735	-299,301
In year adjustments	-1,319	-405	-1,725
<b>Final budget distribution for 2025/26</b>	<b>-117,885</b>	<b>-183,140</b>	<b>-301,026</b>
Less actual central expenditure	135,497		135,497
Less actual ISB deployed to schools		183,140	183,140
Plus Local authority contribution for 2025/26	-2,150	0	-2,150
<b>In Year Carry-forward to 2026/27</b>	<b>15,462</b>	<b>0</b>	<b>15,462</b>
Plus Carry-forward to 2026/27 agreed in advance			0
Carry-forward to 2026/27			0
DSG unusable reserve at the end of 2024/25			63,946
Adjustment to opening reserve			481
Addition to DSG unusable reserve at the end of 2025/26			15,462
<b>Total of DSG unusable reserve at the end of 2025/26</b>			<b>79,889</b>
<b>Net DSG position at the end of 2025/26</b>			<b>79,889</b>

## 36. Related Party Transactions

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 stakeholders 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 transact freely with the Council.

Where members have an interest in companies or other organisations, details of such interest are recorded in the Register of Members' Interests which is open to public inspection and can be found on the Council's website. Members are also required to disclose personal and prejudicial interests in matters being considered at meetings at which they are present. Officers also have a duty to declare any interests which could conflict with those of the Council.

The following members and officers held positions of control or significant influence in related parties to the Council during 2025/26.

### i) Elected Members and Chief Officers

There were 4 material disclosures to declare for 2025/26, 4 relating to Elected Members and 1 Chief Officer.

A Councillor and an Officer were Directors of Creative Media Centres Ltd. The Council has given a loan to the Company which as at 31 March 2026, £0.143 million was outstanding (£0.153 million as at 31 March 2025).

Two Councillors were Directors of Kirklees Community Association (KCA). In 2025/26, the Council received £0.286 million from KCA.

Three Councillors were Directors of C & K Careers Ltd (previously known as Calderdale & Kirklees Careers Ltd). In 2025/26, the Council made payments of £1.818 million to the company and received £0.001 million from it.

A Councillor was a Director for Local Services 2 You Ltd, a Social Enterprise organisation delivering a range of local Services and facilities for the benefit of residents in a local ward of Huddersfield. In 2025/26 the Council made payments of £0.838 million to the enterprise.

There were 14 additional companies where Councillors had control however there were no material transactions with the Council during 2025/26.

## ii) Companies

The Council has a number of interests in companies. The main transactions were as follows (payments and receipts shown gross):

Table 76: Related party transactions - companies

Companies	2025/26 Receipts from the companies £000	2024/25 Receipts from the companies £000	2025/26 Payments to the companies £000	2024/25 Payments to the companies £000	31/03/2026 Net amounts owed to/by (-) the Council £000	31/03/2025 Net amounts owed to/by (-) the Council £000
C & K Careers Ltd	-1	-2	1,818	1,766	-2	-101
Kirklees Active Leisure	-893	-1,091	2,463	2,766	-1	82
Kirklees Community Association	-286	-235	0	0	55	51
Kirklees Theatre Trust	-11	-15	211	215	2	-4
North Huddersfield Trust	-435	-522	7	11	7	-2
Kirklees School Services Ltd	0	0	26,705	31,256	-39	-50
QED (KMC) Holdings Ltd	0	0	4,093	4,241	3	3
Suez Recycling & Recovery Kirklees Ltd	-2	6	27,519	24,910	-87	-5

The following related party transactions are disclosed elsewhere in the accounts:

- The UK Central Government exerts significant influence through legislation and grant funding (see [Note 37](#)).
- NHS Bodies (see Notes [33](#) and [37](#)).

- Precepting authorities (see the CIES and the Collection Fund Income and Expenditure Statement). The Council also pays Joint Committees for providing services such as Trading Standards and West Yorkshire Combined Authority. Payments in 2025/26 amounted to £19.6 million (2024/25 £19.4 million) and income of £0million (£6.4 million in 2024/25).
- A Parish Council has also invested funds with the Council. As at 31 March 2026, £0.165 million (£0.189 million at 31 March 2025) was invested.
- Pension Fund (see [Note 41](#)).
- PFI Transactions with Suez Recycling and Recovery Kirklees Ltd, Kirklees School Services Ltd and QED (KMC) Holdings Ltd (see [Note 40](#)).

During 2025/26 the Council removed loans of £4.3m to Kirklees Stadium Development Ltd (KSDL) as part of the disposal of its shareholding in the company. A full impairment allowance had previously been recognised and therefore there was no impact on the Comprehensive Income and Expenditure Statement or reserves position during the year.

## 37. Grant Income

The Council credited the following grants and contributions to the CIES:

Table 77: Grant Income

Grant Income	2025/26 £000	2024/25 £000
<b>Credited to Taxation and Non Specific Grant Income:</b>		
<b>Revenue</b>		
Revenue Support Grant (RSG)	-17,073	-16,517
NNDR Top up Grant	-31,986	-31,670
PFI Grants	-8,115	-8,139
Business Rates Relief	-32,156	-32,447
Services Grant	0	-577
Employer NIC Grant	-3,518	0
Recovery Grant	-8,396	0
Other Non-Specific Grants (under £2 million)	-1,186	-3,358
<b>Non ring-fenced Government Grants</b>	<b>-102,430</b>	<b>-92,708</b>
Donated Asset	-2,300	0
<b>Sub total Revenue</b>	<b>-104,730</b>	<b>-92,708</b>
<b>Capital Grants and Contributions</b>		
Standards Fund	-6,979	-2,698
MHCLG – Towns Fund	-5,178	-1,717
DfT – Transforming Cities Fund	-11,724	-4,736
Trees for Climate	0	-3,716
Levelling Up Fund	-3,898	-2,633

<b>Grant Income</b>	<b>2025/26 £000</b>	<b>2024/25 £000</b>
Green Heat Network	-3,600	-3,600
West Yorkshire Combined Authority	0	-2,218
City Region Sustainable Transport Settlement	-10,093	-12,778
West Yorkshire Transport Fund	-10,875	-5,271
Emergency Active Travel	-2,677	-963
Pot Hole Grant	-2,948	-1,290
Other Capital Grants and Contributions (under £2 million)	-7,088	-10,206
<b>Sub total Capital</b>	<b>-65,060</b>	<b>-51,826</b>
<b>Total Grant Credited to Taxation and Non Specific Grant Income</b>	<b>-169,790</b>	<b>-144,534</b>
<b>Credited to Services:</b>		
<b>Revenue</b>		
Dedicated Schools Grant	-298,818	-274,519
DWP – Rent Allowance	-23,931	-30,302
DWP – Rent Rebate	-21,436	-29,524
Department of Health Grant (Public Health)	-30,980	-30,081
Integrated Care Boards (ICBs) – Better Care Fund	-26,143	-24,591
Integrated Care Boards (ICBs) – Other	-2,742	-4,267
MHCLG – Better Care Grant	-21,986	0
Improved Better Care Fund (IBCF)	0	-17,822
Adult Social Care Discharge Fund	0	-4,164
Social Care Support Grant	-46,081	-39,140
Market Sustainability and Fair Cost of Care	-8,137	-8,137
Pupil Premium Grant	-11,494	-12,094
Teachers Pay/Pension Grants	-8,368	-11,814
Universal Infant Free School Meals Grant	-2,899	-3,130
Contribution to School Budget	-2,053	-3,872
Schools Grants - Other	-3,434	-4,831
PFI Grant (ring fenced to HRA)	-7,912	-7,912
DWP Household Support Fund	-6,821	-7,658
Asylum Seekers	-3,269	-3,168
West Yorkshire Combined Authority	-2,240	-9,921
Home Office	-2,043	-2,799
Substance Misuse Treatment/Recovery Grant	-3,227	-2,200
Troubled Families	-2,248	-2,271

<b>Grant Income</b>	<b>2025/26 £000</b>	<b>2024/25 £000</b>
Homelessness Prevention Grant	-2,269	-1,483
EPR - DEFRA	-6,694	0
Social Care Prevention	-2,104	0
High Needs Funding	-9,257	0
Other Revenue Grants and Contributions (under £2 million)	-20,528	-19,133
<b>Capital (REFCUS):</b>		
Standards Fund	-4,255	-3,516
Disabled Facilities Grant	-4,813	-4,497
Trees for Climate	-4,379	-7,332
Various Capital Grants and Contributions (under £2 million)	-5,585	-3,610
<b>Total Grant credited to Services</b>	<b>-596,146</b>	<b>-573,788</b>
<b>Total Grants in CIES</b>	<b>-765,936</b>	<b>-718,322</b>

## 38. 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 contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The movement in CFR is analysed in the second part of this note.

Table 78: Capital Expenditure and Capital Financing

<b>Capital Expenditure and Capital Financing</b>	<b>2025/26 £000</b>	<b>2024/25 £000</b>
Opening Capital Financing Requirement	<b>939,346</b>	<b>901,096</b>
<b>Adjustment to opening balances on adoption of IFRS16</b>	0	14,514
<b>Capital Investment</b>		
Property, Plant and Equipment	166,987	108,837
Heritage Assets	1	2
Investment Property	2,090	615
Intangible Assets	606	890
Revenue Expenditure Funded from Capital under Statute	27,928	35,397
Loans and Investments	0	2,006
Inventories	18,091	2,681
<b>Sources of Finance</b>		
Capital Receipts	-15,153	-14,375

<b>Capital Expenditure and Capital Financing</b>	<b>2025/26 £000</b>	<b>2024/25 £000</b>
Government Grants and Other Contributions	-93,062	-66,025
Major Repairs Reserve	-24,661	-23,976
Direct Revenue Contributions	-8,388	-7,616
<b>To repay debt:</b>		
Minimum Revenue Provision	-18,097	-13,780
Major Repairs Reserve	0	0
Capital Receipts	-8,468	-920
<b>Closing Capital Financing Requirement</b>	<b>987,220</b>	<b>939,346</b>
<b>Explanation of movements in year</b>		
Increase in underlying need to borrow:		
Finance Lease Liability (including PFI)	3,665	6,939
Other – unsupported borrowing	70,774	31,497
Provision for Repayment of Debt	-26,565	-14,701
<b>Increase in Capital Financing Requirement</b>	<b>47,874</b>	<b>23,736</b>

## 39. Leases

### Council as Lessee

The Council adopted IFRS 16 from 1 April 2024. The main impact of the new requirements is that for lease agreements previously accounted for as operating leases, a right-of-use asset and corresponding lease liability are to be brought onto the Balance Sheet at 1 April 2024. Leases for items of low value and short-term leases (that expire on or before 31 March 2026) are exempt from the new accounting requirements.

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. The most significant of which are:

- Civic Centre 1 and Wellhouse J & I School.
- Dewsbury Sports Centre (dry side) held on a peppercorn lease.
- During the year, the Council entered a long-term lease for the use of building (Ashenhurst) for the use as temporary accommodation, which added £1.8m to the balance sheet as a right-of-use asset and a lease liability.
- 5 vehicles at 31 March 2026 (203 at 1 April 2025).

### Right-of-use assets

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

Table 79: Right-of-use assets

<b>Right-of-use assets</b>	<b>Land and buildings £000</b>	<b>Vehicles, plant and equipment £000</b>	<b>Total Right-of-use assets £000</b>
<b>At 1 April 2025</b>	4,771	467	5,238

Right-of-use assets	Land and buildings £000	Vehicles, plant and equipment £000	Total Right-of-use assets £000
Additions	2,131	0	2,131
Revaluations	117	0	117
Depreciation and amortisation	-79	-425	-504
<b>Balance at 31 March 2026</b>	<b>6,940</b>	<b>42</b>	<b>6,982</b>

The respective lease liability for the Right of Use assets noted above are as follows:

Lease liability	Land and buildings £000	Vehicles, plant and equipment £000	Total Right-of-use assets £000
Balance at 31 March 2026	3,069	42	3,111

## Transactions under leases

The Council incurred the following expenses and cash flows in relation to leases:

Table 80: Transactions under leases

Transactions under leases	2025/26	2024/25
<b>Comprehensive income and expenditure statement</b>		
Interest expense of lease liabilities	404	383
Expense relating to short-term leases	805	297
<b>Cash flow statement</b>		
Minimum lease payments	1,093	1,260

## Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time periods (measured at the undiscounted amounts of expected cash payments):

Table 81: Maturity of lease liabilities

Maturity analysis of lease liabilities	31 March 2026	31 March 2025
Less than one year	571	568
One to five years	1,808	569
More than five years	6,816	6,947
<b>Total</b>	<b>9,195</b>	<b>8,084</b>

## Council as lessor

### Finance Leases

The Council leases out large numbers of long land leases on 999-year terms and various ground leases on varying terms, mainly between 99 and 150 years. In addition, schools that have been transferred to academy status are on long-term leases. However, these are at peppercorn rentals and therefore there is no value in the leases.

## Operating leases

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

- For service provision. For example, the Markets' service hires out stalls within Market Halls.
- Receiving income from land and property on a commercial basis.
- Sports facilities to Kirklees Active Leisure (a company that runs community recreation facilities on behalf of the Council). The rentals are at peppercorn rents.
- Various buildings and sites leased to contractors carrying out the Council's PFI schemes. Rentals are at peppercorn rents.

## Transactions under leases

The Council made the following gains and losses as a lessor during the year:

Table 82: Transactions under leases

Gains and losses during the year	2025/26	2024/25
<b>Finance leases</b>		
Finance income on the net investment in the lease	272	272
<b>Operating leases</b>		
Total lease income	4,625	4,844

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

## Net investment in finance leases

The Council experienced the following changes in the carrying amount of its net investment in finance leases during the year.

Table 83: Net investment in finance leases

Net investment in finance leases	2025/26 £000	2024/25 £000
Net investment at 1 April	16,869	17,144
Payments by lessees	-275	-275
Net investment at 31 March	<b>16,594</b>	<b>16,869</b>

## Maturity analysis of lease receivables

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

Table 84: Maturity analysis of lease receivables

Maturity analysis of lease receivables	Finance leases		Operating leases	
	31 March 2026 £000	31 March 2025 £000	31 March 2026 £000	31 March 2025 £000
Less than one year	275	275	2,123	1,934
One to five years	1,100	1,100	3,266	2,720
More than five years	15,218	15,494	1,762	1,309
<b>Total undiscounted receivables</b>	<b>16,593</b>	<b>16,869</b>	<b>7,151</b>	<b>5,963</b>

The total undiscounted receivables for finance leases reconcile to the net investment in leases as follows.

Table 85: Undiscounted receivables for finance leases

Undiscounted receivables for finance leases	31 March 2026	31 March 2025
Total undiscounted lease receivables	3,391	3,395
Unearned finance income	13,202	13,474
<b>Net investment in leases</b>	<b>16,593</b>	<b>16,869</b>

## 40. Private Finance Initiative (PFI) Transactions

The Council has four PFI schemes – two school, one waste disposal and one housing scheme. A summary of all schemes future payments, asset values and liability values are shown below. This is followed by the details on each scheme with the exception of the Housing PFI, which is covered in Note H10 for the HRA.

Table 86: Estimated payments on all schemes

Estimated payments	Service Charges £000	Interest Charges £000	Repayments of Liability £000	Other £000	Total £000
In 2026/27	36,726	5,773	7,727	3,142	53,368
Between 2027/28 to 2030/31	91,104	17,005	38,626	13,160	159,895
Between 2031/32 to 2034/35	42,203	4,772	36,841	6,844	90,660
<b>Total</b>	<b>170,033</b>	<b>27,550</b>	<b>83,194</b>	<b>23,146</b>	<b>303,923</b>

Table 87: The value of assets held under all schemes

Value of assets	2025/26 £000	2024/25 £000
<b>Net Book Value at 1 April</b>	76,812	80,382
Adjustment on adoption of IFRS16	0	12,662
Revised Net Book Value at 1 April	76,812	93,044
Additions	4,772	3,317

Value of assets	2025/26 £000	2024/25 £000
Revaluations net of depreciation written back	-10,155	-14,571
Depreciation	-2,471	-4,978
<b>Net Book Value at 31 March</b>	<b>68,958</b>	<b>76,812</b>

Table 88: The value of liabilities for all schemes

Value of liabilities	2025/26 £000	2024/25 £000
<b>At 1 April</b>	-86,147	-74,226
Adjustment on adoption of IFRS 16	0	-19,035
Revised balance At 1 April	-86,147	-93,261
Adjustment on remeasurement of lease liability	-1,312	0
Adjustment for the removal of Almondbury Community School from the Schools 1 contract	945	0
Movement in the year	7,130	7,114
<b>At 31 March</b>	<b>-79,384</b>	<b>-86,147</b>

## a) Waste Disposal Services

In April 1998, the Council entered into a twenty-five-year contract for waste disposal services, with Kirklees Waste Services Ltd (now Suez Recycling and Recovery Kirklees Ltd). The Council leased various sites, including landfill and civic amenity, to the operator and the operator pledged as part of the contract to carry out capital work, which included the building of a new waste to energy plant/recycling centre at Huddersfield and a transfer station at Dewsbury. The contract has now been extended a further four years to 2027/28. All assets constructed on leased land come into Council ownership at the end of the contract and these assets must be in a condition which would allow services to continue. Contract payments are part fixed and the other part varies according to tonnages and meeting targets. The Council pays for any additional costs arising from new statutory requirements concerning waste disposal, such as Landfill Tax.

The Council incurred costs of £20.0 million under the contract in 2025/26 (2024/25 £18.5 million) and received no PFI Grant (2024/25 no PFI Grant). Details of estimated payments due to be made are as follows:

Table 89: Estimated payments (Waste Disposal Services)

Estimated payments	Service Charges £000	Interest Charges £000	Repayments of Liability £000	Total £000
In 2026/27	17,753	0	0	17,753
In 2027/28	17,753	0	0	17,753
<b>Total:</b>	<b>35,506</b>	<b>0</b>	<b>0</b>	<b>35,506</b>

The estimated payments for service charges are based on expected tonnages and 2025/26 price base.

The value of assets (other land and buildings) held under this scheme is as follows:

**Table 90: The value of assets (Waste Disposal Services)**

Value of assets	2025/26 £000	2024/25 £000
<b>Net Book Value at 1 April</b>	23,064	19,232
Additions	2,548	1,793
Revaluations net of depreciation written back	-1,805	5,692
Depreciation	-716	-3,653
<b>Net Book Value at 31 March</b>	<b>23,091</b>	<b>23,064</b>

There is no liability for the Waste PFI contract as the liability was fully repaid at the end of the original contract.

## b) Schools 1

In March 2001, the Council entered into a thirty-two-and-a-half-year contract with Kirklees Schools Services Ltd for the delivery of services to nineteen of the Council's schools consisting of:

- Initial investment to carry out major repairs and improvements.
- Maintenance of the buildings over the contract period.
- Provision of caretaking and cleaning services for the contract period.

At the start of the contract, existing school buildings were leased to the operator. At the end of the contract, the operator is obliged to hand over the schools to the Council in a specified condition for no incremental consideration. Some of the schools have transferred to academy/trust status during the contract and therefore hold no Balance Sheet value for the Council. One school, Almondbury Community School, has since been carved out of the contract on 16 May 2025. Adjustments to both the right-of-use assets and lease liability have been made in recognition of this change to contract.

The operator does have the right to use the assets for appropriate third-party use, outside the times they must be available to meet the Council's requirements. The amount of third-party use varies from asset to asset but is not significant within the overall context of the contract.

The Council incurred costs of £21.0 million under the contract in 2025/26 (2024/25 £21.5 million) and received £5.9 million in PFI Grant (2024/25 £5.9 million). Details of estimated payments due to be made are as follows:

**Table 91: Estimated payments (Schools 1)**

Period estimated payments due	Service Charges £000	Interest Charges £000	Repayments Of Liability £000	Other £000	Total £000
In 2026/27	14,214	2,098	2,606	2,306	21,224
Between 2027/28 to 2030/31	54,749	6,148	13,805	10,195	84,898
Between 2031/32 to 2033/34	32,749	1,789	13,047	5,477	53,061
<b>Total</b>	<b>101,712</b>	<b>10,035</b>	<b>29,458</b>	<b>17,979</b>	<b>159,184</b>

Payments are based on prices at the Balance Sheet date.

Table 92: The value of assets (Schools 1)

Value of assets	2025/26 £000	2024/25 £000
<b>Net Book Value at 1 April</b>	31,362	<b>39,976</b>
Adjustment on adoption of IFRS16	0	2,011
Revised Net Book Value at 1 April	31,362	41,987
Additions	743	831
Revaluations net of depreciation written back	-8,724	-10,659
Depreciation	-1,072	-797
<b>Net Book Value at 31 March</b>	<b>22,309</b>	<b>31,362</b>

Table 93: The value of liabilities (Schools 1)

Value of liabilities	2025/26 £000	2024/25 £000
<b>At 1 April</b>	<b>-32,836</b>	<b>-28,278</b>
Adjustments on adoption of IFRS 16	0	-7,929
Revised balance At 1 April	-32,836	-36,207
Adjustment on remeasurement of lease liability	-582	0
Adjustment for the removal of Almondbury Community School from the contract	945	0
Movement in the year	3,015	3,371
<b>At 31 March</b>	<b>-29,458</b>	<b>-32,836</b>

## c) Schools 2

In March 2005, the Council entered into a PFI contract with QED (KMC) Holdings Ltd for a period until 31 August 2031, for delivery to three of the Council's Special Schools of:

- New build schools at two sites, and major extensions to and full refurbishment of existing buildings at a third.
- Maintenance of the buildings over the contract period.
- Provision of caretaking, cleaning and other premises management functions over the term of the contract.

The operator is obliged to hand over the schools to the Council in a specified condition at the end of the contract for no incremental consideration. Some of the schools have transferred to academy/trust status during the contract and therefore hold no Balance Sheet value for the Council.

The Council incurred costs of £3.2 million under the contract in 2025/26 (£3.1 million in 2024/25) and received £2.2 million in PFI Grant (2024/25 £2.2 million). Details of estimated payments due to be made are as follows:

Table 94: Estimated payments (Schools 2)

Estimated payments due	Service Charges £000	Interest Charges £000	Repayments of Liability £000	Other £000	Total £000
In 2026/27	1,675	391	783	261	3,110
Between 2027/28 to 2030/31	7,027	854	3,578	982	12,441
In 2031/32	917	17	507	114	1,555
<b>Total:</b>	<b>9,620</b>	<b>1,263</b>	<b>4,867</b>	<b>1,356</b>	<b>17,106</b>

Payments are based on prices at the Balance Sheet date.

Table 95: The value of assets (Schools 2)

Value of assets	2025/26 £000	2024/25 £000
<b>Net Book Value at 1 April</b>	<b>6,110</b>	<b>4,946</b>
Adjustment on adoption of IFRS16	0	180
Revised Net Book Value at 1 April	6,110	5,126
Additions	223	127
Revaluations net of depreciation written back	118	958
Depreciation	-226	-101
<b>Net Book Value at 31 March</b>	<b>6,224</b>	<b>6,110</b>

Table 96: The value of liabilities (Schools 2)

Value of liabilities	2025/26 £000	2024/25 £000
<b>At 1 April</b>	<b>-5,444</b>	<b>-5,355</b>
Adjustments on adoption of IFRS 16	0	-636
Revised balance At 1 April	-5,444	-5,991
Adjustment on remeasurement of lease liability	-46	
Movement in the year	623	547
<b>At 31 March</b>	<b>-4,867</b>	<b>-5,444</b>

## 41. Pensions Disclosures

### 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 fund the payments (for those benefits) and to disclose them at the time the employees earn their future entitlement.

The Council participates in three pension schemes:

- The Local Government Pension Scheme (LGPS) – a funded defined benefit final salary scheme administered by the West Yorkshire Pension Fund (WYPF) whereby the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension’s liabilities with investment assets in the long term. Employee benefits earned up to 31 March 2014 are linked to final salary, after 31 March 2014 benefits are based on a Career Average Revalued Earnings Scheme.
- Teachers employed by the Council are members of the Teachers’ Pension Scheme, administered by Capita Business Services Limited on behalf of the Department for Education. Under the Code, this scheme is classed as a multi-employer defined benefit scheme for which liabilities of individual employers cannot be separated. The scheme is therefore treated as a defined contribution scheme under the Code. In 2025/26, the Council paid £21.6 million (2024/25 £22.0 million) in respect of teachers’ retirement benefits, representing 28.7% (2024/25 28.7%) of pensionable pay. Payments of £1.8 million were owing to the scheme as at 31 March 2026 (31 March 2025 £1.8 million).
- Employees transferred across from Kirklees PCT (Public Health) are members of the NHS Pension Scheme, administered by the NHS Business Services Authority (NHSBSA). Similar to the Teachers’ Pension Scheme, this scheme is classed as a multi-employer defined benefit scheme and is treated as a defined contribution scheme under the Code. In 2025/26, the Council paid £0.1 million (2024/25 £0.1 million) to the NHSBSA, representing 14.4% (2024/25 14.4%) of pensionable pay.

## Transactions Relating to Retirement Benefits

In 2025/26 the Council paid an employer’s contribution of £43.1 million (2024/25 £43.4 million) to the WYPF with respect to the funded scheme.

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the CIES and the General Fund Balance via the Movement in Reserves Statement:

Table 97: Transactions Relating to Retirement Benefits 2025/26

Transactions Relating to Retirement Benefits 2025/26	LGPS Funded £000	LGPS Unfunded £000	Teachers £000	Total £000
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Cost of Services:</b>				
Current service cost	35,751	0	0	35,751
Past service & Settlement costs	5,926	0	0	5,926
<b>Financing and Investment income and expenditure:</b>				
Net interest income/expense, before asset restriction	-38,132	806	1,776	-35,550
Interest on unrecognised asset	36,895	0	0	36,895
<b>Total Post-employment Benefits charged to the Surplus/Deficit on the Provision of Services</b>	<b>40,440</b>	<b>806</b>	<b>1,776</b>	<b>43,022</b>
<b>Remeasurement of the net defined benefit liability comprising:</b>				
Return on plan assets (excluding the amount included in the net interest expense)	-211,636	0	0	-211,636
Actuarial gains and losses arising on changes in demographic assumptions	10,108	386	963	11,457

<b>Transactions Relating to Retirement Benefits 2025/26</b>	<b>LGPS Funded £000</b>	<b>LGPS Unfunded £000</b>	<b>Teachers £000</b>	<b>Total £000</b>
Actuarial gains and losses arising on changes in financial assumptions	-26,002	-104	-282	-26,388
Actuarial gains and losses due to liability experience	56,723	-688	1,846	57,881
Adjustment loss due to restriction of surplus	173,625	0	0	173,625
<b>Total Post Employment Benefit charged to the CIES</b>	<b>43,258</b>	<b>400</b>	<b>4,303</b>	<b>47,491</b>
<b>Movement in Reserves Statement:</b>				
Reversal of net charges made to the Surplus/Deficit on the Provision of Services for retirement benefits	-40,440	-806	-1,776	-43,022
<b>Actual amount charged against General Fund Balance for pensions in the year:</b>				
Employers' contributions payable to scheme	43,258	1,772	0	45,030
Retirement benefits payable to pensioners	0	0	3,715	3,715

**Table 98: Transactions Relating to Retirement Benefits 2024/25**

<b>Transactions Relating to Retirement Benefits 2024/25</b>	<b>LGPS Funded £000</b>	<b>LGPS Unfunded £000</b>	<b>Teachers £000</b>	<b>Total £000</b>
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Cost of Services:</b>				
Current service cost	50,277	0	0	50,277
Past service & Settlement costs	586	0	0	586
<b>Financing and Investment income and expenditure:</b>				
Net interest income/expense, before asset restriction	-12,997	776	1,681	-10,540
Interest on unrecognised asset	5,027	0	0	5,027
<b>Total Post-employment Benefits charged to the Surplus/Deficit on the Provision of Services</b>	<b>42,893</b>	<b>776</b>	<b>1,681</b>	<b>45,350</b>
<b>Remeasurement of the net defined benefit liability comprising:</b>				
Return on plan assets (excluding the amount included in the net interest expense)	14,195	0	0	14,195
Actuarial gains and losses arising on changes in demographic assumptions	-15,857	-103	-220	-16,180
Actuarial gains and losses arising on changes in financial assumptions	-373,871	-1,102	-2,217	-377,190
Actuarial gains and losses due to liability experience	-5,493	31	67	-5,395
Adjustment loss due to restriction of surplus	526,361	0	0	526,361
<b>Total Post Employment Benefit charged to the CIES</b>	<b>188,228</b>	<b>-398</b>	<b>-689</b>	<b>187,141</b>
<b>Movement in Reserves Statement:</b>				
Reversal of net charges made to the Surplus/Deficit on the Provision of Services for retirement benefits	-42,893	-776	-1,681	-45,350
<b>Actual amount charged against General Fund Balance for pensions in the year:</b>				

Transactions Relating to Retirement Benefits 2024/25	LGPS Funded £000	LGPS Unfunded £000	Teachers £000	Total £000
Employers' contributions payable to scheme	43,809	1,970	0	45,779
Retirement benefits payable to pensioners	0	0	3,700	3,700

## Pension Assets and Liabilities Recognised in the Balance Sheet

The underlying assets and liabilities for retirement benefits attributable to the Council and the amounts included in the Balance sheet as at 31 March 2026 are shown the following table:

Table 99: Pension Assets and Liabilities Recognised in the Balance Sheet

Pension Assets and Liabilities Recognised in the Balance Sheet	2025/26 £000	2024/25 £000
Present value of liabilities:		
LGPS Funded	-2,008,370	-1,919,208
LGPS Unfunded	-13,403	-14,775
Teachers	-33,038	-32,450
Fair value of assets in the LGPS	2,855,013	2,555,331
Unrecognised asset	-846,643	-636,123
<b>Net asset/liability (-)</b>	<b>-46,441</b>	<b>-47,225</b>
LGPS Funded	0	0
LGPS Unfunded	-13,403	-14,775
Teachers	-33,038	-32,450
<b>Net asset/liability (-)</b>	<b>-46,441</b>	<b>-47,225</b>

## Asset Ceiling

Following the pensions valuation by the Council's actuary, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2026 resulting in a pension plan asset. IAS19 Employee Benefits required that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan: and
- The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's surplus recognition policy is in line with accounting guidance above.

The Council's actuaries calculated an asset ceiling of nil for the funded scheme meaning the net pension asset cannot be recognised at the accounting date. This is due to the calculated minimum funding requirement exceeding the expected IAS 19 service cost in all future periods.

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

Table 100: Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation) 2025/2026

Assets and liabilities 2025/2026	LGPS Funded £000	LGPS Unfunded £000	Teachers £000	Total £000
<b>Opening balance 1 April 2025</b>	<b>-1,919,208</b>	<b>-14,775</b>	<b>-32,450</b>	<b>-1,966,433</b>
Current Service Cost	-35,751	0	0	-35,751
Interest cost	-108,736	-806	-1,776	-111,318
Contributions by scheme participants	-17,450	0	0	-17,450
Remeasurement gain/loss (-):				
Arising on changes in demographic assumptions	-10,108	-386	-963	-11,457
Arising on changes in financial assumptions	26,002	104	282	26,388
Due to liability experience	-56,723	688	-1,846	-57,881
Benefits/transfers paid	108,963	1,772	3,715	114,450
Past service costs	-3,661	0	0	-3,661
Settlements	8,302	0	0	8,302
<b>Closing balance 31 March 2026</b>	<b>-2,008,370</b>	<b>-13,403</b>	<b>-33,038</b>	<b>-2,054,811</b>

Table 101 Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation) 2024/2025

Assets and liabilities 2024/2025	LGPS Funded £000	LGPS Unfunded £000	Teachers £000	Total £000
<b>Opening balance 1 April 2024</b>	<b>-2,244,148</b>	<b>-17,143</b>	<b>-36,839</b>	<b>-2,298,130</b>
Current Service Cost	-50,277	0	0	-50,277
Interest cost	-105,691	-776	-1,681	-108,148
Contributions by scheme participants	-17,245	0	0	-17,245
Remeasurement gain/loss (-):				
Arising on changes in demographic assumptions	15,857	103	220	16,180
Arising on changes in financial assumptions	373,871	1,103	2,217	377,191
Due to liability experience	5,493	-31	-67	5,395
Benefits/transfers paid	99,468	1,970	3,700	105,138
Past service costs	-447	0	0	-447
Settlements	3,911	0	0	3,911
<b>Closing balance 31 March 2025</b>	<b>-1,919,208</b>	<b>-14,775</b>	<b>-32,450</b>	<b>-1,966,432</b>

## Reconciliation of the Movements in the Fair Value of Scheme Assets (LGPS Funded)

Table 102: Reconciliation of the Movements in the Fair Value of Scheme Assets (LGPS Funded)

Movements in the Fair Value of Scheme Assets	31/03/2026 £000	31/03/2025 £000
<b>Opening balance 1 April</b>	<b>2,555,331</b>	<b>2,493,302</b>
Interest income on assets	146,868	118,688
Remeasurement gains and losses	211,636	-14,195
Employer contributions	43,258	43,809
Contributions by scheme participants	17,450	17,245
Benefits paid	-108,963	-99,468
Settlements	-10,567	-4,050
<b>Closing balance 31 March</b>	<b>2,885,013</b>	<b>2,555,331</b>

Table 103: Reconciliation of effect of the asset ceiling on the Fair Value of Scheme Assets recognised (LGPS Funded)

Effect of asset ceiling	31/03/2026 £000	31/03/2025 £000
Opening Impact of asset ceiling	636,123	104,735
Interest on effect of asset ceiling	36,895	5,027
Adjustment loss (gain) due to restriction of surplus	173,625	526,361
<b>Closing impact of asset ceiling</b>	<b>846,643</b>	<b>636,123</b>

The Council's share of pension fund assets is rolled forward, by the actuary, from the latest formal valuation date. The roll forward amount is then adjusted for investment returns, the effective contributions paid into and estimated benefits paid from the fund by the Council and its employees. As such this estimate may differ from the actual assets held by the Pension Fund on 31 March 2026.

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.

The actual return on scheme assets in the year showed a surplus of £358.5 million (2024/25 return of £104.5 million).

## Pension Scheme Assets

Table 104: Percentage breakdown of Pension Scheme Assets

Pension Scheme Assets	2025/26 Quoted %	2025/26 Unquoted %	2025/26 Total %	2024/25 Total %
Equity investments	61.7	14.9	76.6	79.3
Government Bonds	12.3	0.0	12.3	9.0
Other Bonds	2.8	0.0	2.8	4.0
Property	0.5	3.0	3.5	2.8
Cash/ liquidity	0.0	2.7	2.7	2.6

Pension Scheme Assets	2025/26 Quoted %	2025/26 Unquoted %	2025/26 Total %	2024/25 Total %
Other	0.1	2.0	2.1	2.3
<b>Total</b>	<b>77.4</b>	<b>22.6</b>	<b>100.0</b>	<b>100.0</b>

A more detailed breakdown of assets and associated risks are published in the accounts for the West Yorkshire Pension Fund. These form part of Bradford MDC Statement of Accounts and can be found on Bradford Councils website.

## 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. Both the LGPS and Teachers' Unfunded Discretionary Benefits liabilities have been assessed by Aon Solutions UK Ltd, an independent firm of actuaries, estimates for the LGPS being based on the latest triennial full valuation of the West Yorkshire Pension Fund carried out as at 31 March 2022.

The significant assumptions used by the actuary have been:

Table 105: Basis for estimating assets and liabilities

Basis for estimating assets and liabilities	2025/26 LGPS Funded	2025/26 LGPS Unfunded	2025/26 Teachers	2024/25 LGPS Funded	2024/25 LGPS Unfunded	2024/25 Teachers
Rate of inflation – CPI	2.80%	2.80%	2.80%	2.50%	2.50%	2.50%
Rate of increase in salaries	4.05%	n/a	n/a	3.75%	n/a	n/a
Rate of increase in pensions	2.80%	2.80%	2.80%	2.50%	2.50%	2.50%
Rate for discounting liabilities	6.20%	6.20%	6.20%	5.80%	5.80%	5.80%
<b>Mortality assumptions (years):</b>						
Longevity at 65 for current pensioners:						
Men	21.9	21.9	21.9	20.9	20.9	20.9
Women	24.8	24.8	24.8	24.1	24.1	24.1
Longevity at 65 for future pensioners:						
Men	22.0	n/a	n/a	21.8	n/a	n/a
Women	25.1	n/a	n/a	24.8	n/a	n/a

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on possible changes to the assumptions occurring at the end of the reporting period. For each assumption change all other assumptions remain constant. The analysis only applies to Funded LGPS benefits – the sensitivity of unfunded benefits is not included on materiality grounds. The base figure for the liabilities is £2,008.4 million and for projected service cost is £35.4 million.

Table 106: Defined benefit obligations

Defined benefit obligations	Approximate % Increase in Defined Benefit Obligation	Approximate Monetary Amount £000
0.1% decrease in real discount rate	1.40%	28,117
1 year increase in member life expectancy	2.20%	44,184
0.1% increase in the salary increase rate	0.10%	2,008
0.1% increase in the pension increase rate	1.30%	26,109

## Impact on the Council's cash flows

The objective of the scheme is to keep employers' contributions at as constant a rate as possible. Funding levels are monitored on an annual basis. The contribution rate set by the current triennial valuation took effect from the financial year starting 1 April 2026. The next triennial valuation is due to be completed as at 31 March 2028.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the LGPS in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or services after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The total funded contributions expected to be made to West Yorkshire Pension Fund by the Council in the year to 31 March 2027 is £33.4 million. The weighted average duration of the defined benefit obligation for the scheme members is 14.4 years.

# Section 5: Additional Financial Statements

## Housing Revenue Account (HRA) Income and Expenditure Statement

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

Table 107: HRA Income and Expenditure Statement

HRA Income and Expenditure	2025/26 £000	2024/25 £000	Notes
<b>Expenditure</b>			
Repairs and maintenance	29,678	29,602	
Supervision and management	32,630	33,191	
Special services	3,228	3,519	
Rent, rates, taxes and other charges	1,329	1,173	
Depreciation of non-current assets	24,661	23,976	<u>H1</u>
Debt management costs	50	35	
Movement in the allowance for bad debts	468	443	
Revaluation losses on Property, Plant and Equipment	0	7,768	
<b>Total Expenditure</b>	<b>92,044</b>	<b>99,707</b>	
<b>Income</b>			
Dwelling rents	-94,023	-94,966	
Non-dwelling rents	-208	-215	
Charges for services and facilities	-3,833	-3,291	
Grants and contributions	-7,997	-7,993	<u>H10</u>
Revaluation gains on Property, Plant and Equipment	-8,748	0	<u>H1</u>
<b>Total Income</b>	<b>-114,809</b>	<b>-106,465</b>	
<b>Net Income of HRA Services as included in the CIES</b>	<b>-22,765</b>	<b>-6,758</b>	
HRA share of Corporate & Democratic Core	235	180	
HRA share of non-distributed costs	22	25	
<b>Net Income of HRA Services</b>	<b>-22,508</b>	<b>-6,553</b>	
HRA share of operating income and expenditure included in the CIES:			
Gain on sale of HRA non-current assets	-3,290	-1,756	<u>H4</u>
Interest payable and similar charges	10,637	10,874	

HRA Income and Expenditure	2025/26 £000	2024/25 £000	Notes
Interest and investment income	-1,162	-1,411	<u>H1</u>
Income and expenditure in relation to Investment Properties and changes in	-266	-211	
Capital grants and contributions receivable	-1,293	-2,025	
<b>Surplus for the year on HRA services</b>	<b>-17,882</b>	<b>-1,082</b>	

## Movement on The Housing Revenue Account (HRA) Statement

This statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA Balance, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

Table 108: Movement on the HRA

Movement on the HRA	2025/26 £000	2025/26 £000	2024/25 £000	2024/25 £000	Notes
<b>Balance on the HRA at the end of the previous year</b>		<b>-30,646</b>		<b>-33,942</b>	
Surplus for the year on the HRA Income and Expenditure Statement		-17,882		-1,082	
<b>Adjustments involving the Capital Adjustment Account:</b>					
Net revaluation loss on PPE and Investment Property	8,640		-7,768		<u>H1</u>
Capital grants and contributions applied	1,293		2,025		
Amounts of non-current assets written off on disposal or sale	-8,727		-6,304		<u>H4</u>
Capital expenditure charged against reserve balances	5,294		4,637		
Provision for the financing of capital investment	4,067	<b>10,567</b>	3,762	<b>-3,648</b>	
<b>Adjustments involving the Capital Receipts Reserve:</b>					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal	12,302		8,266		<u>H4</u>
Contribution towards administrative costs of asset disposals	-285	<b>12,017</b>	-205	<b>8,061</b>	
<b>Adjustments involving the Financial Instruments Adjustment Account:</b>					
Amount by which finance costs charged to the HRA Income and Expenditure Account are different from those required by statutory regulations		-35		-35	
Increase(-)/decrease in the year on the HRA		4,667		3,296	
<b>Balance at the end of the current year</b>		<b>-25,979</b>		<b>-30,646</b>	

## Notes to the Housing Revenue Account (HRA)

### H1 Depreciation and revaluation gains

The depreciation charge for Council dwellings in 2025/26 is £25.4 million (2024/25 £23.8 million) and non-dwellings £0.2 million (2024/25 £0.2 million).

The revaluation of the HRA was carried out on the 31 December 2025 by the Align Property Partners.

Revaluations of Council dwellings during the year resulted in a £44.0 million gain (2024/25 £0.6 million gain) of which a £8.7 million gain was credited to the HRA Income and Expenditure statement and a £35.3 million gain charged to the Revaluation Reserve. The value is obtained by taking the cost of buying a vacant dwelling of a similar type and applying an adjustment factor according to the type of tenancy and regional factors to reflect that the property is used for social housing. The Stock Valuation guidance, which was updated in November 2016, provides the adjustment factor for Yorkshire and Humber as 41% (2024/25 41% as adjusted by the valuer).

## H2 Movement in HRA Fixed Assets

Table 109: Movement in HRA Fixed Assets

Movement in HRA Fixed Assets 2025/26	PPE Council Dwellings £000	Council Dwellings Held for Sale £000	Other Land and Buildings £000	Surplus Assets £000	Assets Under Construction £000	Investment Properties £000	Total Assets £000
<b>Cost or Valuation</b>							
<b>At 1 April 2025</b>	<b>834,727</b>	<b>6,364</b>	<b>4,525</b>	<b>205</b>	<b>8,482</b>	<b>7,124</b>	<b>861,427</b>
Adjustment on adoption of IFRS16							
<b>Revised Cost of Valuation</b>							
Additions	37,246	0	0	0	1,550	0	38,796
Revaluation increases/decreases (-) recognised in the Revaluation Reserve	11,169	0	177	0	0	0	11,346
Revaluation increases/decreases (-) Revaluation recognised in Surplus on the Provision of Services	8,281	0	8	0	0	-108	8,181
De-recognition - disposals	-2,363	-6,364	-73	-125	0	-140	-9,065
Assets reclassified to (-)/ from Held for Sale	-9,048	9,048	0	0	0	0	0
Other movements in cost or valuation	1,893	0	0	0	-1,893	0	0
<b>At 31 March 2026</b>	<b>881,906</b>	<b>9,048</b>	<b>4,637</b>	<b>80</b>	<b>8,139</b>	<b>6,876</b>	<b>910,685</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2025	0	0	-148	-2	0	0	-150
Depreciation charge	-24,514	0	-148	-2	0	0	-24,664
Depreciation written out to the Revaluation Reserve	24,055	0	7	0	0	0	24,062
Depreciation written out to Surplus on the Provision of Services	459	0	0	0	0	0	459
Derecognition - disposals	0	0	4	2	0	0	6
Other movements in depreciation and impairment	0	0	0	0	0	0	0

Movement in HRA Fixed Assets 2025/26	PPE Council Dwellings £000	Council Dwellings Held for Sale £000	Other Land and Buildings £000	Surplus Assets £000	Assets Under Construction £000	Investment Properties £000	Total Assets £000
At 31 March 2026	0	0	-285	-2	0	0	-287
Net Book Value							
at 31 March 2026	881,906	9,048	4,352	78	8,139	6,876	910,400
at 1 April 2025	834,727	6,364	4,377	203	8,482	7,124	861,277

### H3 Fixed Asset Valuation

A revaluation of HRA dwellings was carried out as at 31 December 2025 by Align Property Partners, who are RICS qualified. As at that date, the vacant possession value of dwellings was £2,126 million. The difference between this and the Balance Sheet value reflects the economic cost of providing Council housing at less than open market rents.

### H4 Gains and Losses on Asset Disposals

Gains and losses on asset disposals are shown on the face of the HRA Income and Expenditure Statement. The gain on disposal in 2025/26 was £3.2 million (2024/25 gain £1.8 million), resulting from capital receipts of £12.0 million less net book value of £8.8 million.

### H5 Major Repairs Reserve

Statutory regulation requires that a Major Repairs Reserve is maintained. The main credit to the reserve is an amount equivalent to the charge for depreciation on HRA assets. The reserve can be used to finance new capital expenditure on HRA assets or repay HRA debt.

Table 110: Major Repairs Reserve

Major Repairs Reserve	2025/26 £000	2024/25 £000
<b>Balance at 1 April</b>	<b>0</b>	<b>0</b>
Amount equivalent to depreciation	-24,661	-23,976
Financing of new capital expenditure	24,661	23,976
<b>Balance at 31 March</b>	<b>0</b>	<b>0</b>

### H6 Capital Expenditure and Sources of Finance

Table 111: Capital Expenditure and Sources of Finance

Capital Expenditure and Sources of Finance	2025/26 £000	2024/25 £000
<b>Capital Expenditure:</b>		
Fixed Assets (including PFI)	39,375	35,528
<b>Financed by:</b>		
Finance Lease (including PFI)	-1,258	-566

Capital Expenditure and Sources of Finance	2025/26 £000	2024/25 £000
Major Repairs Reserve	-24,661	-23,976
Capital Receipts	-6,868	-4,324
Capital Grant and Contributions	-1,293	-2,025
HRA RCCO/Reserves	-5,295	-4,637
<b>Total Sources of Finance</b>	<b>-39,375</b>	<b>-35,528</b>

## H7 Capital Receipts

Table 112: Capital receipts

Capital receipts	2025/26 £000	2024/25 £000
Capital receipts from sales of:		
Dwellings	-12,296	-8,256
Clawback of legal title on Right to Buy sales	-6	-10
Disposal costs	285	205
<b>Usable capital receipts</b>	<b>-12,017</b>	<b>-8,061</b>

The HRA is required to pay over a certain proportion of capital receipts into a national pooling arrangement. Since 2022/23, local authorities have been permitted to retain the share of Right to Buy receipts that were previously returned to the Treasury.

## H8 Housing Stock

Table 113: The Council's housing stock at 31 March 2026 is analysed below by size

Housing stock by size	1 Bedroom	2 Bedrooms	3 Bedrooms	4+ Bedrooms	Total
Houses/ Bungalows	2779	5034	3928	316	12057
Flats/ Bedsits and Maisonettes	6743	2314	100	0	9157
<b>Total</b>	<b>9522</b>	<b>7348</b>	<b>4028</b>	<b>316</b>	<b>21214</b>

Table 114: The Council's housing stock at 31 March 2026 is analysed below by age

Housing stock by age	Pre 1945	1945-64	1965-74	Post 1974	Total
Houses/ Bungalows	5071	4835	1491	660	12057
Flats/ Bedsits and Maisonettes	187	2290	3579	3101	9157
<b>Total</b>	<b>5258</b>	<b>7125</b>	<b>5070</b>	<b>3761</b>	<b>21214</b>

## H9 Rent Arrears

Net rent arrears have increased over the year, as follows:

Table 115: Rent arrears

<b>Rent arrears</b>	<b>2025/26 £000</b>	<b>2024/25 £000</b>
Rent Arrears	5,640	5,044
Less Bad Debt Provision	-1,931	-1,678
<b>Net Rent Arrears</b>	<b>3,709</b>	<b>3,366</b>

## H10 Housing PFI

In December 2011, the Council entered into a twenty-two-and-a-half-year contract with Regenter Excellent Homes for Life for the design, build, financing and operation of a PFI contract to provide 466 units of HRA housing. The contractor has a licence from the Council to build and operate on Council sites. The operator is obliged to hand over the housing units in a specified condition at the end of the contract for no incremental consideration.

The Council incurred costs of £10.5 million under the contract in 2025/26 (2024/25 £10.5 million) and received £7.9 million in PFI Grant (2024/25 £7.9 million). Details of estimated payments due to be made are as follows:

Table 116: Estimated payments (Council Dwellings)

<b>Housing PFI</b>	<b>Service Charges £000</b>	<b>Interest Charges £000</b>	<b>Repayment of Liability £000</b>	<b>Other £000</b>	<b>Total £000</b>
In 2026/27	3,084	3,283	4,338	575	11,280
Between 2027/28 and 2030/31	11,574	10,002	21,243	1,983	44,803
Between 2031/32 and 2034/35	8,573	2,967	23,287	1,253	36,044
<b>Total</b>	<b>23,231</b>	<b>16,252</b>	<b>48,869</b>	<b>3,811</b>	<b>92,127</b>

Payments are based on prices at the Balance Sheet date.

The value of assets (Council Dwellings) held under this scheme is as follows:

Table 117: The value of assets (Council Dwellings)

<b>Assets</b>	<b>2025/26 £000</b>	<b>2024/25 £000</b>
<b>Net Book Value at 1 April</b>	<b>16,276</b>	<b>16,228</b>
Adjustment on adoption of IFRS16	0	10,471
Revised Net Book Value at 1 April	16,276	26,699
Additions	1,258	566
Revaluations net of depreciation written back	256	-10,562
Depreciation	-458	-427
<b>Net Book Value at 31 March</b>	<b>17,333</b>	<b>16,276</b>

The value of liabilities held under this scheme is as follows:

Table 118: The value of liabilities (Council Dwellings)

Liabilities	2025/26 £000	2024/25 £000
<b>At 1 April</b>	<b>-47,867</b>	<b>-40,593</b>
Adjustments on adoption of IFRS 16	0	-10,470
Revised balance At 1 April	-47,867	-51,063
Adjustment on remeasurement of lease liability	-684	0
Movement in the year	3,492	3,196
<b>At 31 March</b>	<b>-45,059</b>	<b>-47,867</b>

## COLLECTION FUND STATEMENT

The Collection Fund Statement shows the transactions of the billing Council in relation to the collection from taxpayers and distribution to local authorities and Government of Council Tax and Non-Domestic (Business) Rates.

Table 119: Collection Fund Statement Income

Collection Fund Statement Income	2025/26 Business Rates £000	2025/26 Council Tax £000	2025/26 Total £000	2024/25 Business Rates £000	2024/25 Council Tax £000	2024/25 Total £000	Note
Income from Council Tax		-302,496	-302,496		-283,784	-283,784	<u>C1</u>
Income Collectable from Business Ratepayers	-109,268		-109,268	-96,641		-96,641	<u>C2</u>
Contributions towards previous years' Collection Fund deficit	-3,546	-2,411	-5,957	-1,346	-2,749	-4,095	
Transitional Protection Payment Receivable	-557		-557	-365		-365	
General fund Contribution for discretionary discounts		-20	-20		-5	-5	
<b>Total Income</b>	<b>-113,371</b>	<b>-304,927</b>	<b>-418,298</b>	<b>-98,352</b>	<b>-286,538</b>	<b>-384,890</b>	

Table 120: Collection Fund Statement Expenditure and balance

Collection Fund Statement Expenditure and balance	2025/26 Business Rates £000	2025/26 Council Tax £000	2025/26 Total £000	2024/25 Business Rates £000	2024/25 Council Tax £000	2024/25 Total £000	Note
Precepts and demands -							
Central Government	53,965		53,965	50,374		50,374	
Kirklees Council	52,885	254,136	307,021	49,366	237,383	286,749	
West Yorkshire Fire and Rescue	1,079	10,877	11,956	1,007	10,043	11,050	
West Yorkshire Police		33,895	33,895		31,494	31,494	

Collection Fund Statement Expenditure and balance	2025/26 Business Rates £000	2025/26 Council Tax £000	2025/26 Total £000	2024/25 Business Rates £000	2024/25 Council Tax £000	2024/25 Total £000	Note
Allowance for impairment of debt	2,605	6,133	8,738	830	7,019	7,849	
Provision for Appeals	1,082		1,082	259		259	
Cost of collection	591		591	587		587	
Designated Areas	1,361		1,361	1,153		1,153	
Interest on Refunds	106		106	229		229	
Distribution of previous year's Collection Fund surplus			0			0	
<b>Total Expenditure</b>	<b>113,674</b>	<b>305,041</b>	<b>418,715</b>	<b>103,805</b>	<b>285,939</b>	<b>389,744</b>	
Surplus (-)/ Deficit	303	114	417	5,453	-599	4,854	
Balance at 1 April	10,831	5,690	16,521	5,378	6,289	11,667	
<b>Balance at 31 March</b>	<b>11,134</b>	<b>5,804</b>	<b>16,938</b>	<b>10,831</b>	<b>5,690</b>	<b>16,521</b>	<b>C3</b>

## Notes to the collection fund statement

### C1 Council Tax

The Council Tax is charged on a series of property valuation bands. These bands, the charges due for the year and the average Council Tax are shown below.

Table 121: Council Tax Estimated at the start of the year

2025/26 Number of Chargeable Dwellings	2025/26 Band D Equivalent Dwellings	2025/26 Average Council Tax £	Band	2024/25 Number of Chargeable Dwellings	2024/25 Band D Equivalent Dwellings	2024/25 Average Council Tax £
130	73	1,289.87	A (5/9)	104	58	1,226.48
59,498	39,665	1,547.84	A (6/9)	54,765	36,510	1,471.77
29,125	22,652	1,805.81	B (7/9)	28,159	21,901	1,717.07
29,026	25,801	2,063.79	C (8/9)	28,252	25,113	1,962.36
16,222	16,222	2,321.76	D (9/9)	15,782	15,782	2,207.66
11,849	14,482	2,837.71	E (11/9)	11,587	14,162	2,698.25
5,416	7,824	3,353.65	F (13/9)	5,323	7,688	3,188.84
2,194	3,656	3,869.60	G (15/9)	2,136	3,560	3,679.43
121	242	4,643.52	H (18/9)	120	239	4,415.32
	130,617		<b>Total</b>		125,012	
	-1,875		Collective Adjustment		1,330	

2025/26 Number of Chargeable Dwellings	2025/26 Band D Equivalent Dwellings	2025/26 Average Council Tax £	Band	2024/25 Number of Chargeable Dwellings	2024/25 Band D Equivalent Dwellings	2024/25 Average Council Tax £
	128,742		Council Tax Base		126,342	

## C2 Non-Domestic (Business) Rates

The Government specifies a multiplier and, subject to the effects of transitional arrangements and other reliefs, local businesses pay rates calculated by applying the multiplier to their rateable value. There are two multipliers – the national non-domestic rating multiplier of 55.5p (2024/25 54.6p) and the small business non-domestic rating multiplier of 49.9p (2024/25 49.9p) which is applicable to those that qualify for small business rate relief. The Council is responsible for collection rates due from ratepayers in its area and pays 50% of the proceeds to Central Government and 1% to West Yorkshire Fire and Rescue Authority.

Table 122: Non-domestic (business) rates income

Non-domestic (business) rates income	2025/26 £000	2024/25 £000
Non-domestic rate income 2025/26 (average rateable value £304,456,210)	-161,420	
Non-domestic rate income 2024/25 (average rateable value £302,677,872)		-158,921
Allowance and other adjustments (net)	52,152	62,280
<b>Total</b>	<b>-109,268</b>	<b>-96,641</b>

The actual non-domestic rateable value at 31 March 2026 was £304,486,744 (£303,520,950 at 31 March 2025).

Kirklees has been part of a regional business rates pool since April 2013. It pools the business rates income of member authorities which, for 2025/26, includes Kirklees, Bradford, Wakefield & Calderdale (top up authorities), and Leeds & York (tariff authorities). Leeds are the lead authority for the administration of this Leeds City Region (LCR) Pool.

The pooling proposals offer suitable groups of authorities (where there is a mixture of top-ups and tariffs) the opportunity to avoid or significantly reduce government levies for which their tariff authorities would otherwise be liable if they grow their business rates income by more than inflation. The overall pool position for 2025/26 has yet to be determined, but as in previous years any gain will be utilised for the benefit of all pool members.

The pool is established for one year at a time and thus the existing pool will cease at the end of 2025/26. Changes in the business rates system in 2026/27 mean that the financial benefit of pooling will not outweigh the risks involved. Therefore, there has been agreement from all members of the 2025/26 Pool that the pooling arrangements will not be continued in 2026/27. This will be kept under review for future years.

## C3 Movement on Balances

The balance on the Collection Fund relates to Council Tax, Community Charge and Business Rates. That part of the balance which relates to Community Charge will be paid to the Council in subsequent financial years. That part of the balance which relates to Council Tax will be shared between the Council, West Yorkshire Police Authority and West Yorkshire Fire and Rescue Authority in proportion to their precepts and demand on the Fund, again in subsequent financial years. That part of the balance which relates to

Business Rates will be shared between the Council, Central Government and West Yorkshire Fire and Rescue Authority in proportion to their precepts and demand on the Fund, again in subsequent financial years. The balance is split as follows:

**Table 123: Collection Fund movement on balances**

<b>Collection Fund movement on balances</b>	<b>1 April 2025 £000</b>	<b>Share of 2025/26 Surplus (-)/ Deficit £000</b>	<b>31 March 2026 £000</b>
<b>Council Tax and Community Charge</b>			
Kirklees Council: Community Charge	-10	0	-10
Council Tax	4,848	91	4,939
Collection Fund Adjustment Account - Council Tax	4,838	91	4,929
West Yorkshire Police Authority - Council Tax	645	17	662
West Yorkshire Fire and Rescue Authority - Council Tax	207	6	213
	<b>5,690</b>	<b>114</b>	<b>5,804</b>
<b>Business Rates</b>			
Kirklees Council - Business Rates	5,307	148	5,455
Collection Fund Adjustment Account - Business Rates	5,307	148	5,455
Central Government - Business Rates	5,415	152	5,567
West Yorkshire Fire and Rescue Authority - Business Rates	109	3	112
	<b>10,831</b>	<b>303</b>	<b>11,134</b>

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and Business Rates income in the CIES as it falls due from payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

## Section 6: Glossary of Terms

### Accruals

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

### Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

### Capital Receipts

These are the proceeds from the sale of capital assets.

### Cash Equivalents

Short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

### Community Assets

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

### Contingent Asset

A possible asset that arises from past events, and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control. Examples of contingent assets include claims for compensation being pursued through the legal process.

### Contingent Liability

A possible obligation at the Balance Sheet date, whose existence will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events. Where a material loss can be estimated with reasonable accuracy a liability is accrued in the financial statements. If, however a loss cannot be accurately estimated or its occurrence is not considered sufficiently probable to accrue it, the obligation is disclosed in a note to the Balance Sheet. Examples of contingent liabilities include legal claims pending settlement.

### Corporate and Democratic Core

Costs of corporate policy making and all Council member-based activities, together with costs relating to corporate management, public accountability and treasury management.

### Current Service (Pensions) Cost

The current service cost is an estimate of the true economic cost of employing people in a financial year, earning years of service that will eventually entitle them to the receipt of a lump sum and pension when they retire. It measures the full liability estimated to have been generated in the year (at today's prices) and is thus unaffected by whether any fund established to meet liabilities is in surplus or deficit.

## Defined Benefit Pension Scheme

A scheme in which retirement benefits are determined independently of the investments of the scheme and employers have obligations to make contributions where assets are insufficient to meet employee benefits. Accounted for by recognising liabilities as benefits are earned (i.e. employees work qualifying years of service), and matching them with the organisation's attributable share of the scheme's investments.

## Depreciated Replacement Cost

A method of valuation which provides a recognised proxy for the market value of specialised properties. It is an estimate of the market value for the existing use of land, plus the current gross replacement (or reproduction) costs of improvement, less allowances for physical deterioration and all relevant forms of obsolescence and optimisation.

## Depreciation

The measure of the cost or revalued amount of the benefit, of the fixed asset that has been consumed during the period. Consumption includes the wearing out or other reduction in the useful economic life of a fixed asset, whether arising from use, passage of time or obsolescence through technological or other changes.

## Existing Use Value (EUV)

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms-length transaction, after proper marketing, wherein the parties had acted knowledgeably, prudently and without compulsion, assuming that the buyer is granted vacant possession of all parts of the property required by the business and disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

## Existing Use Value – Social Housing (EUV – SH)

Existing Use Value for Social Housing is the estimated amount for which a property should exchange, on the date of valuation, between a willing buyer and a willing seller, in an arms-length transaction, after proper marketing, wherein the parties had each acted knowledgeably, prudently and without compulsion, subject to the following assumptions:

- The property will continue to be let by a body and used for social housing.
- At the valuation date, any regulatory body, in applying its criteria for approval, would not unreasonably hinder the vendor's ability to dispose of the property to organisations intending to manage their housing stock in accordance with that regulatory body's requirements.
- Properties temporarily vacant pending re-letting should be valued, if there is a letting demand, on the basis that the prospective purchaser intends to re-let then, rather than with vacant possession; and
- Any subsequent sale would be subject to all of the above assumptions.

## Fair Value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

## Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. It covers the most straightforward financial assets and liabilities such as trade receivables and payables, and more complex ones such as forward investments and stepped rate loan instruments.

## General Fund

This is the account for the major functions for which the Council is responsible, excluding the HRA and Collection Fund.

## Heritage Assets

A type of asset which is kept primarily for its contribution to knowledge and culture. Examples of heritage assets include museum artefacts, paintings, sculptures, and civic regalia.

## Housing Revenue Account (HRA)

This fulfils the statutory obligation for Councils to account separately for the provision of Council houses. The Local Government and Housing Act 1989 ring fenced the HRA so that no subsidy can be received from the General Fund.

## Impairment

A reduction in the value of a fixed asset below its carrying amount on the Balance Sheet.

## Infrastructure Assets

Fixed assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

## Intangible Assets

Intangible assets are assets which do not have a physical form e.g., externally purchased software.

## Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of scheme liabilities because the benefits are one period closer to settlement.

## Leasing

A method of financing capital expenditure which allows the Council to use but not own an asset. A third party (the lessor) purchases the asset on behalf of the Council (the lessee) which then pays the lessor a rental over the life of the asset. A finance lease substantially transfers the risks and rewards of ownership of a fixed asset to the lessee. An operating lease is any lease other than a finance lease.

## **Live Condition – Grant**

Live conditions are those conditions that specify that a grant must be used for a specific purpose and if it isn't used for that purpose, the grant funding must be returned to the giver.

## **Net Realisable Value**

The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses of realising the asset.

## **Non-Domestic Rates (also known as Business Rates)**

This is the levy on business property, based on a national rate in the pound applied to the rateable value of the property. The Government determines national rate poundage each year.

## **Non-distributed Costs**

These are overheads from which no service now benefits. Costs that may be included are certain pension costs and expenditure on certain unused assets.

## **Past Service (Pensions) Costs**

Past service costs are a non-periodic cost, arising from decisions taken in the current year, but whose financial effect is derived from years of service earned in earlier years. Discretionary benefits, particularly added years, awarded on early retirement are treated as past service costs.

## **Precept**

This is a charge levied by a local authority which is collected on its behalf by another authority (for example, the Police or Fire Authority). It does this by adding the precept to its own Council Tax and paying over the appropriate cash collected.

## **Provisions**

These are liabilities of uncertain timing or amount.

## **Related Parties**

Individuals or bodies who have the potential to influence or control the Council or to be influenced or controlled by the Council.

## **Revenue Contributions to Capital Outturn (RCCO)**

Capital spending that is directly paid for from revenue.

## Revenue Expenditure

This is money spent on the day to day running costs of providing services. It is usually of a recurring nature and produces no permanent asset.

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

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's Council Tax. These items are generally grants and expenditure on property not owned by the Council.

## Settlements and Curtailments (Pensions)

Settlements and curtailments are non-periodic costs. They are events that change the pensions' liabilities but are not normally covered by actuarial assumptions, for example a reduction in employees through a transfer or termination of an operation.

## Soft Loans

Authorities sometimes make loans to individuals or organisations at less than market rates, where a service objective would justify the Council making a concession. The Code requires the discounted interest rate to be recognised as a reduction in the fair value of the asset when measured for the first time. In subsequent years this discount is unwound by applying a market rate of interest, which will write up the value of the loan less any repayments of principal.

## Usable Reserves

These represent reserves available to support revenue and capital expenditure and are divided as follows:

- General Fund Balances – This is the general reserve available for Council use, excluding Housing Revenue Account purposes.
- Earmarked General Fund Reserves – These are reserves set aside for specific areas of expenditure and risk.
- Housing Revenue Account (HRA) – This is a general reserve available for HRA purposes.
- Capital Receipts Reserve – Income from the disposal of assets and capital loans is credited to this reserve. A proportion of the receipts relating to housing disposals is payable to the Government. The balance on the reserve can be used to finance new capital investment or set aside to reduce the Council's underlying need to borrow.
- Major Repairs Reserve – The Council is required by regulations to maintain this reserve. The main credit to the reserve is an amount equivalent to the charge for depreciation on HRA assets. The reserve can be used to finance capital expenditure on HRA assets or repay HRA debt.
- Capital Grants Unapplied – Capital grants and contributions received by the Council are credited to this reserve when there is an expectation that any conditions related to the grants will be met. These grants and contributions are then used to fund related capital expenditure when it is incurred.

## Unusable Reserves

- Capital Adjustment Account - This account reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them.
- Revaluation Reserve - This account records the net gain from fixed asset revaluations made after 1 April 2007.
- Accumulated Absences Account – This account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.
- The Collection Fund Adjustment Account – This account manages the differences arising from the recognition of Council Tax income in the CIES 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.
- The Deferred Capital Receipts Reserve – This reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new Capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.
- Financial Instruments Adjustment Account – This account provides a balancing mechanism between different rates at which gains and losses (such as premiums on the early repayment of debt and soft loans) are recognised under the Code and are required by statute to be met from the General Fund.
- Available for Sale Financial Instruments Reserve - This Reserve records gains made by the Council arising from increases in the value of its investments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are revalued downwards or impaired and the gains are lost or disposed of and the gains are realised.
- Dedicated School Grant Adjustment Account - A temporary ringfenced reserve established by the 2020/21 Code to hold any DSG deficit separately from the Council's General Fund Earmarked reserves. The statutory override has been extended to 2028.

## Section 7: Audit opinion