

2024/2025



**Gedling Borough Council**

# Annual Statement of Accounts

## **2024/2025**

Unaudited

## **ANNUAL STATEMENT OF ACCOUNTS 2024/25**

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**GEDLING BOROUGH COUNCIL**  
**ANNUAL STATEMENT OF ACCOUNTS 2024/25**  
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## ANNUAL STATEMENT OF ACCOUNTS 2024/25

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## **1. Introduction to Gedling Borough**

The Borough of Gedling is home to an estimated 117,800 people living in just over 53,000 households and is also the base for around 5,000 businesses. It covers 120 square kilometres on the outskirts of Nottingham and is a Borough of contrasts, with an urban commuter base centred on the towns of Carlton and Arnold, extending out to rural farmland and villages including Calverton, Ravenshead and Woodborough.

Gedling's vision is clear: we are responsible for a wide range of local services that matter to our residents in the borough. However, we do not limit our interest to those services we are directly accountable for but rather seek to influence and make a difference in all aspects of community life. At the centre of what we do is the motto "Serving People, Improving Lives" by which we aim to fulfil our ambition of being regarded as an excellent Council by the people and businesses we serve and the staff we employ and by making a positive difference to people's lives as well as creating opportunities for everyone to fulfil their full potential.

Managing a net revenue budget of £14.938m and a revised capital budget of over £9.467m, the Council provides a wide range of services for its residents as detailed in our Gedling Plan 2023-27. Gedling has a strong record of delivering high-quality, low-cost services, but the Council continues to face cuts in central government funding, making this an ever-increasing challenge to maintain. Funding cuts have come at a time of increasing demands for services from a growing and increasingly ageing population, together with inflationary pressures, in particular the Government's removal of the public sector pay cap has impacted on pay expectations in local government. Details of the plans made by the Council for 2024/25, the performance achieved against those plans and a look forward to 2025/26 and beyond are given in the following sections.

## **2. Gedling's Plans for 2024/25**

The Gedling Plan 2023-27, summarising how the Council would work with its partners to improve the lives of its residents, support local businesses and provide high quality and excellent value for money services, was approved by Council on 2 March 2024. This document set out the Council's four priorities, and all Gedling's plans are structured around these priorities, which are summarised below:

- ❖ Economy – to encourage and support healthy businesses in our town and local centres, improving local skills and employment opportunities, and prioritising an economy that attract visitors throughout the day and supports leisure activity.
- ❖ Community - to enable a resilient, empowered, connected, inclusive and healthy community.
- ❖ Place - to enable a safe, attractive, clean and culturally vibrant borough that plays its part to tackle the climate emergency.
- ❖ The Council - to ensure the council is a healthy place to work, it engages with its customers, has a focus on improvement, is financially sound, and ensures compliance with all relevant legislation.

### **2024/25 Budget Highlights**

On 30 October 2024, the Chancellor of the Exchequer presented his Autumn Statement to Parliament.

At the Budget, the government has fixed the envelope for Phase 2 of the Spending Review, which will conclude in the late Spring 2025. It will deliver a new settlement for public services, marking a fundamental change in how the government approaches public spending, supports growth, and delivers public services.

A Fair Funding Review has been announced and is currently open for consultation until August 15, 2025. The review aims to reform the way local authorities are funded, with a focus on a more equitable distribution of resources and reducing administrative burdens. This includes a review of how needs and resources are assessed, and a potential reset of the 50% business rates retention system from April 2026.

Earlier this year, the Government announced the £69 billion financial Settlement for 2025-26 - a 6.8% cash terms increase, with £600 million being directed through a one-off Recovery Grant to sustain

councils with historical low tax bases and higher levels of deprivation, through to the upcoming multi-year settlement. At the Spending Review earlier this month, the Government also announced over £5 billion of new grant funding over the next three years. This includes £3.4 billion of new grant funding which will be delivered through the multi-year Local Government Finance Settlement.

The Government has ambitious plans to strengthen and simplify the structures of local government through reorganisation. The Government are also bringing to an end wasteful, competitive bidding for funding pots and moving towards multi-year financial Settlements that give local leaders the certainty and stability they need to plan for the future.

The government is prepared to take the tough choices to improve services for the working people of Britain – with a balanced approach that protects all local authorities but ensures funding is truly based on need. The reforms will take into account the different needs and costs faced by communities across the country, including adjusting for the costs of remoteness faced by rural communities, and the ability of individual local authorities to raise Council Tax, while also resetting business rates income. It will update the crucial formulae used to calculate funding allocations, which are a decade out of date. Once finalised, the changes will be implemented in 2026-27 through the first multi-year Settlement in a decade.

These improvements are part of wider reforms we are making to local government to reset the relationship with central government, and drive the greatest transfer of power from Whitehall to the townhall in a generation through our landmark English Devolution Bill.

The 2024/25 Settlement determines how much Revenue Support Grant central government will give to each local authority in England in 2024/25 and sets the Baseline Funding Level for Business Rates (the actual amount of business rates funding will be determined by the actual amount of rates collected and movements in the business rates base in accordance with the business rates retention scheme).

The one year settlement means that there is still no clarity over funding levels after March 2025. This continues to hamper meaningful financial planning at a time when demand and inflationary pressures are now increasing beyond expectations.

The 2024/25 Settlement Funding Assessment (SFA) figures are set out in the table below along with those for previous periods for comparative purposes:

| Year    | Revenue Support Grant<br>£ | Business Rates<br>£ | Total SFA<br>£   | Cash (Reduction) /Increase<br>£ | Movement from Prev. Year | Movement from 2015/16 (last CSR) |
|---------|----------------------------|---------------------|------------------|---------------------------------|--------------------------|----------------------------------|
| 2015/16 | 2,146,200                  | 2,792,300           | <b>4,938,500</b> |                                 |                          |                                  |
| 2016/17 | 1,415,700                  | 2,815,500           | <b>4,231,200</b> | (707,300)                       | -14.3%                   | <b>-14.3%</b>                    |
| 2017/18 | 780,500                    | 2,873,000           | <b>3,653,500</b> | (577,700)                       | -13.7%                   | <b>-26.0%</b>                    |
| 2018/19 | 384,900                    | 2,959,300           | <b>3,344,200</b> | (309,300)                       | -8.5%                    | <b>-32.3%</b>                    |
| 2019/20 | 0                          | 3,027,100           | <b>3,027,100</b> | (317,100)                       | -9.5%                    | <b>-38.7%</b>                    |
| 2020/21 | 0                          | 3,076,400           | <b>3,076,400</b> | 49,300                          | +1.6%                    | <b>-37.7%</b>                    |
| 2021/22 | 0                          | 3,076,400           | <b>3,076,400</b> | 0                               | 0%                       | <b>-37.7%</b>                    |
| 2022/23 | 500                        | 3,076,400           | <b>3,076,900</b> | 500                             | 0%                       | <b>-37.7%</b>                    |
| 2023/24 | 117,500                    | 3,191,600           | <b>3,309,100</b> | 232,200                         | 7.5%                     | <b>-33.0%</b>                    |
| 2024/25 | 125,300                    | 3,321,100           | <b>3,446,400</b> | 137,300                         | 4.1%                     | <b>-30.2%</b>                    |

The new element of Revenue Support Grant (RSG) relates to the consolidation of grant funding that has previously been received outside of the Settlement Process, primarily being Council Tax Administration Subsidy i.e. this is not new funding. An offsetting reduction has been made in the core Revenue Budgets detailed at paragraph 2.5. The increase in business rates is due to adjustments made to baseline funding levels due to the revaluation of the system (see para 2.4.3)

The total cumulative settlement reductions equate to 30% or £1.49m in cash terms over the periods from 2016/17 to 2024/25 compared to the base position of 2015/16. Excluding the grants now consolidated into RSG i.e. not additional funding, the equivalent cumulative settlement reductions equate to 33% or £1.62m over the same period.

SFA is reduced to 23% of Gedling's net budget for 2024/25, before accounting for new required efficiency targets, compared to 60% in 2010/11.

### 3. Gedling's Performance in 2024/25

#### a. Financial Performance

During 2024/25, Cabinet received the usual Gedling Plan monitoring reports by portfolio for decision making (see the Expenditure and Funding Analysis at disclosure note 5 on page 46) and approved budget amendments to align resources to meet identified budget pressures, managing within the overall maximum capital and revenue budgets approved by Council, which included approved budget carry forwards from 2023/24.

#### Capital Outturn

Summary capital outturn expenditure by portfolio is shown below, together with its financing:

| <b>Capital Outturn</b>            | <b>Revised<br/>Estimate<br/>2024/25<br/>£000</b> | <b>Actual<br/>2024/25<br/>£000</b> | <b>Variance<br/>2024/25<br/>£000</b> |
|-----------------------------------|--------------------------------------------------|------------------------------------|--------------------------------------|
| <b>Capital Expenditure:</b>       |                                                  |                                    |                                      |
| Lifestyles, Health & Wellbeing    | 226                                              | 174                                | (52)                                 |
| Public Protection                 | 2,003                                            | 1,836                              | (167)                                |
| Environment Services              | 1,106                                            | 612                                | (494)                                |
| Climate Change & Natural Habitat  | 607                                              | 333                                | (274)                                |
| Sustainability Growth & Economy   | 3,548                                            | 2,485                              | (1,063)                              |
| Corporate Resources & Performance | 1,977                                            | 623                                | (1,354)                              |
| <b>Total Capital Expenditure</b>  | <b>9,467</b>                                     | <b>6,063</b>                       | <b>(3,404)</b>                       |
| <b>Financing:</b>                 |                                                  |                                    |                                      |
| Capital Receipts                  | (1,039)                                          | (372)                              | 667                                  |
| Capital Grants and Contributions  | (3,969)                                          | (3,627)                            | 342                                  |
| General Fund Revenue Contribution | (252)                                            | (195)                              | 57                                   |
| Developer Contributions           | (347)                                            | (289)                              | 58                                   |
| Borrowing                         | (3,860)                                          | (1,580)                            | 2,280                                |
| <b>Total Financing</b>            | <b>(9,467)</b>                                   | <b>(6,063)</b>                     | <b>3,404</b>                         |

Requests for carry forward of budgets to 2025/26 totalled £3,204m.

Major investments in services during the year included

:

- ❖ £1.234m provided for Disabled Facilities Grants.
- ❖ £0.977m on the Hillcrest Business Park Extensions
- ❖ £0.708m on Temporary Accommodation
- ❖ £0.580m on the Vehicle Replacement Programme
- ❖ £0.578m on the East Midlands Domestic Retrofit Project
- ❖ £0.572m on The Arnold Market Place (AMP)
- ❖ £0.255m on Digital Transformation
- ❖ £0.174m provided for Sports Facilities Investment.

At the end of the year capital grants and contributions received but not yet applied to capital expenditure totalled £1.474m. These capital reserves remain available for use in future years.

The Capital Financing Requirement represents the Council's underlying "need" to borrow for capital purposes and totalled £16.293m at 31 March 2025. No PWLB loans matured during 2024/25 and no additional PWLB loans were taken out in the year. Total external debt as at 31 March 2025 totalled £10.812m and therefore the Council remained in an "internally borrowed position", effectively using some of its reserves and balances to support capital expenditure in the short term. This approach is deemed prudent since although borrowing and investment rates are starting to increase, any further borrowing in advance of cash flow requirements would result in a significant additional cost to carry the extra debt. The Council has access to borrowing facilities at concessionary "certainty" rates from the PWLB. Loans taken from PWLB have special characteristics in that interest rates are based on the Government's cost of borrowing, rather than on market rates.

### **Revenue Outturn**

Summary outturn revenue expenditure by portfolio is shown below, together with its financing:

| <b>Revenue Outturn</b>                         | <b>Estimate<br/>2024/25<br/>£000</b> | <b>Actual<br/>2024/25<br/>£000</b> | <b>Variance<br/>£000</b> |
|------------------------------------------------|--------------------------------------|------------------------------------|--------------------------|
| <b>Portfolio:</b>                              |                                      |                                    |                          |
| Communities & Place                            | 334                                  | 362                                | 28                       |
| Lifestyles, Health & Wellbeing                 | 1,729                                | 1,592                              | (137)                    |
| Public Protection                              | 1,251                                | 1,594                              | 343                      |
| Life Chances & Vulnerability                   | 1,868                                | 1,650                              | (218)                    |
| Environmental Services                         | 4,279                                | 4,586                              | 307                      |
| Climate Change & Natural Habitat               | 2,109                                | 2,015                              | (93)                     |
| Sustainable Growth & Economy                   | 1,490                                | 1,682                              | 192                      |
| Corporate Resources & Performance              | 3,050                                | 1,467                              | (1,583)                  |
| <b>Net Portfolio Budget</b>                    | <b>16,110</b>                        | <b>14,938</b>                      | <b>(1,162)</b>           |
| Transfer (from)/to Earmarked Reserves          | (1,172)                              | (10)                               | 1,162                    |
| <b>Net Council Budget</b>                      | <b>14,938</b>                        | <b>14,938</b>                      | <b>0</b>                 |
| <b>Financing:</b>                              |                                      |                                    |                          |
| Business Rates                                 | (6,539)                              | (6,748)                            | (209)                    |
| Council Tax                                    | (7,333)                              | (7,333)                            | 0                        |
| Funding Guarantee                              | (226)                                | (226)                              | 0                        |
| Service Grant                                  | (21)                                 | (21)                               | 0                        |
| Revenue Support Grant                          | (125)                                | (125)                              | 0                        |
| New Homes Bonus                                | (710)                                | (710)                              | 0                        |
| <b>Transfer (from)/to General Fund Balance</b> | <b>16</b>                            | <b>225</b>                         | <b>209</b>               |
| <b>Total Financing</b>                         | <b>(14,938)</b>                      | <b>(14,938)</b>                    | <b>0</b>                 |

The table shows the achievement of a balanced Net Council Budget, which is a positive result.

The General Fund balance at 31 March 2025 is £5.292m. This remaining balance will be available to support future revenue expenditure.

In addition to the General Fund balance, earmarked reserves are sums set aside to provide financing for specific future expenditure plans. The total balance of such reserves at 31 March 2025 is £8.594m as opposed to £8.604m at 31 March 2024.

## **Council Tax**

Gedling collects its own council tax and, as a billing authority, for Nottinghamshire County Council, the Nottinghamshire Police and Crime Commissioner, the Combined Fire Authority and twelve parish councils. This has a significant impact on the Council's cash flow with the Council planning to collect around £94.3m and retaining only its own £7.3m for spend on services in 2024/25. Gedling's element of the council tax was increased by £5.48 (for a Band D equivalent property) in 2024/25 and during the year 97.5% of council tax due was collected, against a target of 98.5%.

## **Non-Domestic Rates**

Under the Business Rates Retention Scheme, Gedling collects business rates income and pays over the appropriate shares to Central Government, Nottinghamshire County Council and the Combined Fire Authority. Gedling was due to collect business rates income of £26.2m in 2024/25 after applying a number of reliefs announced by the Government. These reliefs and the accompanying compensation grants from the Government impacted the Council's cash flow during 2024/25 and this impact will continue for a number of years. Gedling's share of business rates income amounted to £7.1m in 2024/25.

The Business Rates Retention Scheme introduced a requirement to maintain a provision for rating appeals. The system is complex and neither the degree of successful appeals nor the reduction in rateable value achieved can be pre-determined. Using the best information available the total provision at 31 March 2025 is £1.522m, of which Gedling's share under the scheme is £0.609m. This represents a decrease for Gedling's share of £0.716m from the position at 31 March 2024.

During the year 98.5% of the business rates due was collected against a target of 98.9%.

## **Balance Sheet**

The Council's net worth increased from a net asset of £33.335m to £39.537m at 31 March 2025. The movement is largely due to a change in the pension liability and an increase in short term debtors.

### **❖ Pension Liabilities**

The Council's pension liability is the value of its commitment to pay retirement benefits across future years, offset by the value of assets invested in the Pension Fund. The Pension Fund is revalued every three years to set future contribution rates. At the most recent actuarial valuation on 31 March 2023, which set Gedling's contribution rates for 2023/24 to 2025/26, the funding level of the Nottinghamshire County Council Pension Fund was 100% of the accrued liabilities as at 31 March 2022, which has increased from 93% at the 2019 valuation.

Gedling's pension liability decreased by £2.9m to £1.5m during 2024/25. This was mainly due to decrease in the present value of the defined benefit obligation and an increase of the fair value of fund assets based on technical calculations and actuarial assumptions. This figure includes an asset ceiling figure of £11.4m. Whilst this has a significant impact on the Council's net worth, the increase in pension liability will be made good by the increases in future contributions and bears no relation to the cash position on the Pension Fund.

### **❖ Short Term Creditors**

The value of short-term creditors and receipts in advance decreased by £0.1m during 2024/25.

### **❖ Short Term Debtors**

The value of short-term debtors increased by £4.4m during 2024/25.

## **b. Non-Financial Performance**

### **Key Achievements and Key Performance Measures:**

The Council has made a commitment to closely align budget and performance management in line with good practice. To deliver this commitment, progress in respect of activities,

achievements and performance measures, grouped by the Council's priorities, is reported to Cabinet on a regular basis. Key achievements are deemed to be those making a real difference to peoples' lives, in keeping with the Council's key aim of Serving People, Improving Lives whilst key performance measures allow progress towards these to be monitored.

### **Economy:**

To encourage and support healthy businesses in our town and local centres, improving local skills and employment opportunities, and promoting an economy that attracts visitors throughout the day and supports leisure activity.

#### Key Achievements

- ❖ This year, more than 650 stakeholders across the borough contributed to shaping the Ambition Arnold Visionary Masterplan. The plan, which has now been approved, sets a future vision to revitalise Arnold town centre and address its long-term sustainability. It ensures that the Council is ready to make the most of future funding opportunities as they arise

Significant progress was made this year on skills development including:

- ❖ 30 residents taking part in HGV driver training programme, with 18 so far securing work.
- ❖ 38 residents taking part in forklift truck driver training with 18 participants so far in work.
- ❖ 110 socially excluded residents taking part in the 'Transform Your Future' Programme, with 86 people supported to access basic skills and 107 supported to engage in job searching.
- ❖ More than 100 people accessing Digital Skills training.
- ❖ More than 40 people accessing ESOL training to improve their 'Everyday English' skills.
- ❖ In partnership with the Department for Work and Pensions, we have also held four well-attended jobs fairs.

Business support also remains strong including:

- ❖ 110 businesses being engaged in five Business Support Network events delivered across the year.
- ❖ Ongoing access to Business Advice Surgeries hosted by East Midlands Chamber.
- ❖ High interest from Gedling businesses in the Business Start Up/Growth grants managed by Nottinghamshire County Council, with 24 applications bought to panel and approved.
- ❖ Additionally, solid progress was made (and is now completed) on Hillcrest Park business units in Calverton which will further enable space for local business growth.
- ❖ Our focus on high street improvement has also continued. High Street Events Grant activity has involved volunteers removing graffiti, weeding and planting in local areas. The High Street Hero week held in February attracted 168 children from across the borough, increasing footfall to the high street.
- ❖ 'Finally, in Quarter 3 we received positive news from the Government, honouring the £20m commitment to a revised programme that builds on the work done to create a 3 year investment plan and ten-year vision as part of the Carlton Long Term Plan for Towns.

## **Community:**

To enable a resilient, empowered, connected, inclusive and healthy community.

### Key Achievements

- ❖ Our Leisure service achieved its highest ever membership numbers, with more than 5000 members registered as at Spring 2025, making a significant contribution to health and wellbeing across the borough.

A multitude of successful events were held across the borough, delivered or enabled by the Council, including:

- ❖ The Arnold Christmas lights switch on, attracting more than 2500 people to watch festive performances from local schools and choirs.
- ❖ The 9th Pride of Gedling Awards, with more than 120 nominations received.
- ❖ The Arnold Summer Fair, bringing communities together with a focus on heritage and history.
- ❖ A schools celebration event bringing together young people from across the borough.
- ❖ Arnold Remembrance Event with a record attendance of 2500 – 3000 people, with advisory support provided for Gedling and Mapperley events.
- ❖ Multiple civic events, a parish conference, leisure gala days, litter picking events ... and more!
- ❖ In Netherfield, the Council supported the development of a community mosaic designed by local artist Anna Dixon in liaison with local residents. This was installed in Jackie Bells Field along with the addition of a new tree to improve the green space.
- ❖ Carlton Hill Sensory Garden was re- developed, including replanting the garden and adding additional sensory elements along with replacement benches and enhanced signage.
- ❖ The Gedling Social Mobility Commission was mobilised with the intention of tackling inequality across the borough.
- ❖ A partnership 'Day of Action' at Burton Road Jubilee Park brought partners together including Red Snapper Immediate Justice, the police, Deputy Police Crime Commissioner, Rivendell View Care Home and Council staff to carry out improvements on the park.
- ❖ A week long Keep Britain Tidy 'Spring Clean' involved several community litter picks across parks in the borough. Volunteers from The Friends of Bestwood Country Park, Gedling Parks Community Group were amongst those taking part.

## **Place:**

To promote and drive sustainable growth across the borough to meet current and future needs.

### Key Achievements

- ❖ Four of our parks have again achieved Green Flag status, including Arnot Hill Park for the 18<sup>th</sup> year running, Burton Road Jubilee Park and Gedling Country Park (for the 9<sup>th</sup> year running) and Breck Hill Park (for the 3<sup>rd</sup> year running).
- ❖ Our housing team has succeeded in reducing long-term vacant homes to 0.79%, an achievement that exceeds the East Midlands (1.1%) and national (1.03%) averages.
- ❖ We completed the planting of more than 1,370 new trees and established a wildflower meadow for the Green Lung project at Digby Park, strengthening local biodiversity and climate change.

We funded improvements to our parks, playgrounds and community facilities by attracting external funding and local grant funding to deliver improvements including:

- ❖ The Queen's Canopy memorial at Gedling County Park,
- ❖ An upgraded playground at Valley Road in Carlton including a zip line, wheelchair accessible see saw, swings, trampolines and more.
- ❖ Four new art sculptures at Arnot Hill Park showing the history of Arnold and its surroundings.
- ❖ A new willow sculpture at Gedling Country Park park.
- ❖ Improvements at Conway Road tennis courts, investment in flood lights at Mellish Rugby Club and Pavoirs Rugby Club, and a new 3G pitch at Calverton Miners Welfare Football Club.
- ❖ Investments have also been made in retrofitting homes in partnership with Eon Energy, maximising external funding to enable home energy efficiency measures. Solar panels and external wall insulation were installed in 29 homes and 28 homes were improved to an Energy Performance Certificate rating (EPC) of band C or above.
- ❖ Other housing improvements have also been made, with the re-launch of our Selective Licensing scheme in Netherfield, giving us powers to make privately rented homes better for people to live in. The scheme makes it mandatory for landlords in certain areas to have licences for each of their private rented properties and currently covers Netherfield, Colwick, Carlton Hill, Daybrook and Newstead Village.
- ❖ The Council's carbon footprint has also reduced significantly in the past year with directly controlled emissions and emissions from energy use reducing by 45% (753 tonnes) since 2019.
- ❖ Environmental improvements to air quality have also been achieved this year, with the removal of the Air Quality Management Area along the A60 following a continued significant reduction in emissions thanks to actions taken by the Council in partnership with Nottinghamshire County Council and Nottingham City Council,
- ❖ The Council's Cabinet agreed to the progression of a feasibility study to consider the potential for a new Carlton Leisure and Community Wellbeing Centre. Work is underway, which will result in a set of detailed design proposals and a full business case.
- ❖ Finally, to enable us to meet 100% of the required housing target for Gedling, we took the challenging decision to withdraw from the Greater Nottinghamshire Local Development Plan to focus on meeting local housing targets with a specific plan for Gedling. By doing this, we can reduce the risk of speculative and uncontrolled development borough wide, while ensuring that as the borough grows, the critical infrastructure to enable it is put into place. Consultation on the Plan will continue into the new Financial Year and we are committed to listening carefully to all views before any final decisions are reached.

#### **The Council:**

To be a high performing, efficient and effective council.

#### **Key Achievements**

- ❖ Despite the ongoing financial and demand pressures that the Council faces, significant work has been done this year to ensure that the Council remains financially stable and can balance its budgets providing planned efficiency targets are achieved. Teams across the Council have worked hard to cut costs, make better use of ICT, to amalgamate managerial roles to ensure value for money and to consider alternative ways of delivering services within financial constraints. Financial prudence will continue to be a core focus for the Council to ensure that our wider objectives can be achieved.

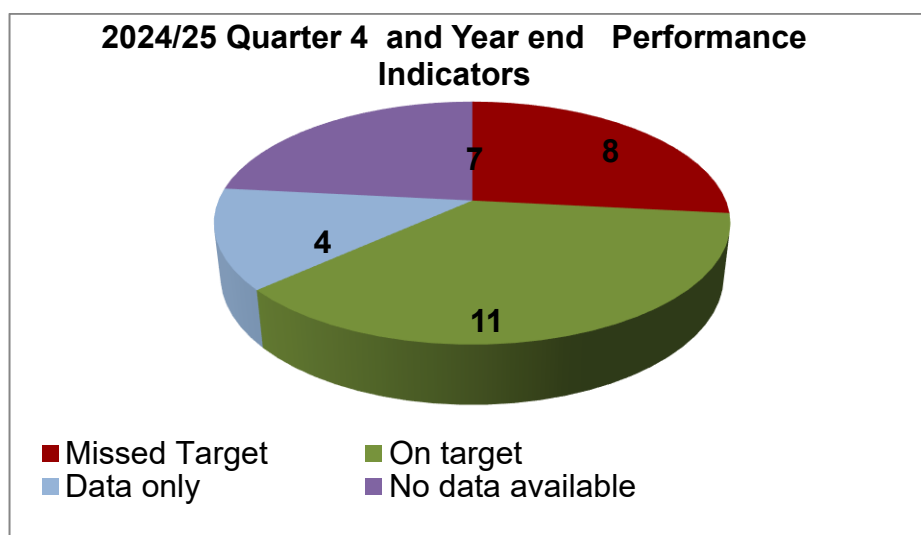
- ❖ As part of the Council's efficiency drive, we are also encouraging people to make better use of online services where they are able to do so. This year 8500 e-bills were issued, an increase of more than 1000 on last year's figures, resulting in significant savings on postage and printing costs.
- ❖ In our waste and streets services, new technology has been developed that, in the new Financial Year (2025/26) will better enable us to deliver services efficiently and will support our teams, and residents, to know exactly where service requests are up to.
- ❖ Similarly, within Customer Services, we are introducing new technology to help residents get through to the person they need to speak to more quickly and to enable our teams to resolve more enquiries at first point of contact, improving service for our residents and enabling more efficient ways of working within our teams.
- ❖ Internally, improvements have also been made to our procurement function, with a new service model in place to ensure greater responsiveness and to achieve greater value over time. Training has also taken place on the new Procurement Act which came into force in February 2025.
- ❖ A new Risk Management Framework has also been introduced to strengthen how we manage risk, supported by a new Corporate Risk Board with regular reporting to the Senior Leadership team, Audit Committee and Overview and Scrutiny Committee.
- ❖ We have also expanded our Trade Waste Service. This generates a small amount of income for the Council and ensures we are ready for the Government's Simpler recycling programme which started to be rolled out this year and will continue into 2025/26.
- ❖ Funding was also awarded to us for successful completion of the Government's Cyber Assessment Framework pilot, giving residents assurance that we are doing everything we can to keep their data safe.
- ❖ And we are updating our asset plans based on a strategic review of our overall assets within the financial year so that we spend limited public funding in the best possible way.

#### **Actions:**

There are 96 actions included in the Gedling Plan 2023-27 which were due for completion in 2024/25. 56 actions were completed in 2024/25, 38 were overdue and 2 are still in progress.

#### **Performance Indicators:**

Whilst Actions refer to the Council's broad aims, Performance Indicators are more specific and represent measurable targets that are monitored and reported to Members on a quarterly or annual basis as appropriate. In 2024/25, 11 out of the 30 indicators were on target, 8 were below the target and 4 indicators were used for tracking purposes only. Data was available for all of the indicators.



**What we did well** - 13 indicators were on target or slightly behind target. Examples of particularly positive results, either in terms of the performance against the target or when compared with 2024/25, are shown below :

- ❖ Average number of Swim School Members (12 month rolling period) was 4,070 against a target of 3,800.
- ❖ Number of visits to leisure centres was 1,298,058 against a target of 1,165,000.
- ❖ Current number of DNA members was 5,005 against a target of 4,500.
- ❖ Number of affordable homes delivered (gross) was 105 against a target of 75.
- ❖ Percentage of calls to the contact centre answered (or call back made) was 98.3% against a target of 94.0%
- ❖ Percentage of invoices paid within 30 days was 98.22% against a target of 99.00%
- ❖ Percentage of Business Rates collected was 98.4% against a target of 98.9%
- ❖ Percentage of food premisses scoring 4 or 5 in the national food hygiene rating scheme was 95% against a target of 95%
- ❖ Number of rented households with health and safety hazards that fall below the minimum legal standard that have been remediated following the council's intervention was 51 against a target of 50
- ❖ Percentage of Major planning applications processed within 13 weeks was 100% against a target of 92%
- ❖ Percentage of Minor planning applications processed within 8 weeks was 86.41% against a target of 86.00%
- ❖ Number of long term (over 6 months) empty homes in the Borough returned to use as a result of Gedling Borough Council intervention was 98 against a target of 70
- ❖ Number of attendances at the Bonington Theatre was 47,328 against a target of 48,000.

**Where we need to improve** - whilst overall performance is positive, 7 indicators were behind target. The two major areas of concern were:

- ❖ Number of attendances - Bonington Theatre was 47,328 against a target of 48,000
- ❖ Working Days Lost Due to Sickness Absence (rolling 12-month total) was 10.10 days against a target of 9.0 days.
- ❖ Average time to process new Housing Benefit claims (in calendar days) was 20.3 days against a target of 15 days
- ❖ Net additional homes provided was 462 against a target of 465
- ❖ Average time to process Housing Benefit change in circumstances (in calendar days) was 7.7 days against a target of 5 days
- ❖ Percentage of Council Tax collected was 97.49% against a target of 98.50%
- ❖ Average number of Swim School Members was 4,132 against a target of 4,200

#### **4. The Council's Future Plans – The Way Forward**

The financial position remains extremely challenging with Central Government support to the Council continuing to fall.

The final settlement figures announced on 5 February 2024 related only to 2024/25 and is a one-year settlement and once again there was no multi-year settlement which many local authorities, including Gedling Borough Council lobbied for. However, the Government has attempted to provide some clarity for 2024/25 by ensuring the funding guarantee introduced last year is maintained, to ensure every Council sees at least a 4% increase in Core Spending Power next year before any local decisions on council tax. Core settlement funding was also uplifted with Revenue Support Grant increasing by CPI, and an increase in baseline funding levels. They also announced that they will continue with the previous year's approach to the Service Delivery Grant and New Homes Bonus in recognition that these grants are important to Councils. This means there will be no implementation of the Fair Funding Review or reset of the Business Rates system in 2024/25 and confirmed no further changes will be made to Council Tax referendum principles.

The total cumulative settlement reductions equate to 30% or £1.49m in cash terms over the periods from 2016/17 to 2024/25 compared to the base position of 2015/16. Excluding the grants now consolidated into RSG i.e. not additional funding, the equivalent cumulative settlement reductions equate to 33% or £1.62m over the same period.

The Council has always taken, and will continue to take, a proactive approach to funding cuts, actively seeking out ways to identify pressures, possible efficiencies and new sources of income. The Gedling Plan 2023-27 was presented to Members on 2 March 2023 and reaffirmed the Council's priorities as:

- ❖ Economy
- ❖ Community
- ❖ Place
- ❖ The Council

Since 2014/15 Council have approved six separate efficiency programmes totalling £7.5m net of risk provision. The total programme remaining for delivery over 2024/25 to 2025/26 is £0.298m (net of risk provision).

The progress of the current programme delivery has been positive and budget reductions achieved remain broadly in line with the profiled estimate.

A new efficiency programme totalling £108,600 for delivery in 2025/26 is now proposed for approval. A risk provision of £79,600 is included in the budget to manage the inherent risks of efficiency programme delivery

It is recognised that there continues to be significant risks in delivering the full amount of savings in the remaining projects.

Even in the face of the financial challenges, the Council remains ambitious for its residents, businesses and taxpayers and the 3 year capital investment plan, detailed below, includes schemes to provide affordable housing, replace vehicles and refurbish play areas.

| Capital Estimate                    | Three Year Plan |                 |                 |
|-------------------------------------|-----------------|-----------------|-----------------|
|                                     | 2024/25<br>£000 | 2025/26<br>£000 | 2026/27<br>£000 |
| Lifestyles, Health & Well-being     | 219             | 0               | 0               |
| Environment                         | 1,516           | 1,184           | 1,310           |
| Sustainability Growth and Economy   | 3,734           | 2,300           | 1,200           |
| Corporate Resources and Performance | 3,919           | 1,219           | 663             |
| <b>Total Expenditure</b>            | <b>9,388</b>    | <b>4,703</b>    | <b>3,173</b>    |
| <b>Financing</b>                    |                 |                 |                 |
| Capital Receipts                    | (1,015)         | (839)           | (283)           |
| Capital Grants and Contributions    | (3,544)         | (1,200)         | (1,814)         |
| General Fund Revenue Contribution   | (148)           | 0               | 0               |
| Borrowing                           | (4,681)         | (2,664)         | (1,076)         |
| <b>Total Financing</b>              | <b>(9,388)</b>  | <b>(4,703)</b>  | <b>(3,173)</b>  |

In addition to reductions in Government grant funding, the key strategic financial risks facing the Council over the forthcoming years are:

- ❖ **Major Budget Pressure** - Since the approval of the original 2022/23 budget there has been a significant increase in inflationary pressures being faced by the Council, resulting in a substantial increase in costs across the medium term. The inflationary pressures arising have been caused by a range of factors: the aftermath of the Covid-19 pandemic; post-Brexit supply and labour shortages; the war in Ukraine and subsequent western sanctions; and more recently the previous Chancellor's fiscal statement and growth plan set out in September of last year; which all together created a 'perfect storm' culminating in an adverse impact on the economy, dampening growth with inflation rising significantly above the Bank of England target levels and resulting in an increasing Bank of England base rate.
- ❖ **Fair Funding Review** – Funding baselines for local authorities, as determined by the local government finance settlement, are based on an assessment of local authorities' relative needs and resources. This consists of a large number of economic and social indicators that underlie the distribution of Revenue Support Grant and the setting of tariffs and top-ups within business rate retention. The methodology behind this assessment was introduced over ten years ago, and has not been updated since the introduction of the 50% business rates retention system in 2013/14.

Since that time, demographic pressures have affected local areas in different ways, as has the cost of providing particular services. In recognition of these pressures, the Fair Funding Review will address concerns about the fairness of current funding distributions which have diverged from the needs basis. The outcome of this review will enable the Government to reconsider how the relative needs and resources of local authorities should be assessed in a world in which they will continue to have greater control over the money that they raise.

Transitioning to the new funding distribution. The Government recognises that introducing a new needs and resources formula could result in significant changes to the funding baselines of some local authorities. It is therefore intended to introduce transitional arrangements that are fair, transparent and easily understood so that budgetary impacts can be accommodated.

The latest consultation proposed that the starting baseline for the purposes of transition will be a measure of the current funding available to each local authority i.e. the Core Spending Power measure excluding one-off grants. This should mean that no authority will see its funding reduce as a result of the new system in the first instance. It proposed that transition be time-limited, establishing a fixed period of time to enable target allocations to be reached as soon as practicable.

Whilst the need for a transition period is usual in these circumstances there is a risk that the funding reductions that Gedling have suffered since 2015/16, as detailed in the CSP measure, will be locked in for a period if:

- a) the outcome of the review is that Gedling's funding is currently too low based on relative needs, which may be the case given that the disproportionate £1.5m CSP reductions (excluding one-off grants which may not be protected) we have faced are mainly due to the NHB scheme which takes no account of relative needs; and
- b) the current CSP is used as the comparative measure to apply protection similar to its use in the 2022/23 Lower Tier Services Grant.

Gedling will take an active part in any further Fair Funding Review consultation processes to ensure its position is understood and views are represented.

- ❖ **Business Rates Retention Scheme** – The Business Rates Retention Scheme will be retained at 50% for next year and there will also be no reset of the business rates baseline for 2024/25 which provides some funding certainty for next two years. If the reset is implemented in 2025/26 it is expected that some existing business rates growth could be removed upon reset, reducing income levels.

The Council has an excellent record for budget management and financial planning. It has always aimed to be a year ahead of the budget reductions required, to ease the transition. It has also already developed strategies to manage efficiencies and for the digitalisation of services. However, given the scale of the challenges faced, especially in the light of the recovery from Covid-19 and the budget reductions required, there will inevitably be some contraction of services or reduction in performance in some areas over the coming years if existing efficiency plans do not proceed in line with expectations or there are further funding reductions following the implementation of the Fair Funding Review. Working with partners will be essential to successfully respond to the challenges faced.

## **5. Corporate Risk**

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. In discharging this responsibility, the Council is responsible for putting in place proper governance arrangements, facilitating the effective exercise of its functions including arrangements for the management of risk. For this purpose, the Council has approved and adopted a Code of Corporate Governance which is consistent with the principles of the CIPFA/SOLACE Framework "Delivering Good Governance in Local Government" and also meets the requirements of the Accounts and Audit Regulations 2015.

For the year ended 31 March 2025 the Head of Internal Audit (BDO) Annual Report and Annual Statement for 2024/25, concluded an overall opinion of Moderate assurance, which is a positive level of assurance and demonstrates the work undertaken by the Council to strengthen its internal control environment.

The AGS assesses governance up to 31 March 2025. A number of proposed actions for 2024/25 have been identified in the AGS to address control and risk issues following a review of the governance framework which, whilst not all significant, are included to provide a proactive and holistic approach to governance, including assessing and monitoring the risks and assumptions underpinning the Council's Medium Term Financial Plan (MTFP), monitoring the emerging risk of workforce capacity to the delivery of the Gedling Plan and to governance compliance, reviewing the emergency planning arrangements to incorporate lessons learnt from the Covid-19 pandemic response and updating all business continuity plans to ensure they are fit for purpose for all business continuity risks, reviewing and adopting the principles of CIPFA's Position Statement: Audit Committees in Local Authorities to ensure that effective audit committee arrangements are in place in order to meet statutory responsibilities, ongoing monitoring of compliance with the Financial Management Code and implementation of planned actions as well as implementing system improvements to support the monitoring and timely implementation of internal audit actions by management.

## **6. Explanation of the Financial Statements**

The Accounts and Audit Regulations 2015 require the Council to produce a Statement of Accounts for each financial year. These statements contain a number of different elements.

### **Statements to the Accounts**

- ❖ The Statement of Responsibilities for the Statement of Accounts sets out the respective responsibilities of the Authority and of the Chief Financial Officer.
- ❖ The Auditors Report gives the auditor's opinion of the financial statements and of the authority's arrangements for securing economy, efficiency and effectiveness in the use of resources.

### **Financial Statements**

- ❖ The Comprehensive Income and Expenditure Statement (CIES) shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards, rather than the amounts to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations, which may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- ❖ The Movement in Reserves Statement (MiRS) shows the movement from the start of the year to the end, on different reserves held by the authority, analysed into "usable" reserves (those that can be applied to fund expenditure or reduce local taxation) and other "unusable" reserves. The statement shows how the in-year movements of the authorities' reserves are broken down between gains and losses incurred in accordance with Generally Accepted Accounting Practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movement in the year, following those adjustments.
- ❖ The Balance Sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the authority. The net assets are matched by the reserves held by the authority, reported as usable reserves (those that may be used to provide services subject to the need to keep a prudent level of reserves) and unusable reserves (those holding unrealised gains and losses and therefore not available to use in the provision of services).
- ❖ The Cashflow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cashflows as operating, investing and financing activities. The amount of cashflows arising from operating activities is a key indicator of the extent to which operations are funded by way of taxation and grant income, or from the recipients of services provided by the authority. Investing activities represent the extent to which the cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cashflows from financing activities are useful when predicting claims on future cashflows to the Council by providers of capital, ie. Borrowing.

### **Supplementary Statements**

- ❖ The Collection Fund Statement is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from the taxpayer and distribution to local authorities and the Government, of council tax and non-domestic rates.

## **7. Summary**

The Council's financial and non-financial position in 2024/25 remains robust, given the extent of the financial challenges it faces. The revenue outturn represents an underspend that is broadly in line with expectations and the capital programme has been actively managed. The Council continues to maintain a level of reserves and balances that will provide financial resilience for 2024/25 and although the recovery from the Covid-19 pandemic and the impacts of the 'Cost of Living' crisis are likely to present a significant challenge in the medium term, the Council will not lose sight of achieving the Gedling Plan and delivering its aim of 'Serving People, Improving Lives'.

No material events took place between the reporting date of 31 March 2025 and the date the Statement of Accounts was authorised for issue by the Chief Financial Officer.

# **ANNUAL STATEMENT OF ACCOUNTS 2024/25**

## **STATEMENT OF ACCOUNTING POLICIES**

### **FOR GEDLING BOROUGH COUNCIL**

#### **1. General Principles**

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

The Statement of Accounts has been prepared on a going concern basis. As required by IAS1, it has been assumed that the Council will continue in operation for the foreseeable future.

#### **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 or services is recognised in accordance with the terms and conditions of the contract.
- 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 on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure has 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 it is doubtful that debts will be settled, the balance is written down and a charge made to revenue for the income that might not be collected.

An exception to this principle relates to electricity and similar quarterly payments, which are charged at the date of meter readings rather than being apportioned between financial years. This policy is consistently applied each year and is unlikely to have a material effect on the year's accounts.

#### **3. Cash and Cash Equivalents**

Cash is represented by cash in hand at the bank, cash in transit and imprest amounts. Cash equivalents are represented by deposits held in Business Reserve accounts and Money Market

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

Funds that are repayable at call without penalty. They are readily convertible to known amounts of cash with insignificant risk of change in value. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

All deposits held for fixed periods, however short, are classed as short-term investments, since they are not readily convertible to cash as they cannot be broken without the payment of penalties.

### 4. Exceptional items

When items of income and expenditure are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to the understanding of the Council's financial performance.

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

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

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

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### 6. Charges to Revenue for Non-Current Assets

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 Authority 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 authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 require local authorities to approve an MRP policy at the beginning of each financial year, determining how the amount to be set aside for the repayment of principal on outstanding debt is to be calculated. This policy is included in the Treasury Management Strategy Statement for 2024/25, which was approved by Council on 5 March 2025.

### 7. Employee Benefits

#### Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year which employees render service to the authority. An accrual is made for the estimated cost of holiday entitlements (or any form of leave, eg time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

#### Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority 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 segment or, where applicable, to a corporate service segment for non-distributed costs in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the authority recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserve Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination 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.

#### Post-Employment Benefits

Employees of the Authority are members of The Local Government Pensions Scheme, administered by Nottinghamshire County Council.

The scheme provides defined benefits to members (retirement lump sums and pensions) earned as employees worked for the Authority.

#### The Local Government Pension Scheme

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

- The liabilities of the Nottinghamshire County Council Pension Fund attributable to the Authority are included in the Balance Sheet on an actuarial basis using the projected unit method – ie an assessment of the future payments that will be made in relation to

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### STATEMENT OF ACCOUNTING POLICIES

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, using a discount rate that reflects the time value of money and the characteristics of the liability.
- The assets of Nottinghamshire County Council pension fund attributable to the Authority are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price;
  - unquoted securities – professional estimate;
  - unitised securities – current bid price;
  - property – market value.

The change in net pension 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 Comprehensive Income and Expenditure Statement to the services for which the employees worked;
  - past service cost – the increase in liabilities as a result of 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 Comprehensive Income and Expenditure Statement;
  - Net interest on the net defined benefit liability (asset), ie. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of the contribution and benefit payments.
- Re-measurements comprising:
  - The return on plan assets - excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure;
  - Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the Nottinghamshire County Council pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities, not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

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 on the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### Discretionary Benefits

The Authority 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 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.

## **8. Events After the Balance Sheet Date**

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 – the Statement of Accounts is adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

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

## **9. Financial Instruments**

### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 all the Authority's borrowings, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has not undertaken any repurchase or early settlement of borrowing during 2023/24.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

### Financial Assets

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

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

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

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. 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 for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument.

These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Authority has provided car loans to employees at less than market rates (soft loans). In normal circumstances soft loans would be recognised and measured in the accounts at fair value, in accordance with the Code. However, car loans to employees have been considered at length and it has been concluded that the sum outstanding is not material. Accordingly, no additional calculations for fair value have been undertaken and car loans are recognised at the value of the sums loaned less repayments made.

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

### Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised costs, either on a 12-month or lifetime basis. Only lifetime losses are recognised for trade debtors held by the Authority.

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 the 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.

Changes in loss allowances (including balances outstanding at the date of de-recognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

### Fair Value through Profit and Loss (FVPL)

Financial assets that are measured at FVPL are recognised in the Balance Sheet when the authority becomes a party to contractual provisions of a financial instrument and are initially measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement as they occur.

The Authority holds an investment in the CCLA property fund (a pooled investment fund) which is classified as FVPL. Gains and losses on the fund must now be charged to the Comprehensive Income and Expenditure Statement, however a statutory override effective until 31 March 2025 requires that gains and losses on pooled investment funds must be reversed out through the Movement in Reserves Statement to the Pooled Investment Funds Adjustment Account.

### Fair Value through Other Comprehensive Income (FVOCI)

These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the Comprehensive Income and Expenditure Statement when the asset is disposed of. The Authority did not hold any FVOCI instruments during 2023/24.

## **10. Foreign Currency Conversion**

Where the Authority has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are converted at the European Central Bank Reference Rate applicable at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

## **11. Government Grants and Contributions**

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

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

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement 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 in the form of a 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.

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-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, 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

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

### Community Infrastructure Levy

The Authority has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects to support the development of the area.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges are largely used to fund capital expenditure. However, a small proportion of the charges for this authority may be used to fund revenue expenditure and to meet administrative expenses.

## **12. Intangible Assets**

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resource being available) and the Authority 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).

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible assets held by the Authority meets the criterion and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. 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(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted 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.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

### 13. Inventories

Inventories included in the Balance Sheet are valued at last price paid.

Stocks and stores held in the Authority's depot and leisure centres at the year-end are valued at the latest price paid. This is a departure from the requirements of the Code which require stocks to be shown at actual cost or net realisable value, if lower. The effect of the different treatment is not considered to be material. Work in progress on uncompleted jobs is valued at the lower of cost or net realisable value.

### 14. Investment Property

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, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but values are revalued annually and are reviewed at year-end according to the market conditions. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Investment property that meets the classification criteria for assets held for sale with a realistic expectation of disposal within the next financial year will be re-classified as Held-for-Sale Investment Property in Current Assets.

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.

### 15. Leases

Leases are now accounted for under IFRS 16 which came into effect for Local Authorities from 1<sup>st</sup> April 2024. The Council has conducted an exercise to determine if there are any leases that would fall into the new standard.

#### The Authority as Lessee:

Recognition exemptions for IFRS 16;

If the following criteria aren't met an election can be made to account for lease payments as an expense to I&E on a straight-line basis over the lease term or another systematic basis for the following two types of leases:

i) leases with a lease term of **12 months or less** and containing no purchase options – this election is made by class of underlying asset; and

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

ii) leases where the underlying asset has a **low value** when new (such as personal computers or small items of office furniture) – this election can be made on a lease-by-lease basis.

Under IFRS 16, a lease is defined as a contract granting an entity the right to utilise a specific asset for a prescribed period of time in exchange for agreed-upon consideration. To determine whether a contract grants control of the asset to the lessee, the agreement must provide the following to the lessee:

- The right to substantially all economic benefits from the use of the asset
- The right to dictate how the asset is used by the entity

An asset is typically identified by being explicitly specified in a contract, but an asset can also be identified by being implicitly specified at the time it is made available for use by the customer.

Upon lease commencement a lessee recognises a right-of-use asset and a corresponding lease liability on the Balance sheet.

The right-of-use asset is initially measured at the amount of the lease liability plus any initial direct costs incurred by the lessee. Adjustments may also be required for lease incentives, payments at or prior to commencement and restoration obligations or similar.

After lease commencement, a lessee shall measure the right-of-use asset using a cost model, unless:

- i) the right-of-use asset is an investment property and the lessee fair values its investment property under [IAS 40](#); or
- ii) the right-of-use asset relates to a class of PPE to which the lessee applies [IAS 16](#)'s revaluation model, in which case all right-of-use assets relating to that class of PPE can be revalued.

Under the cost model a right-of-use asset is measured at cost less accumulated depreciation and accumulated impairment.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, discounted at the rate implicit in the lease if that can be readily determined. If that rate cannot be readily determined, the lessee shall use their incremental borrowing rate.

The lease liability is subsequently remeasured to reflect changes in:

- the lease term (using a revised discount rate);
- the assessment of a purchase option (using a revised discount rate);
- the amounts expected to be payable under residual value guarantees (using an unchanged discount rate); or
- future lease payments resulting from a change in an index or a rate used to determine those payments (using an unchanged discount rate).

The remeasurements are treated as adjustments to the right-of-use asset.

Property, plant and equipment recognised under right-of-use assets are accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the authority at the end of the lease period).

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### STATEMENT OF ACCOUNTING POLICIES

The Authority is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of any adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

The Authority does not currently have any qualifying right-of-use assets.

#### **The Authority as Lessor:**

##### Finance Leases

These are classified as Finance leases if;

- the lease transfers substantially all the risks and rewards incidental to ownership of an underlying asset
- the lessee has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date the option becomes exercisable that, at the inception of the lease, it is reasonably certain that the option will be exercised
- the lease term is for the major part of the economic life of the asset, even if title is not transferred
- at the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset
- the leased assets are of a specialised nature such that only the lessee can use them without major modifications being made

Where the Authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain representing the Authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (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

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### STATEMENT OF ACCOUNTING POLICIES

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.

The Authority does not currently have any finance leases as lessor.

#### Operating Leases

Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the balance sheet. Rental income is credited to the appropriate service revenue account in the Net Cost of Services in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease.

#### **16. Overheads and Support Services**

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

#### **17. Property, Plant and Equipment**

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. The Authority operates a de minimis level of £5,000 in recognising and valuing assets.

##### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment 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 authority 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 (ie. repairs and maintenance) is charged as an expense when it is incurred.

##### Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The authority does not capitalise borrowing costs incurred whilst assets are under construction.

The costs of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (ie it will not lead to a variation in the cash flows of the Authority). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Authority.

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

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### STATEMENT OF ACCOUNTING POLICIES

Comprehensive Income and Expenditure Statement, 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 Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost;
- 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.

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end but as a minimum every two years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service).

Where decreases in value are identified, they are accounted for as follows:

- 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 Comprehensive Income and Expenditure Statement.

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

#### Impairment

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 as follows:

- 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 the balance (up to the amount of the accumulated gains);

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## STATEMENT OF ACCOUNTING POLICIES

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

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment 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 (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- Buildings – straight line allocation over the useful life of the property as estimated by the valuer;
- Vehicles, plant, furniture and equipment – straight-line allocation over useful life of the asset as advised by a suitably qualified officer;
- Infrastructure – straight line allocation over estimated useful life.

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

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.

### 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 Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised 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 to be recognised had they not been classified as Assets Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, 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. Receipts from disposals (if any) are credited

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### STATEMENT OF ACCOUNTING POLICIES

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). 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. 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 Authority's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in Movement in Reserve 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.

#### 18. **Provisions, Contingent Liabilities and Contingent Assets and Reserves**

##### Provisions

Provisions are made where an event has taken place that gives the authority 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 Authority may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the authority 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 it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

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

##### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the authority a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the authority. 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.

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### Contingent Assets

A contingent asset arises where an event has taken place that gives the authority 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 authority.

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.

### Reserves

The authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. 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 Comprehensive Income and Expenditure Statement. The reserve is then transferred 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, retirement and employee benefits and do not represent usable resources for the authority – these reserves are explained in the relevant policies.

### 19. **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the authority 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.

### 20. **VAT**

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

### 21. **Fair Value Measurement**

The Authority measures some of its non-financial assets i.e. investment assets and some of its financial instruments 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 to sell the asset or transfer the liability takes place either:

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

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

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When measuring the fair value of a non-financial asset, the authority takes into account a market participants ability to generate economic benefits by using the asset in its highest and best use by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of a fair value measurement are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices in active market for identical assets or liabilities that the authority 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.

### 22. Collection Fund

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

#### Accounting for Council Tax and NDR

The transactions of the Collection Fund are wholly prescribed by legislation. Billing authorities have no discretion to determine which receipts and payments are accounted for within the fund and which are outside it.

Gedling's share of non-domestic rating income and its own council tax demand are paid out of the Collection Fund and credited to the Comprehensive Income and Expenditure Statement (CIES). The transactions presented in the Collection Fund Statement are limited to the cash flows permitted by statute for the financial year, however each authority will recognise income on a full accruals basis, ie. sharing out in full the surplus or deficit on the Collection Fund at the end of the year, even though it will be distributed to, or recovered from, the relevant authorities in a subsequent financial year. The difference between the accrued income included in the CIES and the estimated income share or demand is reversed out via the Movement in Reserves Statement, and transferred to the Collection Fund Adjustment Account.

There is no requirement for a separate Collection Fund Balance Sheet. Instead Collection Fund balances are distributed across the balance sheets of the billing authority, central government, and precepting authorities. In Gedling's accounts this is represented by the establishment of a debtor or creditor position with each organisation for the difference between the preceptors' and central government's share of business rates income or council tax demand and the cash collected, and settlement of the surplus/deficit on the Collection Fund.

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

## **ANNUAL STATEMENT OF ACCOUNTS 2024/25**

### **STATEMENT OF ACCOUNTING POLICIES**

overpayments and prepayments and appeals. Where debtor balances are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

As the billing authority, Gedling Borough Council's Cash Flow Statement includes in 'operating activities' only its own share of the council tax and non-domestic rating income collected with movements in the debtor/creditor position with preceptors and central government being included in the Cash Flow Statement as 'financing activities'.

# **ANNUAL STATEMENT OF ACCOUNTS 2024/25**

## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS FOR GEDLING BOROUGH COUNCIL**

### **THE AUTHORITY'S RESPONSIBILITIES**

The Authority is required to:

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

### **THE RESPONSIBILITIES OF THE CHIEF FINANCIAL OFFICER**

The Chief Financial Officer is responsible for the preparation of the Statement of Accounts (which includes the financial statements) in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("The Code").

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

- Selected suitable accounting policies, and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code;
- Kept proper accounting records, which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities;
- Assessed the Authority's ability to continue as a going concern, disclosing as applicable, matters related to going concern;
- Used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- Maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **CERTIFICATION**

I certify that this Statement of Accounts presents a True and Fair view of the financial position of the Authority as at 31 March 2025 and its income and expenditure for the year then ended.

Signed:

**T Adams ACMA CGMA**  
**Chief Financial Officer**

Date: xx/xx/xxxx

# **Financial Statements**

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The Comprehensive Income and Expenditure Statement (CIES) shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amounts to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations, which may be different from the accounting cost. The taxation position is shown in the Expenditure and Funding Analysis (EFA), see note 5 on page 46 and the Movement in Reserves Statement on page 39.

| 2023/24                                           |                    |                  | 2024/25            |                    |                  |
|---------------------------------------------------|--------------------|------------------|--------------------|--------------------|------------------|
| Gross Exp<br>£000s                                | Gross Inc<br>£000s | Net Exp<br>£000s | Gross Exp<br>£000s | Gross Inc<br>£000s | Net Exp<br>£000s |
| <b>Net Cost of Services:</b>                      |                    |                  |                    |                    |                  |
| 427                                               | (107)              | 320              | 552                | (192)              | 360              |
| 5,874                                             | (9,193)            | (3,319)          | 6,120              | (4,590)            | 1,530            |
| 4,069                                             | (2,239)            | 1,830            | 4,290              | (2,671)            | 1,619            |
| 20,192                                            | (19,110)           | 1,082            | 21,102             | (19,473)           | 1,629            |
| 6,913                                             | (2,060)            | 4,853            | 7,072              | (2,565)            | 4,507            |
| 2,607                                             | (651)              | 1,956            | 2,656              | (493)              | 2,163            |
| 2,379                                             | (1,555)            | 824              | 3,541              | (1,904)            | 1,637            |
| 9,989                                             | (1,170)            | 8,819            | 6,304              | (1,788)            | 4,516            |
| 52,450                                            | (36,085)           | 16,365           | 51,637             | (33,676)           | 17,961           |
| <b>Cost of Services</b>                           |                    |                  |                    |                    |                  |
| <b>Other Operating Expenditure:</b>               |                    |                  |                    |                    |                  |
| 853                                               | 0                  | 853              | 921                | 0                  | 921              |
| 39                                                | 0                  | 39               | 39                 | 0                  | 39               |
| 44                                                | 0                  | 44               | 49                 | 0                  | 49               |
| 41                                                | 0                  | 41               | (58)               | 0                  | (58)             |
| 977                                               | 0                  | 977              | 951                | 0                  | 951              |
| <b>Financing and Investment I&amp;E:</b>          |                    |                  |                    |                    |                  |
| 380                                               | 0                  | 380              | 359                | 0                  | 359              |
| 423                                               | 0                  | 423              | (17)               | 0                  | (17)             |
| 0                                                 | (1,371)            | (1,371)          | 0                  | (1,055)            | (1,055)          |
| 200                                               | (542)              | (342)            | 508                | (712)              | (204)            |
| 0                                                 | 0                  | 0                | 0                  | 0                  | 0                |
| 0                                                 | 36                 | 36               | 0                  | (17)               | (17)             |
| 0                                                 | (158)              | (158)            | 0                  | (206)              | (206)            |
| 1,003                                             | (2,035)            | (1,032)          | 850                | (1,990)            | (1,140)          |
| <b>Taxation and Non Specific Grants:</b>          |                    |                  |                    |                    |                  |
| 0                                                 | (8,114)            | (8,114)          | 0                  | (8,330)            | (8,330)          |
| 0                                                 | (6,044)            | (6,044)          | 0                  | (7,149)            | (7,149)          |
| 0                                                 | (925)              | (925)            | 0                  | (1,082)            | (1,082)          |
| 0                                                 | (2,022)            | (2,022)          | 0                  | (4,323)            | (4,323)          |
| 0                                                 | (17,105)           | (17,105)         | 0                  | (20,884)           | (20,884)         |
| 54,430                                            | (55,225)           | (795)            | 53,438             | (56,550)           | (3,112)          |
| <b>(Surpl)/Def on Provision of Services</b>       |                    |                  |                    |                    |                  |
|                                                   | (510)              | (510)            |                    |                    | (655)            |
|                                                   | (5,670)            | (5,670)          |                    |                    | (2,435)          |
|                                                   | (6,180)            | (6,180)          |                    |                    | (3,090)          |
|                                                   | (6,975)            | (6,975)          |                    |                    | (6,202)          |
| <b>Total Comprehensive Income and Expenditure</b> |                    |                  |                    |                    |                  |

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement (MIRS) shows the movement, from the start of the year to the end, on the different reserves held by the authority, analysed into "usable reserves" (ie. those that can be applied to fund expenditure or reduce local taxation), and other "unusable reserves". The Statement shows how the in-year movements of the authority's reserves are broken down between gains and losses incurred in accordance with Generally Accepted Accounting Practices, and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/(Decrease) line shows the statutory General Fund Balance movement in the year, following those adjustments. The General Fund balance at 31 March 2025 is £5.292m.

#### 2024/25 Statement

##### Balance at 1 April 2024 per Balance Sheet

Total Comprehensive Income and Expenditure

Adj between Acc'g and Funding basis under regs. (note 9)

**Net Increase/(Decrease) before transfers to Earmarked Reserves**

Transfers (to)/from Earmarked Reserves (note 10)

##### Increase or (Decrease) in the year 2024/25

##### Balance at 31 March 2025 per Balance Sheet

| Unallocated Reserves | Earmarked Reserves | Total General Fund | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Total Unusable Reserves | TOTAL RESERVES |
|----------------------|--------------------|--------------------|--------------------------|--------------------------|-----------------------|-------------------------|----------------|
| £000s                | £000s              | £000s              | £000s                    | £000s                    | £000s                 | £000s                   | £000s          |
| 4,913                | 8,604              | 13,517             | 562                      | 2,174                    | 16,253                | 17,082                  | 33,335         |
| 3,112                | 0                  | 3,112              | 0                        | 0                        | 3,112                 | 3,090                   | 6,202          |
| (2,743)              | 0                  | (2,743)            | (312)                    | 2,064                    | (991)                 | 991                     | 0              |
| 369                  | 0                  | 369                | (312)                    | 2,064                    | 2,121                 | 4,081                   | 6,202          |
| 10                   | (10)               | 0                  | 0                        | 0                        | 0                     | 0                       | 0              |
| 379                  | (10)               | 369                | (312)                    | 2,064                    | 2,121                 | 4,081                   | 6,202          |
| 5,292                | 8,594              | 13,886             | 250                      | 4,238                    | 18,374                | 21,163                  | 39,537         |

#### 2022/23 Comparatives

##### Balance at 1 April 2023 per Balance Sheet

Total Comprehensive Income and Expenditure

Adj between Acc'g and Funding basis under regs. (note 9)

**Net Increase/(Decrease) before transfers to Earmarked Reserves**

Transfers (to)/from Earmarked Reserves (note 10)

##### Increase or (Decrease) in the year 2023/24

##### Balance at 31 March 2024 per Balance Sheet

| Unallocated Reserves | Earmarked Reserves | Total General Fund | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Total Unusable Reserves | TOTAL RESERVES |
|----------------------|--------------------|--------------------|--------------------------|--------------------------|-----------------------|-------------------------|----------------|
| £000s                | £000s              | £000s              | £000s                    | £000s                    | £000s                 | £000s                   | £000s          |
| 766                  | 6,200              | 6,966              | 0                        | 6,936                    | 13,902                | 12,458                  | 26,360         |
| 795                  | 0                  | 795                | 0                        | 0                        | 795                   | 6,180                   | 6,975          |
| 5,756                | 0                  | 5,756              | 562                      | (4,762)                  | 1,556                 | (1,556)                 | 0              |
| 6,551                | 0                  | 6,551              | 562                      | (4,762)                  | 2,351                 | 4,624                   | 6,975          |
| (2,404)              | 2,404              | 0                  | 0                        | 0                        | 0                     | 0                       | 0              |
| 4,147                | 2,404              | 6,551              | 562                      | (4,762)                  | 2,351                 | 4,624                   | 6,975          |
| 4,913                | 8,604              | 13,517             | 562                      | 2,174                    | 16,253                | 17,082                  | 33,335         |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## BALANCE SHEET

The Balance Sheet shows the value, as at the balance sheet date, of the assets and liabilities recognised by the authority. The net assets (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves includes Usable Reserves, ie. those reserves that the authority 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 may only be used to fund capital expenditure or to repay debt). The second category of reserves includes those reserves that the authority 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 assets were sold, and reserves that hold timing differences shown in the Movement in Reserves Statement line "adjustments between accounting basis and funding basis under regulations".

| 31 March 2024 |          |                                                              | 31 March 2025 |          |
|---------------|----------|--------------------------------------------------------------|---------------|----------|
| £000s         | £000s    |                                                              | £000s         | £000s    |
|               |          | <b>Property, Plant &amp; Equipment (note 13)</b>             |               |          |
| 24,393        |          | Land and Buildings                                           | 25,848        |          |
| 3,663         |          | Vehicles, Plant and Equipment                                | 3,609         |          |
| 640           |          | Infrastructure                                               | 585           |          |
| 2,012         |          | Community Assets                                             | 1,878         |          |
| 496           |          | Assets Under Construction                                    | 1,232         |          |
| 1,800         |          | Assets Held for Sale                                         | 1,800         |          |
|               | 33,004   |                                                              |               | 34,952   |
|               | 3,967    | <b>Investment Property (note 14)</b>                         |               | 4,513    |
|               | 102      | <b>Intangible Assets (note 15)</b>                           |               | 118      |
|               | 877      | <b>Long Term Investments</b>                                 |               | 894      |
|               | 17       | <b>Long Term Debtors (note 18)</b>                           |               | 11       |
|               | 37,967   | <b>LONG TERM ASSETS</b>                                      |               | 40,488   |
| 10,709        |          | Short Term Investments                                       | 3,090         |          |
| 189           |          | Inventories                                                  | 165           |          |
| 9,545         |          | Short Term Debtors (note 19)                                 | 13,972        |          |
| 3,943         |          | Cash and Cash Equivalents (note 20)                          | 8,115         |          |
|               | 24,386   | <b>CURRENT ASSETS</b>                                        |               | 25,342   |
| (181)         |          | Short Term Borrowing (under 1year)                           | (2)           |          |
| (9,087)       |          | Short Term Creditors (note 21)                               | (8,959)       |          |
|               | (9,268)  | <b>CURRENT LIABILITIES</b>                                   |               | (8,961)  |
| (816)         |          | Provisions over 1 year (note 22)                             | (708)         |          |
| (10,812)      |          | Long term Borrowing (PWLb)                                   | (10,812)      |          |
| (4,458)       |          | Net Pensions Liability (note 32)                             | (1,536)       |          |
| (3,316)       |          | Capital Grants & Contributions Received in Advance (note 11) | (3,891)       |          |
| (348)         |          | Revenue Grants & Contributions Received in Advance (note 11) | (385)         |          |
|               | (19,750) | <b>LONG TERM LIABILITIES</b>                                 |               | (17,332) |
|               | 33,335   | <b>NET ASSETS / (LIABILITIES)</b>                            |               | 39,537   |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## BALANCE SHEET

| 31 March 2024 |        |
|---------------|--------|
| £000s         | £000s  |
|               | 33,335 |
| 4,913         |        |
| 8,604         |        |
| 562           |        |
| 2,174         |        |
|               | 16,253 |
| 0             |        |
| 6,795         |        |
| (123)         |        |
| (4,458)       |        |
| 14,552        |        |
| 2             |        |
| 652           |        |
| (338)         |        |
|               | 17,082 |
|               | 33,335 |

### NET ASSETS / (LIABILITIES) AS ABOVE

#### Usable Reserves (MiRS p39)

General Fund  
Earmarked Reserves (note 10)  
Capital Receipts Reserve  
Capital Grants and Contributions Unapplied

#### Unusable Reserves (note 24)

Deferred Capital Receipts  
Revaluation Reserve  
Pooled Investment Funds Adjustment Account  
Pensions Reserve  
Capital Adjustment Account  
Collection Fund Adjustment Account - CTax  
Collection Fund Adjustment Account - NDR  
Short-term Accumulating Compensated Absences Account

### TOTAL RESERVES

| 31 March 2025 |        |
|---------------|--------|
| £000s         | £000s  |
|               | 39,537 |
| 5,292         |        |
| 8,594         |        |
| 250           |        |
| 4,238         |        |
|               | 18,374 |
| 0             |        |
| 7,205         |        |
| (106)         |        |
| (1,536)       |        |
| 16,089        |        |
| 79            |        |
| (178)         |        |
| (390)         |        |
|               | 21,163 |
|               | 39,537 |

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### CASH FLOW STATEMENT

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

| 2023/24        |                                                                                                                                  | 2024/25        |
|----------------|----------------------------------------------------------------------------------------------------------------------------------|----------------|
| £000s          |                                                                                                                                  | £000s          |
| 795            | <b>Net Surplus / (Deficit) on the Provision of Services per the Comprehensive Income and Expenditure Statement</b>               | <b>3,112</b>   |
| 1,753          | Total of adjustments to net Surplus/(Deficit) on Provision of Services for non-cash movements                                    | <b>(482)</b>   |
| (873)          | Total of adjustments to the net Surplus/(Deficit) on Provision of Services for items that are investing and financing activities | <b>(5,269)</b> |
| <b>1,675</b>   | <b>Net cash flow from operating activities (see note 25)</b>                                                                     | <b>(2,639)</b> |
| (1,495)        | Investing activities (see note 26)                                                                                               | <b>9,290</b>   |
| (5,437)        | Financing activities (see note 27)                                                                                               | <b>2,479</b>   |
| <b>(5,257)</b> | <b>Net Increase / (Decrease) in Cash &amp; Cash Equivalents</b>                                                                  | <b>9,130</b>   |
| 9,200          | Cash and Cash Equivalents at the beginning of the reporting period                                                               | <b>3,943</b>   |
| <b>3,943</b>   | <b>Cash and Cash Equivalents at the End of the Reporting Period</b>                                                              | <b>8,115</b>   |

#### Analysis of Cash and Cash Equivalents at Balance Sheet dates:

Bank Account balances and cash in transit  
 Imprest accounts  
 Cash equivalents

#### Total Cash and Cash Equivalents per Balance Sheet

| 31 March<br>2024 | 31 March<br>2025 |
|------------------|------------------|
| £000s            | £000s            |
| (552)            | <b>420</b>       |
| 5                | <b>5</b>         |
| 4,490            | <b>7,690</b>     |
| <b>3,943</b>     | <b>8,115</b>     |

# **ANNUAL STATEMENT OF ACCOUNTS 2024/25**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. ACCOUNTING POLICIES**

Please refer to the full Statement of Accounting Policies which can be found on pages 19 to 35.

### **2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED**

At the balance sheet date, the following new accounting standards and amendments to existing standards have been published but not yet adopted by the Code.

IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts

The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

### **3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES**

In applying the Accounting Policies set out on pages 19 to 35, the authority may have to make certain judgements about complex transactions or those involving uncertainty about future events.

There is ongoing uncertainty about future levels of funding for local government, however the authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service.

### **4.**

#### **ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

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

The estimated items in the Authority's Balance Sheet at 31 March 2025 for which there is a significant risk of causing a material adjustment in the forthcoming financial year are set out below. This list does not include assets and liabilities carried at fair value based on a recently observed market price.

Most valuations in 2024/25 were carried out by the Council's in-house valuer E. Wimble MRICS, a chartered surveyor. However valuations were also commissioned from external valuers as necessary. The Council's valuer is responsible for reporting on all values. In line with the RICS Material Valuation Uncertainty Leaders' Forum (UK), material valuation uncertainty (MVU) declarations are no longer required unless an individual valuer believes there is a reason for such a declaration. It is the Council valuer's professional judgement that none of the valuations for the 2024/25 Accounts are subject to MVU.

An impairment review of property values at the balance sheet date was completed at 31 March 2025. Any material differences have been reflected in value compared to the carrying amount.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (Continued)

| Item                         | Uncertainties                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Effect if Actual Results Differ from Assumptions                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
|------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Pensions Liability           | Estimation of the net liability to pay pensions depends on a number of complex judgements in relation to the discount rate used, the rate at which salaries are projected to increase, changes in the retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.                                                                                                             | The effects on the net pensions liability of changes in individual assumptions can be measured. For example, a one year increase in the mortality assumption (life expectancy) would result in an increase of £3.404m in the pension liability and a 0.1% increase in the discount rate assumption would result in a decrease in the pension liability of £1.280m. Differences arising from actual experiences or future changes in assumptions will be reflected in subsequent periods. See note 32 on pages 81 to 88 for further details. |
| Pensions Assets              | The Council participates in the Nottinghamshire Local Government Pension Fund. In line with the RICS Material Valuation Uncertainty Leaders' Forum (UK), material valuation uncertainty declarations are no longer required unless the individual valuer believes that there is reason for such a declaration. The Actuary has confirmed that no MVU declaration has been made in respect of Pension Fund property assets in 2024/25.                                                                                    | As the Actuary has confirmed that no MVU declarations have been made in 2024/25, there is no impact on Gedling's share of the property assets held within the Pension Fund.                                                                                                                                                                                                                                                                                                                                                                 |
| Property Plant and Equipment | Depreciation and amortisation is provided to write down the assets to their residual values over their estimated useful lives. The selection of these residual values and useful lives requires the exercise of management judgements considering anticipated usage levels in service provision and levels of repairs and maintenance. A review of balance sheet values is undertaken each year end to assess if any of the assets have not been used at the estimated rates and if any impairment charges are required. | If the useful lives of assets are reduced, depreciation increases and the carrying amount of the asset falls. If assets lives were 10% lower than estimated the annual depreciation charge would be increased by approximately £209,752. However, as the asset values are reviewed on an annual basis this level of incorrect estimation is unlikely. See note 13 on pages 59 to 61 for further details.                                                                                                                                    |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY (Continued)

|            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                                                                                                                                                                                                                                                                      |
|------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Provisions | <p>The Authority has made provisions of £50,000 each for Transferred Housing Stock Repairs and Transferred Housing Stock Environmental Warranty Excesses. These provide amounts to cover for an estimated number of future claims. It is possible the actual number may exceed the estimate. The Business Rate Retention scheme introduced a requirement to maintain a provision for rating appeals. The system is complex and neither the number of successful appeals nor the percentage reduction in rateable value (RV) achieved can be pre-determined. The current provision totals £1,522,011 of which the Council's share as billing authority is £608,804.</p> | <p>A change of 5% in the assumed RV reduction achieved for each NDR appeal could increase or decrease the provision requirement by around £76,100. Of this, the Council's share as billing authority would be £30,440. See note 22 on page 70 for further details on Provisions.</p> |
| Arrears    | <p>An estimate of the impairment allowance for doubtful debts is based upon the age and type of each debt. A collective assessment matrix is used, including the value of items with shared characteristics, eg. the type of debtor and the period overdue, together with a weighting factor for the probability of default. The loss allowance for impairment at 31 March 2025 is £1,906,621. When assessing the expected credit loss provisions and the use of a collective provision matrix ensures that where arrears rise there is a corresponding increase in the expected credit loss provision.</p>                                                            | <p>If collection rates were to deteriorate, a 10% increase on the impairment amount would require an additional £190,662 to be set aside as an allowance.</p>                                                                                                                        |

# ANNUAL STATEMENT OF ACCOUNTS 2023/24

## NOTES TO THE FINANCIAL STATEMENTS

### 5. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with Generally Accepted Accounting Practices. It also shows how this expenditure is allocated for decision making purposes between the Council's portfolios. Income and expenditure accounted for under Generally Accepted Accounting Practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES) on page 38.

| 2023/24                                                      |                                                         |                                          |                                                                   | 2024/25                                                      |                                                         |                                          |
|--------------------------------------------------------------|---------------------------------------------------------|------------------------------------------|-------------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------------------------|------------------------------------------|
| Net Exp<br>chg'ble to<br>General<br>Fund<br>Balance<br>£000s | Adjs<br>between<br>Funding<br>& Acc'g<br>Basis<br>£000s | Net Exp<br>in CIES<br>(page 36)<br>£000s |                                                                   | Net Exp<br>chg'ble to<br>General<br>Fund<br>Balance<br>£000s | Adjs<br>between<br>Funding<br>& Acc'g<br>Basis<br>£000s | Net Exp<br>in CIES<br>(page 36)<br>£000s |
|                                                              |                                                         |                                          | <b>Net Cost of Services:</b>                                      |                                                              |                                                         |                                          |
| 324                                                          | (4)                                                     | 320                                      | Communities and Place                                             | 362                                                          | (2)                                                     | 360                                      |
| (3,275)                                                      | (44)                                                    | (3,319)                                  | Lifestyles, Health and Wellbeing                                  | 1,591                                                        | (61)                                                    | 1,530                                    |
| 1,859                                                        | (29)                                                    | 1,830                                    | Public Protection                                                 | 1,649                                                        | (30)                                                    | 1,619                                    |
| 1,099                                                        | (17)                                                    | 1,082                                    | Life Chances and Vulnerability                                    | 1,650                                                        | (21)                                                    | 1,629                                    |
| 4,898                                                        | (45)                                                    | 4,853                                    | Environmental Services                                            | 4,586                                                        | (79)                                                    | 4,507                                    |
| 1,970                                                        | (14)                                                    | 1,956                                    | Climate Change and Natural Habitat                                | 2,184                                                        | (21)                                                    | 2,163                                    |
| 863                                                          | (39)                                                    | 824                                      | Sustainable Growth and Economy                                    | 1,681                                                        | (44)                                                    | 1,637                                    |
| 2,295                                                        | 6,524                                                   | 8,819                                    | Performance                                                       | 3,408                                                        | 1,108                                                   | 4,516                                    |
| 10,033                                                       | 6,332                                                   | 16,365                                   | <b>Cost of Services</b>                                           | 17,111                                                       | 850                                                     | 17,961                                   |
|                                                              |                                                         |                                          | <b>Other Operating Expenditure:</b>                               |                                                              |                                                         |                                          |
| 853                                                          | 0                                                       | 853                                      | Payment of Precepts to Parishes                                   | 921                                                          | 0                                                       | 921                                      |
| 39                                                           | 0                                                       | 39                                       | Drainage Board Levy                                               | 39                                                           | 0                                                       | 39                                       |
| 0                                                            | 44                                                      | 44                                       | Pensions Administration Cost                                      | 0                                                            | 49                                                      | 49                                       |
| 2                                                            | 39                                                      | 41                                       | (Gain)/Loss on disposal of PPE                                    | 4                                                            | (62)                                                    | (58)                                     |
| 894                                                          | 83                                                      | 977                                      |                                                                   | 964                                                          | (13)                                                    | 951                                      |
|                                                              |                                                         |                                          | <b>Financing and Investment I&amp;E:</b>                          |                                                              |                                                         |                                          |
| 380                                                          | 0                                                       | 380                                      | Interest Payable on Debt                                          | 359                                                          | 0                                                       | 359                                      |
| 0                                                            | 423                                                     | 423                                      | Net Pensions Interest Cost                                        | 0                                                            | (17)                                                    | (17)                                     |
| (1,359)                                                      | (12)                                                    | (1,371)                                  | Interest Receivable & similar income                              | (1,055)                                                      | 0                                                       | (1,055)                                  |
| (222)                                                        | (120)                                                   | (342)                                    | Inc & Exp re. Investment properties & changes in their fair value | (229)                                                        | 25                                                      | (204)                                    |
| 0                                                            | 0                                                       | 0                                        | (Gain)/Loss on disposal of Inv't Assets                           | 0                                                            | 0                                                       | 0                                        |
| 0                                                            | 36                                                      | 36                                       | (Gain)/Loss on Pooled Investm't Funds                             | 0                                                            | (17)                                                    | (17)                                     |
| (158)                                                        | 0                                                       | (158)                                    | Mvt on Impairment Loss Allowances                                 | (206)                                                        | 0                                                       | (206)                                    |
| (1,359)                                                      | 327                                                     | (1,032)                                  |                                                                   | (1,131)                                                      | (9)                                                     | (1,140)                                  |
|                                                              |                                                         |                                          | <b>Taxation and Non Specific Grants:</b>                          |                                                              |                                                         |                                          |
| (8,003)                                                      | (111)                                                   | (8,114)                                  | Council Tax Income                                                | (8,253)                                                      | (77)                                                    | (8,330)                                  |
| (7,190)                                                      | 1,146                                                   | (6,044)                                  | Non Domestic Rates                                                | (7,979)                                                      | 830                                                     | (7,149)                                  |
| (925)                                                        | 0                                                       | (925)                                    | Non Ring-fenced Government Grants                                 | (1,082)                                                      | 0                                                       | (1,082)                                  |
| 0                                                            | (2,022)                                                 | (2,022)                                  | Capital grants and contribs (note 11)                             | 0                                                            | (4,323)                                                 | (4,323)                                  |
| (16,118)                                                     | (987)                                                   | (17,105)                                 |                                                                   | (17,314)                                                     | (3,570)                                                 | (20,884)                                 |
| (6,550)                                                      | 5,755                                                   | (795)                                    | <b>(Surpl)/Def on Prov'n of Services</b>                          | (370)                                                        | (2,742)                                                 | (3,112)                                  |
| £000s                                                        |                                                         |                                          | <b>Opening General Fund Balance</b>                               | £000s                                                        |                                                         |                                          |
| (6,966)                                                      |                                                         |                                          | (Surplus)/Deficit on General Fund                                 | (13,516)                                                     |                                                         |                                          |
| (6,550)                                                      |                                                         |                                          | <b>Closing General Fund Balance</b>                               | (370)                                                        |                                                         |                                          |
| (13,516)                                                     |                                                         |                                          |                                                                   | (13,886)                                                     |                                                         |                                          |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 6. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

The Code requires a reconciliation of the main adjustments to net expenditure chargeable to the General Fund to arrive at the amounts shown in the Comprehensive Income and Expenditure Statement (CIES) on page 38. The relevant transfers between reserves are shown in the Movement in Reserves Statement (MiRS) on page 39.

#### 2024/25

Communities and Place 0  
Lifestyles, Health and Wellbeing 0  
Public Protection 0  
Life Chances and Vulnerability 0  
Environmental Services 0  
Climate Change and Natural Habitat 0  
Sustainable Growth and Economy 0  
Corporate Resources and Performance 1,323

#### **Cost of Services**

Other income and expenditure from the Expenditure and Funding Analysis (4,376)

**Difference between the General Fund (surplus)/deficit and the CIES (surplus)/deficit on the Provision of Services**

| Adjs. between Funding and Accounting Basis |                                    |                   |                   |
|--------------------------------------------|------------------------------------|-------------------|-------------------|
| Adjustments for capital purposes           | Net change for Pension adjustments | Other Differences | Total Adjustments |
| £000s                                      | £000s                              | £000s             | £000s             |
| 0                                          | (3)                                | 1                 | (2)               |
| 0                                          | (67)                               | 6                 | (61)              |
| 0                                          | (32)                               | 2                 | (30)              |
| 0                                          | (22)                               | 1                 | (21)              |
| 0                                          | (94)                               | 15                | (79)              |
| 0                                          | (24)                               | 3                 | (21)              |
| 0                                          | (38)                               | (6)               | (44)              |
| 1,323                                      | (225)                              | 10                | 1,108             |
| <b>1,323</b>                               | <b>(505)</b>                       | <b>32</b>         | <b>850</b>        |
| (4,376)                                    | 32                                 | 752               | (3,592)           |
| <b>(3,053)</b>                             | <b>(473)</b>                       | <b>784</b>        | <b>(2,742)</b>    |

#### 2023/24

Communities and Place 0  
Lifestyles, Health and Wellbeing 0  
Public Protection 0  
Life Chances and Vulnerability 0  
Environmental Services 0  
Climate Change and Natural Habitat 0  
Sustainable Growth and Economy 0  
Corporate Resources and Performance 5,733

#### **Cost of Services**

Other income and expenditure from the Expenditure and Funding Analysis (2,080)

**Difference between the General Fund (surplus)/deficit and the CIES (surplus)/deficit on the Provision of Services**

| Adjs. between Funding and Accounting Basis |                                    |                   |                   |
|--------------------------------------------|------------------------------------|-------------------|-------------------|
| Adjustments for capital purposes           | Net change for Pension adjustments | Other Differences | Total Adjustments |
| £000s                                      | £000s                              | £000s             | £000s             |
| 0                                          | (4)                                | 0                 | (4)               |
| 0                                          | (42)                               | (2)               | (44)              |
| 0                                          | (23)                               | (6)               | (29)              |
| 0                                          | (15)                               | (2)               | (17)              |
| 0                                          | (52)                               | 7                 | (45)              |
| 0                                          | (20)                               | 6                 | (14)              |
| 0                                          | (27)                               | (12)              | (39)              |
| 5,733                                      | (211)                              | 1,002             | 6,524             |
| <b>5,733</b>                               | <b>(394)</b>                       | <b>993</b>        | <b>6,332</b>      |
| (2,080)                                    | 467                                | 1,036             | (577)             |
| <b>3,653</b>                               | <b>73</b>                          | <b>2,029</b>      | <b>5,755</b>      |

#### Adjustments for Capital purposes

Services lines are adjusted for depreciation and amortisation charges. Statutory charges for capital financing (the minimum revenue provision) and other revenue contributions are deducted as these are not chargeable under Generally Accepted Accounting Practices.

Other operating expenditure is adjusted for disposals of Property, Plant and Equipment.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 6. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS (Continued)

Financing and investment income and expenditure is adjusted for changes in the fair value of investment property and for disposals of investment assets.

Taxation and non-specific grant income and expenditure is credited with capital grants receivable in the year without condition or for which conditions were satisfied in the year.

##### **Net Change for Pensions adjustments**

Service lines are adjusted for the removal of employer's contributions made by the Council as allowed by statute and their replacement with current service costs and past service costs.

Other operating expenditure is adjusted for pensions administration.

Financing and investment income and expenditure is adjusted for the net interest on the defined benefit liability which is charged to the CIES.

##### **Other Differences**

Service lines include adjustments relating to the accumulated absences account. Accruals are made for compensated absences earned but not taken in the year, eg. annual and flexi-leave carried forward at 31 March. Statutory arrangements require that the impact of these accruals on the General Fund balance is neutralised by transfers to and from the accumulated absences account.

The charge under taxation and non-specific grant income mainly represents the difference between what is chargeable under statutory regulations for council tax and NDR, ie that was projected to be received at the start of the year, and the income to be recognised under Generally Accepted Accounting Practices. This is a timing issue as any difference will be brought forward in future surpluses and deficits on the Collection Fund.

#### 7. SEGMENTAL ANALYSIS

The introduction of the Expenditure and Funding Analysis fulfils the majority of the segmental reporting requirements. However the Code requires that if certain specified items are reported segmentally to management and are material, these should be disclosed more fully. The Council's depreciation, amortisation charges and revaluation losses are reported segmentally, as is external income from customers, and details of these charges are given below.

##### **Depreciation, Amortisation & Revaluation Losses**

Communities and Place  
Lifestyles, Health and Wellbeing  
Public Protection  
Life Chances and Vulnerability  
Environmental Services  
Climate Change and Natural Habitat  
Sustainable Growth and Economy  
Corporate Resources and Performance

| 2023/24         | 2024/25        |
|-----------------|----------------|
| £000s           | £000s          |
| 0               | 0              |
| 300             | 260            |
| 10              | 13             |
| 42              | 72             |
| 661             | 653            |
| 429             | 437            |
| 1               | 1              |
| 74              | (131)          |
| <b>1,517</b>    | <b>1,305</b>   |
| 0               | 0              |
| (7,386)         | (4,338)        |
| (748)           | (908)          |
| (430)           | (273)          |
| (1,875)         | (2,151)        |
| (423)           | (300)          |
| (860)           | (703)          |
| (1,363)         | (1,283)        |
| <b>(13,085)</b> | <b>(9,956)</b> |

##### **External Income from Customers**

Communities and Place  
Lifestyles, Health and Wellbeing  
Public Protection  
Life Chances and Vulnerability  
Environmental Services  
Climate Change and Natural Habitat  
Sustainable Growth and Economy  
Corporate Resources and Performance

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 8. EXPENDITURE AND INCOME ANALYSED BY NATURE

|                                                                   | 2023/24         | 2024/25         |
|-------------------------------------------------------------------|-----------------|-----------------|
|                                                                   | £000s           | £000s           |
| Employee benefits expenses                                        | 16,663          | 17,180          |
| Other service expenses                                            | 34,239          | 32,508          |
| Depreciation, amortisation & revaluation losses                   | 2,016           | 1,981           |
| Interest payments                                                 | 379             | 359             |
| Precepts and levies                                               | 891             | 959             |
| Costs associated with the disposal of fixed assets                | 41              | (58)            |
| Expenditure on investment properties and reductions in fair value | 201             | 509             |
| <b>Total Expenditure per CIES</b>                                 | <b>54,430</b>   | <b>53,438</b>   |
| Fees, charges and other service income                            | (13,085)        | (9,956)         |
| Interest and investment income                                    | (1,547)         | (1,055)         |
| Income from council tax and NDR                                   | (14,157)        | (15,480)        |
| Government grants and other contributions                         | (25,772)        | (29,124)        |
| Income from the disposal of assets                                | 0               | 0               |
| Income from investment properties and increases in fair value     | (542)           | (712)           |
| Income from gains on pooled investment funds                      | 36              | (17)            |
| Decreases on Impairment Loss Allowances                           | (158)           | (206)           |
| <b>Total Income per CIES</b>                                      | <b>(55,225)</b> | <b>(56,550)</b> |
| <b>(Surplus)/Deficit on the Provision of Services</b>             | <b>(795)</b>    | <b>(3,112)</b>  |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 9. 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 authority in the year in accordance with proper accounting practice, to the resources that are specified by statutory provision as being available to the authority to meet future capital and revenue expenditure.

| 2024/25                                                                                                      | Usable Reserves      |                          |                          |                          | Total                    | Mov't on          |
|--------------------------------------------------------------------------------------------------------------|----------------------|--------------------------|--------------------------|--------------------------|--------------------------|-------------------|
|                                                                                                              | General Fund Balance | Capital Receipts Reserve | Capital Receipts Reserve | Capital Grants Unapplied | Mov't on Usable Reserves | Unusable Reserves |
|                                                                                                              | £000s                | £000s                    | £000s                    | £000s                    | £000s                    | £000s             |
| <b><u>Adjustments primarily involving the Capital Adjustment Account (note 24)</u></b>                       |                      |                          |                          |                          |                          |                   |
| <b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement (CIES):</b> |                      |                          |                          |                          |                          |                   |
| Charges for depreciation & impairment of non-current assets                                                  | 1,786                | 0                        |                          | 0                        | 1,786                    | (1,786)           |
| Revaluation losses/(reversals) on Property Plant and Equipment                                               | 93                   | 0                        |                          | 0                        | 93                       | (93)              |
| Movement in fair value of investment properties                                                              | 26                   | 0                        |                          | 0                        | 26                       | (26)              |
| Amortisation of intangible assets                                                                            | 102                  | 0                        |                          | 0                        | 102                      | (102)             |
| Capital grants & contributions applied                                                                       | (440)                | 0                        |                          | 0                        | (440)                    | 440               |
| Revenue Expenditure Funded from Capital Under Statute                                                        | 544                  | 0                        |                          | 0                        | 544                      | (544)             |
| Carrying Amounts debited as part of the gain or loss on disposals of non-current assets                      | 0                    | 0                        |                          | 0                        | 0                        | 0                 |
| <b>Insertion of items NOT debited or credited to the CIES:</b>                                               |                      |                          |                          |                          |                          |                   |
| Statutory provision for the financing of capital investment (Minimum Revenue Provision)                      | (1,016)              | 0                        |                          | 0                        | (1,016)                  | 1,016             |
| Capital expenditure charged against General Fund Balance                                                     | 33                   | 0                        |                          | 0                        | 33                       | (33)              |
| <b><u>Adjustments primarily involving the Capital Grants Unapplied Account</u></b>                           |                      |                          |                          |                          |                          |                   |
| Capital grants and contributions unapplied, credited to the CIES                                             | (4,110)              | 0                        |                          | 4,110                    | 0                        | 0                 |
| Application of grants to capital financing transferred to the Capital Adjustment Account                     |                      | 0                        | (373)                    | (2,046)                  | (2,419)                  | 2,419             |
| <b><u>Adjustments primarily involving the Pooled Investment Funds Adjustment Account</u></b>                 |                      |                          |                          |                          |                          |                   |
| Transfer of the gain/loss on pooled investments                                                              | (17)                 | 0                        |                          | 0                        | (17)                     | 17                |
| <b>Sub-total of items adjusted</b>                                                                           | <b>(2,999)</b>       | <b>0</b>                 | <b>(373)</b>             | <b>2,064</b>             | <b>(1,308)</b>           | <b>1,308</b>      |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

| <u>2024/25 (Continued)</u>                                                                                                                                                     | Usable Reserves            |                                |                                |                                | Total<br>Mov't on<br>Usable<br>Reserves | Mov't on<br>Unusable<br>Reserves |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------------------|----------------------------------|
|                                                                                                                                                                                | General<br>Fund<br>Balance | Capital<br>Receipts<br>Reserve | Capital<br>Receipts<br>Reserve | Capital<br>Grants<br>Unapplied |                                         |                                  |
|                                                                                                                                                                                | £000s                      | £000s                          | £000s                          | £000s                          | £000s                                   | £000s                            |
| <b>Sub-total of adjustments from prev. page</b>                                                                                                                                | <b>(2,999)</b>             | <b>0</b>                       | <b>(373)</b>                   | <b>2,064</b>                   | <b>(1,308)</b>                          | <b>1,308</b>                     |
| <b><u>Adjustments primarily involving the Capital Receipts Reserve</u></b>                                                                                                     |                            |                                |                                |                                |                                         |                                  |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES (PPE)                                                                                      | (61)                       | 0                              | 61                             | 0                              | 0                                       | 0                                |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES (Investment Assets)                                                                        | 0                          | 0                              | 0                              | 0                              | 0                                       | 0                                |
| Use of Capital Receipts Reserve to finance new capital expenditure                                                                                                             | 0                          | 0                              | 0                              | 0                              | 0                                       | 0                                |
| <b><u>Adjustments primarily involving the Deferred Capital Receipts Reserve</u></b>                                                                                            |                            |                                |                                |                                |                                         |                                  |
| Transfer of interest on deferred capital receipt                                                                                                                               | 0                          | 0                              | 0                              | 0                              | 0                                       | 0                                |
| <b><u>Adjustments primarily involving the Pensions Reserve</u></b>                                                                                                             |                            |                                |                                |                                |                                         |                                  |
| Reversal of items relating to retirement benefits debited or credited to the CIES                                                                                              | 2,073                      | 0                              | 0                              | 0                              | 2,073                                   | (2,073)                          |
| Employers pension contributions and direct payments to pensioners payable in the year                                                                                          | (2,560)                    | 0                              | 0                              | 0                              | (2,560)                                 | 2,560                            |
| <b><u>Adjustments primarily involving the Collection Fund Adjustment A/C</u></b>                                                                                               |                            |                                |                                |                                |                                         |                                  |
| Amount by which Council Tax & NDR income credited to the CIES differs to that income calculated for the year in accordance with statutory requirements                         | 752                        | 0                              | 0                              | 0                              | 752                                     | (752)                            |
| <b><u>Adjustments primarily involving the Accumulated Absences Account</u></b>                                                                                                 |                            |                                |                                |                                |                                         |                                  |
| Amount by which officer remuneration credited to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | 52                         | 0                              | 0                              | 0                              | 52                                      | (52)                             |
| <b>Total Net adjs between Accounting basis and Funding basis under regulation (per Movement in Reserves Statement on p39)</b>                                                  | <b>(2,743)</b>             | <b>0</b>                       | <b>(312)</b>                   | <b>2,064</b>                   | <b>(991)</b>                            | <b>991</b>                       |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 9. 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 authority in the year in accordance with proper accounting practice, to the resources that are specified by statutory provision as being available to the authority to meet future capital and revenue expenditure.

| <u>2023/24 Comparatives</u>                                                                                  | Usable Reserves            |                                |                                |                                | Total<br>Mov't on<br>Usable<br>Reserves | Mov't on<br>Unusable<br>Reserves |
|--------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------------------|----------------------------------|
|                                                                                                              | General<br>Fund<br>Balance | Capital<br>Receipts<br>Reserve | Capital<br>Receipts<br>Reserve | Capital<br>Grants<br>Unapplied |                                         |                                  |
|                                                                                                              | £000s                      | £000s                          | £000s                          | £000s                          | £000s                                   | £000s                            |
| <b><u>Adjustments primarily involving the Capital Adjustment Account (note 24)</u></b>                       |                            |                                |                                |                                |                                         |                                  |
| <b>Reversal of items debited or credited to the Comprehensive Income &amp; Expenditure Statement (CIES):</b> |                            |                                |                                |                                |                                         |                                  |
| Charges for depreciation & impairment of non-current assets                                                  | 1,742                      | 0                              | 0                              | 0                              | 1,742                                   | (1,742)                          |
| Revaluation losses/(reversals) on Property Plant and Equipment                                               | 187                        | 0                              | 0                              | 0                              | 187                                     | (187)                            |
| Movement in fair value of investment properties                                                              | (120)                      | 0                              | 0                              | 0                              | (120)                                   | 120                              |
| Amortisation of intangible assets                                                                            | 87                         | 0                              | 0                              | 0                              | 87                                      | (87)                             |
| Capital grants & contributions applied                                                                       | (486)                      | 0                              | 0                              | 0                              | (486)                                   | 486                              |
| Revenue Expenditure Funded from Capital Under Statute                                                        | 4,831                      | 0                              | 0                              | 0                              | 4,831                                   | (4,831)                          |
| Carrying Amounts debited as part of the gain or loss on disposals of non-current assets                      | 0                          | 0                              | 0                              | 0                              | 0                                       | 0                                |
| <b>Insertion of items NOT debited or credited to the CIES:</b>                                               |                            |                                |                                |                                |                                         |                                  |
| Statutory provision for the financing of capital investment (Minimum Revenue Provision)                      | (724)                      | 0                              | 0                              | 0                              | (724)                                   | 724                              |
| Capital expenditure charged against General Fund Balance                                                     | (60)                       | 0                              | 0                              | 0                              | (60)                                    | 60                               |
| <b><u>Adjustments primarily involving the Capital Grants Unapplied Account</u></b>                           |                            |                                |                                |                                |                                         |                                  |
| Capital grants and contributions unapplied, credited to the CIES                                             | (1,535)                    | 0                              | 0                              | 1,535                          | 0                                       | 0                                |
| Application of grants to capital financing transferred to the Capital Adjustment Account                     | 0                          | 0                              | 0                              | (6,297)                        | (6,297)                                 | 6,297                            |
| <b><u>Adjustments primarily involving the Pooled Investment Funds Adjustment Account</u></b>                 |                            |                                |                                |                                |                                         |                                  |
| Transfer of the gain/loss on pooled investments                                                              | 36                         | 0                              | 0                              | 0                              | 36                                      | (36)                             |
| <b>Sub-total of items adjusted</b>                                                                           | <b>3,958</b>               | <b>0</b>                       | <b>0</b>                       | <b>(4,762)</b>                 | <b>(804)</b>                            | <b>804</b>                       |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 9. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

| <u>2023/24 Comparatives (Continued)</u>                                                                                                                                        | Usable Reserves            |                                |                                |                                | Total<br>Mov't on<br>Usable<br>Reserves | Mov't on<br>Unusable<br>Reserves |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------|--------------------------------|--------------------------------|--------------------------------|-----------------------------------------|----------------------------------|
|                                                                                                                                                                                | General<br>Fund<br>Balance | Capital<br>Receipts<br>Reserve | Capital<br>Receipts<br>Reserve | Capital<br>Grants<br>Unapplied |                                         |                                  |
|                                                                                                                                                                                | £000s                      | £000s                          |                                | £000s                          | £000s                                   | £000s                            |
| <b>Sub-total of adjustments from prev. page</b>                                                                                                                                | 3,958                      | 0                              | 0                              | (4,762)                        | (804)                                   | 804                              |
| <b><u>Adjustments primarily involving the Capital Receipts Reserve</u></b>                                                                                                     |                            |                                |                                |                                |                                         |                                  |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES (PPE)                                                                                      | (10)                       | 0                              | 0                              | 0                              | (10)                                    | 10                               |
| Transfer of sale proceeds credited as part of the gain/loss on disposal to the CIES (Investment Assets)                                                                        | 0                          | 0                              | 562                            | 0                              | 562                                     | (562)                            |
| Use of Capital Receipts Reserve to finance new capital expenditure                                                                                                             | 0                          | 0                              | 0                              | 0                              | 0                                       | 0                                |
| <b><u>Adjustments primarily involving the Deferred Capital Receipts Reserve</u></b>                                                                                            |                            |                                |                                |                                |                                         |                                  |
| Transfer of interest on deferred capital receipt                                                                                                                               | (12)                       | 0                              | 0                              | 0                              | (12)                                    | 12                               |
| <b><u>Adjustments primarily involving the Pensions Reserve</u></b>                                                                                                             |                            |                                |                                |                                |                                         |                                  |
| Reversal of items relating to retirement benefits debited or credited to the CIES                                                                                              | 2,585                      | 0                              | 0                              | 0                              | 2,585                                   | (2,585)                          |
| Employers pension contributions and direct payments to pensioners payable in the year                                                                                          | (2,513)                    | 0                              | 0                              | 0                              | (2,513)                                 | 2,513                            |
| <b><u>Adjustments primarily involving the Collection Fund Adjustment A/C</u></b>                                                                                               |                            |                                |                                |                                |                                         |                                  |
| Amount by which council tax & NDR income credited to the CIES differs to the council tax income calculated for the year in accordance with statutory requirements              | 1,191                      | 0                              | 0                              | 0                              | 1,191                                   | (1,191)                          |
| <b><u>Adjustments primarily involving the Accumulated Absences Account</u></b>                                                                                                 |                            |                                |                                |                                |                                         |                                  |
| Amount by which officer remuneration credited to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (5)                        | 0                              | 0                              | 0                              | (5)                                     | 5                                |
| <b>Total Net adjs between Accounting basis and Funding basis under regulation (per Movement in Reserves Statement on p39)</b>                                                  | <b>5,194</b>               | <b>0</b>                       | <b>562</b>                     | <b>(4,762)</b>                 | <b>994</b>                              | <b>(994)</b>                     |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 10. TRANSFERS TO/FROM EARMARKED RESERVES

Contributions to Earmarked Reserves provide financing for future expenditure plans, and contributions posted back from such reserves helped to meet General Fund expenditure during 2023/24 and 2024/25.

|                                                          | Balance<br>31 Mar<br>2023 | Transfers<br>out during<br>2023/24 | Transfers<br>in during<br>2023/24 | Balance<br>31 Mar<br>2024 | Transfers<br>out during<br>2024/25 | Transfers<br>in during<br>2024/25 | Balance<br>31 Mar<br>2025 |
|----------------------------------------------------------|---------------------------|------------------------------------|-----------------------------------|---------------------------|------------------------------------|-----------------------------------|---------------------------|
| <b>Reserve:</b>                                          | £000s                     |                                    |                                   | £000s                     |                                    |                                   | £000s                     |
| Financial Transparency                                   | 0                         |                                    |                                   | 0                         |                                    |                                   | 24                        |
| IT Equip't Replacement & Investment                      | 667                       |                                    |                                   | 794                       | (88)                               | 117                               | 823                       |
| Community and Crime                                      | 180                       |                                    |                                   | 261                       | 0                                  | 0                                 | 261                       |
| Risk Mgt & Budget Red'n                                  | 37                        |                                    |                                   | 16                        | (13)                               | 15                                | 18                        |
| Housing and Housing Benefits                             | 197                       |                                    |                                   | 132                       | (102)                              | 54                                | 84                        |
| Insurance                                                | 274                       |                                    |                                   | 255                       | (135)                              | 35                                | 155                       |
| Efficiency & Innovation                                  | 347                       |                                    |                                   | 441                       | (26)                               |                                   | 415                       |
| Asset Management                                         | 489                       |                                    |                                   | 500                       | (53)                               | 107                               | 554                       |
| Local Plan Reserve                                       | 242                       |                                    |                                   | 214                       | (168)                              | (16)                              | 30                        |
| S106 Revenue                                             | 171                       |                                    |                                   | 232                       | (53)                               | 132                               | 311                       |
| Earmarked Grants                                         | 1,364                     |                                    |                                   | 1,417                     | (563)                              | 384                               | 1,238                     |
| Joint Use Maintenance                                    | 160                       |                                    |                                   | 133                       | (17)                               | 11                                | 127                       |
| CCTV                                                     | 95                        |                                    |                                   | 102                       | 0                                  | 33                                | 135                       |
| Apprentices                                              | 43                        |                                    |                                   | 36                        | 0                                  | 0                                 | 36                        |
| NDR Pool                                                 | 1,081                     |                                    |                                   | 1,681                     | (448)                              | 967                               | 2,200                     |
| Transformation                                           | 179                       |                                    |                                   | 1,652                     | (420)                              | 91                                | 1,323                     |
| Economic Development                                     | 83                        |                                    |                                   | 81                        | 0                                  | 0                                 | 81                        |
| Leisure Strategy                                         | 182                       |                                    |                                   | 248                       | 0                                  | 0                                 | 248                       |
| Property Management                                      | 64                        |                                    |                                   | 64                        | 0                                  | 0                                 | 64                        |
| Selective Licencing                                      | 331                       |                                    |                                   | 331                       | 0                                  | 136                               | 467                       |
| Additional Restrictions Grant (ARG)                      | 14                        |                                    |                                   | 14                        | (14)                               | 0                                 | 0                         |
| <b>Total Earmarked Reserves per Balance Sheet p40-41</b> | <b>6,200</b>              | <b>(1,119)</b>                     | <b>3,523</b>                      | <b>8,604</b>              | <b>(2,100)</b>                     | <b>2,090</b>                      | <b>8,594</b>              |
| <b>Net Movement in Year per MiRS p39</b>                 |                           | <b>2,404</b>                       |                                   |                           | <b>(10)</b>                        |                                   |                           |

**Financial Transparency Reserve** - to provide adequate resourc to enable the provision of information required under the Local Government Transparency Code

**IT Replacement & Investment** - to provide for the cost of replacing personal computing facilities based on a rolling programme, and investment in new equipment.

**Community and Crime Reserve** - to fund future community and crime initiatives, including mobile radios.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 10. TRANSFERS TO/FROM EARMARKED RESERVES (Continued)

**Risk Management Fund** - monies set aside from savings in insurance premiums, to be used to reduce the risk of loss or injury in the provision of Council services, with the objective of reducing future insurance costs, and to provide for potential underachievement against the approved budget reduction programme.

**Housing and Housing Benefit Reserve** - to provide for future risk of rising caseload for homelessness, and to cover unpredictable increases in the volume or category of housing benefit claimants. The reserve is also to provide for costs which may arise from the planned transfer of Housing Benefit to DWP, to form part of Universal Credit.

**Insurance Fund** - provides cover for excess payments following changes in the insurance market, and the level of cover provided by the Council's insurers.

**Efficiency and Innovation Reserve** - to provide funding for future initiatives.

**Asset Management Reserve** - to provide for asset maintenance and replacement.

**Local Plan Reserve** - to cover the costs of any future inspection by the Planning Inspectorate and fluctuations in workload arising from the planning application process.

**Section 106 Reserve** - holds contributions from Developers, where conditions have been satisfied, but where appropriate projects have yet to be undertaken.

**Earmarked Grants Reserve** - holds various grants and contributions received, which may only be used for the specific purposes for which they were received.

**Joint Use Maintenance Reserve** - to fund maintenance falling within the Joint Use Agreement for leisure centres within the borough.

**Closed Circuit Television (CCTV) Reserve** - to provide for the cost of replacing CCTV equipment, based on a rolling replacement programme.

**Apprentice Reserve** - to provide for the employment of future apprentices in line with the Council's priorities.

**NDR Pool Reserve** - represents the Council's share of surpluses arising from its membership of the Nottinghamshire Business Rates Pool for Economic Development projects.

**Transformation Reserve** - to provide for the change management costs of implementing the budget reduction programme.

**Economic Development Reserve** - to provide for committed and future economic development projects.

**Leisure Strategy Reserve** - to provide for future investment in the Council's leisure facilities.

**Property Management Reserve** - to provide for entry fees for property funds and similar investments.

**Selective Licencing Reserve** - to provide for future costs associated with the Selective Licencing Scheme.

**ARG Reserve** - Additional Restrictions Grant was paid to the Council to fund Covid-19 related discretionary grants to local businesses in 2020/21, based on the authority's specific local knowledge.

**Inflationary Pressures Contingency Reserve** - to provide for pressures in coming years for cost of living increases, including but not restricted to utilities, pay etc.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 11. ANALYSIS OF GRANTS AND CONTRIBUTIONS INCLUDED IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement (CIES). The sums included within both Taxation and Non-Specific Grant Income and Cost of Services are analysed further below.

|                                                                         | 2023/24<br>£000s | 2024/25<br>£000s |
|-------------------------------------------------------------------------|------------------|------------------|
| <b><u>Credited to Taxation and Non-Specific Grant Income:</u></b>       |                  |                  |
| Revenue Support Grant                                                   | (117)            | (125)            |
| New Homes Bonus                                                         | (334)            | (710)            |
| Local CTRS Support Grant                                                | 0                | 0                |
| Lower Tier Services Grant                                               | (124)            | (21)             |
| Funding Guarantee                                                       | (350)            | (226)            |
| Covid-19 related non-ringfenced grants (see below)                      | 0                | 0                |
| <b>Non Ring-fenced Grants</b>                                           | <b>(925)</b>     | <b>(1,082)</b>   |
| Community Infrastructure Levy (CIL)                                     | (1,455)          | (1,114)          |
| DEFRA - Domestic Food Waste                                             | 0                | (1,104)          |
| UKSPF - Various                                                         | (29)             | (732)            |
| D2N2 - Hillside Industrial Units                                        | 0                | (643)            |
| DFG - DCLG Funding                                                      | (200)            | (329)            |
| Section 106 Developer Contributions                                     | (60)             | (213)            |
| Football Foundation - Lambley Lane Pavillion                            | 0                | (87)             |
| Lawn Tennis Association - Conway Road                                   | 0                | (81)             |
| Greenwood Community Forest Initiative                                   | 0                | (20)             |
| Lambley Lane Changing Rooms                                             | (21)             | 0                |
| King George V Toilets                                                   | (40)             | 0                |
| FCC Lambley Lane                                                        | (100)            | 0                |
| EM Domestic Retro Fit Grant                                             | (117)            | 0                |
| <b>Capital Grants and Contributions</b>                                 | <b>(2,022)</b>   | <b>(4,323)</b>   |
| <b>S31 Grants included in Non Domestic Rates income</b>                 | <b>(2,512)</b>   | <b>(4,504)</b>   |
| <b>Local Tax Income Guarantee included in Non Domestic Rates Income</b> | <b>0</b>         | <b>0</b>         |
| <b>Local Tax Income Guarantee included in Council Tax Income</b>        | <b>0</b>         | <b>0</b>         |
| <b>Total Non Ring-fenced Grants included in CIES on page 38</b>         | <b>(5,459)</b>   | <b>(9,909)</b>   |
| <b><u>Credited to Services:</u></b>                                     |                  |                  |
| Housing Benefits                                                        | (18,103)         | (18,575)         |
| Grants for Revenue Expenditure funded from Capital                      | (1,318)          | (1,658)          |
| Other Grants & Contributions                                            | (1,549)          | (1,985)          |
| <b>Total grants &amp; contributions credited to Services</b>            | <b>(20,970)</b>  | <b>(22,218)</b>  |
| <b>Total Grants, Contributions and Donated Assets</b>                   | <b>(26,429)</b>  | <b>(32,127)</b>  |

The Community Infrastructure Levy (CIL) is a planning charge available to local authorities in England and Wales. It came into force in April 2010 and an authority may choose to levy the charge on most types of new development in its area. The proceeds of the levy must be spent on infrastructure in the local area, including transport, flood defence, schools, hospitals and other health and social care facilities. Gedling's CIL Charging Schedule came into effect in October 2015.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 11. ANALYSIS OF GRANTS AND CONTRIBUTIONS INCLUDED IN THE COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (Continued)

##### Grants and Contributions Received in Advance

The authority has also received a number of grants and contributions that have yet to be recognised as income, since they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at year-end for capital and revenue are as follows:

##### Capital

Developers' Section 106 Contributions

| 2023/24 | 2024/25 |
|---------|---------|
| £000s   | £000s   |
| (3,316) | (3,891) |
| (3,316) | (3,891) |
| (348)   | (385)   |
| (348)   | (385)   |

##### Revenue

Developers' Section 106 Contributions

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 12. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below, 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 used by the authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed. The CFR is analysed in the second part of this note.

|                                                                                                     | 2023/24 | 2024/25 |
|-----------------------------------------------------------------------------------------------------|---------|---------|
|                                                                                                     | £000s   | £000s   |
| <b>Opening Capital Financing Requirement (CFR)</b>                                                  | 12,621  | 15,729  |
| <b>Additions:</b>                                                                                   |         |         |
| Property, Plant & Equipment (note 13)                                                               | 4,323   | 3,171   |
| Investment Properties                                                                               | 0       | 572     |
| Intangible Assets                                                                                   | 102     | 118     |
| Revenue expenditure funded from capital under statute (REFCUS)                                      | 6,209   | 2,202   |
| <b>Total Capital Investment</b>                                                                     | 10,634  | 6,063   |
| <b>Financing:</b>                                                                                   |         |         |
| Capital receipts                                                                                    | 0       | 0       |
| Government Grants                                                                                   | (893)   | (1,095) |
| Other Grants and Contributions                                                                      | (5,909) | (3,388) |
| Minimum Revenue Provision (MRP)                                                                     | (724)   | (1,016) |
| <b>Total Sources of Finance</b>                                                                     | (7,526) | (5,499) |
| <b>Closing Capital Financing Requirement (CFR)</b>                                                  | 15,729  | 16,293  |
| <b>Explanation of movements in the year:</b>                                                        |         |         |
| Increase/(Decrease) in underlying need to borrow - supported by Government financial assistance     | 0       | 0       |
| Increase/(Decrease) in underlying need to borrow - not supported by Government financial assistance | 3,973   | 564     |
| <b>Increase/(Decrease) in Capital Financing Requirement (CFR)</b>                                   | 3,973   | 564     |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 13. PROPERTY, PLANT & EQUIPMENT

#### Movements in 2024/25

#### Cost or Valuation:

|                                                                               | Land & Bldgs.<br>£000s | Vehicles Plant & Equipm't<br>£000s | Infra-Struct. Assets<br>£000s | Comm'y Assets<br>£000s | Assets Under Constrn.<br>£000s | Assets Held for Sale<br>£000s | Total<br>£000s |
|-------------------------------------------------------------------------------|------------------------|------------------------------------|-------------------------------|------------------------|--------------------------------|-------------------------------|----------------|
| As at 1 April 2024                                                            | 25,160                 | 10,835                             | 1,508                         | 8,689                  | 496                            | 1,800                         | 48,488         |
| Additions                                                                     | 1,108                  | 713                                | 0                             | 118                    | 1,232                          | 0                             | 3,171          |
| Revaln incr/(decr) recognised in the Revaluation Reserve                      | (371)                  | 0                                  | 0                             | 0                      | 0                              | 0                             | (371)          |
| Revaln incr/(decr) recognised in the Surplus/Deficit on Provision of Services | 0                      | 0                                  | 0                             | 0                      | 0                              | 0                             | 0              |
| Derecognition-Disposals                                                       | 0                      | (783)                              | 0                             | 0                      | 0                              | 0                             | (783)          |
| Derecognition-Decommissioned                                                  | 0                      | 0                                  | 0                             | 0                      | 0                              | 0                             | 0              |
| Other movements in cost or valuation                                          | 497                    | 0                                  | (4)                           | 3                      | (496)                          | 0                             | 0              |

#### As at 31 March 2025

#### Accumulated Depreciation and Impairment:

|                                                                          |       |         |       |         |   |   |          |
|--------------------------------------------------------------------------|-------|---------|-------|---------|---|---|----------|
| As at 1 April 2024                                                       | (767) | (7,172) | (864) | (6,681) | 0 | 0 | (15,484) |
| Depreciation Charge                                                      | (713) | (767)   | (55)  | (251)   | 0 | 0 | (1,786)  |
| Depreciation written out to the Revaluation Reserve                      | 934   | 0       | 0     | 0       | 0 | 0 | 934      |
| Depreciation written out to the Surplus/Deficit on Provision of Services | 0     | 0       | 0     | 0       | 0 | 0 | 0        |
| Derecognition-Disposals                                                  | 0     | 783     | 0     | 0       | 0 | 0 | 783      |
| Derecognition-Decommissioned                                             | 0     | 0       | 0     | 0       | 0 | 0 | 0        |

#### As at 31 March 2025

|                               |               |              |            |              |              |              |               |
|-------------------------------|---------------|--------------|------------|--------------|--------------|--------------|---------------|
|                               | (546)         | (7,156)      | (919)      | (6,932)      | 0            | 0            | (15,553)      |
| <b>Net Book Value 31/3/24</b> | <b>24,393</b> | <b>3,663</b> | <b>644</b> | <b>2,008</b> | <b>496</b>   | <b>1,800</b> | <b>33,004</b> |
| <b>Net Book Value 31/3/25</b> | <b>25,848</b> | <b>3,609</b> | <b>585</b> | <b>1,878</b> | <b>1,232</b> | <b>1,800</b> | <b>34,952</b> |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 13. PROPERTY, PLANT & EQUIPMENT (Continued)

#### Comparative Movements in 2023/24

#### Cost or Valuation:

|                                                                               | Other Land & Bldgs.<br>£000s | Vehicles Plant & Equipm't<br>£000s | Infra-Struct.<br>Assets<br>£000s | Comm'y Assets<br>£000s | Assets Under Constrn.<br>£000s | Assets Held for Sale<br>£000s | Total<br>£000s |
|-------------------------------------------------------------------------------|------------------------------|------------------------------------|----------------------------------|------------------------|--------------------------------|-------------------------------|----------------|
| As at 1 April 2023                                                            | 21,570                       | 9,930                              | 1,504                            | 8,522                  | 0                              | 0                             | 41,526         |
| Additions                                                                     | 3,739                        | 1,032                              | 0                                | 170                    | 248                            | 0                             | 5,189          |
| Revaln incr/(decr) recognised in the Revaluation Reserve                      | 222                          | 0                                  | 0                                | 0                      | 0                              | 0                             | 222            |
| Revaln incr/(decr) recognised in the Surplus/Deficit on Provision of Services | (129)                        | 0                                  | 0                                | 0                      | 0                              | 0                             | (129)          |
| Derecognition-Disposals                                                       | 7                            | (127)                              | 4                                | (4)                    | 0                              | 0                             | (120)          |
| Derecognition-Decommissioned                                                  | 0                            | 0                                  | 0                                | 0                      | 0                              | 0                             | 0              |
| Other movements in cost or valuation                                          | (249)                        | 0                                  | 0                                | 1                      | 248                            | 1,800                         | 1,800          |

#### As at 31 March 2024

#### Accumulated Depreciation and Impairment:

|                                                                          |       |         |       |         |   |   |          |
|--------------------------------------------------------------------------|-------|---------|-------|---------|---|---|----------|
| As at 1 April 2023                                                       | (378) | (6,496) | (812) | (6,406) | 0 | 0 | (14,092) |
| Depreciation Charge                                                      | (612) | (803)   | (52)  | (275)   | 0 | 0 | (1,742)  |
| Depreciation written out to the Revaluation Reserve                      | 230   | 0       | 0     | 0       | 0 | 0 | 230      |
| Depreciation written out to the Surplus/Deficit on Provision of Services | 0     | 0       | 0     | 0       | 0 | 0 | 0        |
| Derecognition-Disposals                                                  | (7)   | 127     | 0     | 0       | 0 | 0 | 120      |
| Derecognition-Decommissioned                                             | 0     | 0       | 0     | 0       | 0 | 0 | 0        |

#### As at 31 March 2024

|                               |               |              |            |              |            |              |               |
|-------------------------------|---------------|--------------|------------|--------------|------------|--------------|---------------|
|                               | (767)         | (7,172)      | (864)      | (6,681)      | 0          | 0            | (15,484)      |
| <b>Net Book Value 31/3/23</b> | <b>21,192</b> | <b>3,434</b> | <b>692</b> | <b>2,116</b> | <b>0</b>   | <b>0</b>     | <b>27,434</b> |
| <b>Net Book Value 31/3/24</b> | <b>24,393</b> | <b>3,663</b> | <b>644</b> | <b>2,008</b> | <b>496</b> | <b>1,800</b> | <b>33,004</b> |

#### Depreciation

The following useful lives have been used in the calculation of depreciation on a straight line basis:

Land and Buildings

Generally 25 to 95 years however Arnot Hill House, a listed building, has a life of 170 years.

Vehicles, Plant and Equipment

5 to 25 years

Infrastructure

10 to 25 years

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 13. PROPERTY, PLANT & EQUIPMENT (Continued)

#### Revaluation

The authority carries out a rolling programme which ensures that all Property, Plant and Equipment required to be measured at Current Value is revalued at least every two years. Items within a class of Property, Plant and Equipment are revalued simultaneously within that rolling programme. Most valuations in 2024/25 were completed by the Council's in-house valuer, E. Wimble MRICS, a chartered surveyor. However valuations were also commissioned from external valuers as deemed necessary. Lambert Smith carried out the valuations of Gedling Brough Council Civic Centre and the Arnold Market Place (AMP).

Valuations of land and buildings are carried out in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. An impairment review is carried out annually on the Land and Buildings Portfolio. Due to Covid-19 there was previously a risk of material valuation uncertainty (MVU). However, as per the RICS Material Valuation Uncertainty Leaders' Forum (UK), MVU declarations are no longer required unless the individual valuer believes that there is reason for such a declaration. It is the Council valuer's professional judgement that none of the valuations for the 2024/25 Accounts are subject to MVU. Vehicles, Plant and Equipment are valued on a depreciated historic cost basis as a proxy for Current Value.

#### Capital Commitments

At 31 March 2025 there were two significant capital contracts that had been entered into but not fully completed. The construction costs relating to the Hillcrest Business Park extension project totalling £500,000. Also five Refuses Collecting Vehicles totalling £1,086,000. This represents the sums remaining to be paid in 2025/26 and not the value of the contracts.

### 14. INVESTMENT PROPERTY

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

|                                                            | 2023/24    | 2023/24      |
|------------------------------------------------------------|------------|--------------|
|                                                            | £000s      | £000s        |
| Rental from Investment Property                            | 239        | (235)        |
| Direct operating expenses arising from Investment Property | 18         | 6            |
| <b>Net (Gain)/Loss</b>                                     | <b>257</b> | <b>(229)</b> |

There are no restrictions on the authority's ability to realise the value inherent in its investment property, or on the authority's contractual obligations to purchase, construct or develop investment property, or repairs, maintenance or enhancement.

Investment property is valued on an annual basis, and an impairment review is also completed at the balance sheet date. Most valuations in 2024/25 were completed by the Council's in-house valuer, E. Wimble MRICS, a chartered surveyor. However valuations were also commissioned from external valuers as deemed necessary. The Council's valuer is however responsible for reporting on all values. Due to Covid-19 there was previously some risk of material valuation uncertainty (MVU). However as per the RICS Material Valuation Uncertainty Leaders' Forum (UK), MVU declarations are no longer required unless the individual valuer believes that there is reason for such a declaration. It is the Council valuer's professional judgement that none of the valuations for the 2024/25 Accounts are subject to MVU.

The following table summarises the movements in the fair value of investment properties over the year. The valuation basis adopted uses Level 2 inputs, ie. those other than quoted prices that are observable for the financial asset.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 14. INVESTMENT PROPERTY (Continued)

#### Long Term Investment Property:

#### Balance at the start of the year

Additions (purchase, construction & subsequent expenditure)

Transfers

Net gain/(loss) from fair value adjustments

#### Balance at the end of the year per Balance Sheet

| 2023/24 | 2024/25 |
|---------|---------|
| £000s   | £000s   |
| 5,646   | 3,967   |
| 0       | 572     |
| (1,800) | 0       |
| 121     | (26)    |
| 3,967   | 4,513   |

### 15. INTANGIBLE ASSETS

The authority accounts for its 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.

All software is given a finite life, based on assessments of the period that the software is expected to be of use to the authority.

The carrying amount of intangible assets is amortised on a straight line basis. The full amortisation of **£101,549** charged to revenue in 2024/25 was charged to IT and then absorbed as an overhead across all relevant service headings in Cost of Services.

In view of the above, it is not possible to quantify exactly how much of the amortisation of intangible assets has been attributed to each service heading.

Gross carrying amount

Accumulated amortisation

#### Net carrying amount at start of year

#### Additions

#### Derecognition of decommissioned assets:

Gross carrying amount

Accumulated amortisation

Amortisation for the year

#### Net carrying amount at end of year per Balance Sheet

#### Represented by:

Gross carrying amount

Accumulated amortisation

#### Total

| 2023/24 | 2024/25 |
|---------|---------|
| £000s   | £000s   |
| 1,081   | 1,183   |
| (994)   | (1,081) |
| 87      | 102     |
| 102     | 118     |
| 0       | 0       |
| 0       | 0       |
| (87)    | (102)   |
| 102     | 118     |
| 1,183   | 1,301   |
| (1,081) | (1,183) |
| 102     | 118     |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 16. FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset in one entity, and a financial liability on another. Most straightforward financial assets (debtors, bank deposits, investments etc.) and liabilities (creditors, borrowings etc.) are covered, together with more complex ones not used by this authority (eg. debt instruments with embedded swaps, and options).

The Code requires extensive disclosures in relation to financial instruments, the purpose being to enable users to evaluate the significance of financial instruments for the authority's financial position and performance, and to assess the nature and extent of the risks arising from financial instruments to which the authority was exposed and how the authority manages those risks.

The Code accepts however that the level of detail included in the disclosures will depend on the extent of the authority's involvement in financial instruments, both in terms of the amounts involved and the complexity of the instruments. Gedling Borough Council is party only to straightforward instruments and accordingly the majority of the disclosure is given as a narrative, as permitted by the Code.

The Code requires authorities to measure their assets and liabilities and provide disclosures in accordance with IFRS13 - Fair Value Measurement. Therefore, wherever financial instruments are measured or disclosed at fair value, this is to be done in accordance with IFRS13. The Code defines fair value as "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". This emphasises that fair value is a market based measurement and not an authority specific measurement.

A key element of IFRS13 is the fair value hierarchy. Level 1 inputs use quoted prices in an active market for identical assets and liabilities, which an authority can access at the measurement date. Level 2 uses inputs other than quoted prices that are observable for the asset or liability. Level 3 uses unobservable inputs for the asset or liability.

#### **Initial Recognition**

A financial asset or liability is recognised on the balance sheet when the holder becomes committed to the purchase, ie. the contract date. Trade receivables (debtors) are an exception, being recognised not when a contract to supply is made, but when the goods have been supplied or the service rendered by the Council. Similarly, trade payables (creditors) are recognised only when the goods or services have been received by the Council. In the case of a contract to borrow money, recognition is at the point at which the cash lent is received, not when the authority becomes committed to the loan agreement. In most cases relevant to Gedling Borough Council, the recognition point is obvious.

#### **Initial Measurement**

Financial assets and liabilities are initially measured at fair value, less the transaction costs that are directly attributable to them. As above, fair value is defined as 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. In general, the fair value on initial recognition will be the transaction price. Transaction costs include fees paid to brokers, dealers and advisers, but do not include internal administrative costs.

#### **Soft Loans**

Local Authorities often make "soft loans", ie. loans for policy reasons, rather than as financial instruments, and these loans may sometimes be interest free or at rates below those prevailing in the market, for example to voluntary bodies or to employees for the purchase of motor vehicles. The "fair value" of such loans may be held to be less than the amount of cash lent, and would accordingly be estimated as the present value of all the future cash receipts, discounted using the prevailing market rate of interest for a similar loan. Any sum by which the amount lent exceeds the fair value of the loan should be charged to the Comprehensive Income and Expenditure Statement.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 16. FINANCIAL INSTRUMENTS (Continued)

Subsequent accounting would require the loan's "effective rate of interest" to be used, which will be higher than the contractual rate since the initial carrying amount of the loan is less than the principal sum required to repay the loan. This rate will be the same as the rate used to discount the loan to its initial fair value. Interest in excess of the contractual rate is then credited to the Comprehensive Income and Expenditure Statement over the term of the loan.

The only "soft loans" identified by the Council in 2024/25 were car loans to employees. It is the Council's view that the outstanding sum of £11k is not material and accordingly, no calculation for fair value has been undertaken. Car loans are therefore recognised in the balance sheet at the value of the sums loaned, less repayments made.

#### **Subsequent Measurement**

Although all financial instruments are initially measured on the basis of fair value, subsequent measurement depends on the "classification" of an instrument. IFRS9 defines two classes of financial liabilities, and three classes of financial assets. Classification is now based on the characteristics of the financial asset, including consideration of the business model within which the asset is held. This requires an assessment of the objectives for holding the asset, and whether the contractual terms give rise to cashflows that are solely payments of principal and interest (the SPPI test).

#### **Financial liabilities:**

- \* Amortised cost

- \* Fair value through profit and loss (FVPL) - none held by the Council

#### **Financial assets:**

- \* Amortised cost

- \* Fair value through comprehensive income (FVOCI) - none held by the Council

- \* Fair value through profit and loss (FVPL)

In practice the majority of financial liabilities held by the Council will be in the "amortised cost" category, and most financial assets will be either at amortised cost, or held at fair value through profit and loss. It will often not be necessary to undertake a formal effective interest rate (EIR) calculation, either because the instrument is a short duration receivable (debtor) or payable (creditor) which is required to be measured at the original invoice amount, or because it is clear that the nominal interest rate equals the EIR, as is the case with most fixed rate instruments.

Most loan debts and investments will feature transaction costs which should be applied to the initial carrying amount, however where these are judged not to be material, for example the 0.035% charge made by PWLB, the transaction costs may be charged immediately to the Comprehensive Income and Expenditure Statement (CIES). This is the treatment adopted by Gedling Borough Council.

#### **Premiums and Discounts**

The accounting treatment for premiums and discounts arising on the early repayment of debt is largely dictated by the principle that financial instruments are derecognised when the contracts that establish them come to an end. Premiums and discounts may arise from the extinguishment of a financial liability. The amounts of such premiums payable or discounts receivable are thus required to be cleared to the Comprehensive Income and Expenditure Statement upon the extinguishment of the liability.

However, it has been recognised by the Government that this accounting treatment does not necessarily result in a charge which is equitable on Council Taxpayers in terms of gains and losses. Provisions have therefore been introduced to allow authorities to spread the impact of premiums and discounts on Council Tax over future financial years, and in England such spreading is a requirement for discounts.

No premiums or discounts were paid or received by the Council during 2024/25

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 16. FINANCIAL INSTRUMENTS (Continued)

#### The Council's Financial Instruments at 31 March 2024

##### (a) Financial Liabilities at Amortised Cost:

- (i) **Long and Short Term Borrowing** - Total long term debt outstanding on the balance sheet on 31 March 2025 is £10.812m, all held with the Public Works Loan Board (PWLB). The short term borrowing balance of £2k shown on the Balance Sheet is represented by accrued interest only. PWLB loans have special characteristics in that the interest rates are based on the Government's cost of borrowing rather than on market rates, and a penalty charge is payable on early redemption that is over and above the cost to the lender.

The Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets, and these are termed the PWLB certainty interest rates. As a result of its PWLB commitments for fixed rate loans, a comparison of the terms of these loans with the new borrowing rates available from PWLB has been used to calculate the fair value. If a value is calculated on this basis the carrying amount of the Council's outstanding loans of £10.812m would be valued at £6.620m (excluding accrued interest). If the Council was to seek to repay the loans to PWLB, the PWLB would discount the charge based on the premature redemption interest rates, totalling £2.951m. The exit price for the outstanding PWLB loans including the penalty discount would therefore be £7.861m (excluding accrued interest).

This redemption charge is a supplementary measure of the fair value of the outstanding PWLB loans of £10.812m. It measures the economic effect of the terms agreed by the Council with the PWLB, compared with estimates of the terms that would be offered for market transactions undertaken at the balance sheet date, which have been assumed to be the PWLB premature redemption interest rates. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB against what would be paid if the loans were at prevailing market rates.

If the discount rate applied to each outstanding loan was to increase by 1%, the discount would increase from £2,951m to £4.063m and the exit price from £7,861m to £6,748m (excluding accrued interest). These amounts would be reversed if the discount rate was to fall, ie. the penalty and the exit price would rise.

The valuation basis adopted uses level 2 inputs, ie. inputs other than quoted prices that are observable for the financial liability.

- (ii) **Long and Short Term Creditors** - Operational creditors are financial instruments of short duration, with no formal effective interest rate, and are required to be valued at their original amounts, ie. the carrying amount is a reasonable approximation of fair value. Long term creditors are represented by grants received in advance of £4.276m. Short-term creditors outstanding at 31 March 2025, which are classed as financial instruments, totalled £4.741m.

##### (b) Financial Assets at Amortised Cost

- (i) **Short Term Investment** - Investments held at 31 March 2025 amounted to £3.090m, including accrued interest, and consisted of fixed term deposits with approved counterparties. Term deposit rates were fixed at inception, with interest paid on maturity. No formal calculation of EIR is deemed necessary, and the carrying amount is a reasonable approximation of the fair value.
- (ii) **Long Term Debtors** - As discussed above, the only soft loans identified by Gedling Borough Council are car loans to employees. The sum outstanding at 31 March 2025 is £12k, which is not deemed material.
- (iii) **Short Term Debtors** - Operational debtors are financial instruments of short duration, with no formal effective interest rate, and are required to be valued at their original amount, ie. the carrying amount is a reasonable approximation of fair value. Short term debtors outstanding at 31 March 2025, which are classed as financial instruments, totalled £6,182m net of impairment provisions for doubtful debts (see note 19).

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 16. FINANCIAL INSTRUMENTS (Continued)

- (iv) **Cash and Cash Equivalents** - The fair value of cash balances in hand (or overdrawn) is deemed to be the carrying value. The Council's in hand cash balances at 31 March 2025 totalled £0.420m as a result of daily cashflow management. This balance is combined on the Balance Sheet as part of the overall Cash and Cash Equivalents balance of £8.115m in hand, including a total of £7.690m held in Money Market Funds. Whilst the value of these funds can technically fluctuate, suggesting treatment as fair value through profit and loss, the Council invests with Low Volatility Net Asset Value (LVNAV) products, which have an exceptionally low level of fluctuation. The Money Market Funds are AAA rated, and this would not be the case if the Funds were not deemed stable.

### (c) Financial Assets at Fair Value through Profit and Loss

The Council has a long term investment of £1m with the CCLA Local Authority Property Fund (LAPF). Under IFRS9 this investment is classified as a financial asset at fair value through profit and loss, whereby fluctuations in the certificated value of the fund would generally be charged to the CIES. However, a statutory override in place until 31 March 2025 requires these fluctuations to be reversed out via the MiRS to a Pooled Investment Funds Adjustment Account and held on the balance sheet.

The certificated value of the property fund investment increased from £877,118 at 31 March 2024 to £893,994 at 31 March 2025. The gain of £16,876 was debited to CIES and reversed out in accordance with the statutory override. The current balance on the Pooled Investment Funds Adjustment Account is a loss of £106,006.

Dividends received in respect of the property fund investment totalled £44,171 in 2024/25. These have been credited to the CIES and are included in the surplus on the provision of services.

**A summary of the Council's exposure to financial instruments at 31 March 2025 is shown below:**

#### Summary of Financial Instruments

#### Financial liabilities at amortised cost

Long Term Borrowing  
Short Term Borrowing  
Long Term Creditors  
Short Term Creditors

#### **Total Financial Liabilities**

#### Financial assets at amortised cost

Short Term Investments  
Long Term Debtors  
Short Term Debtors  
Cash & Cash Equivalents

#### Financial assets at fair value through profit and loss

Pooled Investment Funds

#### **Total Financial Assets**

| 31/3/24         | 31/3/25         |
|-----------------|-----------------|
| £000s           | £000s           |
| (10,812)        | (10,812)        |
| (181)           | (2)             |
| (3,664)         | (3,664)         |
| (3,763)         | (3,763)         |
| <b>(18,420)</b> | <b>(18,241)</b> |
| 10,709          | <b>3,090</b>    |
| 17              | <b>12</b>       |
| 3,155           | <b>3,155</b>    |
| 3,943           | <b>8,115</b>    |
| 877             | <b>894</b>      |
| <b>18,701</b>   | <b>15,266</b>   |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 17. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Council is required to disclose information regarding the risk arising from financial instruments to which the authority is exposed.

Credit risk is the possibility that other parties might fail to pay amounts due to the authority. Liquidity risk is the possibility that the authority may not have funds available to meet its commitments to make payments. Refinancing risk is the possibility that the Council might be required to renew a financial instrument on maturity at unfavourable interest rates or terms. Market risk is the possibility that financial loss may arise as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the resources available to fund services.

#### **Credit Risk**

Credit risk arises from deposits with banks and financial institutions. The Council's Treasury Management Policy is to select counterparties by the use of a creditworthiness methodology provided by its treasury advisers. This is based on a sophisticated model that incorporates credit ratings from all three main rating agencies, supplemented by information relating to positive and negative outlooks and other technical market information. The result is a banding for the suggested duration of investments with any given counterparty, from "do not use" to 60 months. Any deviation from these suggested durations must be specifically approved by the Chief Financial Officer and reported to Full Council at the earliest opportunity. Full credit rating information is received from the treasury advisers on a weekly basis, with any changes in between being notified by ratings alerts. Accordingly, changes to the approved counterparty list can be made promptly in order to minimise the Council's exposure to risk.

The Council also operates maximum investment limits with individual counterparties and Money Market Funds. Any investment in excess of these limits is subject to the specific approval of the Chief Financial Officer. The Council did not experience any non-performance from any of its counterparties in respect of its temporary investments or cash equivalents during 2023/24

#### **Impairment of Financial Assets - the Expected Credit Loss Model**

IFRS9 introduced the concept of "expected credit losses" as opposed to "incurred losses". This is largely in response to the financial crisis, when impairment provisions were often found to be too little, and to have been made too late.

Impairment losses must be calculated to reflect the expectation that future cashflows might not take place because the borrower could default on their obligations. Provision for trade receivables (debtors) is made on a lifetime expected loss basis using a collective provision matrix, and credit risk plays a crucial role in assessments. The Council has historically used such a matrix, and this has been reviewed to ensure that it is sufficiently "forward looking" and not simply based on past experience. The overall decrease of £205k in the Council's impairment loss allowances for financial instruments during 2024/25 has been credited to the financing and investment section of the CIES, in accordance with the requirement of IFRS9.

Whilst the full impact of the coronavirus pandemic is not yet known, it has been addressed when assessing the expected credit loss provisions. The use of a collective provision matrix ensures that where arrears rise there is also a corresponding increase in the expected credit loss provision, and furthermore, whilst recovery may be currently suspended, it will ultimately recommence. On the basis of a "lifetime expected credit loss" the overall position remains unchanged.

No provision for impairment has been made for short term investments on the basis that these are fixed term deposits with high quality counterparties and the risk is assessed as negligible. The Council's treasury advisers have calculated that the historic risk of default on the entire short term investment portfolio at 31 March 2025 is 0.006%, and would amount to an expected credit loss provision of less than £200. This is not deemed to be material.

Similarly, no provision has been made for cash and cash equivalents, which includes the Council's investments in money market funds. As previously discussed, these are AAA rated funds and are deemed to represent negligible risk.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 17. THE NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Continued)

#### Liquidity and Refinancing Risk

As the authority has access to borrowings from PWLB, there is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the authority may have to replace significant proportions of its borrowings at unfavourable interest rates. The Prudential Code requires an indicator specifying the maximum proportions of debt maturing at different times, and performance in this respect is reported to the Chief Financial Officer on a daily basis. The PWLB maturity profile as at 31 March is shown below:

#### PWLB Maturity Analysis

##### Short Term Borrowing (repayable within 1 year)

Principal  
Interest accruals

##### **Short Term Borrowing per Balance Sheet**

##### Long Term Borrowing

Repayable in 1 to 2 years  
Repayable in 2 to 5 years  
Repayable in 5 to 10 years  
Repayable in over 10 years

##### **Long Term Borrowing per Balance Sheet**

It is a requirement of the Code that the long-term and short-term parts of individual instruments be separated. Even when separated, the assets and liabilities remain financial instrument balances and should be carried in the Balance Sheet as investments or borrowings, rather than as debtors or creditors.

#### Market Risk:

The authority is exposed to some degree of risk on its exposure to interest rate movements on its borrowings and investments, and movements in interest rates can have a complex impact. The Treasury Management Strategy set each year specifies the maximum proportions of variable rate borrowings and investments that may be outstanding at any one time, and performance in this respect is reported to the Chief Financial Officer daily. In addition, regular advice is taken from the Council's treasury advisers with regard to the timing of significant borrowings and investments.

#### Price Risk:

The authority's property fund investment is subject to fluctuations in value and the capital sum is not guaranteed. However the intention is to hold the investment for at least five years to minimise the risk. The authority has no equity shareholdings and thus no exposure to risk from movements in share prices.

#### Foreign Exchange Risk:

The authority has no material financial assets denominated in foreign currencies and thus has no significant exposure to loss arising from movements in exchange rates.

| 31/3/24         | 31/3/24         |
|-----------------|-----------------|
| £000s           | £000s           |
| 0               | 0               |
| (181)           | (2)             |
| <b>(181)</b>    | <b>(2)</b>      |
| 0               | 0               |
| 0               | 0               |
| (681)           | (681)           |
| (10,131)        | (10,131)        |
| <b>(10,812)</b> | <b>(10,812)</b> |

### 18. LONG TERM DEBTORS

Car Loans  
Other - Cycle Scheme

##### **Total Long Term Debtors per Balance Sheet**

| 2023/24   | 2023/24   |
|-----------|-----------|
| £000s     | £000s     |
| 16        | 11        |
| 1         | 0         |
| <b>17</b> | <b>11</b> |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 19. SHORT TERM DEBTORS

|                                                 | 2023/24              |                 |               | 2024/25              |                 |               |
|-------------------------------------------------|----------------------|-----------------|---------------|----------------------|-----------------|---------------|
|                                                 | Financial Instrum'ts | Statutory Debts | Total         | Financial Instrum'ts | Statutory Debts | Total         |
|                                                 | £000s                | £000s           | £000s         | £000s                | £000s           | £000s         |
| Central Government Departments                  | 1,210                | 1,573           | 2,783         | 1,580                | 2,234           | 3,814         |
| Other Local Authorities                         | 66                   | 3,075           | 3,141         | 255                  | 3,530           | 3,785         |
| Other Entities and Individuals                  | 3,991                | 2,284           | 6,275         | 6,254                | 2,534           | 8,788         |
| <b>Total Short Term Debtors</b>                 | <b>5,267</b>         | <b>6,932</b>    | <b>12,199</b> | <b>8,089</b>         | <b>8,298</b>    | <b>16,387</b> |
| Less Impairment Loss Allowance                  | (2,112)              | (542)           | (2,654)       | (1,907)              | (508)           | (2,415)       |
| <b>Net Short Term Debtors per Balance Sheet</b> | <b>3,155</b>         | <b>6,390</b>    | <b>9,545</b>  | <b>6,182</b>         | <b>7,790</b>    | <b>13,972</b> |

Amounts in respect of council tax and business rates are outside the scope of financial instruments, being "statutory debtors". The balance has reduced at 31 March 2025.

In accordance with IFRS9, the reduction on the impairment loss allowance for financial instruments between 2023/24 and 2024/25 has been credited to the Financing and Investment section in the Comprehensive Income and Expenditure Statement.

### 20. CASH AND CASH EQUIVALENTS

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

Cash equivalents are held for the purpose of meeting short-term cash commitments, rather than for investment or other purposes. There are no strict criteria relating to the nature and maturity of cash equivalents, but at Gedling all bank call accounts, including money market funds, are deemed to be such instruments, given that they are repayable at call without penalty. All the Council's fixed term deposits (however short) and notice accounts are classed as short-term investments, since penalties will be incurred if they are broken.

The balance of cash and cash equivalents is made up as follows:

|                                                          | 31/03/24     | 31/03/25     |
|----------------------------------------------------------|--------------|--------------|
|                                                          | £000s        | £000s        |
| Cash balance at bank and cash in transit                 | (552)        | 420          |
| Imprest Accounts                                         | 5            | 5            |
|                                                          | (547)        | 425          |
| Call Accounts                                            | 4,490        | 7,690        |
| <b>Total Cash and Cash Equivalents per Balance Sheet</b> | <b>3,943</b> | <b>8,115</b> |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 21. SHORT TERM CREDITORS AND RECEIPTS IN ADVANCE

Creditors are defined as liabilities arising from the contractual obligation to pay cash in the future for goods or services or other benefits that have been received or supplied, and have been invoiced or formally agreed with the supplier.

If the Council receives consideration that does not yet meet the required conditions for revenue recognition, ie. goods have not been received, or a service has not been undertaken, a receipt in advance must be recognised.

|                                                     | 2023/24              |                     |                | 2024/25              |                     |                |
|-----------------------------------------------------|----------------------|---------------------|----------------|----------------------|---------------------|----------------|
|                                                     | Financial Instrum'ts | Statutory Creditors | Total          | Financial Instrum'ts | Statutory Creditors | Total          |
|                                                     | £000s                | £000s               | £000s          | £000s                | £000s               | £000s          |
| Central Government Departments                      | (4)                  | (3,323)             | (3,327)        | 0                    | (2,202)             | (2,202)        |
| Other Local Authorities                             | (1,498)              | (1,341)             | (2,839)        | (1,800)              | (1,400)             | (3,200)        |
| Other Entities and Individuals                      | (2,261)              | (660)               | (2,921)        | (2,941)              | (616)               | (3,557)        |
| <b>Total Short Term Creditors per Balance Sheet</b> | <b>(3,763)</b>       | <b>(5,324)</b>      | <b>(9,087)</b> | <b>(4,741)</b>       | <b>(4,218)</b>      | <b>(8,959)</b> |

Amounts due in respect of council tax, business rates and HMRC taxes are outside the scope of financial instruments, being "statutory creditors". The balance of statutory creditors at 31 March 2025 remains significant due Transitional Protection balances repayable to MHCLG and Pool Levy payable to the Pool Lead of Newark and Sherwood Council.

### 22. PROVISIONS

#### Over one year:

#### **Balance at 1 April 2024**

Additional Provisions made in 2024/25

Used in 2024/25

Reversed in 2024/25

#### **Balance at 31 March 2025**

| Transf'd Stock Env. Warranties | Transf'd Stock Repairs | NDR Appeals  | Total Provisions |
|--------------------------------|------------------------|--------------|------------------|
| £000s                          | £000s                  | £000s        | £000s            |
| (50)                           | (50)                   | (716)        | (816)            |
| 0                              | 0                      | (360)        | (360)            |
| 0                              | 0                      | 628          | 628              |
| 0                              | 0                      | (160)        | (160)            |
| <b>(50)</b>                    | <b>(50)</b>            | <b>(608)</b> | <b>(708)</b>     |

**Transferred Stock Environmental Warranties** - to provide for the payment of excesses under the Environmental Warranty provided to Gedling Homes under the Large Scale Voluntary Transfer (LSVT) arrangement. An excess of £25,000 makes it likely that the Council will be required to meet certain expenses over the life of the policy.

**Transferred Stock Repairs** - to provide for work required under warranties on the transferred properties referred to above.

**NDR Appeals** - The Business Rate Retention regime places a liability on the Council to refund ratepayers who successfully appeal against the rateable value of their properties on the rating list. A provision of £608,000 has been made, representing the Council's estimated share of such liabilities at 31 March 2025.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 23. USABLE RESERVES

Movements in the authority's Usable Reserves are detailed in the Movement in Reserves Statement on page 39, and in note 9 on pages 50 to 53.

### 24. UNUSABLE RESERVES

|                                                         |         |         |
|---------------------------------------------------------|---------|---------|
| Deferred Capital Receipts                               | 0       | 0       |
| Revaluation Reserve                                     | 6,795   | 7,205   |
| Pooled Investment Funds Adjustment Account              | (123)   | (106)   |
| Capital Adjustment Account                              | 14,552  | 16,089  |
| Pensions Reserve                                        | (4,458) | (1,536) |
| Collection Fund Adjustment Account - Council Tax        | 2       | 79      |
| Collection Fund Adjustment Account - Non Domestic Rates | 652     | (178)   |
| Accumulated Absences Account                            | (338)   | (390)   |

#### Total Unusable Reserves

| 31/03/24 | 31/03/25 |
|----------|----------|
| £000s    | £000s    |
| 0        | 0        |
| 6,795    | 7,205    |
| (123)    | (106)    |
| 14,552   | 16,089   |
| (4,458)  | (1,536)  |
| 2        | 79       |
| 652      | (178)    |
| (338)    | (390)    |
| 17,082   | 21,163   |

#### Revaluation Reserve

The Revaluation Reserve contains the gains made by the authority 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 at which the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

#### Balance at 1 April

|                                                                                                                           |       |       |
|---------------------------------------------------------------------------------------------------------------------------|-------|-------|
| Upward revaluation of assets                                                                                              | 655   | 780   |
| Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services      | (145) | (125) |
| Surplus or deficit on revaluation of non current assets not posted to the Surplus or Deficit on the Provision of Services | 510   | 655   |
| Difference between fair value depreciation and historic cost depr'n                                                       | (219) | (246) |
| Accumulated gains on assets sold or scrapped                                                                              | 0     | 0     |
| Amount written off to the Capital Adjustment Account                                                                      | (219) | (246) |

#### Balance at 31 March

| 2023/24 | 2024/25 |
|---------|---------|
| £000s   | £000s   |
| 6,504   | 6,795   |
| 655     | 780     |
| (145)   | (125)   |
| 510     | 655     |
| (219)   | (246)   |
| 0       | 0       |
| (219)   | (246)   |
| 6,795   | 7,204   |

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 24. UNUSABLE RESERVES (Continued)

##### Pooled Investment Funds Adjustment Account

The introduction of IFRS9 requires pooled investment funds to be classified at Fair Value through Profit and Loss (FVPL), whereby all gains and losses are immediately charged to the Surplus and Deficit on the Provision of Services. However, in the case of certain property funds, including the CCLA LAPF in which the Council has an investment of £1m, a statutory override initially in place until 31 March 2025 requires these gains and losses to be neutralised via the Movement on Reserves Statement to the Pooled Investment Funds Adjustment Account (PIFAA). The increase in value of the Council's property fund investment in 2024/25 represents a loss, which has been reversed out to the PIFAA in accordance with the regulations.

##### **Balance at 1 April**

Gain/(Loss) on CCLA Property Fund in year

##### **Balance at 31 March**

| 2023/24 | 2024/25 |
|---------|---------|
| £000s   | £000s   |
| (87)    | (123)   |
| (36)    | 17      |
| (123)   | (106)   |

##### 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 Comprehensive Income and Expenditure Statement (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 authority as finance for the costs of acquisition, construction or enhancement.

The Capital Adjustment Account contains accumulated gains and losses on Investment Properties, and if relevant, gains recognised on donated assets that have yet to be consumed by the authority.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains. Note 9 on pages 50 to 53 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 24. UNUSABLE RESERVES (Continued)

#### Capital Adjustment Account (continued)

Balance at 1 April

#### Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:

Charges for depreciation and impairment of non-current assets  
Revaluation (losses)/reversals on Property, Plant and Equipment  
Amortisation of Intangible Assets  
Revenue Expenditure funded from Capital under Statute (REFCUS)  
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement

Adjusting amount written out of the Revaluation Reserve

Net written out amount of non-current assets consumed in the year

#### Capital financing applied in the year:

Use of Capital Receipts Reserve to finance new capital expenditure  
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing  
Applications of grants to capital financing from the Capital Grants Unapplied Account  
Statutory provision for the financing of capital investment charged against the General Fund  
Capital expenditure charged against the General Fund

Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement

Balance at 31 March

| 2023/24 | 2024/25 |
|---------|---------|
| £000s   | £000s   |
| 14,046  | 14,552  |
| (1,742) | (1,786) |
| (187)   | (93)    |
| (87)    | (102)   |
| (4,831) | (544)   |
| 9       | 0       |
| (6,838) | (2,525) |
| 219     | 246     |
| (6,619) | (2,279) |
| 0       | 0       |
| 486     | 440     |
| 5,735   | 2,419   |
| 724     | 1,016   |
| 60      | (33)    |
| 7,005   | 3,842   |
| 120     | (26)    |
| 14,552  | 16,089  |

#### Pensions Reserve

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

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 24. UNUSABLE RESERVES (Continued)

#### Balance at 1 April

Actuarial gains or (losses) on pensions assets and liabilities

Reversal of items relating to benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement

Employer's pension contributions and direct payments to pensioners payable in the year

#### Balance at 31 March

| 2023/24  | 2024/25 |
|----------|---------|
| £000s    | £000s   |
| (10,056) | (4,458) |
| 5,670    | 2,435   |
| (2,585)  | (2,073) |
| 2,513    | 2,560   |
| (4,458)  | (1,536) |

#### Collection Fund Adjustment Accounts

The Collection Fund Adjustment Accounts manage the differences arising from the recognition of council tax and non domestic rate income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and ratepayers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

#### Council Tax:

#### Balance at 1 April

Amount by which council tax income credited to the Comprehensive Income and Expenditure Account is different from council tax income calculated for the year in accordance with statutory arrangements

#### Balance at 31 March

| 2023/24 | 2024/25 |
|---------|---------|
| £000s   | £000s   |
| 87      | 2       |
| (85)    | 77      |
| 2       | 79      |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 24. UNUSABLE RESERVES (Continued)

#### Collection Fund Adjustment Accounts (continued)

##### Non Domestic Rates:

##### **Balance at 1 April**

Amount by which non domestic rate income credited to the Comprehensive Income and Expenditure Account is different from NDR income calculated for the year in accordance with statutory arrangements

##### **Balance at 31 March**

| 2023/24 | 2024/25 |
|---------|---------|
| £000s   | £000s   |
| 1,758   | 652     |
| (1,106) | (830)   |
| 652     | (178)   |

#### Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned, but not taken in the year, for example 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.

Overall balances of outstanding leave at each year-end are relatively consistent, however an annual review is carried out. Accruals are based on outstanding hours multiplied by pay rates for the following year, ie. the year in which the leave will be taken.

##### **Balance at 1 April**

Settlement or cancellation of accrual made at the end of the preceding year

Amounts accrued at the end of the current year

Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements

##### **Balance at 31 March**

| 2023/24 | 2024/25 |
|---------|---------|
| £000s   | £000s   |
| (343)   | (338)   |
| 343     | 343     |
| (343)   | (343)   |
| 5       | (52)    |
| (338)   | (390)   |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 25. CASH FLOW STATEMENT - OPERATING ACTIVITIES

**Net Surplus / (Deficit) on the Provision of Services per CIES on p33**

**Adjustments to the net surplus / (deficit) on the Provision of Services for non-cash movements:**

Depreciation  
 Impairment and downward revaluations  
 Amortisation  
 Increase / (Decrease) in revenue creditors  
 (Increase) / Decrease in revenue debtors  
 (Increase) / Decrease in stocks and works in progress  
 Pension liability  
 Carrying amount of non current assets sold  
 Other non-cash items charged to net surplus/(deficit) on provision of services

**Adjustments to the net surplus / (deficit) on the Provision of Services for items that are investing and financing activities:**

Proceeds from sales of property, plant and equipment, and other investment property receipts and payments

**Net cash flow from Operating Activities per Cash Flow Statement on p42**

| 2023/24 | 2024/25 |
|---------|---------|
| £000s   | £000s   |
| 795     | 3,112   |
| 1,742   | 1,786   |
| 187     | 93      |
| 87      | 102     |
| (735)   | 1,137   |
| 1,130   | (3,037) |
| 20      | 23      |
| 72      | (487)   |
| 0       | 0       |
| (750)   | (99)    |
| 1,753   | (482)   |
| (873)   | (5,269) |
| 1,675   | (2,639) |

**Cash flows for operating activities include the following items:**

Interest Received  
 Interest Paid

| 2023/24 | 2024/25 |
|---------|---------|
| £000s   | £000s   |
| (1,392) | (1,157) |
| 202     | 534     |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 26. CASH FLOW STATEMENT - INVESTING ACTIVITIES

Purchase of property, plant and equipment, investment property and intangible assets

Purchase of short term and long term investments

Other payments for investing activities

Proceeds from sale of property, plant and equipment, investment property and intangible assets

Proceeds from short-term and long term investments

Capital grants & contributions

Other receipts from investing activities

**Net cash flows from Investing Activities per Cash Flow Statement on p42**

| 2023/24        | 2024/25      |
|----------------|--------------|
| £000s          | £000s        |
| (6,279)        | (2,782)      |
| 0              | 0            |
| (18)           | (6)          |
| 0              | 0            |
| 2,780          | 7,520        |
| (1,152)        | 235          |
| 3,174          | 4,323        |
| <b>(1,495)</b> | <b>9,290</b> |

### 27. CASH FLOW STATEMENT - FINANCING ACTIVITIES

Receipt of short-term and long-term borrowing

Other receipts from financing activities

Movement on NDR debtor with preceptors and CLG

Movement on Council Tax debtors with Preceptors

Community Infrastructure Levy held for Parishes

Grants & contributions held for other principal parties

Other payments for financing activities

**Net cash flows from Financing Activities per Cash Flow Statement on p42**

| 2023/24        | 2024/25      |
|----------------|--------------|
| £000s          | £000s        |
| 0              | 0            |
| 9              | (5)          |
| (2,645)        | 1,302        |
| (1,397)        | 384          |
| (940)          | 797          |
| (460)          | 1            |
| (4)            | 0            |
| <b>(5,437)</b> | <b>2,479</b> |

### 28. MEMBERS' ALLOWANCES

Payments to Members are made under the Local Authorities (Members Allowances) (England) Regulations 2003, which provide for the circumstances in which allowances are payable to Members, and to the maximum amounts payable in respect of certain allowances. The regulations include a requirement for authorities to make public their scheme for Members' allowances, and to disclose annually the amounts paid under such a scheme. The Council fulfils this requirement by the placement of a notice on its website. Under the Council's scheme, a Basic Allowance is paid to each Member, together with relevant Special Responsibility Allowances. There is also provision for the payment of car allowances, plus public transport, conference and subsistence expenses.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 28. MEMBERS' ALLOWANCES (Continued)

The authority paid the following amounts to Members of the Council during the year:

|                             | 2023/24    | 2024/25    |
|-----------------------------|------------|------------|
|                             | £000s      | £000s      |
| <b>Allowances:</b>          |            |            |
| Basic                       | 190        | 191        |
| Special Responsibility      | 130        | 131        |
| <b>Expenses:</b>            |            |            |
| Conferences and subsistence | 0          | 2          |
|                             | <b>320</b> | <b>324</b> |

The figures above include payments made to independent members.

#### 29. EXTERNAL AUDIT COSTS

The authority is required to disclose amounts paid to its appointed auditors for work carried out in performing statutory functions. For 2023/24, Mazars are the appointed auditors for accounts and inspection work, however KPMG are the appointed auditors for grant certification work. Amounts paid to the appointed auditor for work carried out in providing additional services such as tax advice must also be disclosed, the purpose being to demonstrate that the objectivity of the auditor is not compromised by fees for other work being significant in relation to audit costs.

|                                                                                   | 2023/24       | 2024/25        |
|-----------------------------------------------------------------------------------|---------------|----------------|
|                                                                                   | £             | £              |
| Audit services carried out by the appointed auditor (Mazars)                      | 53,600        | <b>142,149</b> |
| Additional fees to be paid to the appointed auditors in respect of previous years | 0             | <b>112,789</b> |
| <b>Total fees for statutory audit services in the year</b>                        | <b>53,600</b> | <b>254,938</b> |
| <b>Fees for tax advisory services</b>                                             | <b>0</b>      | <b>0</b>       |
| <b>Total fees paid to the appointed auditor</b>                                   | <b>53,600</b> | <b>254,938</b> |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 30. OFFICERS' REMUNERATION

The Accounts and Audit Regulations 2015 require certain disclosures in respect of the remuneration of senior employees in Local Authorities, in order to provide greater transparency and accountability to local taxpayers in respect of the total remuneration package for the senior team charged with the stewardship of the Council. For the purpose of this disclosure note, senior officers are defined as those collectively representing the Council's Senior Leadership Team.

There is a requirement to disclose by job title the individual remuneration for senior employees whose annualised basic salary is £50,000 or more, but less than £150,000. Any employee in receipt of an annualised salary of £150,000 or more is required to be identified by name, however this does not apply at Gedling Borough Council as no employee is paid a salary at this level.

Remuneration is defined as amounts payable to or receivable by a person, and includes salary (the amount received under a contract of employment for services rendered), bonuses, expenses, the estimated monetary value of non-cash benefits, ie. "benefits in kind", and compensation for loss of employment. Remuneration generally excludes an employer's pension contributions, however for "senior officers" such contributions must also be included.

The remuneration paid to the Authority's senior employees in 2024/25, and in 2023/24 for comparison, is detailed in the table below.

#### Senior Employees in receipt of a basic salary exceeding £50,000:

##### 2024/25

|                                               | Salary, Fees & All'wces | Exps All'wces | Benefits in Kind | Comp'n for loss of Office | Total exc Pension Contribs | Employer Pension Contribs | Total   |
|-----------------------------------------------|-------------------------|---------------|------------------|---------------------------|----------------------------|---------------------------|---------|
|                                               | £                       | £             | £                | £                         | £                          | £                         | £       |
| Chief Executive                               | 139,204                 | 255           | 0                | 0                         | 139,458                    | 25,669                    | 165,128 |
| Director of Transformation (Started May 2025) | 45,074                  | 0             | 0                | 0                         | 45,074                     | 0                         | 45,074  |
| Director of Operations (Started January 2025) | 16,849                  | 0             | 0                | 0                         | 16,849                     | 3,665                     | 20,514  |
| Director of Place                             | 77,500                  | 65            | 0                | 0                         | 77,565                     | 16,464                    | 94,029  |
| Deputy Chief Executive & Monitoring Officer   | 86,594                  | 0             | 0                | 0                         | 86,594                     | 18,260                    | 104,854 |
| Chief Finance Officer & S151 Officer          | 77,413                  | 0             | 0                | 0                         | 77,413                     | 16,446                    | 93,859  |

##### 2023/24

|                                                |         |     |   |   |         |        |         |
|------------------------------------------------|---------|-----|---|---|---------|--------|---------|
| Chief Executive                                | 127,690 | 255 | 0 | 0 | 127,945 | 25,043 | 152,988 |
| Director of Corporate Resources & S151 Officer | 93,448  | 0   | 0 |   | 93,448  | 9,358  | 102,807 |
| Executive & Monitoring Officer                 | 78,242  | 0   | 0 | 0 | 78,242  | 16,557 | 94,799  |
| Acting Chief Finance Officer & S151 Officer    | 64,998  | 0   | 0 | 0 | 64,998  | 13,923 | 78,922  |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 30. OFFICERS' REMUNERATION (Continued)

There is also a requirement to disclose the authority's other employees receiving remuneration totalling more than £50,000 in the year (excluding employer's pension contributions) and these are analysed in bands of £5,000 starting at £50,000 in the table below.

#### Number of Employees in each Remuneration Band:

(excluding employer pension contributions)

£50,000 to £54,999

£55,000 to £59,999

£60,000 to £64,999

£65,000 to £69,999

£70,000 to £74,999

£75,000 to £79,999

| 2023/24<br>Number | 2024/25<br>Number |
|-------------------|-------------------|
| 7                 | 10                |
| 2                 | 5                 |
| 0                 | 3                 |
| 1                 | 4                 |
| 0                 | 0                 |
| 4                 | 2                 |
| 14                | 24                |

**Total number of other employees whose remuneration exceeds £50,000**

### 31. EXIT PACKAGES (TERMINATION BENEFITS)

The Council is required to disclose the number and cost of exit packages made in the financial year in rising bands of £20,000 up to £100,000, and bands of £50,000 thereafter. Exit packages to be included are those that have been agreed by the Council, ie. for which it is "demonstrably committed".

Termination benefits are defined as amounts payable as a result of either the Council's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. Voluntary early retirement does not represent a termination benefit, being instead a "post employment benefit". Termination benefits differ from post-employment benefits in that the latter are earned throughout an employee's working life, whereas termination benefits arise as a result of a specific event, such as a reduction in service capacity or as a result of budget cuts.

Three compulsory redundancies were made during 2024/25. There was five terminations agreed for reasons other than redundancy. Incurring total liabilities of £95,643. These amounts have been charged to the Comprehensive Income and Expenditure Statement in the year.

#### Exit Packages per Cost-Band £

|                    | Number of<br>Compulsory<br>Redundancies |         | Number of<br>other departures<br>agreed in year |         | Total number of<br>exit packages<br>by cost-band |         | Total cost of<br>exit packages<br>in each band £ |         |
|--------------------|-----------------------------------------|---------|-------------------------------------------------|---------|--------------------------------------------------|---------|--------------------------------------------------|---------|
|                    | 2023/24                                 | 2024/25 | 2023/24                                         | 2024/25 | 2023/24                                          | 2024/25 | 2023/24                                          | 2024/25 |
| 0 to 20,000        | 0                                       | 2       | 6                                               | 5       | 6                                                | 7       | 13,380                                           | 68,164  |
| 20,001 to 40,000   | 0                                       | 1       | 1                                               | 0       | 1                                                | 1       | 67,234                                           | 27,479  |
| 40,001 to 60,000   | 0                                       | 0       | 0                                               | 0       | 0                                                | 0       | 0                                                | 0       |
| 60,001 to 80,000   | 0                                       | 0       | 0                                               | 0       | 0                                                | 0       | 0                                                | 0       |
| 100,001 to 150,000 | 0                                       | 0       | 0                                               | 0       | 0                                                | 0       | 0                                                | 0       |
|                    | 0                                       | 3       | 7                                               | 5       | 7                                                | 8       | 80,614                                           | 95,643  |

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 32. POST-EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME

##### (i) Participation in the Pension Scheme:

As part of the terms and conditions of employment for its officers, the Council makes contributions towards the cost of post employment (retirement) benefits. Although these benefits will not actually be payable until employees retire, the authority has a commitment to make the payments for those benefits, and to disclose them at the time that employees earn their future entitlement.

The Council participates in the Local Government Pension Scheme (LGPS) administered locally by Nottinghamshire County Council. This is a funded defined benefit statutory scheme with index linked benefits, meaning that the authority and employees both pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. Until 31 March 2014, benefits were based on final salary and length of service, however following changes to the LGPS, all benefits accrued from 1 April 2014 are based on career average revalued earnings and the length of service on retirement.

In addition, the Council has made arrangements for the payment of added years benefits to certain retired employees, outside the provisions of the scheme. This is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made, however there are no investment assets built up to meet these pension liabilities. Cash therefore has to be generated to meet actual pensions payments as they eventually fall due.

The actuary, Barnett Waddingham, is instructed by Nottinghamshire County Council to undertake pension expense calculations, and has prepared its figures in accordance with its understanding of IAS19. The principal risks to Gedling Borough Council are the longevity assumptions, statutory changes to the scheme, changes to inflation and bond yields, and the performance of the equity investments held by the scheme. In addition, as there are many unrelated employers in the LGPS there is an "orphan liability risk", where an employer leaves the fund but with insufficient assets to cover their pension obligations, in which case the shortfall may fall on the remaining employers. These risks are mitigated to a certain extent by the statutory requirement to charge to the General Fund the amount required by statute, as described in the accounting policies note, and by the assumption that an employer may leave the fund with excess assets, and these may be inherited by the remaining employers. Changes in the funding level of the LGPS fund's orphaned liabilities could result in asset experience passed on to the Employer following a full valuation update.

Further information can be found in the annual report of the Nottinghamshire County Council Pension Fund, which is available upon request from Nottinghamshire County Council, County Hall, West Bridgford, Nottingham NG2 7QP.

##### (ii) Explanation of terms:

**Liabilities (obligations)** - the post employment benefits that have been promised under the formal terms of the pension scheme, plus any constructive obligation for further benefits where the authority has given employees valid expectations that such benefits will be granted. Liabilities are measured on an actuarial basis, estimating the future cashflows that will arise from them based on such things as mortality rates, employee turnover, salary growth and expected early retirements under the scheme rules, discounted to present values.

**Assets** - the Council's attributable share of the investments held in the pension scheme to cover the liabilities, measured at fair value at the balance sheet date.

##### Movements on pensions assets and liabilities are analysed into the following constituents:

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

**Current service cost** - the increase in the present value of a defined benefit scheme's liabilities (defined benefit obligation) resulting from employee service in the current period.

**Past service cost** - the change in the present value of a scheme's liabilities for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of a change to a defined benefit scheme) or a curtailment (a significant reduction in the number of employees covered by a scheme).

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

Gains or losses on settlements - arising when an authority enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit scheme.

An amendment to IAS19 requires that when determining any past service cost, or gain or loss on settlement, the net defined benefit liability is to be remeasured using current assumptions, and the fair value of plan assets at the time of the event. The amendment does however note that this extra remeasurement does not need to be applied where the application of that remeasurement is not material. The Actuary has treated no events as "material special events" in 2024/25.

**Net interest cost** - the change during the period in the net defined benefit liability/asset that arises from the passage of time. It comprises interest costs on the liabilities and the interest income on plan assets.

**Re-measurement of the net defined liability/(asset) comprising:**

Actuarial gains and losses - changes in the present value of the defined benefit obligation resulting from (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred), and (b) the effects of changes in the actuarial assumptions.

Return on plan assets - excluding amounts included in net interest on the net defined benefit liability/(asset).

**Contributions by scheme participants** - the increase in scheme liabilities and assets due to payments into the scheme by employees.

**Contributions by employer** - the increase in scheme assets due to payments into the scheme by the employer.

**Benefits paid** - payments to discharge liabilities directly to pensioners.

#### (iii) Transactions relating to post-employment benefits:

Pensions are accounted for in accordance with IAS19. The cost of retirement benefits are recognised in the Cost of Services in the Comprehensive Income and Expenditure Statement (page 34) when they are earned by employees, rather than when they are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, therefore the real cost of post employment (retirement) benefits is reversed out of the General Fund via the Movement in Reserves Statement (page 35). Transactions affecting the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement are shown below.

In 2018 the Court of Appeal ruled that changes made to the pension schemes for judges and firefighters were unlawful on the grounds of age discrimination, a decision known as the "McCloud and Sargeant" judgement, and this was upheld by the Supreme Court. Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. The Council previously included an allowance to reflect the potential impact of the McCloud case, and this has been rolled by the Actuary in obtaining the accounting results for 2024/25.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

As a result of a High Court ruling on the equalisation of guaranteed minimum pensions (GMPs) between genders, a number of pension schemes have made an adjustment to accounting disclosures to reflect the effect of this ruling on the value of pension liabilities. The Government published the outcome of its consultation on GMP Indexation on 23 March 2021. Barnett Waddingham have indicated that their assumptions are consistent with the consultation outcome and does not therefore believe that any adjustment to the value placed on liabilities is required.

Following a case involving the Teachers Pension scheme (the Goodwin Case) the Government has confirmed that a remedy is required in all public sector schemes, including the LGPS. A review is ongoing but Barnett Waddingham expect the impact on the LGPS to be minimal.

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

##### Cost of Services:

##### **a) Service cost comprising:**

Current service cost

Past service cost

Reconciliation Adjustments

##### **b) Other Operating Expenditure:**

Administration Cost

##### **c) Financing & Investment Income & Expenditure:**

Net Interest Cost

#### **Total Post Employment benefits charged to the Surplus or Deficit on the Provision of Services**

##### Re-measurement of the net defined liability comprising:

Return on plan assets less interest (gain) / loss

Other actuarial (gains) / losses

Actuarial (gains) and losses on changes in financial assumptions

Actuarial (gains) and losses on changes in demographic assumptions

Experience (gains) and losses on the defined benefit obligation

Changes in Impact of asset ceiling

#### **Total Re-measurements (See Comprehensive Income and Expenditure Statement on page 38)**

#### **Total Post Employment benefits charged to the Comprehensive Income and Expenditure Statement**

##### Movement in Reserves Statement:

Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code (see note 9)

#### Actual amount charged against the General Fund Balance for pensions in the year

Employer's contributions payable to the scheme

Discretionary payments (added years, pension strain etc)

**Total**

| 2023/24 | 2024/25  |
|---------|----------|
| £000s   | £000s    |
|         |          |
| 2,128   | 2,028    |
| 0       | 13       |
| (10)    | 0        |
|         |          |
| 44      | 49       |
|         |          |
| 423     | (17)     |
|         |          |
| 2,585   | 2,073    |
|         |          |
| (3,302) | 1,313    |
| 0       | 0        |
| (1,674) | (14,612) |
| (1,428) | (269)    |
| 734     | (276)    |
| 0       | 11,409   |
|         |          |
| (5,670) | (2,435)  |
| (3,085) | (362)    |
|         |          |
| (2,585) | (2,073)  |

| 2023/24 | 2024/25 |
|---------|---------|
| £000s   | £000s   |
| 2,394   | 2,442   |
| 120     | 118     |
| 2,514   | 2,560   |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

#### (iv) Pensions Liabilities and Assets recognised in the Balance Sheet:

The amounts included in the balance sheet arising from the Council's obligation in respect of its defined benefit scheme is as follows:

|                                                                                | 2020/21  | 2021/22  | 2022/23  | 2023/24  | 2024/25   |
|--------------------------------------------------------------------------------|----------|----------|----------|----------|-----------|
|                                                                                | £000s    | £000s    | £000s    | £000s    | £000s     |
| Present value of the funded defined benefit obligation                         | 156,086  | 143,998  | 99,657   | 100,906  | 89,443    |
| Fair value of assets                                                           | (88,191) | (94,617) | (90,731) | (97,489) | (100,209) |
| <b>Net liability arising from the funded defined benefit obligation (LGPS)</b> | 67,895   | 49,381   | 8,926    | 3,417    | (10,766)  |
| Impact of asset ceiling                                                        | 0        | 0        | 0        | 0        | 11,409    |
| Present value of the unfunded obligation (Discretionary Benefits)              | 1,561    | 1,436    | 1,130    | 1,041    | 893       |
| <b>Net Pension Liability on the Balance Sheet</b>                              | 69,456   | 50,817   | 10,056   | 4,458    | 1,536     |

The liabilities show the underlying commitments that the authority has in the long run to pay post-employment (retirement) benefits. These total £90.336m, including funded and unfunded obligations.

The net pension liability of £1.536m has a substantial impact on the net worth of the authority, as recorded in the Balance Sheet, reducing it by 10.5%. However, statutory arrangements for funding the deficit means that the financial position of the authority remains healthy. The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees (ie. before payments fall due), as assessed by the actuary, therefore finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

#### Reconciliation of the movements in the fair value of scheme liabilities:

##### Opening defined benefit obligation

|                                                               |         |          |
|---------------------------------------------------------------|---------|----------|
| Current service cost                                          | 2,128   | 2,028    |
| Interest Cost                                                 | 4,758   | 4,964    |
| Change in financial assumptions                               | (1,674) | (14,612) |
| Change in demographic assumptions                             | (1,428) | (269)    |
| Experience loss/(gain) on defined benefit obligation          | 734     | (276)    |
| Estimated Benefits Paid (net of transfers in)                 | (3,933) | (4,095)  |
| Past Service Cost including curtailments                      | 0       | 13       |
| Contributions by Scheme Participants                          | 695     | 745      |
| Unfunded Pension Payments                                     | (120)   | (108)    |
| Adjustment for rounding (see offsetting adjustment on assets) | 0       | 0        |

##### Closing defined benefit obligation

| 2023/24 | 2024/25  |
|---------|----------|
| £000s   | £000s    |
| 100,786 | 101,946  |
| 2,128   | 2,028    |
| 4,758   | 4,964    |
| (1,674) | (14,612) |
| (1,428) | (269)    |
| 734     | (276)    |
| (3,933) | (4,095)  |
| 0       | 13       |
| 695     | 745      |
| (120)   | (108)    |
| 0       | 0        |
| 101,946 | 90,336   |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

#### Reconciliation of the movements in the fair value of scheme assets:

##### Opening fair value of scheme assets

|                                                                    |         |         |
|--------------------------------------------------------------------|---------|---------|
| Interest on assets                                                 | 4,335   | 4,981   |
| Return on plan assets in excess of interest                        | 3,302   | (1,313) |
| Other actuarial gains/(losses)                                     | 0       | 0       |
| Administration expenses                                            | (44)    | (49)    |
| Contributions by Employer including Unfunded Benefits              | 2,513   | 2,560   |
| Contributions by Scheme Participants                               | 695     | 745     |
| Estimated Benefits paid including Unfunded Benefits                | (4,053) | (4,203) |
| Adjustment for rounding (see offsetting adjustment on liabilities) | 10      | (1)     |

| 2023/24 | 2024/25 |
|---------|---------|
| £000s   | £000s   |
| 90,731  | 97,489  |
| 4,335   | 4,981   |
| 3,302   | (1,313) |
| 0       | 0       |
| (44)    | (49)    |
| 2,513   | 2,560   |
| 695     | 745     |
| (4,053) | (4,203) |
| 10      | (1)     |
| 97,489  | 100,209 |

##### Closing fair value of scheme assets

The table below provides a reconciliation to the asset Ceiling

##### Opening Impact of asset ceiling

|                                     |   |          |
|-------------------------------------|---|----------|
| Interest on impact of asset ceiling | 0 | 0        |
| Actuarial Gains/ (Losses)           | 0 | (11,409) |

| 0     | 0        |
|-------|----------|
| £000s | £000s    |
| 0     | 0        |
| 0     | 0        |
| 0     | (11,409) |
| 0     | (11,409) |

##### Closing Impact of asset ceiling

#### LGPS assets allocated to Gedling Borough Council by asset class:

|                                |        |        |        |    |
|--------------------------------|--------|--------|--------|----|
| Public Equities                | 52,880 | 58,956 | 51,947 | 52 |
| Gilts                          | 1,876  | 2,334  | 8,321  | 8  |
| Other Bonds                    | 5,374  | 4,836  | 6,447  | 6  |
| Property                       | 10,769 | 10,364 | 10,273 | 10 |
| Cash and Temporary Investments | 4,748  | 5,869  | 5,457  | 6  |
| Inflation-linked Pooled Fund   | 4,580  | 4,959  | 6,932  | 7  |
| Infrastructure                 | 7,132  | 7,048  | 7,343  | 7  |
| Private Equities               | 3,372  | 3,122  | 3,489  | 4  |

| 2022/23 | 2023/24 | 2024/25 |     |
|---------|---------|---------|-----|
| £000s   | £000s   | £000s   | %   |
| 52,880  | 58,956  | 51,947  | 52  |
| 1,876   | 2,334   | 8,321   | 8   |
| 5,374   | 4,836   | 6,447   | 6   |
| 10,769  | 10,364  | 10,273  | 10  |
| 4,748   | 5,869   | 5,457   | 6   |
| 4,580   | 4,959   | 6,932   | 7   |
| 7,132   | 7,048   | 7,343   | 7   |
| 3,372   | 3,122   | 3,489   | 4   |
| 90,731  | 97,488  | 100,209 | 100 |

##### Total assets allocated to Gedling Borough Council

It is estimated that Gedling Borough Council's share of the total assets in the Fund is approximately 1.38%. Information regarding the detail of the total assets held in the Fund at 31 March 2025 is summarised in the table below. This represents the percentages of the total Fund held in each asset class, split by those that have a quoted market price in an active market, and those that do not. Further information regarding the Fund's precise asset allocations is available from Nottinghamshire County Council Pension Fund as administering authority.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

| Asset Class                        |                             | Quoted      | Unquoted    | Total        |
|------------------------------------|-----------------------------|-------------|-------------|--------------|
|                                    |                             | %           | %           | %            |
| Fixed Interest Gov't Securities    | UK                          | 3.0         | 0.0         | 3.0          |
| Index Linked Government Securities | UK                          | 5.0         | 0.0         | 5.0          |
| Corporate Bonds                    | UK                          | 2.0         | 0.0         | 2.0          |
|                                    | Overseas                    | 5.0         | 0.0         | 5.0          |
| Equities                           | UK                          | 15.0        | 0.0         | 15.0         |
|                                    | Overseas                    | 37.0        | 0.0         | 37.0         |
| Property                           | All                         | 0.0         | 10.0        | 10.0         |
| Others:                            | Private equities            | 0.0         | 3.0         | 3.0          |
|                                    | Infrastructure              | 0.0         | 7.0         | 7.0          |
|                                    | Inflation-linked Unit Trust | 0.0         | 7.0         | 7.0          |
|                                    | Credit                      | 0.0         | 3.0         | 3.0          |
|                                    | Cash/temporary investments  | 0.0         | 3.0         | 3.0          |
| <b>Total</b>                       |                             | <b>67.0</b> | <b>33.0</b> | <b>100.0</b> |

#### (v) Basis for estimating Liabilities and Assets:

Liabilities have been assessed on an actuarial basis using the projected unit 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 the Discretionary Benefit liabilities have been assessed by Barnett Waddingham Ltd. Actuaries, an independent firm of actuaries. No differentiation has been made between the two schemes in terms of assumptions. Estimates for the Nottinghamshire County Council Pension Fund are based on the latest full valuation of the scheme at 31 March 2022 (the next triennial valuation of the Fund will be carried out as at 31 March 2025, and will set contributions for the period from 1 April 2026 to 31 March 2029). The actuary's estimate for the duration of Gedling Borough Council's liabilities is 15 years.

Significant assumptions used by the actuary as at 31 March 2025 are as follows:

#### Expected return on assets:

The discount rate is the annualised yield at the 15-year point on the Merrill Lynch AA rated corporate bond yield curve which has been chosen to meet the requirements of IAS19 and with the consideration of the Council's liabilities. This is consistent with the approach used at the last accounting date.

#### Mortality assumptions:

Assumed life expectations from the age of 65 are as follows:

|                       |        | 31 Mar 23 | 31 Mar 24 | 31 Mar 25 |
|-----------------------|--------|-----------|-----------|-----------|
|                       |        | Years     | Years     | Years     |
| Retiring today-       | Male   | 20.7      | 20.4      | 20.4      |
|                       | Female | 23.5      | 23.3      | 23.3      |
| Retiring in 20 years- | Male   | 22.0      | 21.7      | 21.7      |
|                       | Female | 25.0      | 24.7      | 24.7      |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

#### Financial Assumptions

The financial assumptions used for IAS19 purposes are as follows, and were set with reference to market conditions at 31 March 2025

|                               | 31 Mar 23 | 31 Mar 24 | 31 Mar 25   |
|-------------------------------|-----------|-----------|-------------|
|                               | %         | %         | %           |
| Consumer Price Index increase | 4.80      | 4.90      | <b>5.80</b> |
| Salary Increase               | 2.95      | 2.95      | <b>2.90</b> |
| Pension Increase              | 3.30      | 3.25      | <b>3.20</b> |
| Discount rate for liabilities | 3.95      | 3.95      | <b>3.90</b> |

IAS19 suggests that in assessing the future levels of long-term inflation, assumptions should be used that result in a best estimate of the ultimate cost of providing pension benefits whilst also giving consideration to the gilt market (in line with general price levels), to give an indication of market expectations. Pension increases in the LGPS are expected to be based on the Consumer Prices Index (CPI). To derive assumptions on CPI, the actuary first makes an assumption on the Retail Price Index (RPI), and then makes an adjustment. A Single Equivalent Inflation Rate (SEIR) approach is used to derive an appropriate RPI assumption, rounded to the nearest 0.05%, for the duration of the Council's pension liabilities, ie 15 years. An adjustment is then made by the actuary to reflect the expectation that CPI will be lower than RPI. This is consistent with the approach used at the previous accounting date. The actuary's estimate of CPI for Gedling Borough Council is 2.90%.

Salaries are assumed to increase at 1% above CPI, ie. 3.90%. This is consistent with the approach at the previous accounting date.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out above. The sensitivity analysis below has been determined based on reasonably possible changes of the assumptions, occurring at the end of the reporting period, and assume for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes to some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 32. POST EMPLOYMENT BENEFITS - DEFINED BENEFIT PENSION SCHEME (Continued)

#### Sensitivity analysis:

##### Adjustment to discount rate:

Present value of total obligation

Projected service cost

##### Adjustment to long term salary increase:

Present value of total obligation

Projected service cost

##### Adjustment to pension increase and deferred revaluation

Present value of total obligation

Projected service cost

##### Adjustment to mortality age rating assumption

Present value of total obligation

Projected service cost

|          | £000s  | £000s    | £000s |
|----------|--------|----------|-------|
| +0.1%    | 0%     | -0.1%    |       |
| 89,056   | 90,223 | 91,648   |       |
| 1,594    | 1,647  | 1,702    |       |
| +0.1%    | 0%     | -0.1%    |       |
| 90,461   | 90,223 | 90,213   |       |
| 1,647    | 1,647  | 1,647    |       |
| +0.1%    | 0%     | -0.1%    |       |
| 91,559   | 90,223 | 89,142   |       |
| 1,704    | 1,647  | 1,591    |       |
| + 1 Year | None   | - 1 Year |       |
| 93,627   | 90,223 | 87,179   |       |
| 1,704    | 1,647  | 1,591    |       |

#### Asset and liability matching strategy

The LGPS administered by Nottinghamshire County Council does not operate an asset and liability matching strategy. The Pension Fund accounts include a section on the nature and extent of risks arising from financial instruments, and directs readers to the Fund's Risk Management Strategy and Risk Register. This information is available in the Pension Fund Annual Report via the Fund's website, [www.nottspf.org.uk](http://www.nottspf.org.uk).

#### Asset Ceiling

Accounting Standards state that if an employer has an accounting surplus, it should be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. The present value of such economic benefits is commonly referred to as the "asset ceiling". The Actuary has therefore incorporated an asset ceiling into the Gedling's balance sheet, however the relevant calculations have shown that the impact of the asset ceiling on the Council is £11.9m.

#### Impact on the Council's cash flows

The objectives of the pension scheme are to keep employers' contributions at as constant a rate as possible. Contributions are set every three years as a result of the actuarial valuation of the fund, as required by the regulations. The next triennial valuation will be carried out as at 31 March 2025 and will set contribution rates for the period from 1 April 2026 to 31 March 2029 (financial years 2026/27, 2027/28 and 2028/29). There are no minimum funding levels in the LGPS, however contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

#### Estimated costs for 2024/25

The actuary's estimate of the total pension expense for the year to 31 March 2025 is £1,713,000. Service cost is estimated to be £1,647,000, net interest on the defined liability £17,000, and administration expenses £49,000. Expected employer contributions are £2,435,000, and contributions for discretionary benefits are £117,600, as per the Council's own budget for 2025/25.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 33. RELATED PARTIES

In accordance with IAS24, the Council is required to disclose material transactions with related parties, ie. bodies or individuals that have the potential to control or influence the Council, or be influenced by the Council. Disclosure of these transactions allows readers of the accounts to assess the extent to which the Council might have been constrained in its ability to operate independently, or might have secured the means to limit another party's ability to bargain freely with the Council.

##### **Central Government**

The UK Central Government has significant influence over the Council's general operations, being responsible for providing the statutory framework within which the Council operates, providing the majority of its funding in the form of grants, and prescribing the terms of many of the transactions that the Council has with other parties (eg. council tax bills, housing benefits etc). Grants received from government departments are included in note 11 on pages 56 to 57.

##### **Members**

Elected Members of the Council, and potentially close members of their families, exert direct control over the Council's financial and operating policies and as such must be identified as related parties. The statutory disclosure requirements in respect of Members' Allowances are satisfied by note 28 on pages 77-78. The aggregation option for individual transactions has been taken on the basis that the Council is satisfied that all the transactions entered into have been concluded in accordance with its procedures for preventing undue influence.

##### **Officers**

Officers on the Council's Senior Leadership Team (SLT), Service Managers, and the closest members of their families, have the potential to significantly influence the policies of the Council, however this is limited by the Scheme of Delegation. During 2024/25 no interests were declared by members of SLT and the statutory disclosure requirements in respect of officer remuneration are satisfied by note 30 on pages 79 to 80.

##### **Other Public Bodies**

The Council has pooled budget arrangements with Rushcliffe and Broxtowe Borough Councils as part of the South Nottinghamshire Community Safety Partnership, but these are not material. All transactions are recorded in Broxtowe Borough Council's accounts.

##### **The Council's procedure for obtaining information in respect of related parties**

Requests for information were sent to all Elected Members, members of the Senior Leadership Team, Heads of Service/Service Managers, and the Procurement Officers, explaining the requirements of IAS24, and seeking declarations to assist the demonstration of compliance with the standard. The information provided has been used in the preparation of the disclosures below. Details of outstanding debtors and creditors in respect of related parties are included within notes 19 and 21 on pages 69 and 70 respectively. The Council also maintains a register of Members' interests, together with a record of interests declared at Cabinet and Council meetings.

Most transactions with related parties are disclosed elsewhere in the Statement of Accounts, as indicated above, however material transactions not otherwise disclosed are set out in the table below. Material transactions are generally defined as those over £10,000, however, consideration is also given to "the surrounding circumstances", ie. a transaction that is not material to the Council may well be material to the related party.

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE FINANCIAL STATEMENTS

### 33. RELATED PARTIES (Continued)

| <u>Organisation/Body</u>                                        | <u>Nature of relationship</u>                                                  | <u>Receipts<br/>£000s</u> | <u>Payments<br/>£000s</u> |
|-----------------------------------------------------------------|--------------------------------------------------------------------------------|---------------------------|---------------------------|
| Change Network Ltd                                              | GBC Officer but not directly employed by GBC and is a shareholder/board member | 0                         | 131                       |
| Citizens' Advice Bureau                                         | Elected Member has a management interest                                       | 0                         | 41                        |
| East Midlands Council                                           | Elected Member is a representative                                             | 0                         | 10                        |
| Futures advice, skills and employment Ltd                       | Elected Members are board members and/or representatives                       | 0                         | 150                       |
| Gedling Indoor Bowls Centre Ltd (Community Amateur Sports Club) | Elected Member has a connection to the organisation                            | (97)                      | 0                         |
| Gedling Play Forum                                              | Elected Members have a management interest and connection to the organisation  | (1)                       | 11                        |
| Inspire                                                         | Elected Member has a connection to the organisation                            | (5)                       | 43                        |
| Jigsaw Homes                                                    | Elected Members are board members and/or representatives                       | (112)                     | 2                         |
| Positively Empowered Kids CIC                                   | Elected Members are a representative                                           | 0                         | 17                        |
| Redhill Academy Trust                                           | Elected Member is a board member                                               | (56)                      | 0                         |
| Robert Mellors School                                           | Elected Member is governor                                                     | (10)                      | 0                         |
| Unison                                                          | Elected Member is a branch administrator / organiser                           | 0                         | 10                        |
| Other Local Authorities                                         | Material employee relationships                                                | (592)                     | 1,279                     |
| Parish Councils                                                 | GBC Elected Members on parish councils                                         | (93)                      | 241                       |

### 34. CONTINGENT LIABILITIES

No significant contingent liabilities have been identified at the Balance Sheet date.

### 35. CONTINGENT ASSETS

#### Truck Cartel Legal Claim

The Council is party to a legal claim for damages and/or other relief in respect of loss and/or damage suffered as a result of inflated pricing for medium and heavy trucks between 1997 and 2011. As purchasers of waste disposal vehicles, the Council is claiming for overcharging as a result of prices which were inflated when compared to what they would otherwise have been.

#### Fraudulent Activity

The financial impact of fraudulent activity identified in July 2022 has been quantified as £934k. Whilst £328k has been recovered, £606k has been lost to revenue, and subsequently to the General Fund. This element is the subject of an insurance claim.

#### Thurrock Council (APSE)

The Council faces a potential financial liability due to Thurrock Council issuing legal proceedings against 23 council members of the Association for Public Service Excellence (APSE). Thurrock Council allege that APSE provided "negligent" valuations of solar farm assets that Thurrock Invested in. The claim is currently paused following an agreement between the parties to stay the proceedings with the intention of to allow Thurrock to reach a final determination against a separate claim against the businessman who led the venture.

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE FINANCIAL STATEMENTS

#### 36. EVENTS AFTER THE BALANCE SHEET DATE

The final Audited Statement of Accounts will be authorised for issue by the Chief Financial Officer, following approval by the Audit Committee. Events taking place after Audit Committee approval will not be reflected in the financial statements or notes. Where events taking place before Audit Committee approval provide information about conditions existing at 31 March 2025, the figures in the financial statements and notes will be adjusted in all material respects to reflect the impact of this information.

#### 37. LEASES

##### COUNCIL AS A LESSEE

In 2024/25 the Council has adopted IFRS 16 Leases, as required by the Code of Practice for Local Authority Accounting in the United Kingdom operating leases, both where it is the Lessor and where it is the Lessee, to ensure that these are documented and classified as required by IFRS16. Following this work it has been concluded that the operating leases, where Gedling Borough Council is the lessee, fall below the de-minimus limits and therefore do not constitute a Right of Use Asset.

##### COUNCIL AS A LESSOR

The most significant items for Gedling are operating leases where the Council is the Lessor, and include business units. It is estimated that at 31 March 2025 the total "non-cancellable" lease rental income due in future years in respect of these leases is approximately £3.3m (23/24 £3.8m) as shown below.

The Council leases out property under operating leases

The maturity analysis of these lease receivables is

|                      | 31/03/24 | 31/03/25 |
|----------------------|----------|----------|
|                      | £000s    | £000s    |
| Less than one year   | 505      | 441      |
| One to five years    | 1,318    | 1,156    |
| More than five years | 1,983    | 1,738    |
|                      | 3,806    | 3,335    |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## COLLECTION FUND STATEMENT

The Collection Fund Statement is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from the taxpayers, and distribution to local authorities and the Government, of Council Tax and Non Domestic Rates (NDR).

| 2023/24                                               |              |                | 2024/25              |              |                |
|-------------------------------------------------------|--------------|----------------|----------------------|--------------|----------------|
| Council Tax<br>£000s                                  | NDR<br>£000s | Total<br>£000s | Council Tax<br>£000s | NDR<br>£000s | Total<br>£000s |
| <b>INCOME:</b>                                        |              |                |                      |              |                |
| (88,733)                                              | 0            | (88,733)       | (94,335)             | 0            | (94,335)       |
| (316)                                                 | 0            | (316)          | (97)                 | 0            | (97)           |
| 0                                                     | (22,932)     | (22,932)       | 0                    | (26,245)     | (26,245)       |
| (89,049)                                              | (22,932)     | (111,981)      | (94,432)             | (26,245)     | (120,677)      |
| <b><u>Apportionment of previous year deficits</u></b> |              |                |                      |              |                |
| 0                                                     | 1,719        | 1,719          | 0                    | 877          | 877            |
| 0                                                     | 310          | 310            | 0                    | 158          | 158            |
| 0                                                     | 0            | 0              | 0                    | 0            | 0              |
| 0                                                     | 34           | 34             | 0                    | 18           | 18             |
| 0                                                     | 1,376        | 1,376          | 0                    | 702          | 702            |
| 0                                                     | 3,439        | 3,439          | 0                    | 1,755        | 1,755          |
| <b><u>Other Income to Collection Fund</u></b>         |              |                |                      |              |                |
| 0                                                     | (1,275)      | (1,275)        | 0                    | (562)        | (562)          |
| 0                                                     | (1,275)      | (1,275)        | 0                    | (562)        | (562)          |
| <b>EXPENDITURE:</b>                                   |              |                |                      |              |                |
| <b><u>Precepts, Demands and Shares</u></b>            |              |                |                      |              |                |
| 0                                                     | 12,218       | 12,218         | 0                    | 13,164       | 13,164         |
| 67,111                                                | 2,199        | 69,310         | 70,194               | 2,369        | 72,563         |
| 10,481                                                | 0            | 10,481         | 10,960               | 0            | 10,960         |
| 3,487                                                 | 244          | 3,731          | 3,582                | 263          | 3,845          |
| 7,151                                                 | 9,775        | 16,926         | 7,332                | 10,531       | 17,863         |
| 853                                                   | 0            | 853            | 921                  | 0            | 921            |
| 89,083                                                | 24,436       | 113,519        | 92,989               | 26,327       | 119,316        |

**ANNUAL STATEMENT OF ACCOUNTS 2024/25**  
**COLLECTION FUND STATEMENT (Continued)**

| 2023/24                 |              |                |                                                                                                 | 2024/25                 |              |                |
|-------------------------|--------------|----------------|-------------------------------------------------------------------------------------------------|-------------------------|--------------|----------------|
| Council<br>Tax<br>£000s | NDR<br>£000s | Total<br>£000s |                                                                                                 | Council<br>Tax<br>£000s | NDR<br>£000s | Total<br>£000s |
|                         |              |                | <b><u>Other Charges to Collection Fund</u></b>                                                  |                         |              |                |
| 438                     | 196          | 634            | Sums written off                                                                                | 652                     | 239          | 891            |
| 457                     | 185          | 642            | Incr/(Decr) in Impairment Allowance                                                             | (67)                    | (61)         | (128)          |
| 0                       | (1,661)      | (1,661)        | Incr/(Decr) in Provision for Appeals                                                            | 0                       | (269)        | (269)          |
| 0                       | 0            | 0              | Transitional Protection Pyts payable                                                            | 0                       | 0            | 0              |
| 0                       | 379          | 379            | Renewables                                                                                      | 0                       | 502          | 502            |
| 0                       | 0            | 0              | Miscellaneous Expenditure                                                                       | 0                       | 0            | 0              |
| 0                       | 99           | 99             | Costs of Collection                                                                             | 0                       | 100          | 100            |
| 895                     | (802)        | 93             |                                                                                                 | 585                     | 511          | 1,096          |
| 929                     | 2,866        | 3,795          | <b>Net Deficit/(Surplus) for Current Yr.</b>                                                    | (858)                   | 1,786        | 928            |
| (964)                   | (4,254)      | (5,218)        | Add Balance BFwd from Previous Yr.                                                              | (35)                    | (1,388)      | (1,423)        |
| (35)                    | (1,388)      | (1,423)        | <b>Balance CFwd (Surplus) / Deficit<br/>(notes 2 and 4 to the Collection Fund<br/>Accounts)</b> | (893)                   | 398          | (495)          |

# ANNUAL STATEMENT OF ACCOUNTS 2024/25

## NOTES TO THE COLLECTION FUND ACCOUNTS

### 1. COUNCIL TAX BASE

Chargeable Dwellings in each Band at Band D equivalent and after allowing for discounts, disregards, exemptions etc.

Note: Disability Reduction reduces the Council Tax charge to a lower Band. In the case of Band A, this results in the creation of a Band A\*.

Band A\*  
Band A  
Band B  
Band C  
Band D  
Band E  
Band F  
Band G  
Band H

| 2023/24       | 2024/25       |
|---------------|---------------|
| Number        | Number        |
| 11            | 10            |
| 6,519         | 6,530         |
| 9,565         | 9,711         |
| 7,953         | 8,067         |
| 6,223         | 6,305         |
| 4,735         | 4,805         |
| 1,966         | 1,980         |
| 1,388         | 1,405         |
| 144           | 150           |
| <b>38,504</b> | <b>38,963</b> |

**Council Tax Base**

### 2. ACCOUNTING FOR THE COLLECTION FUND BALANCE - COUNCIL TAX

A billing authority acts as an agent, collecting Council Tax on behalf of the major preceptors, as well as itself. Council Tax transactions and balances therefore need to be allocated between the billing authority and the major preceptors.

In accordance with the Code, only the share of the Council Tax Collection Fund deficit attributable to Gedling Borough Council is shown in its own Balance Sheet. The shares attributable to the major preceptors are included in Other Local Authority debtors in respect of Nottinghamshire County Council, and in General Debtors in respect of the Police and Crime Commissioner and the Combined Fire Authority.

The opening balance on the Council Tax Collection Fund was a surplus of £0.035m. By 31 March 2025, this had moved to a surplus of £0.893m.

#### Balance Sheet Deficit/(Surplus) Allocation:

Nottinghamshire County Council (Local Authority Debtors)  
Nottinghamshire Police & Crime Commissioner (General Debtors)  
Combined Fire Authority (General Debtors)

#### Council Tax Deficit attributable to Gedling BC

#### TOTAL

| 2023/24      | 2024/25       |
|--------------|---------------|
| £000s        | £000s         |
| (27 )        | (675 )        |
| (5 )         | (105 )        |
| (1 )         | (34 )         |
| (33 )        | (814 )        |
| (2 )         | (79 )         |
| <b>(35 )</b> | <b>(893 )</b> |

### 3. NON DOMESTIC RATES (NDR)

(a) Non Domestic Rateable Value at 31 March  
(b) Multiplier for General Businesses  
(c) Multiplier for Small Businesses

| 2023/24    | 2024/25    |
|------------|------------|
| 66,163,421 | 67,586,625 |
| 51.2p      | 54.6p      |
| 49.9p      | 49.9p      |

## ANNUAL STATEMENT OF ACCOUNTS 2024/25

### NOTES TO THE COLLECTION FUND ACCOUNTS (Continued)

#### 4. ACCOUNTING FOR THE COLLECTION FUND BALANCE - NDR

Following the introduction of the Business Rates Retention Scheme on 1 April 2013, billing authorities act as agents, collecting non domestic rates on behalf of the major preceptors and central government and, as principals, collecting rates for themselves. NDR transactions and balances therefore need to be allocated between the billing authority, the major preceptors and central government. The applicable proportions are 50% for central government, 40% for Gedling Borough Council as the billing authority, 9% for Nottinghamshire County Council and 1% for the Combined Fire Authority.

In accordance with the Code, only the share of the NDR Collection Fund deficit attributable to Gedling Borough Council is shown in its own Balance Sheet. The shares attributable to the major preceptors are included in Other Local Authority debtors in respect of Nottinghamshire County Council, and in General Debtors in respect of the Combined Fire Authority. The share attributable to central government is included in government debtors.

The opening balance on the NDR Collection Fund was a surplus of £1.388m. By 31 March 2025, this had moved to a deficit of £0.398m.

#### Balance Sheet Deficit/(Surplus) Allocation:

Central Government  
Nottinghamshire County Council  
Combined Fire Authority

#### NDR (Surplus) / Deficit attributable to Gedling BC

#### TOTAL

| 2023/24  | 2024/25 |
|----------|---------|
| £000s    | £000s   |
| (694 )   | 199     |
| (125 )   | 36      |
| (14 )    | 4       |
| (833 )   | 239     |
| (555 )   | 159     |
| (1,388 ) | 398     |

#### 5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY WITH REGARD TO THE COLLECTION FUND

##### (i) Arrears:

##### Uncertainties

An estimate of the impairment allowance for doubtful NDR and Council Tax debts is based upon the age and type of each debt. A collective assessment matrix is used, incorporating the value of items with shared characteristics, eg. the type of debtor and the period overdue, together with a weighting factor for the probability of default. The total Collection Fund impairment allowance at 31 March 2025 is £3,561,445, of which £251,204 and £256,382 represent Gedling's shares of NDR and Council Tax respectively.

## **ANNUAL STATEMENT OF ACCOUNTS 2024/25**

### **NOTES TO THE COLLECTION FUND ACCOUNTS (Continued)**

#### **5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY WITH REGARD TO THE COLLECTION FUND (Continued)**

##### **Effect if actual results differ from assumptions**

If collection rates were to deteriorate, a 10% increase on the impairment amount would require an additional total of £558,345 to be set aside as an allowance, of which Gedling's share as billing authority would be approximately £25,120 for NDR and £25,638 for Council Tax. The collection rate for Council Tax in 2024/25 was 97.49%, and the rate has not varied by more than +/- 0.3% in any of the past five years. The collection rate for NDR in 2024/25 was 98.5% which represents an increase of 0.62% on that for 2023/24.

##### **(ii) Appeals:**

##### **Uncertainties**

The Business Rates Retention scheme introduced a requirement to maintain a provision for rating appeals. The system is complex and neither the number of successful appeals nor the percentage reduction in rateable value (RV) achieved can be pre-determined. The current provision totals £1,522,012 of which the Council's share as billing authority is 40%, ie £608,805.

##### **Effect if actual results differ from assumptions**

A change of 5% in the assumed RV reduction achieved for each NDR appeal could increase or decrease the provision required by £76,101. Of this, the Council's share as billing authority would be 40%, ie. £30,440.

# **Audit Statements**

## **ANNUAL STATEMENT OF ACCOUNTS 2024/25**

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## **Accompanying Statements**

## **ANNUAL STATEMENT OF ACCOUNTS 2024/25**

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