



Melton  
Borough  
Council

# Statement of Accounts

2024 - 2025





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20 January 2026

# **Statement of Responsibilities for the Statement of Accounts**

## **The Council's Responsibilities**

The Council is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this council, that officer is the Director for Corporate Services.
- To manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

## **The Director for Corporate Services' Responsibilities**

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

In preparing this Statement of Accounts, the Director for Corporate Services has:

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

The Director for Corporate Services has also:

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

## **Certificate**

I certify that this Statement of Accounts presents a true and fair view of the financial position of Melton Borough Council at 31st March 2025, and its income and expenditure for the period 1st April 2024 to 31st March 2025.



..... Date: 4 June 2025

D K Garton FCPFA  
Section 151 Officer

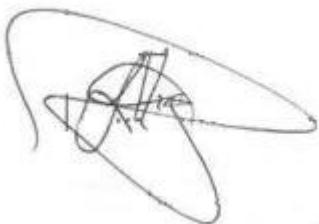
*D K Garton*

.....  
D K Garton FCPFA  
Section 151 Officer

Date: 20 January 2026

**APPROVAL BY THE COUNCIL**

The audited Statement of Accounts was approved at a meeting of the Audit and Standards Committee held on the 20 January 2026.



.....  
Councillor L Higgins  
Chair

Date: 20 January 2026

## Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2025

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

2023-24 Restated				Note	2024-25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
9,049	6,917	2,132	General Expenses - People Priority		10,072	7,320	2,752
6,508	2,380	4,128	General Expenses - Place Priority		6,767	2,830	3,937
5,415	4,467	948	General Expenses - Corporate Priority		6,678	4,028	2,650
7,974	8,838	-864	Housing Revenue Account		8,208	9,438	-1,230
266	124	142	Special Expenses - Place Priority		326	132	194
<b>29,212</b>	<b>22,726</b>	<b>6,486</b>	<b>Net Cost of Services</b>		<b>32,051</b>	<b>23,748</b>	<b>8,303</b>
	595	Other Operating Expenditure		5			818
	217	Financing and Investment Income and Expenditure		6			-125
	-8,263	Taxation and Non-specific grant Income		7			-10,793
	<b>-965</b>	<b>Deficit/Surplus(-) on Provision of Services</b>					<b>-1,797</b>
	-8,314	Deficit/Surplus(-) on revaluation of property, plant and equipment assets					-7,344
	4,300	Re-measurement of the net defined benefit liability/asset(-)					-244
	<b>-4,014</b>	<b>Other Comprehensive Income(-) and Expenditure</b>					<b>-7,588</b>
	<b>-4,979</b>	<b>Total Comprehensive Income(-) and Expenditure</b>					<b>-9,385</b>

## Movement in Reserves Statement

The Movement in Reserves statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (for example, those that can be applied to fund expenditure or reduce local taxation) and other 'unusable' reserves. The Statement shows how the movements in year of the 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 or rents for the year. The net Increase/Decrease line shows the statutory General Fund balance and Housing Revenue Account balance movements in the year following those adjustments. The General Fund and Housing Revenue Account balances include an amount of earmarked reserves as per note 16.

2024-25	Usable Reserves						Unusable Reserves	Total Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2024</b>	<b>7,781</b>	<b>3,609</b>	<b>3,724</b>	<b>3,509</b>	<b>0</b>	<b>18,623</b>	<b>131,102</b>	<b>149,725</b>
<b>Movement in Reserves during 2023-24</b>								
Total Comprehensive Income and Expenditure	2,619	-822	0	0	0	1,797	7,588	9,385
Adjustments between Accounting basis and Funding under regulation (note 15)	-1,336	48	-594	-146	0	-2,028	2,028	0
<b>Increase/Decrease(-) in year</b>	<b>1,283</b>	<b>-774</b>	<b>-594</b>	<b>-146</b>	<b>0</b>	<b>-231</b>	<b>9,616</b>	<b>9,385</b>
<b>Balance at 31 March 2025 Carried Forward</b>	<b>9,064</b>	<b>2,835</b>	<b>3,130</b>	<b>3,363</b>	<b>0</b>	<b>18,392</b>	<b>140,718</b>	<b>159,110</b>

2023-24 Restated	Usable Reserves						Unusable Reserves	Total Reserves
	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves		
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2023</b>	<b>7,341</b>	<b>4,917</b>	<b>4,281</b>	<b>3,318</b>	<b>15</b>	<b>19,872</b>	<b>124,874</b>	<b>144,746</b>
<b>Movement in Reserves during 2022-23</b>								
Total Comprehensive Income and Expenditure	1,450	-485	0	0	0	965	4,014	4,979
Adjustments between Accounting basis and Funding under regulation (note 15)	-1,010	-823	-557	191	-15	-2,214	2,214	0
<b>Increase/Decrease(-) in year</b>	<b>440</b>	<b>-1,308</b>	<b>-557</b>	<b>191</b>	<b>-15</b>	<b>-1,249</b>	<b>6,228</b>	<b>4,979</b>
<b>Balance at 31 March 2024 Carried Forward</b>	<b>7,781</b>	<b>3,609</b>	<b>3,724</b>	<b>3,509</b>	<b>0</b>	<b>18,623</b>	<b>131,102</b>	<b>149,725</b>

## 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 of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, for example, those reserves 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 that may only be used to fund capital expenditure or repay debt). The second category of reserves is those 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 the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line “adjustments between accounting basis and funding basis under regulations”.

1 April 2023 Restated	31 March 2024 Restated		Note	31 March 2025
£'000	£'000			£'000
158,478	167,500	Property Plant and Equipment	18	176,168
2,025	1,954	Investment Property	20	2,350
203	136	Intangible Assets	21	73
1,848	1,804	Long Term Investments	22	1,838
817	840	Long Term Receivables	22	865
<b>163,371</b>	<b>172,234</b>	<b>Long Term Assets</b>		<b>181,294</b>
0	0	Assets Held for Sale	27	120
15,500	16,000	Short Term Investments	22/30	15,000
4,953	4,791	Short Term Receivables	28	5,807
2,269	422	Cash and Cash Equivalents	30	832
<b>22,722</b>	<b>21,213</b>	<b>Current Assets</b>		<b>21,759</b>
317	235	Provisions	32	342
5,532	3,669	Short Term Payables	31/22	4,067
121	219	Short Term Borrowing	22	2,119
<b>5,970</b>	<b>4,123</b>	<b>Current Liabilities</b>		<b>6,528</b>
31,413	31,315	Long Term Borrowing	22	29,315
3,301	6,989	Other Long Term Liabilities	22/34	6,091
0	460	Capital Grants Receipts in Advance	8	833
663	835	Revenue Grants Receipts in Advance	8	1,176
<b>35,377</b>	<b>39,599</b>	<b>Long Term Liabilities</b>		<b>37,415</b>
<b>144,746</b>	<b>149,725</b>	<b>Net Assets</b>		<b>159,110</b>
19,872	18,623	Usable Reserves		18,392
124,874	131,102	Unusable Reserves	17	140,718
<b>144,746</b>	<b>149,725</b>	<b>Total Reserves</b>		<b>159,110</b>

Prior Period adjustments resulting in the required third balance sheet are further itemised in note 40 – Prior Period Adjustments.

*D K Garton*

.....  
D K Garton FCPFA  
Section 151 Officer

Date: 20 January 2026

## 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 net 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 (for example, borrowing) to the authority.

The adjustments to the net deficit on the provision of service consist of non cash movements for items including depreciation, revaluations and impairments, and use of reserves.

The adjustments for items included in net deficit for investing and financing activities consists of the proceeds received from the sale of property plant and equipment.

2023-24 Restated		Note	2024-25
£'000			£'000
965	Net deficit(-)/surplus on the provision of services		1,797
1,994	Adjustments to the net deficit(-)/surplus on the provision of services for non cash movements		3,103
-2,581	Adjustments for items included in the net deficit (-)/surplus on the provision of services that are investing and financing activities		-4,340
<b>378</b>	<b>Net cash flows from Operating Activities</b>	35	<b>560</b>
-2,251	Investing Activities	36	258
26	Financing Activities	37	-408
<b>-1,847</b>	<b>Net increase or decrease (-) in cash and cash equivalents</b>		<b>410</b>
<b>2,269</b>	<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>422</b>
<b>422</b>	<b>Cash and cash equivalents at the end of the reporting period</b>		<b>832</b>

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## 1 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (for example, government grants, rents, 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 shows how this expenditure is allocated for decision making purposes between the Council Priority's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2023-24 Restated			2024-25		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
£'000	£'000	£'000	£'000	£'000	£'000
1,120	1,012	2,132	General Expenses - People Priority	1,436	1,316
4,371	-243	4,128	General Expenses - Place Priority	4,070	-133
1,162	-214	948	General Expenses - Corporate Priority	2,167	483
-675	-189	-864	Housing Revenue Account	-1,336	106
69	73	142	Special Expenses - Place Priority	57	137
<b>6,047</b>	<b>439</b>	<b>6,486</b>	<b>Net Cost of Services</b>	<b>6,394</b>	<b>1,909</b>
-5,179	-2,272	-7,451	Other Income and Expenditure	-6,903	-3,197
<b>868</b>	<b>-1,833</b>	<b>-965</b>	<b>Surplus(-)/Deficit</b>	<b>-509</b>	<b>-1,288</b>
					<b>-1,797</b>

-12,258		Opening General Fund and HRA Balance	-11,390	
868		Less Surplus(-)/Deficit on General Fund and HRA Balance in year	-509	
<b>-11,390</b>		<b>Closing General Fund and HRA Balance at 31 March 2025*</b>	<b>-11,899</b>	

\*for a split of this balance between the General Fund and the HRA - See the Movement in Reserves Statement

## 2 Note to the Expenditure and Funding Analysis

Adjustments between Funding and Accounting Basis 2024-25

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Statutory Differences	Total Statutory Adjustments
	£'000	£'000	£'000	£'000
General Expenses - People Priority	1,436	-123	3	1,316
General Expenses - Place Priority	67	-209	9	-133
General Expenses - Corporate Priority	794	-319	8	483
Housing Revenue Account	226	-123	3	106
Special Expenses - Place Priority	137	0	0	137
<b>Net Cost of Services</b>	<b>2,660</b>	<b>-774</b>	<b>23</b>	<b>1,909</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	106	275	-3,578	-3,197
<b>Difference between General Fund Surplus/Deficit and CIES Surplus/Deficit on the Provision of Services</b>	<b>2,766</b>	<b>-499</b>	<b>-3,555</b>	<b>-1,288</b>

Adjustments between Funding and Accounting Basis 2023-24 As Restated

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Statutory Differences	Total Statutory Adjustments
	£'000	£'000	£'000	£'000
General Expenses - People Priority	1,101	-89	0	1,012
General Expenses - Place Priority	-97	-149	3	-243
General Expenses – Corporate Priority	49	-257	-6	-214
Housing Revenue Account	-96	-92	-1	-189
Special Expenses - Place Priority	73	0	0	73
<b>Net Cost of Services</b>	<b>1,030</b>	<b>-587</b>	<b>-4</b>	<b>439</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	490	93	-2,855	-2,272
<b>Difference between General Fund Surplus/Deficit and CIES Surplus/Deficit on the Provision of Services</b>	<b>1,520</b>	<b>-494</b>	<b>-2,859</b>	<b>-1,833</b>

### Adjustments for Capital Purposes:

This column adds in depreciation and other impairments as well as revaluation gains and losses in the priority services lines, and for:

Other operating expenditure adjustments for capital disposals, with a transfer of income on disposal of assets and the amounts written off for those assets, and for;

Financing and investment income and expenditure the depreciation, impairment and revaluation gains and losses on the Council's Trading Accounts.

### Net Change for the Pensions Adjustments:

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits related income and expenditure:

For services this represents the removal of employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs.

For financing and investment income and expenditure is the net interest on the defined benefit liability as charged to the Comprehensive income and expenditure statement.

### Other Statutory Differences:

This column recognises adjustments to the general fund for the accrual of compensated absences under the services; and other income and expenditure is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year, and for:

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

## 3 Segmental Income

Income received on a segmental basis is analysed below:

2023-24		2024-25
Income from Services	Services	Income from Services
£'000		£'000
779	General Expenses - People Priority	344
2,624	General Expenses - Place Priority	3,253
1,660	General Expenses - Corporate Priority	1,090
8,810	Housing Revenue Account	9,427
124	Special Expenses - Place Priority	132
<b>13,997</b>	<b>Total Income Analysed on a Segmental Basis</b>	<b>14,246</b>

## 4 Expenditure and Income Analysed by Nature

The Council's expenditure and income is analysed as follows:

2023-24 Restated		2024-25
£'000		£'000
<b>Expenditure</b>		
9,045	Employee Benefit Expenses	9,900
17,578	Other Service Expenses	19,089
3,282	Depreciation, Amortisation, Revaluation and Impairment	3,562
1,260	Interest Payments	1,217
782	Precepts and Levies	854
0	Payments to Housing Capital Receipts Pool	0
-187	Gain on the Disposal of Assets	-36
0	De-recognition of Fixed Assets	0
0	Other Expenditure	0
<b>31,760</b>	<b>Total Expenditure</b>	<b>34,586</b>
<b>Income</b>		
13,997	Fees, Charges and Other Services	14,246
1,312	Interest and Investment Income	1,378
5,998	Income from Council Tax and Non-domestic Rates	6,092
11,418	Government Grants and Other Contributions	14,667
<b>32,725</b>	<b>Total Income</b>	<b>36,383</b>
<b>-965</b>	<b>Surplus(-)/Deficit on the Provision of Services</b>	<b>-1,797</b>

## 5 Other Operating Expenditure

2023-24		2024-25
£'000		£'000
752	Parish Council Precepts	824
0	Payments to Government Housing Capital Receipts Pool	0
30	Drainage Rates Levy	30
-187	Gains on the disposal of non-current assets	-36
0	Other Expenditure	0
<b>595</b>	<b>Total</b>	<b>818</b>

## 6 Financing and Investment Income and Expenditure

2023-24 Restated		2024-25
£'000		£'000
1,260	Interest payable and similar charges	1,217
93	Net interest on the net defined benefit liability (asset)	275
-1,312	Interest receivable and similar income	-1,378
0	Income and expenditure in relation to investment properties and changes in their fair value	0
176	Gains and Losses on Trading Accounts	-239
<b>217</b>	<b>Total</b>	<b>-125</b>

## 7 Taxation and Non-Specific Grant Income

The council raises Council Tax, Non-Domestic Rates (NDR) and receives grants from central government each year to support revenue expenditure which is not attributable to specific services. The grants, NDR and Council Tax received in the year were:

2023-24		2024-25
£'000		£'000
-5,211	Council Tax Income	-5,509
-787	Non-Domestic Rates Income and Expenditure	-583
-508	Non-ring fenced government grants	-729
-1,757	Capital grants and contributions	-3,972
<b>-8,263</b>	<b>Total</b>	<b>-10,793</b>

## 8 Grant Income

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

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

Amounts recognised as due to the Council are not credited to the 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 received in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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 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.

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in the year:

2023-24	Credited to Taxation and Non-specific Grant Income	2024-25
£'000		£'000
506	New Homes Bonus	726
401	Disabled Facilities Grants	289
205	S106 Contributions/Commutted Sums	0
39	Insurance Contributions	1
5	LADs Energy Efficiency (Capital)	0
37	Leicester & Leicestershire Enterprise Partnership Grant	64
306	Local Authority Housing Fund	50
455	Levelling Up Funding	982
309	UKSPF – Capital	466
2	Other Small Grants Credited to Taxation and Non-Specific Income	3
0	Leisure Improvements	2,120
<b>2,265</b>	<b>Total</b>	<b>4,701</b>

2023-24	Credited to Services	2024-25
£'000		£'000
5,044	Housing Benefit Subsidy	5,417
1,997	Section 31 Grants	2,005
125	Flexible Homelessness Support	175
94	Housing Benefit Admin Subsidy	87
74	Sport and Physical Activity Commissioning	57
179	New Burdens Grant	95
37	Council Tax Support Admin Grant	37
132	Safer Streets Revenue Grant	48
28	Covid-19 Grant	0
20	Neighbourhood Planning	0
2	Election contributions	434
213	Rural Services Delivery Grant	247
82	Lower Tier Services Grant	9
56	Funding Guarantee Grant	0
56	Council Tax Support	2
63	Cost of Collection Allowance	63
17	Leicester & Leicestershire Enterprise Partnership Revenue Grants	6
355	UKSPF - Revenue	502

2023-24	Credited to Services	2024-25
20	Rough Sleeping	51
123	Homes for Ukraine Grant	58
116	Asylum Grant	45
55	Afghan Scheme	497
88	Council Tax Grant	0
52	Biodiversity Net gain	26
54	Planning Skills Delivery Fund	0
71	Other Small Grants and Contributions Credited to Services	105
<b>9,153</b>	<b>Total</b>	<b>9,966</b>

Grants below £20k have been consolidated throughout this note and all grants received and credited to services below this amount have been moved into the 'Other Small Grants and Contributions Credited to Services' line.

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

31 March 2024	Capital Grant Receipts in Advance	31 March 2025
£'000		£'000
0	LLEP ADP Grant	3
155	DLUHC Grant for LAHF	105
162	LUF Grant	1
0	DEFRA Food Waste Grant	581
143	Section 106	143
<b>460</b>	<b>Total</b>	<b>833</b>

31 March 2024	Revenue Grant Receipts in Advance	31 March 2025
£'000		£'000
18	Homelessness	17
73	Ukraine – Com Resource	78
270	Disabled Facilities Grant Funding	287
45	Sports Contributions	50
32	Domestic Abuse Grant	32
35	Food Enterprise Grant	27
78	UK Shared Prosperity Fund	32
133	Afghan Scheme	314
114	Commutted Sums – Affordable Housing	163
0	Food Waste Grant	152
37	Other Small Revenue Grants Receipts in Advance	24
<b>835</b>	<b>Total</b>	<b>1,176</b>

## 9 Members Allowances

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

2023-24		2024-25
£'000		£'000
229	Allowances	230
1	Expenses	0
<b>230</b>	<b>Total</b>	<b>230</b>

## 10 Officers Remuneration

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

Remuneration for these purposes includes all taxable sums paid to or receivable by an employee, sums due by way of expenses allowances, and the money value of any other benefits received other than in cash, albeit the latter does not apply.

	2023-24	Salary, Fees and Allowances	Expenses Allowances	Employer Pension	Total Including Pension
					£
Chief Executive	2023-24	119,910	1,239	25,541	146,690
Edd de Coverly	2024-25	122,908	1,239	26,179	150,326
Deputy CEO/Director for Housing	2023-24	91,471	1,239	19,483	112,193
and Communities	2024-25	93,758	1,239	19,971	114,968
Director for Corporate Services	2023-24	86,219	1,239	18,365	105,823
	2024-25	88,374	1,239	18,824	108,437
Director for Growth and	2023-24	86,219	1,239	18,365	105,823
Regeneration (out-going)	2024-25	25,420	356	5,414	31,190
Assistant Director for Housing	2023-24	64,386	2,206	13,714	80,306
Management (out-going)	2024-25	34,403	616	7,016	42,035
Assistant Director for Customer and	2023-24	62,351	1,342	13,281	76,974
Communities	2024-25	65,119	1,239	13,870	80,228
Assistant Director for Governance	2023-24	15,420	0	3,285	18,705
And Democracy	2024-25	70,823	0	15,085	85,908
Assistant Director for Resources	2023-24	66,397	0	14,143	80,540
(out-going)	2024-25	58,420	0	12,426	70,846
Assistant Director for Organisational	2023-24	62,351	0	13,281	75,632
Development	2024-25	65,119	0	13,870	78,989
Assistant Director for Planning	2023-24	60,950	1,232	12,982	75,164
Services	2024-25	63,960	1,239	13,623	78,822
Assistant Director for Growth,	2023-24	62,215	0	13,252	75,467
Regeneration and UKSPF Delivery	2024-25	65,119	0	13,870	78,989

New Officers in 2024-25 with no 2023-24 comparable					
Director for Place and Prosperity	2024-25	24,594	310	4,706	29,610
Assistant Director Housing Quality, Development and Landlord Services	2024-25	32,807	647	6,988	40,442

In accordance with Regulation 7(3) of the Accounts and Audit Regulations 2015 the Council is also required to disclose the number of other employees whose remuneration is in excess of £50,000 per annum, starting at that level and increasing in multiples of £5,000. There are eight employees in this category in 2023-24 as follows.

Remuneration Band	2023-24	2024-25
	Number of Employees	Number of Employees
£50,000 - £54,999	3	4
£55,000 - £59,999	5	6

## 11 Exit Packages

The Council did not incur any costs in relation to exit packages in 2024-25 (£0 in 2023-24).

## 12 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancements of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves 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 any such amounts payable but unpaid at the year-end.

The Authority did not commit to terminate any contracts in 2024-25, so incurring £0 in liabilities (£0 in 2023-24).

## 13 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts:

2023-24		2024-25
£'000		£'000
141	Fees payable to the appointed auditor in respect of external audit services	147
0	Fees payable in respect of other services provided by the external auditor during the year	0
<b>141</b>	<b>Total</b>	<b>147</b>

## 14 Related Parties

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

**Central Government** has significant influence over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the Expenditure and Income Analysed by Nature in note 4. Grant receipts outstanding on 31 March 2025 are shown in note 8.

**Members** of the Council have direct control over the Council's financial and operating policies. The following Members have declared 'related party transactions' with the Council during the year:

a) Councillor S Cox:

Employed by The Melton Learning Hub which received a UKSPF Grant of £20,000 for the development of a Forest School. The Melton Learning Hub received payments of £3,200 in the year towards food storage and paid £12,000 in rent to Melton Borough Council.

b) Councillor S Butcher:

Chair of Melton and Oakham Waterways Society which received no funding during this financial year. Chair of 1940's weekend in Melton which received a Community Grant for £10,000.

c) Councillor A Thwaites:

Director of Melton Mencap which received a Community Grant for £6,500.

There was no form returned from Cllr Hewson.

### **Melton Community Lottery**

The Melton Community Lottery is promoted by Melton Borough Council and is a Local Authority Lottery licensed by the Gambling Commission. The Melton Learning Hub, Melton Mencap and Melton and Oakham Waterways Society, under the terms of the Melton Community Lottery, are registered as good causes and therefore receive funding from this source.

## **15      Adjustments Between Accounting Basis and Funding Basis Under Regulations**

This note details the adjustments made to the total Comprehensive Income and Expenditure statement recognised by the Council in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

The following sets out a description of the reserves that the adjustments are made against:

### **General Fund Balance**

The General Fund is the statutory fund into which all the receipts of the Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact the General Fund balance, which is not necessarily in accordance with proper accounting practice. The General Fund balance therefore summarises the resources that the Council is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Council is required to recover) at the end of the financial year. This balance however is not available to be applied to fund HRA services.

### **Housing Revenue Account Balance**

The Housing Revenue Account balance reflects the statutory obligation to maintain a revenue account for local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years.

### **Major Repairs Reserve**

The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year end.

### **Capital Receipts Reserve**

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

### **Capital Grants Unapplied**

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

	Usable Reserves				
	General Fund Balance	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
	£'000	£'000	£'000	£'000	£'000
<b>Adjustments to Revenue Resources</b>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements					
- Pensions costs (transferred to/from the Pensions Reserve)	-376	-123	0	0	0
- Council Tax and NDR (transfers to/from the Collection Fund)	394	0	0	0	0
- Holiday Pay (transferred to the Accumulated Absence Reserve)	20	3	0	0	0
- Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Non-Current Assets (Charged to the Capital Adjustment Account)	1,294	2,570	0	0	0
Surplus(-)/Deficit on financial assets measured at fair value	-34	0	0	0	0
Capital Grants & Contributions unapplied credited to the Surplus/Deficit on Provision of Services	0	0	0	0	0
Pension Interest Cost adjustment between funds	-29	29	0	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>1,269</b>	<b>2,479</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Adjustments between Revenue and Capital Resources</b>					
Transfer of Non-Current Asset sale proceeds from revenue to the Capital Receipts Reserve	0	-344	344	0	0
Administrative costs of Non-Current Asset disposals (funded by a contribution to the Capital Receipts Reserve)	0	6	-6	0	0
Payment to the Government's Housing Receipts pool (funded by a contribution to the Capital Receipts Reserve)	0	0	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	-1,792	0	1,792	0
Statutory Provision for the repayment of debt (transfer from the Capital Adjustment Account)	0	0	0	0	0
Revenue Expenditure funded from capital under statute	1,717	0	0	0	0
Transactions in relation to deferred capital receipts and liabilities	0	0	0	0	0
Use of Earmarked Reserves to finance capital expenditure	0	-250	0	0	0
Capital Expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-401	0	0	0	0
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>1,316</b>	<b>-2,380</b>	<b>338</b>	<b>1,792</b>	<b>0</b>
<b>Adjustments to Capital Resources</b>					
Use of Capital Receipts Reserve to finance capital expenditure	0	0	-932	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	-1,938	0
Application of capital grants to finance capital expenditure	-3,921	-51	0	0	0
<b>Total Adjustments to Capital Resources</b>	<b>-3,921</b>	<b>-51</b>	<b>-932</b>	<b>-1,938</b>	<b>0</b>
<b>Total Adjustments</b>	<b>-1,336</b>	<b>48</b>	<b>-594</b>	<b>-146</b>	<b>0</b>

	Usable Reserves				
	General Fund Balance	HRA	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied
	£'000	£'000	£'000	£'000	£'000
<b><u>Adjustments to Revenue Resources</u></b>					
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements					
- Pensions costs (transferred to/from the Pensions Reserve)	-402	-92	0	0	0
- Council Tax and NDR (transfers to/from the Collection Fund)	-1,099	0	0	0	0
- Holiday Pay (transferred to the Accumulated Absence Reserve)	-3	-1	0	0	0
- Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Non-Current Assets (Charged to the Capital Adjustment Account)	1,595	2,503	0	0	0
Surplus(-)/Deficit on financial assets measured at fair value	44	0	0	0	0
Capital Grants & Contributions unapplied credited to the Surplus/Deficit on Provision of Services	0	0	0	0	0
Miscellaneous adjustments between funds	-12	12	0	0	0
<b>Total Adjustments to Revenue Resources</b>	<b>123</b>	<b>2,422</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b><u>Adjustments between Revenue and Capital Resources</u></b>					
Transfer of Non-Current Asset sale proceeds from revenue to the Capital Receipts Reserve	-236	-570	806	0	0
Administrative costs of Non-Current Asset disposals (funded by a contribution to the Capital Receipts Reserve)	9	8	-17	0	0
Payment to the Government's Housing Receipts pool (funded by a contribution to the Capital Receipts Reserve)	0	0	0	0	0
Posting of HRA resources from revenue to the Major Repairs Reserve	0	-1,768	0	1,768	0
Statutory Provision for the repayment of debt (transfer from the Capital Adjustment Account)	0	0	0	0	0
Revenue Expenditure funded from capital under statute	734	0	0	0	0
Transactions in relation to deferred capital receipts and liabilities	0	0	0	0	0
Use of Earmarked Reserves to finance capital expenditure	0	-365	0	0	0
Capital Expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	-434	0	0	0	-15
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>73</b>	<b>-2,695</b>	<b>789</b>	<b>1,768</b>	<b>-15</b>
<b><u>Adjustments to Capital Resources</u></b>					
Use of Capital Receipts Reserve to finance capital expenditure	0	0	-1,346	0	0
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	-1,577	0
Application of capital grants to finance capital expenditure	-1,206	-550	0	0	0
<b>Total Adjustments to Capital Resources</b>	<b>-1,206</b>	<b>-550</b>	<b>-1,346</b>	<b>-1,577</b>	<b>0</b>
<b>Total Adjustments</b>	<b>-1,010</b>	<b>-823</b>	<b>-557</b>	<b>191</b>	<b>-15</b>

## 16 Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amount posted back from earmarked reserves to meet General Fund and HRA expenditure in 2024-25.

	Balance 1 April 2023	Transfers In 2023-24	Transfers Out 2023-24	Balance 31 March 2024	Transfers In 2024-25	Transfers Out 2024-25	Balance 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund Balances</b>							
Council Property Repairs and Renewals	592	103	8	687	109	19	777
Vehicles and Equipment Repairs and Renewals	719	279	320	678	457	279	856
General Property Repair Fund	237	0	44	193	0	0	193
Melton Local Development Framework	214	28	26	216	130	95	251
Open Spaces	141	30	0	171	30	0	201
COVID Funding Reserve	110	0	69	41	0	0	41
Business Rates Retention	1,639	0	830	809	78	0	887
Property Fund Reserve	120	40	0	160	30	0	190
Council Tax Compensation Reserve	12	0	12	0	0	0	0
Waterfield Leisure Centre	223	40	93	170	40	4	206
Welland Procurement	21	17	0	38	0	38	0
Melton Sports Village	86	22	0	108	21	9	120
Cattle Market Sinking Fund	26	5	0	31	5	0	36
Other Small General Fund Balances	72	11	24	59	15	4	70
<b>Total General Fund Balances</b>	<b>4,212</b>	<b>575</b>	<b>1,426</b>	<b>3,361</b>	<b>915</b>	<b>448</b>	<b>3,828</b>

	Balance 1 April 2023	Transfers In 2023-24	Transfers Out 2023-24	Balance 31 March 2024	Transfers In 2024-25	Transfers Out 2024-25	Balance 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>General Fund Reserves</b>							
Corporate Priorities Reserve	1,239	1,289	84	2,444	1,088	869	2,663
Special Expenses	214	0	96	118	0	17	101
Regeneration and Innovation Reserve	504	10	53	461	0	68	393
Carry Forward Reserves	272	347	272	347	979	297	1,029
<b>Total General Fund Reserves</b>	<b>2,229</b>	<b>1,646</b>	<b>505</b>	<b>3,370</b>	<b>2,067</b>	<b>1,251</b>	<b>4,186</b>
<b>Total General Fund Balances and Reserves</b>	<b>6,441</b>	<b>2,221</b>	<b>1,931</b>	<b>6,731</b>	<b>2,982</b>	<b>1,699</b>	<b>8,014</b>
<b>Housing Revenue Account Balances</b>							
HRA Development and Regeneration	4,156	19	1,574	2,601	41	809	1,833
Water Arrears Reserve	11	0	3	8	0	6	2
<b>Total Housing Revenue Account Balances</b>	<b>4,167</b>	<b>19</b>	<b>1,577</b>	<b>2,609</b>	<b>41</b>	<b>815</b>	<b>1,835</b>
<b>Total Fund Balances and Reserves</b>	<b>10,608</b>	<b>2,240</b>	<b>3,508</b>	<b>9,340</b>	<b>3,023</b>	<b>2,514</b>	<b>9,849</b>

### Council Offices Repairs and Renewals

Amounts are set aside from revenue to meet repairs and maintenance expenditure on the Council Offices.

### Vehicles and Equipment Repairs and Renewals

Amounts are set aside from revenue to meet major repairs or replacements for our vehicles and equipment (including our IT equipment). Also includes amounts set aside from the General Fund for the replacement of the car park machines.

### General Property Repair Fund

A reserve to meet unexpected repairs and maintenance needs that arise during the year which cannot be met from existing revenue budgets.

### Melton Local Development Framework

Amounts are set aside from the Local Plans Revenue Budget to fund uneven patterns of spending on the Melton Local Plan.

### Open Spaces - Special Expenses – Repairs and Renewals

Amounts are set aside from revenue to meet repairs or replacement of the play equipment within the Special Expense area of Melton Mowbray.

## **COVID Funding Reserve**

Throughout the Covid pandemic the government have provided new burdens funding in recognition for the additional work Councils have had to undertake. Further funding was received to cover the additional costs resulting from the delivery of various Local business Support Grant schemes. Existing resources were used to deliver these schemes which created a backlog of work in other areas that continued to be addressed in 2024-25. The residual funding will provide resources to address the backlog of debt in some hard to recover areas.

## **Surplus/Deficit on Business Rate Retention (BRR) Scheme Reserve**

This will be utilised to even out surpluses/deficits created on the revenue account as a result of changes in the levy payments and to mitigate fluctuations created by the surplus/deficit on the collection fund.

## **Property Fund Reserve**

The implementation of IFRS9 has resulted in a change in the treatment of the Council's £2m investment in the CCLA property fund, such that fluctuations in the value of the fund will impact on Surplus/Deficit on the provision of Services. Following consultation MHCLG have introduced a statutory over-ride to mitigate any effect on the General Fund. This over-ride was initially limited to five years, due to end 31 March 2023, however a further extension of two years was given until 31 March 2025 which has been further extended for existing pooled fund investments until 31 March 2029. This reserve has been set up to help mitigate any impact on the General Fund once the over-ride expires.

## **Council Tax Compensation Reserve**

This reserve has been set up following the government's announcement to compensate Councils for lost income on their Council Tax due to the COVID out-break and will be used as the losses make their way through the Council's collection fund and ultimately into the CIES. The final year through into the CIES was 2023-24.

## **Waterfield Leisure Centre Reserves**

Amounts are set aside from revenue to meet repairs and maintenance spend at Waterfield Leisure Centre. An income smoothing reserve protects the Council from large expected changes to the contract income.

## **Welland Procurement**

Amounts are set aside when there are underspends on the Procurement Unit budget to help manage an orderly reduction in costs in the event that clients do not renew their contracts with the Unit.

## **Melton Sports Village**

Amounts set aside for the maintenance of the site.

## **Cattle Market Sinking Fund**

This sets aside funds provided by the operator of the Cattle Market to meet future repairs and maintenance costs as required by our agreement with them.

## **Other Small General Fund Balances**

The earmarked reserves which the Council holds and individually are less than £20k. These reserves include those for the Registrars furniture renewals, skate park repairs, EU exit funding to help manage the impact of Brexit, Sinking fund for replacement tennis facilities, New burdens funding for the Elections Act and funds towards a new S106 monitoring system.

## **Corporate Priorities Reserve**

Amounts are set aside from the General Fund General Expenses Revenue Account to fund capital and non-recurring revenue expenditure or new initiatives which meet the Councils priorities.

## **Special Expenses Reserve**

Amounts are set aside from the General Fund Special Expenses Revenue Account to fund capital and non-recurring revenue expenditure or new initiatives in the Special Expenses area of Melton Mowbray.

### **Regeneration and Innovation Reserve**

Amounts set aside to progress future developments and support economic growth, commercial returns and support investments.

### **General Fund and Special Expenses Carry Forward Reserves**

Amounts are set aside from the General Fund and Special Expenses to fund the carry forward amounts – amounts not spent in year which will be needed for a specific purpose in the following year – as approved by the relevant portfolio holder in the year.

### **HRA Development and Regeneration Reserve**

Amounts are set aside from the HRA and can be used to fund development and regeneration expenditure on the Council's housing stock.

### **Water Arrears Reserve**

On the cancellation of the Agency Agreement that the Council had with Severn Trent Water to collect water rates on their behalf, Severn Trent Water agreed to continue to fund future written off amounts of water arrears by a one-off payment. This reserve is therefore to fund any future water rates write offs from tenant arrears.

## **17 Unusable Reserves**

1 April 2023 Restated	31 March 2024 Restated		31 March 2025
£'000	£'000		£'000
45,570	52,459	Revaluation Reserve	58,064
-152	-196	Financial Instruments Revaluation Reserve	-162
82,159	84,222	Capital Adjustment Account	87,847
0	0	Financial Instruments Adjustment Account	0
817	840	Deferred Capital Receipts Reserve	865
-2,251	-6,057	Pensions Reserve	-5,314
-1,188	-89	Collection Fund Adjustment Account	-483
-81	-77	Accumulated Absences Account	-99
<b>124,874</b>	<b>131,102</b>	<b>Total Unusable Reserves</b>	<b>140,718</b>

Prior Period adjustments resulting in the required third balance sheet are further itemised in note 40 – Prior Period Adjustments.

### **Revaluation Reserve**

The revaluation reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment (and intangible assets). The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised

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

31 March 2024		31 March 2025
	£'000	£'000
<b>45,570</b>	<b>Balance at 1 April</b>	<b>52,459</b>
9,002	Upward revaluation of Assets	14,969
-687	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	-7,626
8,315	Surplus/deficit (-) on revaluation of non-current assets not posted to the Surplus or deficit on the Provision of Services	7,343
-1,372	Difference between fair value depreciation and historical cost depreciation	-1,653
-54	Accumulated gains on assets sold or scrapped	-85
-1,426	Amount written off to the Capital Adjustment Account	-1,738
<b>52,459</b>	<b>Balance at 31 March</b>	<b>58,064</b>

## Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other operating expenditure. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Disposed of and the gains are realised

31 March 2024		31 March 2025
	£'000	£'000
-152	Balance at 1 April	-196
0	Upward revaluation of investments	34
-44	Downward revaluation of investments	0
<b>-196</b>	<b>Balance at 31 March</b>	<b>-162</b>

## 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 addition to those assets under statutory provisions.

The account is debited with cost of acquisition, construction or subsequent costs 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 Council as finance for the costs of acquisition, construction and subsequent costs.

The account contains accumulated gains and losses on Investment properties and gains recognised on donated assets that have yet to be consumed by the Council.

The account also contains revaluation gains accumulated on Property, Plant and Equipment before April 2007, the date the revaluation reserve was created to hold such gains.

Note 15 provides details of the source of all the transactions posted to the account, apart from those involving the revaluation reserve.

1 April 2023 Restated	31 March 2024 Restated		31 March 2025
£'000	£'000		£'000
<b>80,867</b>	<b>82,159</b>	<b>Balance at 1 April</b>	<b>84,222</b>
<b>Reversal of items relating to capital expenditure on the Comprehensive Income and Expenditure Statement:</b>			
-3,242	-3,530	Charges for depreciation and impairment of non-current assets	-3,906
461	173	Revaluation gains/losses on Property, Plant and Equipment	11
-72	-67	Amortisation of Intangible Assets	-63
-586	-734	Revenue expenditure funded from capital under statute	-1,717
-766	-602	Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the comprehensive income and expenditure statement	-302
-4,205	-4,760		-5,977
1,015	1,426	Adjusting amounts written out of the Revaluation Reserve	1,738
-3,190	-3,334	Net written out amount of the cost of non-current assets consumed in the year	-4,239
<b>Capital Financing Applied in the year:</b>			
1,315	1,345	Use of the Capital Receipts Reserve to finance new capital expenditure	932
1,943	1,577	Use of the Major Repairs Reserve to finance new capital expenditure	1,938
7	365	Use of Development and Regeneration Reserve to finance new capital expenditure	250
838	1,718	Capital Grants and Contributions credited to comprehensive income and expenditure statement that have been applied to capital financing	0
0	0	Application of Grants to capital financing from Capital Grants Unapplied Account	3,971
73	39	Payments from third parties	1
169	178	Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	214
137	269	Capital expenditure charged against the General Fund and HRA balances	187
-21	-23	Change to Deferred Receipt - Nottingham Road Lease	-25
4,461	5,468		7,468
21	-71	Movement in Market Value of Investment Properties	396
<b>82,159</b>	<b>84,222</b>	<b>Balance at 31 March</b>	<b>87,847</b>

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the account to manage premiums paid and discounts received on the early redemption of loans. Premiums are debited and discounts credited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund balance to the Account in the Movement in Reserves statement. Over time the expense/income is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Council's case, there are no premiums or discounts outstanding.

## Pensions Reserve

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

31 March 24		31 March 2025
£'000		£'000
<b>-2,251</b>	<b>Balance at 1 April</b>	<b>-6,057</b>
-4,300	Re-measurements of the net defined benefit liability/asset	244
-1,251	Reversal of items relating to retirement benefits credited to the deficit on provision of Services in the Comprehensive Income and Expenditure statement	-1,393
1,745	Employers pension contributions and direct payments to pensioners payable in the year	1,892
<b>-6,057</b>	<b>Balance at 31 March</b>	<b>-5,314</b>

## Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

31 March 2024		31 March 2025
£'000		£'000
<b>817</b>	<b>Balance at 1 April</b>	<b>840</b>
23	Transfer of deferred sale proceeds credited as part of gain/loss on disposal on comprehensive income and expenditure statement	25
0	Transfer to the Capital Receipts Reserve upon receipt of cash	0
<b>840</b>	<b>Balance at 31 March</b>	<b>865</b>

## Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from Council Tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

31 March 2024		31 March 2025
	£'000	£'000
<b>-1,188</b>	<b>Balance at 1 April</b>	<b>-89</b>
1,099	Amount by which Council Tax and Non-Domestic Rates income credited to the Comprehensive Income and Expenditure Statement differs from Council Tax and Non-Domestic Rate income calculated for the year in accordance with statutory requirements	-394
<b>-89</b>	<b>Balance at 31 March</b>	<b>-483</b>

## Accumulated Absences Account

The Accumulated Absences Account absorbs the difference that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

31 March 2024		31 March 2025
	£'000	£'000
<b>-81</b>	<b>Balance at 1 April</b>	<b>-77</b>
81	Settlement or cancellation of accrual made at the end of the preceding year	77
<b>-77</b>	<b>Amounts accrued at the end of the current year</b>	<b>-99</b>
4	Amount by which officer remuneration charged to the comprehensive income and expenditure statement on an accruals basis differs from remuneration chargeable in the year in accordance with statutory requirements	23
<b>-77</b>	<b>Balance at 31 March</b>	<b>-99</b>

## 18 Property, Plant and Equipment

### Movement on Balances

2024-25	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>								
<b>At 1 April 2024</b>	<b>118,725</b>	<b>44,101</b>	<b>2,376</b>	<b>41</b>	<b>606</b>	<b>1,652</b>	<b>455</b>	<b>167,956</b>
Adjustments due to IFRS16	0	0	30	0	49	0	0	79
<b>Reinstated Balance 1 April 2024</b>	<b>118,725</b>	<b>44,101</b>	<b>2,406</b>	<b>41</b>	<b>655</b>	<b>1,652</b>	<b>455</b>	<b>168,035</b>
Additions	3,128	1,306	146	0	0	0	982	5,562
Revaluations recognised in revaluation reserve	645	1,014	1	0	2,337	18	0	4,015
Revaluations recognised in surplus/deficit(-) on provision of services	-772	452	-69	0	0	-13	0	-402
Derecognition - Disposals	-302	0	-106	0	0	0	0	-408
Assets reclassified to held for sale	0	0	0	0	0	0	0	0
Other reclassifications	0	-115	0	0	0	115	0	0
Other movements	0	0	0	0	0	0	0	0
<b>At 31 March 2025</b>	<b>121,424</b>	<b>46,758</b>	<b>2,378</b>	<b>41</b>	<b>2,992</b>	<b>1,772</b>	<b>1,437</b>	<b>176,802</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2024</b>	<b>0</b>	<b>0</b>	<b>-353</b>	<b>-31</b>	<b>-72</b>	<b>0</b>	<b>0</b>	<b>-456</b>
Depreciation Charge	-1,662	-1,795	-446	0	-2	0	0	-3,905
Depreciation written out to revaluation reserve	1,422	1,665	117	0	2	3	0	3,209
Depreciation written out to surplus(-)/Deficit on provision of services	240	127	45	0	0	0	0	412
Impairment losses recognised in revaluation reserve	0	0	0	0	0	0	0	0
Impairment losses recognised surplus(-)/deficit on provision of services	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	106	0	0	0	0	106
Other movements	0	3	0	0	0	-3	0	0
<b>At 31 March 2025</b>	<b>0</b>	<b>0</b>	<b>-531</b>	<b>-31</b>	<b>-72</b>	<b>0</b>	<b>0</b>	<b>-634</b>
<b>Net Book Value</b>								
<b>At 31 March 2025</b>	<b>121,424</b>	<b>46,758</b>	<b>1,847</b>	<b>10</b>	<b>2,920</b>	<b>1,772</b>	<b>1,437</b>	<b>176,168</b>
<b>At 31 March 2024</b>	<b>118,725</b>	<b>44,101</b>	<b>2,023</b>	<b>10</b>	<b>583</b>	<b>1,652</b>	<b>455</b>	<b>167,500</b>

2023-24 As Restated	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture and Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>								
<b>At 1 April 2023</b>	<b>111,465</b>	<b>43,225</b>	<b>1,229</b>	<b>41</b>	<b>360</b>	<b>1,591</b>	<b>0</b>	<b>157,911</b>
Adjustments due to IFRIC4	0	0	954	0	0	0	0	954
<b>Restated Balance 1 April 2023</b>	<b>111,465</b>	<b>43,225</b>	<b>2,183</b>	<b>41</b>	<b>360</b>	<b>1,591</b>	<b>0</b>	<b>158,865</b>
Additions	3,656	234	233	0	0	0	455	4,578
Revaluations recognised in revaluation reserve	4,667	271	13	0	246	200	0	5,397
Revaluations recognised in surplus/deficit(-) on provision of services	-597	371	5	0	0	0	0	-221
Derecognition - Disposals	-466	0	-58	0	0	-139	0	-663
Assets reclassified to held for sale	0	0	0	0	0	0	0	0
Other reclassifications	0	0	0	0	0	0	0	0
Other movements	0	0	0	0	0	0	0	0
<b>At 31 March 2024</b>	<b>118,725</b>	<b>44,101</b>	<b>2,376</b>	<b>41</b>	<b>606</b>	<b>1,652</b>	<b>455</b>	<b>167,956</b>
<b>Accumulated Depreciation and Impairment</b>								
<b>At 1 April 2023</b>	<b>0</b>	<b>0</b>	<b>-351</b>	<b>-30</b>	<b>-91</b>	<b>0</b>	<b>0</b>	<b>-472</b>
Depreciation Charge	-1,560	-1,642	-154	-1	0	0	0	-3,357
Depreciation written out to revaluation reserve	1,317	1,522	60	0	0	0	0	2,899
Depreciation written out to surplus(-)/Deficit on provision of services	243	120	31	0	0	0	0	394
Impairment losses recognised in revaluation reserve	0	0	0	0	19	0	0	19
Impairment losses recognised surplus(-)/deficit on provision of services	0	0	0	0	0	0	0	0
Derecognition - Disposals	0	0	61	0	0	0	0	61
Other movements	0	0	0	0	0	0	0	0
<b>At 31 March 2024</b>	<b>0</b>	<b>0</b>	<b>-353</b>	<b>-31</b>	<b>-72</b>	<b>0</b>	<b>0</b>	<b>-456</b>
<b>Net Book Value</b>								
<b>At 31 March 2024</b>	<b>118,725</b>	<b>44,101</b>	<b>2,023</b>	<b>10</b>	<b>534</b>	<b>1,652</b>	<b>455</b>	<b>167,500</b>
<b>At 31 March 2023</b>	<b>111,465</b>	<b>43,225</b>	<b>1,917</b>	<b>11</b>	<b>269</b>	<b>1,591</b>	<b>0</b>	<b>158,478</b>

## Depreciation

The following useful lives have been used in the calculation of depreciation:

- Council Dwellings – 50 years

- Garages – 15 years
- Other Land and buildings – 3-45 years
- Vehicles, Plant, Furniture and Equipment – 0-22 years
- Infrastructure – 1-51 years

## **Capital Commitments**

At 31 March 2025, the authority has not entered into any contract for the construction or enhancement of property, plant and equipment.

## **Effects of changes in Estimates**

There were no material changes to the basis of estimating useful lives for Property, Plant and Equipment during the year.

## **Revaluations**

The Council carries out an annual revaluation programme that ensures that all Property, Plant and Equipment required is measured at current value. Valuations were carried out through an external party. Valuations of land and buildings were carried out in accordance with methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. Valuation for play areas are based on fair value while all other valuations of vehicles, plant, furniture and equipment are based on historic cost.

The significant assumptions applied in estimating the current values are:

- 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;
- Depreciated replacement cost (DRC) is used where properties are rarely sold and there is no active market. This applies to specialised properties such as Public Conveniences, some Cattle Market buildings and Waterfield Leisure Centre.

The pandemic and the measures taken to tackle COVID-19 continue to affect economies and real estate markets globally. Nevertheless, the external valuers Align Property Partners confirmed that as at the valuation date property markets are mostly functioning again, with transaction volumes and other relevant evidence at levels where an adequate quantum of market evidence exists upon which to base opinions of value.

## **Surplus Assets**

The Council has 3 material surplus assets. Land at Barker Crescent reclassified from Other Land and Buildings in 2020-21. Cattle Market land reclassified from other land and building in 2022-23. 7 King Street (Heritage asset) that was reclassified in 2024-25.

## **Fair Value Measurement of Surplus Assets**

### **Fair Value Hierarchy**

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

	Quoted Prices in active markets for identical assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Recurring Fair Value as at 31 March 2025
	£'000	£'000	£'000	£'000
Land at Barker Crescent	0	2	0	2
Cattle Market - Land	0	1,650	0	1,650
7 King Street	0	120	0	120
<b>Total</b>	<b>0</b>	<b>1,772</b>	<b>0</b>	<b>1,772</b>

	Quoted Prices in active markets for identical assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Recurring Fair Value as at 31 March 2024
	£'000	£'000	£'000	£'000
Land at Barker Crescent	0	2	0	2
Cattle Market – Land	0	1,650	0	1,650
<b>Total</b>	<b>0</b>	<b>1,652</b>	<b>0</b>	<b>1,652</b>

### Transfers between levels of the Fair Value Hierarchy

There were no transfers between levels during the year.

### Valuation techniques used to determine Level 2 values

The fair value for the public conveniences and land has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

### Property, Plant and Equipment Valuation Information

The freehold and leasehold properties which comprise the Council's property portfolio were valued as at 31 March 2025 by Jack Merchant MSc (Hons), Estates Surveyor who has discussed valuations with Graham Tyerman MRICS, RICS Registered Valuer, Senior Principal Surveyor. Valuations have been reviewed and checked by Jake Gamble Schofield MRICS, RICS Registered Valuer, Estate Surveyor. Mr Phillip C. Smith of Align Property Partners , The valuations have been made in accordance with UK VPGA6 and UK VGPA4 of the RICS Valuation – Global Standards 2017: UK National Supplement for all assets in the portfolio above the de-minimis threshold of £10k. In relation to the Councils Housing Portfolio the market value for each property has been determined.

Properties regarded by the Council as operational were valued on the basis of Market Value Existing Use. There are two notable exceptions to this valuation method.

The first relates to the Council's housing portfolio which has been valued on the basis of existing use for social housing. This is an accepted valuation method for stock held for this purpose and represents 42% of the open market value of the stock. For the purposes of determining the position as at 31 March 2025 in respect of HRA properties the valuer has provided a value as at 1 April 2024 which has then been assessed as to any increases in value depending on property type and location based on the latest information available on market movements in the year.

The second exception relates to specialised property which is rarely, if ever, sold on the open market. As such an open market value cannot be determined. For this type of property, which includes the Councils Community Centres, Waterfield Leisure Centre, Melton Sports Village, Cemetery Chapel, some Cattle Market buildings and Public Conveniences, the Depreciated Replacement Cost method of valuation has been used.

Community Assets have been valued on the basis of market value, except where an open market value is not determinable, in which case historic cost has been used.

For determining the value of all Non HRA assets a valuation was also provided for all operational assets as at 31 March 2025 taking into account all the available evidence of movements in the year.

Vehicles and general plant and equipment not associated with buildings and with no active second hand market identified are valued on the basis of historic cost.

Plant and machinery is included in the valuation of the buildings.

## **Fixed Asset Depreciation – IAS 16**

In order to comply with IAS 16 the Council has obtained useful lives for all of the assets included in the balance sheet as part of the valuation process. The bases used to calculate depreciation for individual assets are disclosed in the Statement of Accounting Policies.

## **19 Heritage Assets**

The Council has one asset which meets the criteria of a heritage asset to be included in the balance sheet. This is a grade II listed medieval timber framed building with an Edwardian shop front located at 7 King Street, Melton Mowbray. The building was the subject of a major restoration project completed in 2004 and substantially funded by the Heritage Lottery Fund. However, since the tenant left the asset has been proposed to be sold and reclassified from other land and building to surplus assets. In 2024-25 this property was re-valued at £120k, on an existing use value as an operational, non-specialised asset.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets as detailed below.

- **Civic Regalia** – the Council owns chains of office for the mayor, the mayor's consort and the young mayor but as the value of these chains are less than £10k these are considered to be de-minimis and are not reported on the Balance Sheet.
- **Art Collection** – the Council owns a miniature painting in an antique frame of a hunting scene by the artist Dora Webb, who lived in Melton Mowbray between 1921 and 1933, but as the value of the painting is less than £10k this is again considered to be de-minimis and not reported on the Balance Sheet.

## **20 Investment Property**

Investment properties are those that are used solely to earn rentals and/or 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 valued at highest and best use. Properties are not depreciated but are re-valued annually according to market conditions at the year-end. 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.

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.

The following items of income and expense have been accounted for in the financing and investment income and expenditure line in the comprehensive income and expenditure statement.

	2023-24	2024-25
	£'000	£'000
Rental Income from Investment Property	159	155
Direct Operating Expense arising from Investment Property	-12	-17
Total fair value adjustments	-71	159
<b>Total</b>	<b>76</b>	<b>297</b>

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or carry out internal repairs, maintenance or enhancement.

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

	2023-24	2024-25
	£'000	£'000
<b>Balance at year start</b>	<b>2,025</b>	<b>1,954</b>
Additions:		
Purchase	0	0
Construction	0	0
Subsequent Expenditure	0	0
Disposals	0	0
Net gains/ losses from fair value adjustments	-71	396
Transfers:		
to/from inventories	0	0
to/from property, plant and equipment	0	0
Other Changes	0	0
<b>Balance at Year End</b>	<b>1,954</b>	<b>2,350</b>

## Fair Value Measurement of Investment Property

### Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2025 and 2024 are as follows:

	Quoted Prices in active markets for identical assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Recurring Fair Value as at 31 March 2025
	£'000	£'000	£'000	£'000
Industrial Units	0	2,350	0	2,350
<b>Total</b>	<b>0</b>	<b>2,350</b>	<b>0</b>	<b>2,350</b>

	Quoted Prices in active markets for identical assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Recurring Fair Value as at 31 March 2024
	£'000	£'000	£'000	£'000
Industrial Units	0	1,954	0	1,954
<b>Total</b>	<b>0</b>	<b>1,954</b>	<b>0</b>	<b>1,954</b>

### Transfers between levels of the Fair Value Hierarchy

There were no transfers between Levels 1 and 2 during the year. The levels are decided by the external valuer opinion and therefore with a change in external valuers there is a change in judgement. The valuer continues to deem that the properties are best suited to level 2 within the hierarchy due to the lack of 'identical' comparable assets although there is an active market.

### Highest and Best Use of Investment Properties

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

### Valuation Techniques

There has been no change in the valuation techniques during the year for investment properties.

### Valuation Process for Investment Properties

The fair value of the Council's investment property is measured annually at each reporting date. All valuations have been carried out externally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Council's valuation experts work closely with finance officers reporting directly to the Chief Financial Officer on a regular basis regarding all valuation matters.

## 21 Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council. This is subject to a de-minimis level of £10k.

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

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

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost.

The depreciable amount of an intangible asset is amortised over its useful life to 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 £10k) the Capital Receipts Reserve.

The Council 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. The intangible asset is purchased licences. Intangible assets are given a finite useful life based on assessments of the period the software or licence is expected to be of use to the Council.

The movement on Intangible Assets in the year is as follows:

	2023-24			2024-25		
	Internally Generated Assets	Other Assets	Total	Internally Generated Assets	Other Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at year start:</b>						
Gross carrying amounts	0	627	627	0	627	627
Accumulated amortisation	0	-424	-424	0	-491	-491
<b>Net carrying amount at year start</b>	<b>0</b>	<b>203</b>	<b>203</b>	<b>0</b>	<b>136</b>	<b>136</b>
<b>Additions:</b>						
Internal development	0	0	0	0	0	0
Purchases	0	0	0	0	0	0
Disposals	0	0	0	0	-280	-280
Revaluations increases or decreases	0	0	0	0	0	0
Assets reclassified from property, plant and equipment	0	0	0	0	0	0
Impairment losses recognised or reversed directly in Revaluation Reserve	0	0	0	0	0	0
Impairment losses recognised in Surplus/Deficit on the Provision of Services	0	0	0	0	0	0
Reversals of past impairment losses written back to the Surplus/Deficit on Provision of Services	0	0	0	0	0	0
Amortisation in period	0	-67	-67	-0	-63	-63
Amortisation De-recognition- Disposals	0	0	0	0	280	280
Amortisation movement from property, plant and equipment on re-classification	0	0	0	0	0	0
<b>Net Carrying Amount at year end</b>	<b>0</b>	<b>136</b>	<b>136</b>	<b>0</b>	<b>73</b>	<b>73</b>
<b>Comprising:</b>						
Gross Carrying Amounts	0	627	627	0	347	347
Accumulated amortisation	0	-491	-491	0	-274	-274
	<b>0</b>	<b>136</b>	<b>136</b>	<b>0</b>	<b>73</b>	<b>73</b>

There are two items of capitalised software that account for the majority of this balance:

	Carrying amount		
	31 March 2025	31 March 2024	Remaining amortisation period
	£'000	£'000	
HIP IT Project	52	104	2
Replacement Content Management	15	23	3

The Council would revalue its software assets acquired under licence where comparable licences are currently commercially available for purchase. Revaluations would be made at every year end based on the market price of the comparable licences at that date. The Council does not have any intangible assets where a revaluation can be obtained as described above.

The intangible assets of the Council consist of items of software which are valued at amortised historic costs. There are intangible assets included with an original value of £54k which are still in use but have been fully amortised.

## 22 Financial Instruments

### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the 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 the borrowings that the Council currently has, 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.

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 Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow characteristics. The Council holds financial assets measured at:

- amortised cost, and
- fair value through profit or loss (FVPL)

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

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently

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

Any gains or losses that arise on the de-recognition of an asset are credited or debited to the financing and investment income line in the comprehensive income and expenditure statement.

### **Expected Credit Loss Model**

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

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

The Council's financial assets have been assessed for any expected credit losses however it has been determined that there is no material adjustment needed to the Council's accounts.

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

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

### **Fair Value Measurements of Financial Assets**

Fair value of an asset is price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are based on the following techniques:

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

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

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

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

The Council holds an investment in a property fund which is measured at FVPL using inputs other than quoted prices (Level 2 input). The fund was valued at 31 March 2025. Given the fact that the asset is currently held at below historic cost the Council did not feel that any alternative valuation technique could be used.

## Interest

All external interest received is credited to the General Fund. The amount credited to the Housing Revenue Account is determined in accordance with the Local Government and Housing Act 1989 and is offset against the amount credited to the General Fund.

## Categories of financial assets and financial liabilities

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

	Non-Current		Current	
	31 March 2024 Restated	31 March 2025	31 March 2024 Restated	31 March 2025
	£'000	£'000	£'000	£'000
<b>Investments</b>				
At Amortised Cost – Short-term Investments	0	0	16,000	15,000
At Amortised Cost – Money Market Funds	0	0	980	1,160
At Fair Value through profit and loss	1,804	1,838	0	0
<b>Total Investments</b>	<b>1,804</b>	<b>1,838</b>	<b>16,980</b>	<b>16,160</b>
<b>Receivables</b>				
At Amortised Cost	840	865	3,415	3,841
<b>Total Included in Receivables</b>	<b>840</b>	<b>865</b>	<b>3,415</b>	<b>3,841</b>
<b>Borrowings</b>				
At Amortised Cost	31,315	29,315	656	2,329
<b>Total Included in Borrowings</b>	<b>31,315</b>	<b>29,315</b>	<b>656</b>	<b>2,329</b>
<b>Other Long Term Liabilities</b>				
At Fair value through profit and loss	44	33	0	0
<b>Total Other Long Term Liabilities</b>	<b>44</b>	<b>33</b>	<b>0</b>	<b>0</b>
<b>Payables</b>				
At Amortised Cost	0	0	1,586	1,993
<b>Total Payables</b>	<b>0</b>	<b>0</b>	<b>1,586</b>	<b>1,993</b>
<b>Liabilities not defined as financial instruments</b>				
At Amortised Cost	889	744	192	213
<b>Total Liabilities not defined as financial instruments</b>	<b>889</b>	<b>744</b>	<b>192</b>	<b>213</b>

## Income, Expense, Gains and Losses

	2023-24		2024-25	
	Surplus or Deficit on the Provision of Services Restated		Surplus or Deficit on the Provision of Services	
	£'000	£'000	£'000	£'000
<b>Net gains/losses on:</b>				
Financial Assets at fair value through Profit and Loss		-49		-125
<b>Total net gains/losses</b>		<b>-49</b>		<b>-125</b>
<b>Interest revenue:</b>				
Financial Assets at amortised cost		-1,264		-1,246
<b>Total interest revenue</b>		<b>-1,264</b>		<b>-1,246</b>
<b>Total interest expense</b>		<b>1,214</b>		<b>1,205</b>
<b>Total for the year</b>		<b>-99</b>		<b>-166</b>

Available for sale assets – the Council holds an investment in the Churches Charities and Local Authorities (CCLA) pooled property fund, which is classed as Available for Sale and is held in the balance sheet at fair value. On the balance sheet date the fair value was £162k lower than the purchase price due to changes in market conditions; this is held in the Financial Instruments Revaluation Reserve.

### The Fair Values of Financial Assets and Financial Liabilities

One of the Council's financial assets is measured at fair value through Profit and Loss on a recurring basis and is described in the following table, including the valuation techniques used to measure it.

In 2017-18 the Council invested £2m in the CCLA pooled property fund. The valuation as at 31 March 2025 is based on the published bid price. There is an earmarked reserve in place as noted in note 16 in order to help mitigate any losses.

Recurring fair value measurements: Available for sale.	Input level in fair value hierarchy	Valuation Technique used to measure fair value	31 Mar 2024	31 Mar 2025
			£'000	£'000
Not later than 1 year	Level 1	Unadjusted quoted prices in active market	1,804	1,838

### The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets represented by loans and receivables and long term debtors and creditors are carried on the balance sheet at amortised cost. Their fair value can be assessed by calculating present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the tables sets out the alternative fair value measurement applying the new borrowing rates, highlighting the impact of the alternative valuation;
- No early repayment or impairment is recognised;
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade and other receivables is taken to be the invoiced or billed amount;
- The fair value for financial liabilities are arrived at under Level 2 of the Fair Value Hierarchy using a discounted cash flow analysis with the most significant inputs being the net present value of cash flows that are expected to take place over the remaining life of the instruments.

The fair values calculated are as follows:

Financial Liabilities	31 March 2024		31 March 2025	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
			£'000	£'000
Financial Liabilities- PWLB Loans	31,413	28,445	31,315	25,697

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2025) arising from a commitment to pay interest to lenders below current market rates.

The fair value of the Public Works Loans Board (PWLB) loans of £25,697m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. 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.

However, the authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the reduced interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis the carrying amount of £31.315m is valued at £22,913. But if the authority were to seek to realise the projected gain by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to giving a discount for the reduced income that will be avoided. Should the Council wish to repay its loans the exit discount from the PWLB would be £5.738m.

Financial Assets	31 March 2024	31 March 2024	31 March 2025	31 March 2025
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Other loans and receivables- fixed rate investments and money market funds	16,980	17,552	16,160	16,583

## Fair Value Hierarchy for financial assets and financial liabilities that are not measured at fair value

2024-25	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements using:	£'000	£'000	£'000	£'000
<b>Financial Liabilities</b>				
<i>Financial Liabilities held at amortised cost</i>				
PWLB loans	0	25,697	0	25,697
<b>Total</b>	<b>0</b>	<b>25,697</b>	<b>0</b>	<b>25,697</b>
<b>Financial Assets</b>				
Other loans and receivables- fixed rate investments and money market funds	0	16,583	0	16,583
<b>Total</b>	<b>0</b>	<b>16,583</b>	<b>0</b>	<b>16,583</b>
2023-24	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
Recurring fair value measurements using:	£'000	£'000	£'000	£'000
<b>Financial Liabilities</b>				
<i>Financial Liabilities held at amortised cost</i>				
PWLB loans	0	28,445	0	28,445
<b>Total</b>	<b>0</b>	<b>28,445</b>	<b>0</b>	<b>28,445</b>
<b>Financial Assets</b>				
Other loans and receivables- fixed rate investments and money market funds	0	17,552	0	17,552
<b>Total</b>	<b>0</b>	<b>17,552</b>	<b>0</b>	<b>17,552</b>

## 23 Nature and Extent of Risks Arising from Financial Instruments

### Key risks

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

- **Credit risk** – the possibility that other parties might fail to pay amounts due to the Council;
- **Liquidity risk** - the possibility that the Council might not have funds available to meet its commitments to make payments;
- **Re-financing risk** – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms;
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

### Overall procedures for managing risk

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.

The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The Council's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures to the maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with Government guidance;

These are required to be reported and approved at or before the Council's annual Council Tax setting meeting before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is required to be reported quarterly.

The annual treasury management strategy which incorporates the prudential indicators was approved by Council on 22 February 2024 and is available on the Council website. The key issues within the strategy were:

- The Authorised Limit for 2024-25 was set at £46m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £34m. This is the expected level of debt and other long term liabilities during the year.
- The maximum and minimum exposures to the maturity structure of debt are detailed in the strategy.

Risk management is carried out by the treasury manager, under policies approved by the Council in the annual treasury management strategy. The Council provides written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).

## **Credit risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard and Poor's Credit Ratings Services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category.

The credit criteria in respect of financial assets held by the Council are detailed below:

This Council uses the creditworthiness service provided by MUFG Corporate Markets (formerly Link Group, Link Treasury Services Limited). This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The full Investment Strategy for 2024-25 was approved by Full Council on 8 February 2024 and is available on the Council's website.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the Council.

The Authority's maximum exposure to credit risk in relation to its investments in financial institutions of £18.160m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at 31 March 2025 that this was likely to crystallise.

The following analysis summarises the Council's maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years, adjusted to reflect current market conditions

	Amount £'000	Historical experience of default %	Adjustment for market conditions %	Estimated maximum exposure to default £'000	Estimated maximum exposure to default £'000
Deposits with bank and other institutions:	31 March 2025	31 March 2025	31 March 2025	31 March 2025	31 March 2024
AAA	1,160	0.00%	0.00%	0	0
AA	3,000	0.01%	0.01%	0	0
A	12,000	0.02%	0.02%	3	2
Property Fund	2,000	Not rated	Not rated	0	0
Customers excl. statutory debtors (e.g. Council Tax/NNDR)	1,729	49.92%	49.92%	863	1,092
<b>Total</b>	<b>19,889</b>			<b>866</b>	<b>1,094</b>

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Council does not generally allow credit for its customers, such that £1,108k of the £1,729k balance is past its due date for payment. The past due amount can be analysed by age as follows:

	31 March 2024 £'000	31 March 2025 £'000
Less than 1 year	326	241
Between 1 and 5 years	254	211
More than 5 years	177	656
<b>Total</b>	<b>757</b>	<b>1,108</b>

The profiling of past due amounts, used to calculate the out-standing debt provision, has been updated based on experience of sundry debt.

A continuing provision is made for writing off bad debts, the balance as at 31 March 2025 on the General Fund sundry debt provision is £383k and the balance on the sundry debt HRA provision is £14k. The HRA rent arrears are included in the above table for comparable results.

Collateral – During the reporting period the council held no collateral as security.

## Liquidity risk

The Council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets, excluding sums due from customers, is as follows:

	31 March 2024 £'000	31 March 2025 £'000
Less than 1 year	16,980	16,160
Between 1 and 2 years	2,000	2,000
Between 2 and 3 years	0	0
More than 3 years	0	0
<b>Total</b>	<b>18,980</b>	<b>18,160</b>

Amounts shown above as due greater than one year represent principal sums invested with the CCLA Property Fund.

## Refinancing and Maturity risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the treasury team address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period as approved by the Council in the Treasury Management Strategy:

	Approved minimum limits %	Approved maximum limits %	Actual 31 March 2024 £'000	Actual 31 March 2025 £'000
Less than 1 year	0	100	98	2,000
Between 1 and 2 years	0	100	2,000	2,000
Between 2 and 5 years	0	100	2,000	300
Between 5 and 10 years	0	100	600	300
More than 10 years	0	100	26,715	26,715
<b>Total</b>	<b>n/a</b>	<b>100</b>	<b>31,413</b>	<b>31,315</b>

## Market risk

**Interest rate risk** - The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The treasury manager will monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long term returns, similarly the drawing of longer term fixed rates borrowing would be postponed.

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

	£'000
Increase in interest receivable on variable rate investments	-12
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>-12</b>
Decrease in fair value of fixed rate investment assets	75
<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>75</b>
<b>Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure)</b>	<b>2,973</b>

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed. These assumptions are based on the same methodology as used in the Note – Fair value of Assets and Liabilities carried at Amortised Cost

**Price risk** - The Council holds £1.838m in property/multi-asset funds, and their price varies. However, any movements in price will not impact on the General Fund Balance as regulations are in force to ameliorate the impact of fair value movements.

**Foreign exchange risk** - The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to losses arising from movements in exchange rates.

**Pooled Funds** – For investments subject to statutory over-ride for pooled investments (extended to 31 March 2029 for investments in place on 1 April 2024) there has been an unrealised gain taken from unusable reserves. The following considerations in relation to risk exposure have been disclosed:

- The market in the underlying assets for these financial instruments has improved in the past year.
- It is possible that the fund's portfolios will remain stressed in terms of value, liquidity and income.
- Disclosure of any income potentially at risk (eg pooled fund dividend income).
- Details of any separate earmarked reserve established to manage the risks of the fair value movements.

## 24 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 are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

2023-24 Restated		2024-25
£'000		£'000
<b>32,977</b>	<b>Opening Capital Financing Requirement</b>	<b>32,910</b>
88	Adjustments due to IFRS16	79
	<b>Capital Investment:</b>	
4,578	Property, Plant and Equipment	5,562
0	Intangible Assets	0
734	Revenue Expenditure funded from Capital under statute	1,717
	<b>Sources of Finance</b>	
-1,345	Capital Receipts	-932
-1,707	Government Grants and other contributions	-3,971
	<b>Sums set aside from revenue:</b>	
-2,260	Direct revenue contributions	-2,376
-178	(MRP/loans fund principal)	-214
23	Finance lease repayment	25
<b>32,910</b>	<b>Closing Capital Financing Requirement</b>	<b>32,800</b>
	<b>Explanation of Movements in Year</b>	
-67	Increase/decrease in underlying need to borrow (un-supported by Government financial assistance)	-109
<b>-67</b>	<b>Increase/ decrease (-) in Capital Financing Requirement</b>	<b>-109</b>

Restatement of this note follows investigation into historical transactions incorrectly identified.

## 25 Leases

### Authority as Lessee

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor

vehicles. Most are individually immaterial; however, material leases include:

- The lease (embedded lease) for waste collection vehicles, commenced in October 2018 for 10 years, the value of the assets as at 31/03/2025 was £764k
- The lease of land at skate park, commenced for 29 years, the value of the asset as at 31/03/2025 was £48k
- The lease of Christmas lights, commenced for 2 year, extension of 2+1 years as, the value of the asset as at 31/03/2025 was £20k

### Right-of-Use Assets

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

	Land and Buildings	Vehicles, plant and equipment	Total
	£'000	£'000	£'000
Balance at 1 April 2024	49	984	<b>1,033</b>
Additions	0	0	<b>0</b>
Revaluations	-1	0	<b>-1</b>
Depreciation and Amortisation	0	-200	<b>-200</b>
Disposals	0	0	<b>0</b>
Balance at 31 March 2025	<b>48</b>	<b>784</b>	<b>832</b>

### Transactions under Leases

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

	2024-25
	£'000
<b>Comprehensive Income and Expenditure Statement</b>	
Interest Expense on Lease liabilities	44
Expense relating to Short term Leases	0
Expense relating to exempt leases of low value items	9
Variable Lease payments not included in the measure of lease liabilities	0
Income from subletting right of use assets	0
Gains or Losses arising from sale and leaseback transactions	0
<b>Cash Flow Statement</b>	
Minimum Lease payments	256

### Maturity Analysis of Lease Liabilities

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

	31 Mar 2024	31 Mar 2025
	£'000	£'000
Less than 1 year	36	252
One to five years	68	611
More than five years	61	58
	<b>165</b>	<b>921</b>

## Authority as Lessor

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

- The Council holds one finance lease in respect of land at Nottingham Road which is being written down over the 125 years of the lease in accordance with proper accounting practice. The current value of the lease is £864k as at 31 March 2025.
- The authority leases out property for the provision of services including Snow Hill Industrial Units, Phoenix House, 7 King Street, Parkside and Cattle Market.
- 

## Transactions under Leases

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

	2023-24	2024-25
	£'000	£'000
<b>Finance Leases</b>		
Selling gain or loss	0	0
Finance income on the net investment in the lease	33	34
Income relating to variable lease payments not included in the measurement of the net investment in the lease	0	0
<b>Operating Leases</b>		
Total lease income	592	613

## Net Investment in Finance Leases

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

	31 March 2024	31 March 2025
	£'000	£'000
Net investment at 1 April	817	840
New leases entered into	0	0
Payments by lessees	-33	-33
Lease modifications	0	0
Finance income	56	58
Movements in impairment loss allowances	0	0
<b>Net investment at 31 March</b>	<b>840</b>	<b>865</b>

## Maturity Analysis of Lease Receivables

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

	Finance Leases		Operating Leases	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025
	£'000	£'000	£'000	£'000
Less than one year	33	34	277	273
One to two years	34	34	326	271
Two to three years	34	39	326	199
Three to four years	39	39	166	164
Four to five years	39	39	146	161
More than five years	26,177	26,138	885	852
<b>Total Undiscounted receivables</b>	<b>26,356</b>	<b>26,323</b>	<b>2,126</b>	<b>1,920</b>

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

	31 March 2025
	£'000
Total undiscounted lease receivables	-33
Unearned finance income	58
Discounted amount of unguaranteed residual values	0
<b>Net investment in leases</b>	<b>25</b>

## 26 Impairment Loss

During 2024-25 there were no impairment losses recognised.

## 27 Assets Held for Sale

The Council holds one assets for sale at 31 March 2025.

31 March 2024		31 March 2025
£'000		£'000
0	<b>Balance outstanding at start of year</b>	0
<b>Assets newly classified as held for sale:</b>		
0	Property, Plant and Equipment	0
0	Revaluation Gains/Losses	120
<b>Assets declassified as held for sale:</b>		
0	Property, Plant and Equipment	0
0	Assets Sold	0
<b>0</b>	<b>Balance outstanding at year end</b>	<b>120</b>

## 28 Receivables

31 March 2024		31 March 2025
	£'000	
0	Central Government Bodies	63
809	Other Local Authorities	1,107
918	Housing rent	692
4,351	Other Entities and Individuals	4,950
-1,287	Provision for doubtful debts	-1,005
<b>4,791</b>		<b>5,807</b>

## 29 Debtors for Local Taxation

As we do not impair individual debts an analysis cannot be provided for this note.

In respect of the total local taxation debt outstanding as at 31 March 2025, this value is £2,661k (31 March 2024 £2,761k).

The basis that has been used for the level of impairment required is on actual evidence of collection rates achieved in prior years and this is then applied to the debt outstanding.

The total level of impairment for the period to 31 March 2025 is £985k (31 March 2024 £1,039k) which results in a level of debt not subject to impairment as at 31 March 2025 of £1,676k (31 March 2024 £1,722k).

## 30 Cash and Cash Equivalents

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

In the Cash Flow Statement, cash and cash equivalents form an integral part of the Council's cash management.

31 March 2024		31 March 2025
	£'000	
-558	Bank Current Accounts	-328
0	Short-term deposits with Banks/Building Societies	0
980	Money Market Funds	1,160
<b>422</b>	<b>Total cash and cash equivalents</b>	<b>832</b>

## 31 Payables

31 March 2024		31 March 2025
	£'000	
370	Central Government Bodies	310
2,432	Other Local Authorities	2,916
675	Other Entities and Individuals	628
<b>3,477</b>	<b>Total</b>	<b>3,854</b>

## 32 Provisions

	Collection Fund Appeals	Employee Termination Benefits	Total
	£'000	£'000	£'000
<b>Balance at 1 April 2024</b>	<b>235</b>	<b>0</b>	<b>235</b>
Actual Provisions made	361	0	361
Amounts used	-254	0	-254
Unused amounts reversed	0	0	0
Unwinding of discounting	0	0	0
<b>Balance at 31 March 2025</b>	<b>342</b>	<b>0</b>	<b>342</b>

#### Collection Fund Appeals:

This represents the Council's proportion of the difference between the provision for losses due to appeals in respect of the Collection Fund at 31 March 2025, compared to that at 31 March 2024. Timings of the outflows for appeals made depend substantially on the Valuation Office Agency and their processes and priorities, some appeals made in 2010 are still not resolved or are resolved several years after the appeal has been received. Further uncertainty around timings include the impact of global pandemics or other such events outside anyone's control, changes in legislation and the quality of information provided.

#### Employee Termination Benefits:

This represents the amount of termination benefits to employees which at the balance sheet date has been approved by the Council. There are none at 31 March 2025.

### 33 Contingent Assets and Liabilities

There are no contingent assets or liabilities in existence at the balance sheet date.

### 34 Defined Benefit Pension Schemes

#### Participation in Pensions Scheme

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

#### The Council participates in the following:

The Local Government Pension Scheme administered by Leicestershire County Council – this is a funded defined benefit on an average of earnings, revalued for inflation scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

#### The Local Government Pension Scheme

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

- The liabilities of the pension fund attributable to the Council are included in the balance sheet on an actuarial basis using the projected unit method – for example, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, as well as projections of earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 4.85% (based on the indicative

rate of return on high quality corporate bonds).

- The assets of the pension fund attributable to the Council are included in the Balance Sheet at their fair value based upon the following:

- Quoted securities – current bid price
- Unquoted securities – professional estimate
- Unitised securities – current bid price
- Property – market value.

The change in the net pension's 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 a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs.
- **Net Interest on the net defined benefit liability (asset)** – for example, net interest expense for the Council - the change during the period in the net defined pension 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 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 pension's 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.
- **Effect of the asset ceiling** – where there is a defined benefit asset then the effect of the asset ceiling and minimum funding requirement is charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.

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

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

#### **Discretionary Benefits**

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff 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.

#### **Transactions Relating to Retirement Benefits**

The Council recognises the cost of retirement benefits in the reported Cost of Services when they are earned by employees, rather than when the benefits 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, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

<b>Comprehensive Income and Expenditure Statement</b>	2023-24	2024-25
	£'000	£'000
<b>Cost of Services:</b>		
Current Service Cost	1,158	1,118
Past Service Costs	0	0
Gain(-)/Loss from Settlements	0	0
<b>Financing and Investment Income and Expenditure:</b>		
Net Interest Expense	93	275
<b>Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services</b>	<b>1,251</b>	<b>1,393</b>
<b>Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:</b>		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	2,202	594
Actuarial gains and losses arising on changes in demographic assumptions	285	84
Actuarial gains and losses arising on changes in financial assumptions	2,759	7,467
Other	-1,561	458
Changes in the effect of the asset ceiling	-7,985	-8,359
<b>Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement</b>	<b>-4,300</b>	<b>244</b>
<b>Movement in Reserves Statement:</b>		
Reversal of Net Charges made to the deficit on the provision of services for post-employment benefits in accordance with the code	1,251	1,393
<b>Actual amount charged against the General Fund Balance for the pensions in the year:</b>		
Employers contribution payable to the scheme	1,668	1,812
Retirement benefits payable to pensioners	77	80
	<b>1,745</b>	<b>1,892</b>

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

	2023-24	2024-25
	£'000	£'000
Present Value of the defined benefit obligation	-47,320	-41,245

	2023-24	2024-25
Fair Value of plan assets	50,005	53,340
<b>Sub Total</b>	<b>2,685</b>	<b>12,095</b>
Other movements in the liability/asset(-)	-757	-678
Unadjusted Net liability	1,928	11,417
Effect of the asset ceiling	-7,985	-16,731
<b>Net liability arising from defined benefit obligation</b>	<b>-6,057</b>	<b>-5,314</b>

### The Effect of the Asset Ceiling on the Defined Benefit Surplus

The Council has a surplus in its defined benefit plan of £11,417k

	£'000
Assets	53,340
Liabilities	-41,923
Total Assets	11,417

Under IAS19 the authority is required to measure the defined benefit asset reported as the lower of the surplus in the defined benefit plan and the asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

Under IFRIC14 there is no option for refunds from the plan, and the component of the asset ceiling available through reductions in contributions, is calculated as the Present value of future service costs less the Present value of future service contributions:

- A. Annuity (into perpetuity) x 2025-26 future service cost, less
- B. Annuity (into perpetuity) x future service element employer contribution, so
  
- A. 40.5 years x £768k = £31,104k, less
- B. 40.5 years x £1.433m = £58,037k

As B is greater than A, then the economic benefit available as a reduction in future contributions is floored at 0.

The authority also has an obligation under a minimum funding requirement to pay contributions to cover an existing shortfall in respect of services already received. This is calculated by taking the funding 'time horizon' and multiplying by the present value of agreed past service contributions. The present value of past service contributions equates to £4,636k. These agreed past service contributions have been committed to be paid to the pension fund and are added to the net asset position (£12,095k + £4,636 = £16,731). This position is then compared to the economic benefit available as a reduction in future contributions to determine if there is an additional liability to recognise.

	£'000
Net Unadjusted Asset	12,095
Effect of the asset ceiling on the net asset	-16,731
<b>Net funded liability</b>	<b>-4,636</b>
Present Value of Unfunded Obligations	-678
<b>Total Net Liability</b>	<b>-5,314</b>

### Reconciliation of the Movements in the Fair Value of the Scheme Assets:

	2023-24	2024-25
	£'000	£'000
<b>Opening fair value of scheme assets</b>	<b>45,636</b>	<b>50,005</b>
Interest Income	2,168	2,431
Re-measurement gain/ loss(-):		
The return on plan assets, excluding the amount included in the Net Interest Expense	2,202	594
Other:		
Contributions from employer	1,745	1,892
Contributions from employees into the scheme	392	424
Benefits paid	-2,138	-2,006
<b>Closing fair value of scheme assets</b>	<b>50,005</b>	<b>53,340</b>

#### Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	2023-24	2024-25
	£'000	£'000
<b>Opening balance at 1 April</b>	<b>47,887</b>	<b>48,077</b>
Current Service Cost	1,158	1,118
Interest Cost	2,261	2,319
Contributions from scheme participants	392	424
Re-measurement gain(-)/ loss:		
Actuarial gains/losses arising from changes in demographic assumptions	-285	-84
Actuarial gains/losses arising from changes in financial assumptions	-2,759	-7,467
Other	1,561	-458
Past Service Cost	0	0
Losses/gains(-) on curtailments	0	0
Benefits paid	-2,138	-2,006
<b>Closing balance at 31 March</b>	<b>48,077</b>	<b>41,923</b>

#### Local Government Pension Scheme assets comprised:

	2023-24			2024-25		
	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Equity Securities</b>						
Consumer	5	0	5	49	0	49
Manufacturing	25	0	25	47	0	47
Energy and Utilities	52	0	52	47	0	47
Financial Institutions	16	0	16	56	0	56
Health and Care	8	0	8	70	0	70
Information Technology	10	0	10	1	0	1
Other	41	0	41	76	0	76
<b>Debt Securities</b>						
UK Government	2,297	6	2,303	1,952	5	1,957
Other	211	0	211	274	0	274
<b>Private Equity</b>						
All	0	3,424	3,424	0	3,095	3,095
<b>Real Estate</b>						
UK Property	0	3,544	3,544	0	3,651	3,651
Overseas Property	0	0	0	0	0	0
<b>Investment Funds and Unit Trusts</b>						
Equities	21,789	107	21,896	22,597	96	22,693
Bonds	0	0	0	0	0	0
Hedge Funds	0	0	0	0	0	0
Commodities	0	1,284	1,284	0	1,073	1,073
Infrastructure	0	4,091	4,091	0	4,921	4,921
Other	6,799	5,148	11,947	6,611	3,753	10,364
<b>Derivatives</b>						
Inflation	0	0	0	0	0	0
Interest Rate	0	0	0	0	0	0
Foreign Exchange	23	0	23	-266	0	-266
<b>Cash and Cash Equivalents:</b>						
All	1,125	0	1,125	5,232	0	5,232
<b>Total Assets</b>	<b>32,401</b>	<b>17,604</b>	<b>50,005</b>	<b>36,746</b>	<b>16,594</b>	<b>53,340</b>

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been assessed by Hymans Robertson, an independent firm of actuaries. The last formal actuarial valuation in respect of the Leicestershire County Council Pension Fund was carried out as at 31 March 2022. The actuary has projected the results of this valuation to 31 March 2025 based on a roll forward from the 2022 formal valuation.

The significant assumptions used by the actuary have been:

	2023-24	2024-25
<b>Mortality assumptions:</b>		

	2023-24	2024-25
Longevity at 65 for current pensioners:		
Men	21.5	21.4
Women	24.3	24.3
Longevity at 65 for future pensioners:		
Men	22.4	22.3
Women	25.9	25.8
Rate of inflation	2.75%	2.75%
Rate of increase in salaries	3.25%	3.25%
Rate of increase in pensions	2.75%	2.75%
Rate of discounting scheme liabilities	4.85%	5.80%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes 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 in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, for example, 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.

### **Impact on the defined Benefit Obligation in the Scheme**

	Increase in assumption	Decrease in assumption
	£'000	£'000
Rate of increase in salaries (increase by 0.1%)	27	0
Rate of increase in pensions (increase by 0.1%)	720	0
Rate for discounting scheme liabilities (decrease by 0.1%)	0	727
Increase in member life expectancy (increase by 1)	1,677	0

### **Impact on the Authorities Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Leicestershire County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 3 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025.

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

The Council anticipate to pay £1,891k in expected contributions to the scheme in 2025-26.

As at the most recent valuation the duration of the scheme members funded liability is 18 years.

### **Court of Appeal Decision - Virgin Media Ltd vs NTL Trustees**

On 25 July 2024, the Court of Appeal dismissed the appeal in the case of Virgin Media Limited v NTL Pension Trustees II Limited and others. The appeal was brought by Virgin Media Ltd against aspects of the High Court's ruling handed down in June 2023 relating to the validity of certain historical pension changes due to the lack of actuarial confirmation required by law. The Court of Appeal upheld the High Court's ruling. The ruling may have implications for other UK defined benefit plans. It is understood this would apply to the Local Government Pension Scheme and HM Treasury is currently assessing the implications for all public service pension schemes. No further information is available at this stage.

## 35 Cash Flow Statement – Operating Activities

The cash flows for operating activities include the following items:

2023-24		2024-25
£'000		£'000
-1,357	Interest Received	-1,343
1,260	Interest Paid	1,219

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

2023-24		2024-25
£'000		£'000
3,363	Depreciation	3,906
-173	Impairment and downward valuations	-11
67	Amortisation	63
-1,529	Increase/(decrease) in creditors	154
125	(Increase)/decrease in debtors	-557
-494	Movement of pension liability	-499
602	Carrying amount of non-current assets and non-current assets held for sale, sold or de-recognised	302
33	Other non-cash items charged to the net surplus or deficit on the provision of services	-255
<b>1,994</b>		<b>3,103</b>

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

2023-24		2024-25
£'000		£'000
-821	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	-369
-1,760	Other items for which the cash effects are investing or financing activities	-3,971
<b>-2,581</b>		<b>-4,340</b>

## 36 Cash Flow Statement – Investing Activities

2023-24		2024-25
£'000		£'000
-4,768	Purchase of Property, Plant and Equipment, investment property and intangible assets	-5,430
-16,000	Purchase of short term and long term investments	-15,000
797	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	344
15,500	Proceeds from short and long term investments	16,000
2,220	Other receipts from investing activities	4,344
<b>-2,251</b>	<b>Net cash-flows from investing activities</b>	<b>258</b>

## 37 Cash Flow Statement – Financing Activities

2023-24		2024-25
£'000		£'000
-11	Repayments of short and long term borrowing	-98
37	Other payments for financing activities	-310
<b>26</b>	<b>Net cash-flows from financing activities</b>	<b>-408</b>

## 38 Reconciliation of Liabilities Arising from Financing Activities

	1 April 2024	Financing cash flows	Non-Cash changes		31 March 2025
			Acquisition	Other non-cash changes	
	£'000	£'000	£'000	£'000	£'000
Long-term borrowings	0	0	0	0	0
Short-term borrowings	-11	-87	0	0	-98
Lease Liabilities	37	-347	0	0	-310
<b>Total Liabilities from Financing Activities</b>	<b>26</b>	<b>-434</b>	<b>0</b>	<b>0</b>	<b>-408</b>

	1 April 2023	Financing cash flows	Non-Cash changes		31 March 2024
			Acquisition	Other non-cash changes	
	£'000	£'000	£'000	£'000	£'000
Long-term borrowings	0	0	0	0	0
Short-term borrowings	-11	0	0	0	-11
Lease Liabilities	-141	178	0	0	37
<b>Total Liabilities from Financing Activities</b>	<b>-152</b>	<b>178</b>	<b>0</b>	<b>0</b>	<b>26</b>

## 39 Accounting Policies

## a) Basis of Preparation

The Statement of Accounts has been prepared with reference to:

- The objective of providing information about the financial position, performance and cash flows in a way that meets the 'common needs of most users'.
- The objective of showing the results of the stewardship and accountability of elected members and management of the resources entrusted to them.

The following underlying assumption:

### **Going concern basis:**

The concept of a going concern assumes that the functions of the Council will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting In The United Kingdom 2024-25) in respect of going concern reporting requirements reflect the economic and statutory environment in which the Council operates. As a result of this, it would not therefore be appropriate for the financial statements to be provided on anything other than a going concern basis.

The current economic climate continues to prove challenging for the Council in terms of financial management and is currently in a period of great uncertainty due to non-delivery of the long promised funding review and ongoing inflationary impacts. The provisional out-turn for General Expenses is a net surplus position of £326k, after allowing for the proposed carry forwards into 2025-26, with a relative increase to the corporate priorities reserve. This is a similar position for Special Expenses Melton Mowbray at the financial year end with a net deficit of £18k which is £26k less than the forecast deficit of £44k. With these, the Council still has reserve balances over its approved minimum levels as explained below.

In addition, the Government announced its wish for review of Local Government Structures which will no doubt result in unitary councils replacing the current two tier structure in place in Leicestershire. Subsequent to that announcement, the Government then announced those areas considered to be priority. Leicestershire was not included. There is therefore no possibility of abolition of Melton Borough Council before 31<sup>st</sup> March 2026. (It is expected any change would be effective from 1<sup>st</sup> April 2028) This therefore does not affect the Council's view of going concern for 2024-25.

The Council's medium term financial strategy approved in February 2025 when the budget for 2025-26 was approved provides forward forecasts for the next 3 financial years. These indicate potential deficits as a result of inflationary pressures, demand and service changes. There is also considerable uncertainty regarding the nature and level of government funding in the future for local authorities and the risk of changes to the business rates retention formula which could see significant sums of retained business rates being lost to the Council. The increase to the general fund reserves over that forecast alongside gains from the business rates pool helps provide more resilience but the position remains challenging due to the council's relatively low level of unallocated reserves overall.

In recent years, the council has successfully managed any potential deficits in its budget through the development and utilisation of a Financial Sustainability Plan, which has set out a range of options for efficiencies, savings or additional income. This has facilitated the stability of the Council's reserves. In view of the projected budget deficit for 2026-27, it is proposed to continue the development of options and ideas within the Financial Sustainability Programme.

Capital remains low although the asset development programme is aimed at addressing this. The Council's minimum reserve - the Working Balance has remained at the £1m level recommended by the LGA following their review of the Council's financial sustainability.

With regard to the impact on capital, the Council has a modest programme in respect of the general fund and the HRA did have underspends, mainly due to the delay on the affordable housing new build scheme and the Levelling

Up Fund scheme for the Stockyard in Melton Mowbray. Funding has been carried forward into 2025-26 to complete any ongoing schemes.

There are a number of financial pressures and uncertainties which could affect the estimates particularly in future years and collectively these indicate significant financial pressure on the Council's resources. The forward projections have been subjected to sensitivity analysis considering the potential risks associated with particular items and assumptions. These do indicate potential wide fluctuations in any year which could see the likely surpluses/deficits being substantially different to those expected. This emphasises both the high level and impact of the risks that face the Council's finances in the future. In recognition of the significance of these risks, there is a risk contained within the Council's corporate risk register relating to finance. As a corporate risk an action plan is in place and is actively managed, linked to the Financial Sustainability Plan.

In terms of any going concern assessment, the main mitigating factor is that the authority continues to have available general fund balances above the current recommended minimum working balance. At the end of 2025-26 it is budgeted to be £3.287m which is £2.287m above the minimum level taking into account the balance on the Corporate Priorities Reserve, Regeneration and Innovation Reserve and Working Balance. However, it must be noted that projections indicate that the Council's reserves will be exhausted by 2027-28 should forecasts be correct and expected funding changes be implemented. The Council's cash flow forecasts anticipate that cash balances will remain in a positive position for at least 12 months following approval of these financial statements and do not forecast a need to borrow. The Council has undertaken cash flow modelling through to March 2026 which demonstrates the Council's ability to work within its Capital Financing Requirement and Cash management framework, with sufficient cash balances forecast at the end of the period. We are therefore confident that the going concern basis of accounting will continue to be applicable for a period of 12 months from the date of approval of these financial statements.

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

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets for example, community assets, assets held for sale and certain elements of land and buildings where an appropriate valuation method is selected to best reflect the realisable value of the asset, and financial instruments.

The following qualitative characteristics:

- Understandability
- Relevance
- Materiality
- Reliability
- Comparability

The accounting policies have been applied consistently.

## **b) 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:

- a. Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- b. 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. An exception to this principle relates to energy supplies and similar quarterly payments which are charged at the date of meter reading rather than apportioned between financial years. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

- c. 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.
- d. Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- e. Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

#### **c) Exceptional Items**

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

#### **d) 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, for example, 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 Council'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 periods are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

#### **e) Council Tax and Non-Domestic Rates**

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

#### **f) 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 assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation and impairment losses and amortisations are

therefore replaced by the contribution in the General Fund Balance (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## **g) Employee Benefits**

### **Benefits Payable during Employment**

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. 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 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 via the Accumulated Absences Account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

## **h) Events After the Reporting Period**

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.

## **i) Business Improvement District**

A Business Improvement District (BID) scheme applies across a specified area of the Council, primarily in the town centre. The scheme is funded by a BID levy paid by non-domestic ratepayers. The Council acts as principal under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement).

## **j) Inventories and Long Term Contracts**

Purchasing stocks have been completely recharged to services in the year.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

## **k) Overheads and Support Services**

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

## **l) 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.

### **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 Council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (for example, repairs and maintenance) is charged as an expense when it is incurred.

A de-minimus level of £10k has been set for capitalisation (for example, no expenditure below this level will generally be capitalised). This is also applied to the Council's asset register.

There are some notable exceptions to this rule:

- Where the cost attracts a specific capital grant or government supported borrowing approval.
- Where individual items of furniture, IT equipment and other equipment costing less than £10k are being bulk purchased; the cost can be capitalised.
- Feasibility costs in preparation for a larger scheme, where the costs are certain to result in a specific capital project.
- Where the purchase is a new constituent part of an existing asset within the Council's asset register.

## 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 Council does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (for example, it will not lead to a variation in the cash flows of the Council). 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 Council.

Donated assets, where applicable, 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 Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in a 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 bases:

- Infrastructure, some community assets and assets under construction – depreciated historical cost
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- Surplus Assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- All other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), with the valuer using nominal values for some community assets.

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.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on Provision of Services where they arise from the reversal of a loss previously charged to a service.

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service lines(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 it is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

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

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the 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 remaining useful lives. An exception is made for assets without a determinable finite useful life (for example, freehold land and certain Community Assets) and assets that are not yet available for use (for example, assets under construction).

Depreciation is calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the remaining useful life of the property as estimated by the valuer (see table below).
- Vehicles, plant, furniture and equipment – straight line allocation over the remaining useful life of the asset, as advised by a suitably qualified valuer where appropriate (see table below).
- Infrastructure – straight line allocation over the remaining useful life of the asset.

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 (for example, exceeding 25%), the components are depreciated separately. Only assets exceeding the value of £250,000 are considered material for componentisation and housing dwellings are excluded on the grounds of materiality.

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.

Depreciation is provided in the year of disposal rather than the year of acquisition. In determining depreciation for specific asset groups the following bases have been applied based on information provided by the appointed Valuer:-

Asset	Depreciated	Basis
Council Dwellings	Yes	Depreciation provided for on the basis of valuation of dwellings and useful life of 50 years.
<b>Other Land and Buildings:</b>		
Garages	Yes	Depreciation charge based on estimated useful life of 15 years.
Waterfield Leisure Centre	Yes	Depreciation charge based on estimated useful life of 10 years.
Car Parks	No	Assets in this category consist mainly of non-depreciable land.
Phoenix House	Yes	Depreciation charge based on estimated useful life of 31 years.
Parkside	Yes	Depreciation charge based on estimated useful life of 38 years.
Cattle Market	Yes	Depreciation charge based on estimated useful life of 3-44 years.
Children's Centres	Yes	Depreciation charge based on estimated useful lives of 33 years.
Public Conveniences	Yes	Depreciation charge based on estimated useful lives of 4 years.
Melton Sports Village	Yes	Depreciation charge based on estimated useful life of 7 years.
Other Assets	Yes	Depreciation charge based on estimated useful lives of 12-36 years.
Vehicles, Plant Furniture and Equipment	Yes	Depreciation provided on basis of estimated useful life of between 1-22 years.
Community Assets	No	Assets in this category consist mainly of non depreciable land.
<b>Infrastructure Assets:</b>		
Cemetery – Land Drainage	Yes	Depreciation charge based on estimated useful life of 51 years.
Bus Shelters	Yes	Depreciation provided on basis of estimated useful life of 0 years.
<b>Investment Assets:</b>		
Industrial Estates	No	
<b>Surplus Assets</b>		
7 King street	yes	Depreciation charge based on estimated useful life of 25 years.
Land at Cattle Market	No	
Assets Under Construction	No	Assets held in this category are not yet available for use.
Assets Held For Sale	No	Assets held in this category are outside the scope for depreciation in accordance with the Code.

### 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 re-valued 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 been recognised had they not been classified as 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 to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (for example, 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 £10k are categorised as capital receipts. A proportion of receipts relating to housing (Right to Buy) disposals (net of statutory deductions and allowances) is payable to the Government. The balance of receipts remains within the Capital Receipts Reserve, and can then be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current 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.

## **m) Leases**

### **The authority as lessee**

The council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an individual asset, through rights to both obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

#### **Initial measurement**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

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

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

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

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

#### **Subsequent measurement**

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

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

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

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

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

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

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

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

As permitted by the code, the council excludes leases:

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

### **Lease expenditure**

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

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

### **The Authority as Lessor**

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

### **Finance leases**

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

Lease rentals receivables are apportioned between:

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

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

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

## **Operating Leases**

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

## **n) Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provisions are made where an event has taken place on or before the Balance Sheet date:

- That gives the Council a present obligation,
- That probably requires settlement by a transfer of economic benefits or service potential, and
- Where a reliable estimate can be made of the amount of the obligation.

Where it is not clear whether an event has taken place on or before the Balance Sheet date, it is deemed to give rise to a present obligation if, taking account of all available evidence, it is more likely than not that a present obligation exists at the Balance Sheet date. The present obligation can be legal or constructive.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council has an 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.

The main provisions held by the Council are:-

- Provision for Appeals (Business Rate Retention Scheme – Collection Fund).
- Provision for Employee termination Benefits (General Fund).

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 (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is certain that reimbursement will be received if the Council settles the obligation.

### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Council 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 Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

### **Contingent Assets**

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

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## **n) Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to count 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 so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies. Other reserves are maintained for specific purposes – these reserves are explained under the Earmarked Reserves note.

The following other reserves are maintained:-

- **HRA Working Balance** – amounts are set aside from the Housing Revenue Account (HRA) representing reserves held as a working balance for contingency purposes, and can be used to fund expenditure of a revenue and capital nature on the Council's housing stock.
- **General Expenses and Special Expenses (Melton Mowbray) Working Balances** – these represent reserves held as a working balance for contingency purposes (e.g. for emergencies) and the appropriate level is reviewed annually as part of the budget setting process.
- **Capital Receipts Reserve** – income received from the sale of assets and may be used to repay loan debt or to finance new capital expenditure.
- **Capital Contributions Unapplied** – this represents amounts received from third parties for the financing of capital expenditure but not yet applied.
- **Major Repairs Reserve** – this represents amounts set aside as depreciation from the HRA to finance capital expenditure to alleviate housing repairs problems.

### **o) Revenue Expenditure Funded from Capital under Statute**

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 Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

### **p) Value Added Tax (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.

### **q) Special Expenses**

This statement of accounts refers at times to Special Expenses. Section 35(1) of the Local Government Finance Act 1992 defines special expenses as any expenses incurred by a billing authority in performing in a part of its area a function performed elsewhere in its area by a parish or community council or the chairman of a parish meeting unless a resolution of the authority to the contrary effect is in force. The Council has a Special Expenses Policy in place which outlines how and what we will treat and account for as a Special Expenses.

### **r) Fair Value Measurement on Non-Financial Assets**

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

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

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

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

The Council uses 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 assets and liabilities for which fair value is measured or disclosed in the council's financial statements are categorised within the fair value hierarchy as follows:

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

## **40 Prior Period Adjustment and Change in Accounting Policies**

### **Prior Period Adjustment**

Following the introduction of IFRS16 at 1 April 2024 it was found that the vehicles used on our waste management contract should have been treated as leases under IFRIC4. While the change to IFRS16 does not require prior period adjustments under the Code of Practice, the error in the treatment of these vehicles does.

The following table identifies the relevant changes to the Council's Balance Sheet as at 31 March 2024:

Item	As Previously Stated 31 March 2024	Restatement £'000	As Restated 31 March 2024	Restated Opening Balance 1 April 2023 £'000
	£'000		£'000	£'000
Property Plant & Equipment	166,546	954	167,500	158,478
<b>Long term Assets</b>	<b>171,280</b>	<b>954</b>	<b>172,234</b>	<b>163,371</b>
Short Term payables	3,477	192	3,669	5,532
<b>Current Liabilities</b>	<b>3,931</b>	<b>192</b>	<b>4,123</b>	<b>5,970</b>
Other Long Term Liabilities	6,100	889	6,989	3,301
<b>Long Term Liabilities</b>	<b>38,710</b>	<b>889</b>	<b>39,599</b>	<b>35,377</b>
<b>Net Assets</b>	<b>149,852</b>	<b>-127</b>	<b>149,725</b>	<b>144,746</b>
Unusable Reserves	131,229	-127	131,102	124,874
<b>Total Reserves</b>	<b>149,852</b>	<b>-127</b>	<b>149,725</b>	<b>144,746</b>

The following table identifies the relevant changes to the Council's Comprehensive Income and Expenditure Statement for 2023-24:

	As Previously Stated 31 March 2024		Restatement		As Restated 31 March 2024	
	Gross Expenditure £'000	Net Expenditure £'000	Gross Expenditure £'000	Net Expenditure £'000	Gross Expenditure £'000	Net Expenditure £'000
Item						
General Expenses – Place Priority	6,548	4,168	-40	-40	6,508	4,128
<b>Net Cost of Services</b>	<b>29,252</b>	<b>6,526</b>	<b>-40</b>	<b>-40</b>	<b>29,212</b>	<b>6,486</b>
Financing & Investment Income & Expenditure		171		46		217
<b>Surplus(-)/Deficit on the provision of services</b>		<b>-971</b>		<b>6</b>		<b>-965</b>
<b>Total Comprehensive Income &amp; Expenditure</b>		<b>-4,985</b>		<b>6</b>		<b>-4,979</b>

The following table identifies the relevant changes to the Council's Movement in Reserves Statement for 2023-24:

	Balance at 31 March 2023	Total Comprehensive Income & Expenditure	Adjustments between Accounting Basis and Funding Under Regulation	Increase/Decrease(-) in year	Balance at 31 March 2024
					£'000
<b>Previously Stated 31 March 2024</b>					
General Fund Balance	7,341	1,430	-990	440	7,781
Total Usable Reserves	19,872	971	-2,220	-1,249	18,623
Unusable Reserves	124,995	4,014	2,220	6,234	131,229
Total Reserves	144,867	4,985	0	4,985	149,852
<b>Restatement</b>					
General Fund Balance	0	-6	6	0	0
Total Usable Reserves	0	-6	6	0	0
Unusable Reserves	-121	0	-6	-6	-127
Total Reserves	-121	-6	0	-6	-127
<b>As Restated 31 March 2024</b>					
General Fund Balance	7,341	1,424	-984	440	7,781
Total Usable Reserves	19,872	965	-2,214	-1,249	18,623
Unusable Reserves	124,874	4,014	2,214	6,228	131,102
Total Reserves	144,746	4,979	0	4,979	149,725

The following table identifies the relevant changes to the Council's cashflow Statement and relevant note:

	Previously Stated at 31 March 2024	As Restated 31 March 2024	
		Restatement	£'000
Net Surplus/Deficit(-) on the provision of Services	971	-6	965
Adjustments to the net deficit(-)/Surplus on the provision of services for non cash movements	1,988	6	1,994

Note 35 – Cashflow Statement – Operating Activities:

	Previously Stated at 31 March 2024	As Restated 31 March 2024	
		Restatement	£'000
Interest Paid	1,214	46	1,260
Depreciation	3,357	6	3,363

The following table identifies the relevant changes to the Council's Expenditure and Funding Analysis – Note 1 2023-24

	General Expenses Place Priority	Net Cost of Services	Other Income & Expenditure	Surplus(-)/Deficit
	£'000	£'000	£'000	£'000
Previously Stated at 31 March 2024				
Adjustments between the Funding and Accounting Basis	-203	479	-2,318	-1,839
Net Expenditure in the CIES	4,168	6,526	-7,497	-971
Restatement				
Adjustments between the Funding and Accounting Basis	-40	-40	46	6
Net Expenditure in the CIES	-40	-40	46	6
As Restated 31 March 2024				
Adjustments between the Funding and Accounting Basis	-243	439	-2,272	-1,833
Net Expenditure in the CIES	4,128	6,486	-7,451	-965

The following table identifies the relevant changes to the Council's Note to the Expenditure and Funding Analysis – Note 2 2023-24

	General Expenses Place Priority	Net Cost of Services	Other Income & Expenditure from the Expenditure & Funding Analysis	Difference between General Fund Surplus/Deficit and CIES Surplus/Deficit on the Provision of services
	£'000	£'000	£'000	£'000
Previously Stated at 31 March 2024				
Adjustments for Capital Purposes	-57	1,070	444	1,514
Total Statutory Adjustments	-203	479	-2,318	-1,839
Restatement				
Adjustments for Capital Purposes	-40	-40	46	6
Total Statutory Adjustments	-40	-40	46	6
As Restated 31 March 2024				
Adjustments for Capital Purposes	-97	1,030	490	1,520
Total Statutory Adjustments	-243	439	-2,272	-1,833

The following table identifies the relevant changes to the Council's Expenditure and Income Analysed by Nature – Note 4 2023-24

	Previously Stated at 31 March 2024	Restatement	As Restated 31 March 2024
	£'000		£'000
			£'000
Depreciation, Amortisation, Revaluation & Impairment	3,322	-40	3,282
Interest Payments	1,214	46	1,260
<b>Total Expenditure</b>	<b>31,754</b>	<b>6</b>	<b>31,760</b>
Surplus(-)/Deficit on the Provision of Services	-971	6	-965

The following table identifies the relevant changes to the Council's Financing and Investing Income and Expenditure – Note 6 2023-24

	Previously Stated at 31 March 2024	Restatement	As Restated 31 March 2024
	£'000		£'000
			£'000
Interest Payable	1,214	46	1,260
<b>Total</b>	<b>171</b>	<b>46</b>	<b>217</b>

The following table identifies the relevant changes to the Council's Adjustments Between Accounting Basis and Funding Basis Under Regulations – Note 15 2023-24

	General Fund Balance £'000	
Previously Stated at 31 March 2024		
Provision of Services in relation to non-current assets (charged to the Capital Adjustment Account)	1,422	
<b>Total Adjustments to Revenue Resources</b>	<b>526</b>	
Capital Expenditure financed from Revenue balances (transfer to the Capital Adjustment Account)	-267	
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>240</b>	
<b>Total Adjustments</b>	<b>-990</b>	
Restatement		
Provision of Services in relation to non-current assets (charged to the Capital Adjustment Account)	173	
<b>Total Adjustments to Revenue Resources</b>	<b>173</b>	
Capital Expenditure financed from Revenue balances (transfer to the Capital Adjustment Account)	-167	
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>-167</b>	
<b>Total Adjustments</b>	<b>6</b>	
As Restated 31 March 2024		
Provision of Services in relation to non-current assets (charged to the Capital Adjustment Account)	1,595	
<b>Total Adjustments to Revenue Resources</b>	<b>699</b>	
Capital Expenditure financed from Revenue balances (transfer to the Capital Adjustment Account)	-434	
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>73</b>	
<b>Total Adjustments</b>	<b>-984</b>	

The following table identifies the relevant changes to the Council's Unusable Reserves Note 17 for 2023-24 – Capital Adjustment Account

Item	As Previously Stated 31 March 2024	Restatement £'000	As Restated 31 March 2024	Restated Opening Balance 1 April 2023 £'000
	£'000		£'000	£'000
Balance at 31 March Bfwd	82,280	-121	-82,159	80,867
Charges for Depreciation and Non-current assets	-3,357	-173	-3,530	3,242
Net written out amount of the cost of non-current assets consumed in the year	-3,161	-173	-3,334	3,190
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	11	167	178	169
Balance at 31 March Cfwd	84,349	-127	84,222	82,159
Total Unusable Reserves	131,229	-127	131,102	124,874

The following 2 tables identify the relevant changes to the Council's Financial Instruments – Note 22

#### Categories of financial assets and financial liabilities

	Previously Stated at 31 March 2024	Restatement £'000	As Restated 31 March 2024 £'000	
	£'000		£'000	
<b>Other Long term Liabilities</b>				
<b>Non-Current</b>				
At Amortised Costs	0	889	889	
At fair value through profit and loss	44	0	44	
<b>Total Other Long term liabilities</b>	<b>0</b>	<b>889</b>	<b>889</b>	
<b>Current</b>				
At Amortised Costs	0	192	192	
At fair value through profit and loss	0	0	0	
<b>Total Other Long term liabilities</b>	<b>0</b>	<b>192</b>	<b>192</b>	

#### Income, Expense, Gains and Losses

	Previously Stated at 31 March 2024	Restatement £'000	As Restated 31 March 2024 £'000
	£'000		£'000
<b>Total Interest Expense</b>	<b>1,168</b>	<b>46</b>	<b>1,214</b>

#### Change in Accounting Policies

##### IFRS16 Leasing

The Council has applied IFRS16 as at 1 April 2024 as adopted by the CIPFA Code of Accounting Practice. The main impact of the new requirements is that arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought onto the balance sheet as at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS16 had always applied, but recognised in 2024-25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the authority's incremental borrowing rate at that date
- The weighted average of the incremental borrowing rates used to discount liabilities was 4.88%
- Right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- All leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review.

This has resulted in the following additions to the balance sheet:

- £957k property, plant and equipment right of use assets (£47k community assets, £910k vehicles and equipment)
- £744k non-current creditors (lease liabilities)
- £213k current creditors (lease liabilities)

## **41 Critical Judgements In Applying Accounting Policies**

In applying the accounting policies set out in note 39, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the Council's assets might be further impaired as a result of a need to close facilities and reduce levels of service provision.

## **42 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, the nature of estimation means that actual outcomes could be materially different from the assumptions and estimates.

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

Item	Uncertainties	Effect if actual results differ from assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.  It is estimated that the annual depreciation charge for buildings on the General Fund would increase by £49k for every year that useful lives had to be reduced.
Pensions Liability	Estimation of the net liability to pay pensions depend on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions applied.	The effect on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in a decrease in the pension liability of £727k.

## 43 Events After the Reporting Period

The statement of accounts was authorised for issue by the Director for Corporate Services on 20 January 2026.

Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. These statements have been amended following the audit of the accounts.

During the audit of the accounts, a required reclassification of amounts between the HRA and the General Fund was highlighted for amendment in the Movement in Reserves Statement, regarding the items of Other Comprehensive Income and Expenditure in the HRA Account totalling £670k in 2024-25 and £26k in 2023-24. These items were reclassified from HRA to the General Fund on that statement as the Total Comprehensive Income and Expenditure to/from the Adjustments Between Accounting Basis and Funding under Regulation, as well as on that note 15. This is as per the correct accounting treatment in the Code.

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

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

2023-24			2024-25
£'000		£'000	£'000
	<b>Expenditure</b>		
4,348	Repairs and Maintenance	4,684	
2,446	Supervision and Management	2,202	
174	Rent, rates, taxes and other charges	200	
2,036	Depreciation, impairment and revaluation losses of non-current assets	2,268	
45	Debt Management Costs	76	
43	Movement in the allowance for bad debts	-61	
<b>9,092</b>	<b>Total Expenditure</b>		<b>9,369</b>
	<b>Income</b>		
7,872	Dwelling Rents	8,583	
96	Non-dwelling Rents	102	
870	Charges for services and facilities	753	
<b>8,838</b>	<b>Total Income</b>		<b>9,438</b>
<b>254</b>	<b>Net expenditure/ income (-) of HRA services as included in the whole authority Comprehensive Income and Expenditure Statement</b>		<b>-69</b>
192	HRA services share of Corporate and Democratic core	207	
13	HRA services share of Non-Distributed Costs	14	
<b>459</b>	<b>Net expenditure/ income (-) of HRA Services</b>		<b>152</b>
	<b>HRA Share of the operating income and expenditure included in the whole authority Comprehensive Income and Expenditure Statement:</b>		
-96	Gain on sale of HRA non-current assets	-36	
1,172	Interest Payable and similar charges	1,172	
-512	Interest and Investment Income	-444	
12	Net interest on the Net Defined Benefit Asset/Liability(-)	29	
-550	Capital Grants and Contributions	-51	
<b>485</b>	<b>Deficit/ Surplus(-) for the year on HRA Services</b>		<b>822</b>

## Statement of Movement on the HRA Balance

2023-24		2024-25
As restated		
£'000		£'000
<b>-750</b>	Balance on HRA at end of previous year	<b>-1,000</b>
485	Deficit/ surplus (-) for the year on the HRA Income and Expenditure Statement	822
823	Adjustments between accounting basis and funding basis under statute	-48
<b>1,308</b>	<b>Net decrease/increase (-) before transfers to/from reserves</b>	<b>774</b>
-1,558	Transfers from(-)/to earmarked reserves	-774
<b>-250</b>	<b>Increase(-)/Decrease in the year on the HRA</b>	<b>0</b>
<b>-1,000</b>	<b>Balance on the HRA at end of current year</b>	<b>-1,000</b>

Restatement to the Movement on the HRA Balance and accompanying notes follow the code and ensure the consistency of the statement to the Councils total Movement in Reserves Statement and note 15.

## Note to the Movement on the HRA Statement

2023-24 As restated		2024-25
£'000		£'000
<b>Adjustments between Accounting basis and funding basis under statute</b>		
1	Accumulated Absences accrual	-3
96	Gain/Loss (-) on sale of non-current assets	36
80	HRA Share of contributions to/from the Pensions Reserve	94
915	Capital Expenditure Funded by the HRA	301
-2,037	Depreciation, Amortisation & Revaluation	-2,268
1,768	Depreciation Transfer to Major Repairs Reserve	1,792
<b>823</b>		<b>-48</b>
<b>Transfers to/from (-) Reserves</b>		
0	Transfer to Major Repairs Reserve	0
-365	Transfer from Capital Adjustment Account	-250
-1,193	Transfers to other Reserves	-524
<b>-1,558</b>		<b>-774</b>

## Notes to the HRA Financial Statements

The Housing Revenue Account reflects a statutory obligation to maintain a revenue account for local authority housing provision in accordance with part 6 of the Local Government and Housing Act 1989. The Act sets the framework for “ring fencing” the Housing Revenue Account (HRA). The account has to be self financing and there is a legal prohibition on cross subsidy to or from the General Fund.

### 1 Number of Dwellings

2023-24		2024-25
Dwellings		Dwellings
<b>1,788</b>	<b>At 1 April</b>	<b>1,787</b>
7	Sold during year	4
0	Converted in year	0
6	Purchased/Built in year	2
<b>1,787</b>	<b>At 31 March</b>	<b>1,785</b>

### 2 Type of Dwelling

2023-24		2024-25
Dwellings	At 1 April	Dwellings
788	Houses	787
287	Bungalows	287
712	Flats and maisonettes	711
<b>1,787</b>	<b>At 31 March</b>	<b>1,785</b>

### 3 Movement in Fixed Assets

	Operational assets					Non-Operational Assets	Total
	Dwellings	Other land and buildings	Vehicles, Plant, Furniture and Equipment	Community Assets	Surplus assets not held for sale		
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Net book value 31 March 2024</b>	<b>118,725</b>	<b>2,072</b>	<b>157</b>	<b>15</b>	<b>2</b>	<b>0</b>	<b>120,971</b>
Revaluation Adjustment	0	0	0	0	0	0	0
<b>Net Book Value 1 April 2024</b>	<b>118,725</b>	<b>2,072</b>	<b>157</b>	<b>15</b>	<b>2</b>	<b>0</b>	<b>120,971</b>
<b>Movement in 2024-25</b>							
Spending in Year	3,128	43	0	0	0	0	3,171
Disposals	-302	0	0	0	0	0	-302
Reclassification	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Revaluation increase/decrease recognised in the Revaluation Reserve	2,067	102	4	0	0	0	2,173
Revaluation increase/decrease recognised in the surplus/deficit on the provision of services	-532	50	6	0	0	0	-476
Depreciation / Amortisation	-1,662	-67	-29	0	0	0	-1,758
<b>Net book value at 31 March 2025</b>	<b>121,424</b>	<b>2,200</b>	<b>138</b>	<b>15</b>	<b>2</b>	<b>0</b>	<b>123,779</b>

Housing properties were valued on the basis of 'Existing use value – Social Housing'. Depreciation for operational and non operational assets has been calculated using estimated useful lives following assessment by the valuer. During 2024-25 the valuer has altered the property values in the HRA reflecting the current condition of the housing market.

4 properties were sold in the year under Right to Buy. In the Right to Buy situation the Council is constrained by law from selling the dwellings at their market value, the fair comparison is between the sale proceeds and the value subject to the statutory constraint, which results in no gains or losses.

#### 4 Intangible Assets

	2023-24	2024-25
	£'000	£'000
<b>Net carrying amount at year start</b>	<b>107</b>	<b>73</b>
Additions:		
Purchases	0	0
Transfer from VPE	0	0
Disposals	0	0
Amortisation in period	-34	-34
Amortisation De-recognition- Disposals	0	0
<b>Net Carrying Amount at year end</b>	<b>73</b>	<b>39</b>

#### 5 Vacant Possession Value of Dwellings

The vacant possession value of dwellings within the HRA at 1 April 2024 was £282m and at 31 March 2025 had increased to £290m.

#### 6 Economic Cost of Providing Council Housing

The valuation at 1 April 2024 of £119m and at 31 March 2025 of £121m is lower than the vacant possession value on the open market of £282m and £290m respectively.

The difference between the vacant possession value of dwellings and the opening balance sheet value within the HRA represents the economic cost to the Council of providing council housing at less than open market rents.

The adjustment factor for the economic cost of providing Council Housing for the East Midlands of 42% has been used as noted in the latest Department of Communities and Local Government's Guidance on Stock Valuations as available at the time the accounts were closed.

#### 7 Impairments

An impairment is a reduction in the value of a non-current asset due to revaluation, deterioration or any reduction in the carrying value of the non-current asset. No impairment losses were identified in 2024-25.

#### 8 Capital Expenditure:

##### Financing of Capital Expenditure

2023-24		2024-25
£'000		£'000
3,618	Dwellings	2,975
0	Other Land and Buildings	108
28	Vehicles, Plant and Equipment	88
<b>3,646</b>		<b>3,171</b>
1,140	Capital Receipts Reserve	932
0	HRA Working Balance	0
1,577	Major Repairs Reserve	1,938
365	Development and Regeneration Reserve	250
205	Grant	50
14	Released from Capital Contributions Unapplied	0
345	Contribution from Third Party	1
<b>3,646</b>		<b>3,171</b>

## Summary of Capital Expenditure

2023-24		2024-25
£'000		£'000
222	Aids and Adaptations	363
112	Major Void Repairs	116
256	Communal Refurbishment	278
211	Replacement Heating Systems	291
4	Re-roofing	0
362	Windows and Doors replacement	179
634	New Kitchens and Bathrooms	995
109	Rewiring	58
1,120	New Build/Affordable Housing Projects	549
361	Fire Safety and Health and Safety related Works	127
149	Capitalisation of salaries	177
78	Fire damaged property	-4
28	Scooter Pods	0
0	Garage Improvements	42
<b>3,646</b>		<b>3,171</b>

## 9 Total Capital Receipts from Disposal of HRA Assets

The total capital receipts before pooling of capital receipts to the Ministry for Housing, Communities and Local Government (MHCLG) is as follows:

2023-24		2024-25
£'000		£'000
570	Dwellings	320
0	Land	4
0	Discount Repaid	20
<b>570</b>		<b>344</b>

## 10 Depreciation

Depreciation is referred to in detail in note 39 (l) of the accounting policies section and in note 3 to the HRA. In 2024-25 £1,758k depreciation has been charged to the HRA (£1,682k 2023-24).

## 11 Assets Held for Sale

31 March 2024		31 March 2025
£'000		£'000
<b>0</b>	<b>Balance outstanding at start of year</b>	<b>0</b>
<b>Assets newly classified as held for sale:</b>		
0	Property, Plant and Equipment	0
0	Revaluation Gains/Losses	120
<b>Assets declassified as held for sale:</b>		
0	Property, Plant and Equipment	0
0	Assets Sold	0
<b>0</b>	<b>Balance outstanding at year end</b>	<b>120</b>

## 12 HRA Reserves

### Major Repairs Reserve

2023-24		2024-25
£'000		£'000
<b>3,319</b>	<b>Balance brought forward 1 April</b>	<b>3,509</b>
1,682	Cash backed Depreciation from the HRA	1,792
0	Decent Homes Funding	0
-1,577	Capital Expenditure – Dwellings	-1,938
0	Contribution to previous year Capital Expenditure	0
0	Repayment of Borrowing Principal	0
85	Transfer from the HRA	0
<b>3,509</b>	<b>Balance carried forward 31 March</b>	<b>3,363</b>

### Development and Regeneration Reserve

The Development and Regeneration Reserve was set up as a result of the HRA self Financing.

2023-24		2024-25
£'000		£'000
<b>4,157</b>	<b>Balance brought forward 1 April</b>	<b>2,601</b>
19	Transfer from the HRA	41
-1,210	Transfer to the HRA	-559
-365	Capital Expenditure – Development and Regeneration	-250
<b>2,601</b>	<b>Balance carried forward 31 March</b>	<b>1,833</b>

## 13 Retirement Benefits

The Council recognises the cost of retirement benefits in the net cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Statement of Movement in the General Fund Balance. The following transactions have been made in the Income and Expenditure Account and Statement of Movement in the HRA balance during the year:

Income and Expenditure Account	2023-24	2024-25
	£'000	£'000
Service Cost:		
Current Service Cost	211	201
Net Interest:		
Interest Cost on defined benefit obligation	274	287
Interest Income on plan assets	-211	-201
<b>Total Defined Benefit Cost recognised in Income and Expenditure Account</b>	<b>274</b>	<b>287</b>
Statement of Movement on the HRA Balance:		
Reversal of Net Charges made for retirement benefits in accordance with IAS 19	-274	-287
Actual amount charged against the HRA for the pensions in the year:		
Employers Contributions Payable to the Scheme	303	324

## 14 Rent Arrears

At 31 March 2025 rent arrears (including ancillary services) as a proportion of gross rent debit were 7.28% (31 March 2024 – 10.56%). The total arrears figures are as follows:

2023-24		2024-25
£'000		£'000
<b>Arrears at 31 March:</b>		
607	Current Tenants	430
311	Former Tenants	262
<b>918</b>		<b>692</b>

The HRA does not collect any amounts from other agencies.

## 15 Doubtful Debts Provision of Uncollectable Debts

2023-24		2024-25
£'000		£'000
663	Housing Rents, Fees and Charges	466
17	Sundry Receivables	14
<b>680</b>		<b>480</b>

During the year £142k (2023-24 £126k) was written off against the provision for doubtful debts for housing rents.

## Collection Fund Statement

The Collection Fund is an Agents statement that reflects the statutory obligation for billing authorities to maintain a separate collection fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-domestic rates.

2023-24	2023-24	2023-24		2024-25	2024-25	2024-25
Council Tax	Non-Domestic Rates	Total		Council Tax	Non-Domestic Rates	Total
£'000	£'000	£'000		£'000	£'000	£'000
<b>Amounts Required by statute to be credited to the Collection Fund:</b>						
42,708		42,708	Council Tax	45,680		45,680
0		0	Transfers from the General Fund - Council Tax Benefits	0		0
13,715	13,715	13,715	Non-domestic rates		13,912	13,912
847	847	847	Transitional protection payments - non-domestic rates		192	192
2,694	2,694	2,694	Contribution towards previous year's collection fund deficit		830	830
<b>Amounts Required by statute to be debited to the Collection Fund:</b>						
Precepts and demands from major preceptors - Council Tax:						
30,049		30,049	Leicestershire County Council	32,209		32,209
4,398		4,398	Melton Borough Council	4,616		4,616
5,382		5,382	Police and Crime Commissioner for Leicestershire	5,756		5,756
1,562		1,562	Combined Fire Authority	1,642		1,642
770		770	Parish Councils	851		851
Shares of Non-domestic rating income to major preceptors:						
1,277	1,277	1,277	Leicestershire County Council		1,380	1,380
5,675	5,675	5,675	Melton Borough Council		6,132	6,132
142	142	142	Combined Fire Authority		153	153
7,094	7,094	7,094	Payment with respect to central share		7,664	7,664
0	0	0	Transitional protection payments receivable		0	0
0	0	0	Distribution of previous year's estimate surplus		0	0
Disregarded Amounts:						
286	286	286	Renewable Energy		335	335
Impairments of Debts/appeals:						
101		101	Distribution of previous year's estimate surplus	371		371
127		127	Write-offs or uncollectable amounts	146		146
72	134	206	Allowance for impairment	111	30	141
	63	63	Charge to General Fund for allowable collection costs for non-domestic rates		63	63
	564	564	Other transfers to collection fund in accordance with non-domestic rates regulations		903	903
	-770	-770	Change in Provision		-634	-634
	10	10	Interest on refunds		9	9
<b>-247</b>	<b>-2,781</b>	<b>-3,028</b>	<b>Movement on Fund Balance</b>	<b>22</b>	<b>1,101</b>	<b>1,123</b>
<b>162</b>	<b>3,147</b>	<b>3,309</b>	<b>Opening Fund Balance</b>	<b>-85</b>	<b>366</b>	<b>281</b>
<b>-85</b>	<b>366</b>	<b>281</b>	<b>Closing Fund Balance</b>	<b>-63</b>	<b>1,467</b>	<b>1,404</b>

## Bad Debt Provision – Summary (Memorandum)

	Balance 31 March 2024	Write-offs	Increased Provision	Reduced Provision	Balance 31 March 2025
	£'000	£'000	£'000	£'000	£'000
Business Rates	246	195	30	0	81
Council Tax	793	146	257	0	904
	<b>1,039</b>	<b>341</b>	<b>287</b>	<b>0</b>	<b>985</b>

## Notes to Collection Fund Statement

### 1 Council Tax Base

Band	Range of Values	Number of Properties (Valuation List March 2024)	Council Tax Base Band D Equivalents*
<A	Adapted for disabled use		3
A	Up to £40,000	3,676	1,665
B	Over £40,000 and up to £52,000	7,685	4,803
C	Over £52,000 and up to £68,000	4,022	3,102
D	Over £68,000 and up to £88,000	3,945	3,572
E	Over £88,000 and up to £120,000	2,626	2,993
F	Over £120,000 and up to £160,000	1,618	2,206
G	Over £160,000 and up to £320,000	1,034	1,606
H	Over £320,000	90	160
<b>Total</b>		<b>24,696</b>	<b>20,110</b>

\* Used for the purpose of setting the Council Tax for 2024-25

### 2 Non Domestic Rates

Non Domestic Rateable Value as at	31 March 2024	31 March 2025
	£43,773,016	£43,316,742
Rate Multiplier for	2023-24	2024-25
Small business Non-domestic rating multiplier	49.9	49.9
Non-Domestic rating multiplier	51.2	54.6

### 3 Collection Fund Arrears

2023-24			2024-25	
£'000	£'000		£'000	£'000
1,100		Business Ratepayers	845	
-246		Provision for Bad Debts	-81	
	854			764
2,877		Council Taxpayers	3,367	
-793		Provision for Bad Debts	-903	
	2,084			2,464
	<b>2,938</b>			<b>3,228</b>

### 4 Collection Rate

The assumed collection rate for the calculation of the Council Tax Base in 2024-25 was 99.1% (2023-24 99.1%).

## **Glossary of Financial Terms**

This section explains the technical terms that have been used throughout this document.

### **Accumulated Absences Account**

This account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

### **Accruals**

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

### **Actuarial Gains and Losses**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or
- b) the actuarial assumptions have changed

### **Actuary**

An expert on rates of death and insurance statistics, who assesses whether our pension fund is adequate.

### **Amortisation**

A reduction in the value of an intangible asset over time, due to wear and tear.

### **Balance Sheet**

A statement of all our assets, liabilities and balances at the end date of the financial year.

### **Business Rates Retention Scheme**

Whereby the Council retains a proportion of the business rates it collects, allowing an incentive to Councils to encourage growth.

### **Capital Adjustment Account**

This 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.

### **Capital Expenditure**

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

### **Capital Receipt**

Income from selling assets that have a long-term value and may be used to repay loan debt or to finance new capital expenditure.

### **Cash Equivalents**

These 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-Flow Statement**

This is a statement which shows the changes in our cash and bank balances since we prepared the previous year's accounts. It also shows the changes in our other assets, liabilities and other accounts in our balance sheet.

**Collection Fund**

A fund we use to show what happens to council tax and business rate retention scheme income.

**Collection Fund Adjustment Account**

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

**Community Assets**

Assets we do not plan to sell and which have no definite useful life. Examples of community assets are parks and historic buildings which do not qualify as heritage assets.

**Comprehensive Income and Expenditure Statement**

The account which reports the income and spending on our services.

**Contingency**

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non-occurrence of one or more uncertain future events.

**Contingent Asset**

Money that may be owed to us, but we cannot be certain of the exact amount.

**Contingent Liability**

Money that we may owe, but we cannot be certain of the exact amount.

**Corporate and Democratic Core**

The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected, multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same activities. There is therefore no logical basis for apportioning these costs to services.

**Current Assets**

These are the short-term assets we have at the date of our Balance Sheet, which we can use in the following year.

**Current Liabilities**

These are the short-term liabilities we owe at the date of our Balance Sheet, which we will pay in the following year.

**Current Service Cost (Pensions)**

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

**Curtailment**

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- a) termination of employees' services earlier than expected, e.g. as a result of discontinuing a service.
- b) termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

**Deferred Contributions**

Amounts paid to us for future activities.

**Defined Benefit Scheme**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investment of the scheme. The scheme may be funded or unfunded (including notionally funded).

**De Minimis**

This term relates to items not recognised on the Balance Sheet in accordance with the concept of materiality.

**Depreciation**

The measure of the wearing out, consumption, or other reduction in the useful life of a non-current asset, whether arising from use, passage of time or obsolescence through technological or other changes.

**Discretionary benefits**

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the authority's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996.

**Earmarked Reserves**

Money we set aside for a specific purpose.

**Expected Rate of Return on Pension Assets**

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

**Expenditure and Funding Analysis**

Statement showing expenditure is used and funded from resources in comparison to that used in accordance with generally accepted accounting practices.

**Fair Value**

This 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.

**Financial Instruments**

These can be defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Instruments Adjustment Account**

This account absorbs the timing differences arising from different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

**Financial Instruments Revaluation Reserve**

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments, that are measured at fair value through other operating expenditure.

**General Fund**

This is the main revenue fund of the Council. Precept income, NNDR income and government grants are paid into the fund, from which the cost of providing services is met.

**Gross Spending**

The total cost of providing a service.

## **Heritage Assets**

A tangible heritage asset is a tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

## **Impairment**

A loss in the value of a non-current asset, arising from physical damage such as a major fire or a significant reduction in market value.

## **Infrastructure Assets**

These are assets that only have a nominal value as we cannot sell them, e.g. roads, bridges, lighting, etc.

## **Intangible Asset**

Non-current assets that do not have physical substance but are identifiable and are controlled by the Authority through custody or legal rights (e.g. purchased software licences).

## **Interest Cost (Pensions)**

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

## **Investment Properties**

Interest in land/or buildings:

- a) in respect of which construction work and development have been completed; and
- b) which is held for its investment potential, any rental income being negotiated at arm's length.

## **IFRS (International Financial Reporting Standards)**

These are accounting standards adopted by the European Union and the basis on which these accounts are prepared.

## **Leasing**

A method of financing the acquisition of assets, notably equipment, vehicles, plant, etc.

There are two forms of lease:

- a) a finance lease involves payment by the lessee (the user) of the full cost of the asset together with a return on the finance provided by the lessor, usually payable over the anticipated life of the asset.
- b) an operating lease involves the payment of a rental by a lessee for a period, which is normally less than the useful economic life of the asset.

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

This is the fund that pays and manages the pensions of our staff.

## **Liabilities**

These are our debts and responsibilities.

## **Long Term Borrowing**

This relates to loans raised to finance capital spending which have still to be repaid.

## **Minimum Revenue Provision (MRP)**

This is the amount we have to set aside, out of our revenue, to repay loans.

## **Movement in Reserves Statement**

A reconciliation showing how the balance of resources generated/consumed in the year links in with statutory requirements for raising Council Tax.

**National Non-Domestic Rates (NNDR)**

This is a charge, which all businesses must pay for their premises. It is worked out by multiplying a property's rateable value by a nationally set multiplier. National Non-Domestic Rates are now partially retained by the Council under the new business rates retention scheme.

**Net Book Value**

The amount at which non-current assets are included in the Balance Sheet, for example, their historical cost or current value less the cumulative amounts provided for depreciation.

**Net Current Replacement Cost**

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, for example, the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

**Net Realisable Value**

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

**Net Spending**

The cost of providing a service after we have taken into account income from government grants and fees and charges.

**Nominal Value**

Where an asset cannot be sold, it is given a very low value in the Balance Sheet to recognise that it has no resale value.

**Non-Current Assets**

Property, plant and equipment assets which are carried on the Balance Sheet.

**Non-Distributed Costs**

We must make an extra payment to Leicestershire County Council to maintain the value of the pension fund. Under the accounting rules, we do not get this cost back from our services.

**Non-Operational Assets**

Assets held by the Authority but not directly used for the provision of services, e.g. assets surplus to requirements, commercial properties and assets under construction.

**Operational Assets**

Assets that we use in our day-to-day activities for delivering our services to the public, e.g. the Council offices.

**Parish Council**

An organisation delivering some services within the parish boundary, rather than across the borough as a whole.

**Past Service Cost**

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**Post Balance Sheet Events**

Those events, both favourable and unfavourable, which occur between the Balance Sheet date and the date on which the Statement of Accounts is authorised, by the responsible financial officer, for issue.

**Payables**

Money we owe for work, goods or services, which have not been paid for by the end of the financial year.

**Precept**

A demand made by Leicestershire County Council, Leicestershire Police Authority, Leicestershire Combined Fire and Rescue Authority and Parish Councils for money they want us to collect for them from the Council Tax.

**Prior Year Adjustment**

If we make an important change to the accounts for earlier years we call this a 'prior year adjustment'. We must show the reasons for any prior year adjustments in the year we make them.

**Projected Unit Method**

An accrued benefits valuation method, in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- a) the benefits for pensioners and deferred pensioners (for example, individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- b) the accrued benefits for members in service on the valuation date. The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not.

**Provision**

An amount set aside for any liabilities or losses of uncertain timing or amounts that have been incurred.

**Public Works Loan Board (PWLB)**

A government body from which local authorities may raise long term loans, usually at advantageous interest rates.

**Receivables**

Money that is owed to us, but it is not paid by the end of the financial year.

**Recharge**

The transfer of costs from one service to another.

**Reserve**

An amount set aside for purposes falling outside the definition of a provision.

**Restated**

We normally show the amounts that were in last year's accounts as the same figure, but where there is a change in the accountancy rules, we have to change last year's figure to meet the current rules.

**Revaluation Reserve**

This reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment.

**Revenue Expenditure**

Expenditure that the Council incurs on the day to day running costs of its services including salaries, running expenses of premises and vehicles as well as the annual payment of depreciation. The expenditure is financed from charges for services, government grants and income from council tax and the business rates retention scheme.

**Revenue Expenditure Funded from Capital under Statute**

Spending on assets that have a lasting value which we do not own e.g. grants to the community.

**Revenue Funding of Capital Expenditure**

The financing of capital expenditure by a direct contribution from the revenue budget.

### **Revenue Support Grant**

The main grant received by the Council from Central Government incorporating a number of non-specific grants. The calculation for our funding baseline includes the figures within the business rates retention scheme.

### **Right of Use (ROU) Asset**

An asset that represents a lessee's right to use a leased asset over the lease term. It is recognised on the balance sheet alongside a corresponding lease liability, reflecting the obligation to make future lease payments.

### **Settlement (Pensions)**

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to affect the settlement. Settlements include:

- a) a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- b) the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- c) the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

### **Specific Grants**

Grants paid by the government for a particular service e.g. Warm Homes Grant and Disabled Facilities Grant.

### **Surplus**

At the end of the year, if an account such as the Comprehensive Income and Expenditure Statement shows that we have received more income than we have spent, that account is known as being 'in surplus'.

### **Tangible Assets**

Assets we plan to own or use for more than one year.

### **Tax base**

The number of band D equivalent properties that we can charge our Council Tax on.

### **Termination Benefits**

These are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits. They are often lump-sum payments, but also include enhancement of retirement benefits; and salary until the end of a specified notice period if the employee renders no further service that provides economic benefits to the Council.

### **The Code**

The Code of Practice on Local Authority Accounting in the United Kingdom, which defines proper accounting practices for local authorities in the UK.

### **Trading Undertakings**

Part of our activities where the service could also be provided by others outside the Council.

### **Useful Life**

The period over which the Council will derive benefits from the use of a non current asset.

# Independent auditor's report to the members of Melton Borough Council

## Report on the audit of the financial statements

### Disclaimer of opinion

We were engaged to audit the financial statements of Melton Borough Council (the 'Authority') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement for the year ended 31 March 2025, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement, notes to the financial statements, including material accounting policy information, the Housing Revenue Account (HRA) Income and Expenditure Statement, the Statement of Movement on the HRA Balance, notes to the Movement on the HRA Statement, the related notes to the HRA Financial Statements, the Collection Fund Statement and the related notes to the Collection Fund Statement. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25.

We do not express an opinion on the accompanying financial statements of the Authority. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 ('the Regulations') require the Authority to publish audited financial statements for the year ended 31 March 2025 by 27 February 2026 ('the backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.

On 21 February 2025, we issued a disclaimer of opinion on the Authority's financial statements for the year ended 31 March 2024. We were not able to obtain sufficient appropriate audit evidence by 28 February 2025, the previous backstop date, over the Authority's opening balances, in-year movements in the net pension liability and property, plant and equipment, the closing balance of property, plant and equipment and the closing reserves balance reported in the financial statements for the year ended 31 March 2024. We were therefore unable to obtain sufficient appropriate evidence over the associated corresponding figures for the year ended 31 March 2025 for the same reason.

As a result of the limitations imposed by the backstop date, we have been unable to obtain sufficient appropriate audit evidence over the Authority's opening balances of property, plant and equipment and reserves reported in the financial statements for the year ended 31 March 2025. Consequently, we have been unable to satisfy ourselves over their in-year movements. Similarly, this has also resulted in uncertainty over the closing balance of property, plant and equipment of £176.168 million and reserves of £159.110 million as at 31 March 2025.

In addition, in our auditor's report for the year ended 31 March 2024, we reported that we were unable to confirm the accuracy of the inputs used in the 2023/24 valuations of other land and buildings, as the Authority were unable to provide up-to-date floor and site plans. Based on our audit procedures undertaken, the potential effect of this was an understatement of £4.4 million in the closing balance of property, plant and equipment as at 31 March 2024. Consequently, we were unable to determine whether there was any consequential effect on the opening balance and corresponding figures of property, plant and equipment reported in the financial statements for the year ended 31 March 2025.

We have concluded that the possible effect of these matters on the financial statements could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Authority to comply with the requirement of the Regulations to publish the financial statements for the year ended 31 March 2025 as soon as reasonably practicable thereafter.

### Other information we are required to report on by exception under the Code of Audit Practice

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

### Opinion on other matters required by the Code of Audit Practice

The Director for Corporate Services is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Authority's financial statements and our auditor's report thereon, the Annual Governance Statement and the Narrative Statement. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Authority gained through our work in relation to the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

## **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

## **Responsibilities of the Authority and the Director for Corporate Services**

As explained more fully in the Statement of Responsibilities for the Statement of Accounts 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 Director for Corporate Services. The Director for Corporate Services 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 2024-25, for being satisfied that they give a true and fair view, and for such internal control as the Director for Corporate Services determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Director for Corporate Services is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Authority without the transfer of its services to another public sector entity.

## **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Authority's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

## **Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matters described in the basis for disclaimer of opinion section of our report.

## **Report on other legal and regulatory requirements – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

### **Matter on which we are required to report by exception – the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in respect of the above matter.

## Responsibilities of the Authority

The Authority is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### **Auditor's responsibilities for the review of the Authority's arrangements for securing economy, efficiency and effectiveness in the Authority's use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to be satisfied that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Authority plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Authority ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Authority uses information about its costs and performance to improve the way it manages and delivers its services.

We have documented our understanding of the arrangements the Authority has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we have considered whether there is evidence to suggest that there are significant weaknesses in arrangements.

## **Report on other legal and regulatory requirements – Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate for Melton Borough for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

### **Use of our report**

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

*Helen Lillington*

Helen Lillington, Director

for and on behalf of Grant Thornton UK LLP, Local Auditor

Birmingham

22 January 2026