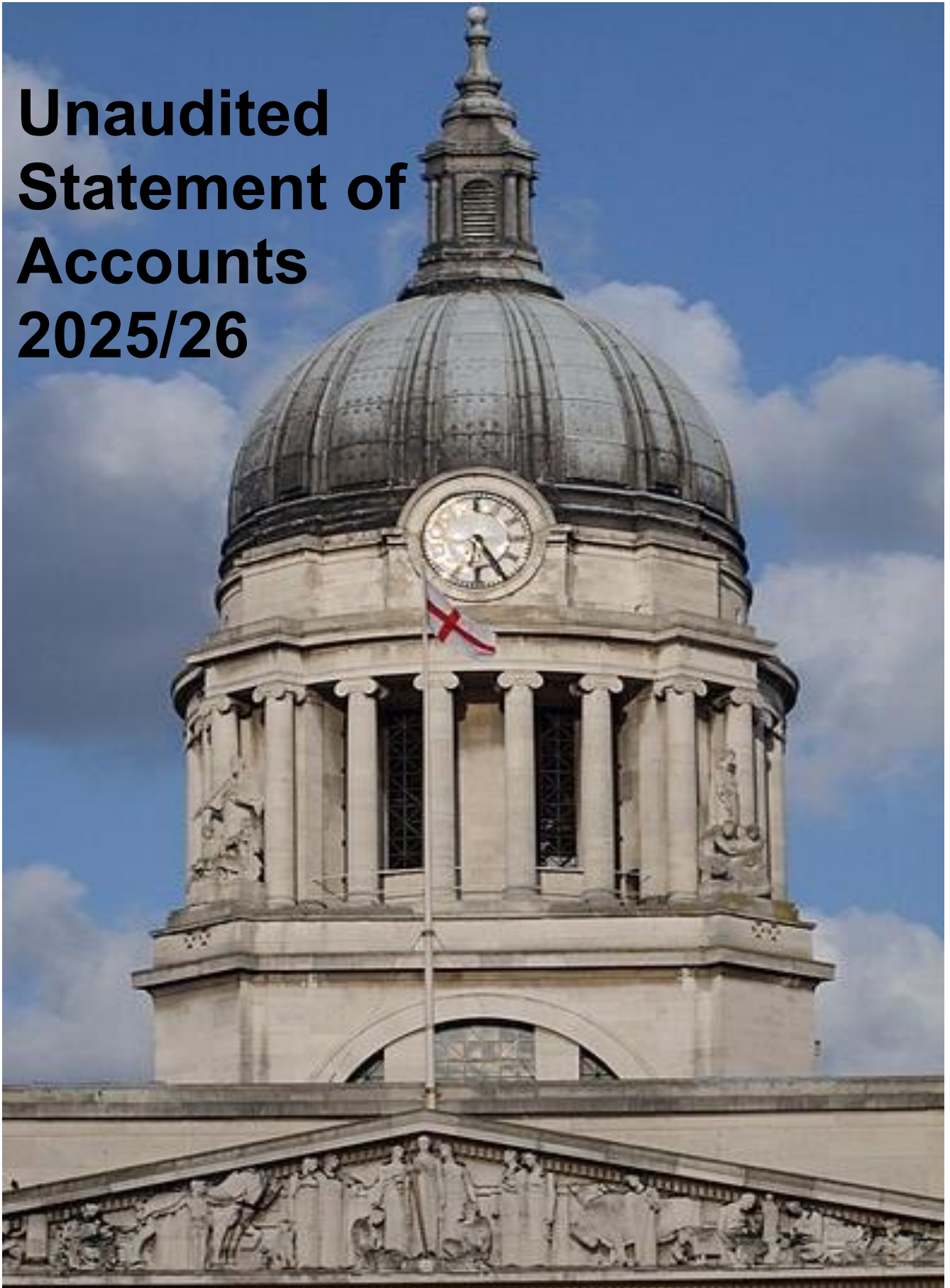


Unaudited Statement of Accounts 2025/26



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Section 1

Narrative Report

1.1 Overview of Nottingham City Council

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

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

- 147,850 properties receive weekly refuse collections, totalling 7,688,200 collections annually
- Nottingham supports 569 children in care, 779 children in need and 421 children on a child protection plan
- Around 7,010 individuals are supported in Adult Social Care
- Nottingham businesses support approximately 206,000 jobs, with 23.2% in the public sector. The employment rate among 16–64-year-olds is 66.1%
- In 2022, Nottingham emitted 1.122 million tonnes of CO₂e — a 46.6% overall reduction (53.7% per capita) since 2005
- Nottingham ranks among the highest for bus use per capita outside London
- 5 parks in the city hold Green Flag status

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

- An increase of 2,000 residents is projected over the next decade
- Nottingham is the 18th out of 296 lower tier authorities for overall deprivation, indicating that the city is more deprived than 94% of local authorities
- In the most deprived areas, life expectancy is up to 10 years lower
- The median weekly pay in Nottingham is £531 compared to the East Midlands average of £606
- Average house prices in Nottingham at March 2026 were £192,543 compared to the East Midlands average of £241,620
- 63.8% of GCSE students achieved good passes in Maths and English compared to the East Midlands average of 71.6%
- 6.5% unemployment compared to the East Midlands average of 3.7%

Strategic Council Plan

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

Council Vision Statement

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

1.1.1 Population

According to ONS 2024 figures Nottingham's population reached 331,077 — a 2.5% increase since 2019. It is now the 33rd most populous local authority in England and the second most densely populated in the East Midlands, with 4,435 residents per square kilometre.

Nottingham has a notably young population, with 69.7% aged between 16 and 64. This is among the highest proportions outside London, largely due to the city's two universities. This demographic profile significantly influences both the demand for services and the Council's financial capacity.

1.1.2 Employees

As at 31 March 2026 the Council employed 6,843 people, , this equates to a full time equivalent of 5,823.15 employees due to a significant number of part time employees.

The Council's mean average pay gap for 2025-26 noted women's median hourly pay was 6.4% lower than men's – this means they earned 94p for every £1 that men earn when comparing median hourly pay.

The Council reported (2023 figures) that the mean average pay gap between those who identify as White British and those who identify as Black and Minority Ethnic (BAME) was 4.7%. This means BAME employees earned 95p for every £1 that men earn when comparing average pay.

The Council reported (2023 figures) that the median pay gap between disabled and non-disabled employees was 3.5% in favour of disabled employees, which means that for every pound earned by the average non-disabled employee, the average disabled employee earns £1.04.

1.1.3 Political and Management Framework

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

Labour Party	51
Nottingham Independents	3
Independent	1

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In October 2023 a councillor resigned from the Labour Party to sit as an independent councillor. In November 2024 a councillor resigned from the Labour Party and now represents the Green Party. In April 2025 a further councillor resigned from the Labour Party to sit as an independent councillor. In October 2025, six councillors resigned from the Labour Party in favour of the Nottingham People’s Alliance, leaving the political make-up of the Council as follows:

Labour Party	42
Nottingham People’s Alliance	6
Nottingham Independents	3
Independent Councillors	3
Green Party	1

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

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

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

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

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

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

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

The most senior officer of the Council is the Chief Executive, who is the Head of Paid Service. The Council also appoints a Monitoring Officer and Chief Finance Officer/ Section 151 Officer. The Chief Executive leads the Senior Management Team which includes five Corporate Directors, each of whom has management responsibility for a

range of services. Management responsibility within the Council is delegated to officers in accordance with the Council's Constitution to ensure that decisions can be made in a timely and effective manner whilst ensuring that the Council fulfils its legal duties and ensures that public funds are properly managed.

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

The Commissioners issued their fourth report in December 2025 detailing the significant progress over the past two years and concluded that the Council is required to embed further improvement measures to enable recovery to be sustained. The level of improvement made allowed the Secretary of State to step down Commissioners at the earliest point in their original commission within February 2026 to be replaced by a reduced package of statutory support for eighteen months, to be reviewed after twelve.

1.1.4 Financial Objectives and Framework

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

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

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

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

The key objectives of the MTFS are:

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

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

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

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

In January 2024, to be able to present a balanced budget, the Council made a request to the Department for Levelling Up, Housing & Communities to be allowed to use receipts from the sale of capital assets for revenue spending in the 2023/24 and 2024/25 financial years.

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

In their fourth report in December 2025, the Commissioners noted that the 2024/25 budget report included an EFS of £20.8m but that the latest forecast at that time was an underspend of £14.5m (an underspend of £6.3m without EFS). Their report acknowledged that this points to a stabilised financial position.

1.1.5 Matters arising in 2025/26

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

The Council's accounts were brought up to date in 2025/26. However, all sets of accounts were disclaimed due to the lack of time for the auditors to obtain adequate assurance. While a national problem, the past legacy of two separate section 114 decisions (including one involving resources flow from the General Fund to the HRA) means the council expects a detailed audit that will review past years transactions to ensure this issue remains in the past. Moreover, with the Government last year setting out a minimum 3 year path back to unmodified accounts, the council recognises the challenges and is strengthening its corporate finance function.

The Council faced some very difficult decisions to get the finances onto a stable and sustainable footing. The Council is changing how it works; reshaping or reducing the services provided so that the Council is financially sustainable in the long-term. One improvement in 2025/26 is that the Council did not require any of the £20.8m EFS approved. This is consistent with the reported position in the Quarter 3 monitoring report.

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

The Council is on a journey of transformation and continuous improvement; since the adoption of a new constitution in 2021. Fiscal sustainability has been supported by a new Budget Review and Oversight Group made up of senior councillors, the Chief

Financial Officer and Corporate Directors, with additional advice and guidance from the Improvement and Assurance Board and latterly the appointed Commissioners.

1.1.6 Achievements in 2025/26

Despite the challenges identified above the Council still managed several significant achievements in 2025/26:

- Investment in housing and neighbourhoods, including £18.2m secured to improve energy efficiency in council homes and tackle fuel poverty and carbon emissions.
- Increased SEND provision investment and capacity.
- Achieved national recognition for public spaces, leisure services and community leadership, such as Green Heart public space and our 8th consecutive RoSPA Gold Award for our Active Nottingham programme.
- Delivered progress on major projects at Broad Marsh regeneration to unlock long term redevelopment, and Bulwell advancing a £20m town centre regeneration with major upgrades to public spaces, infrastructure and facilities.
- Over 100 highways and public realm schemes completed through Streets for People, and the completion of walking and cycling improvements ahead of schedule, for instance Porchester Road.
- Expansion of affordable housing development at Clifton, and the adoption of an improved Home Care Model in supported living schemes.
- Expansion of greener infrastructure as part of our ongoing delivery of Carbon Neutral Nottingham 2028. These include e-scooter scheme relaunch and cycling upgrades, as well as energy efficiency investment in solar and retrofit in council operations.
- We have also worked towards financial recovery through achieving stable finances, achieved a largely positive Commissioners report, and launched a new Council Improvement Plan focused on better outcomes for residents.

1.2 Financial Strategy and Performance

1.2.1 Economic and Funding Overview

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

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

Significant overspends continue to be forecasted across some services, a large proportion of the overspend in 2025/26 was recurring which has been factored into the 2026/27 Budget and Medium-Term Financial Plan growth process

1.2.2 Revenue General Fund Outturn

A summary of the position of a net underspend on services and corporate costs of £41.587m against an approved budget of £352.593m is shown in the following table.

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The £41.587m underspend includes £20.793m of budgeted Exceptional Financial Support (EFS) which is not required, therefore the net outturn position for the General Fund is £20.396m (5.8%) underspend. The table shows the position for each Directorate and budget outturn position for 2025/26.

Directorate	Latest Revised Budget	Outturn position (Actuals)	Outturn Variance (to Revised Budget)	Forecast Variance (Period 09)	Movement (P09 variance to Outturn Variance)
	£m	£m	£m	£m	£m
Adults & Public Health	89.775	101.417	11.641	13.078	(1.437)
Children's & Education	95.673	93.434	(2.240)	1.539	(3.779)
Communities Environment and Resident Services	34.153	29.929	(4.224)	(3.021)	(1.204)
Growth & City Development	16.866	10.059	(6.807)	(5.605)	(1.202)
Finance & Resources	54.643	50.643	(4.000)	(1.960)	(2.040)
Chief Executive	3.203	2.690	(0.513)	(0.326)	(0.187)
Total Directorates	294.314	288.172	(6.142)	3.705	(9.848)
Corporate	58.173	23.600	(34.573)	(26.142)	(8.430)
Companies	0.106	(0.765)	(0.872)	-	(0.872)
Net Expenditure	352.593	311.006	(41.587)	(22.437)	(19.150)
Council Tax	(163.138)	(163.137)	0.001	-	0.001
Business Rates (incl. S.31 Grants)	(168.662)	(168.265)	0.397	-	0.397
Outturn before use of EFS	20.793	(20.396)	(41.189)	(22.437)	(18.752)
EFS	(20.793)	-	20.793	20.793	-
Outturn Position	-	(20.396)	(20.396)	(1.644)	(18.752)

Adults and Public Health - £11.641m overspend against a budget of £89.775m. This includes a £9.934m provision in relation to Integrated Care Board (ICB) funding for jointly funded care packages. This is not an acceptance of liability, but to ensure that we are reporting a prudent position.

Children's, Education and Schools - the underspend was £2.2240m. This was mainly attributable to a combination of lower expenditure on placements and vacant posts that have remained unfilled across the directorates.

Communities, Environment and Resident Services directorate saw an underspend of £4.224m for the year. This was mainly driven by vacancies across the service and due to increased income particularly within District Heating, Sports & Leisure and the Theatre Royal and Concert Hall.

Growth, City and Development - reported an underspend of £6.807m against a budget of £16.866m. The most significant favourable variances were Parking and Traffic with £6.174m underspend from Parking Charge Notices and Parking Permits. Strategy and Property reported £2.570m underspend from the review of business rates and due to the asset rationalisation pressure funding not being required in year. These were offset by some overspends, particularly East Midlands Combined County Authority (EMCCA) levy costs of £1.867m.

Finance and Resources reported a £4.000m underspend against a £54.643m budget. This is driven by savings in salary cost of £6.418m and the release of a pay related provision to revenue of £2.450m, increased Housing Revenue Account (HRA) recharges of £1.941m and a favourable bad debt provision movement of £0.698m. These were partially offset by agency costs of £6.304m and salary savings of £1.899m.

Chief Executive is reporting a £0.513m underspend against a budget of £3.203m mainly due to savings on commissioner budget of £0.294m, lower employee costs and JCDecaux UK contract fee not being spent in Communications and Marketing of £0.591m.

Corporate budgets have an underspend of £34.573m against a budget of £58.173m. This largely due to needing only £5.556m to use a £15.000m contingency budget held Corporately to fund one off pressures relating to savings performance. There was a £16.334m favourable variance in Treasury mainly due to a debt restructure optimising interest rate shifts involving a significant repayment of legacy debt with available cash investments. The national pay award was below the assumed uplift giving a £3.123m saving. Advice from the actuary on the Councils insurance reserves and provisions resulted in the release of £11.318m.

More details can be found in the Outturn Report.

1.2.3 Capital Position

A summary of the capital programme outturn for 2025/26 is set out in the following table, showing a net variance of £45.021m to revised budget:

Directorate	Approved Budget 2025/26 £m	Outturn Actuals £m	Variance £m	Net Slippage (-) / Acceleration (+) £m	Under (-) / Over (+) spend £m
Adult Services	3.311	2.719	(0.592)	(0.592)	-
Subtotal: Adults and Public Health	3.311	2.719	(0.592)	(0.592)	-
Children's Services	0.172	0.046	(0.126)	(0.126)	-
Education	18.275	13.179	(5.096)	(4.590)	(0.506)
Subtotal: Children's and Education	18.447	13.226	(5.221)	(4.716)	(0.506)
Community, Environment and Resident Services	35.469	22.019	(13.449)	(9.919)	(3.530)
Growth & City Development	42.844	34.982	(7.861)	(8.180)	0.319
Finance & Resources	1.983	1.499	(0.484)	(0.631)	0.147
Exceptional Financial Support (EFS)	-	-	-	-	-
Total Council Capital Schemes Approved and Incepted	102.054	74.445	(27.609)	(24.038)	(3.571)
Planned Schemes	-	-	-	-	-
Total General Fund Approved Council Capital Schemes	102.054	74.445	(27.609)	(24.038)	(3.571)
HRA - Approved Programme	68.797	57.256	(11.541)	(11.541)	-
HRA - Planned Schemes	0.396	-	(0.396)	(0.396)	-
Total Council Capital Schemes	171.247	131.701	(39.546)	(35.975)	(3.571)
Midlands Net Zero Hub	25.293	19.818	(5.474)	(5.474)	-
Transforming Cities	3.295	3.295	-	-	-
Total Accountable Body	28.588	23.113	(5.474)	(5.474)	-
TOTAL	199.834	154.814	(45.021)	(41.449)	(3.571)

The council underspent the budget primarily due to:

- £41.449m net slippage. This has been reprofiled across future capital programmes from 2026/27 to 2029/30. Most notably £11.541m on the HRA approved programme and £9.919m on Community, Environment and Resident Services (CERS).
- £3.571m net underspend. Of this £3.530m relates to CERS.

There was no borrowing requirement in 2025/26 and for the expenditure on general fund and accountable body schemes shown in the table above as £97.558m. A large

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share of this spend (£90.119m) was funded from external grants including S106 receipts, and a further £5.550m from capital receipts. There was also a £1.599m use of reserves and revenue funding of £0.290m.

The HRA expenditure of £57.256m was funded using £38.602m of its major repairs reserve and £12.344m of revenue funding. The remainder came from grants and contributions and one-for-one capital receipts.

1.2.4 Addressing Risk and Future Challenges

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

The Council was granted Exceptional Financial Support (EFS) by the Government of up to £20.793m this is not additional funding but an allowance to use capital resources from the sale of assets to fund service delivery costs.

The Council did not need to utilise EFS in 2025/26 and it does not need any further EFS going forward. The Council has identified significant savings, for instance from its debt restructuring and is working on further savings through the transformation programme.

1.3 Explanation of Accounting Statements for 2025/26

The Statement of Accounts sets out the Council's financial performance for 2025/26. It is comprised of core statements and supplementary financial statements with relevant supporting notes and is shown as both single entity accounts and as consolidated group accounts. The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and International Financial Reporting Standards defines the format of the Statement of Accounts.

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

The Statement of Accounts Core Statements are:

1.3.1 Comprehensive Income and Expenditure Statement (CIES)

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

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

1.3.2 Movement in Reserves Statement (MIRS)

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

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

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

The movements in reserves in 2025/26 are summarised below:

	31 March 2025 £m	Movement 2025/26 £m	31 March 2026 £m
General Fund	63.540	(1.603)	61.937
Earmarked General Fund Reserves	192.514	62.354	254.868
Other Usable Reserves	200.817	84.713	285.530
Unusable Reserves	2,300.872	204.830	2,505.702
TOTAL AUTHORITY RESERVES	2,757.743	350.294	3,108.037

1.3.3 Balance Sheet

The Balance Sheet is a snapshot of the Council's assets, liabilities, cash balances and reserves as at 31 March 2026.

The Balance Sheet is summarised below:

	31 March 2025 £m	31 March 2026 £m
Long Term Assets	3,578.013	3,654.290
Net Current Assets / (Liabilities)	272.449	153.566
Long Term Liabilities	(1,092.719)	(699.819)
NET ASSETS	2,757.743	3,108.037
Usable Reserves	456.871	602.335
Unusable Reserves	2,300.872	2,505.702
TOTAL RESERVES	2,757.743	3,108.037

The movement in Long Term Assets from 31 March 2025 to 31 March 2026 is mainly due to:

- A net increase in Property Plant & Equipment of £107.619m. Further details regarding movements in Property Plant and Equipment can be found in note 4.4.1.
- A net decrease in Investment Property of £11.237m. See note 4.4.3 for further details.
- A decrease in Long Term Debtors of £19.598m. See note 4.4.15 for further details.

The movement in Net Current Assets includes a reduction in the Short Term Investments of £107.608m from 31 March 2025 to 31 March 2026. See note 4.4.15 for further details.

The movement on Long Term Liabilities includes a reduction in the Long Term Borrowing of £332.192m from 31 March 2025 to 31 March 2026. See note 4.4.15 for further details.

Details of other Balance Sheet items are provided in the notes to the accounts.

Pension Liability

The Council is a member of the Nottinghamshire County Council Pension Fund - Local Government Pension Scheme (LGPS). An independent actuary evaluates the assets and liabilities of the fund attributed to the Council on an annual basis. The actuary has estimated that, as at 31 March 2026, the Council's LGPS fund was in deficit by £55.503m (£59.201m deficit as at 31 March 2025). Actuarial valuations are undertaken every three years and a deficit recovery plan is in place to reduce the liability to zero within 15 years.

The Teachers Unfunded Pension Benefits included in the Pension Liability on the Balance Sheet as at 31 March 2026 is £20.532m (£21.271m as at 31 March 2025).

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

1.3.4 Cash Flow Statement

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

1.3.5 Supplementary Financial Statements

The Supplementary Financial Statements are:

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

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

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

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

Section 2

Statement of Responsibilities

2.1 Statement of Responsibilities for the Statement of Accounts

The Authority's Responsibilities

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that responsibility rests with the Corporate Director, Finance and Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

The statement of accounts is to be put before a meeting of the Audit Committee for approval on 31st July 2026.

Signed:

Date:

Councillor Nayab Patel
Chair of the Audit Committee

The Corporate Director, Finance and Resources Responsibilities

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

In preparing this Statement of Accounts, I have:

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

I have also:

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

Section 2 – Statement of Responsibilities

The Corporate Director, Finance and Resources Confirmation

I confirm that these financial statements give a true and fair view of the financial position of the Authority at 31 March 2026 and of its income and expenditure for the year then ended.

Signed:

Date: 30 June 2026

A handwritten signature in dark ink, appearing to read 'S. Fair', is written over a light blue rectangular background.

Stuart W Fair LLB, FCPFA, FCCA, CPA, AWS, FRSA, JP
Corporate Director Finance and Resources
Loxley House
Station Road
Nottingham
NG2 3NG

Section 3

Core Financial Statements

3.1 Comprehensive Income and Expenditure Statement (CIES)

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

As outlined in note 4.3.1 Prior Year Reclassifications, the 2024/25 CIES has been restated to align with the 2025/26 directorate position of the Council. This restatement only alters the classification of the directorates and overall the total value is unchanged.

Notes	Restated 2024/25			2025/26		
	Gross Expenditure	Gross Income	Net	Gross Expenditure	Gross Income	Net
	£m	£m	£m	£m	£m	£m
Adults	210.939	(119.809)	91.130	222.184	(125.910)	96.274
Chief Executive	2.817	(0.419)	2.398	2.851	(0.370)	2.481
Childrens	135.573	(36.774)	98.799	119.714	(41.905)	77.809
Commissioning and Partnerships	3.938	(1.370)	2.568	3.433	(0.319)	3.114
Communities, Environment and Resident Services	169.097	(109.795)	59.302	184.615	(119.942)	64.673
Education	57.002	(54.219)	2.783	79.236	(71.632)	7.604
Finance and Resources	177.628	(128.348)	49.280	159.507	(111.738)	47.769
Growth and City Development	119.122	(95.118)	24.004	103.157	(91.744)	11.413
Public Health	35.175	(40.185)	(5.010)	40.868	(42.953)	(2.085)
Schools	135.226	(132.245)	2.981	130.843	(126.933)	3.910
Corporate Items and Companies	56.530	(62.424)	(5.894)	37.347	(61.808)	(24.461)
Housing Revenue Account (HRA)	116.948	(141.633)	(24.685)	134.399	(159.246)	(24.847)
4.3.1 &						
4.3.2 Cost of Services	1,219.995	(922.339)	297.656	1,218.154	(954.500)	263.654
4.3.3 Other operating expenditure			3.058			22.106
4.3.4 Financing and investment income and expenditure			9.376			(81.295)
4.3.5 Taxation and non-specific grant income			(363.499)			(437.908)
4.3.6 (Surplus)/Deficit on Provision of Services			(53.409)			(233.443)
4.3.7 Revaluation of PPE/Heritage assets			(70.789)			(137.502)
4.3.8 Re-measurement of pension assets/liabilities			7.795			15.179
Other Comprehensive (Income) and Expenditure			(62.994)			(122.323)
TOTAL COMPREHENSIVE (INCOME) AND EXPENDITURE			(116.403)			(355.766)

Section 3 – Core Financial Statements

3.2 Balance Sheet

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

- Usable reserves - those reserves that may be used to help provide services or reduce taxation, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- Unusable reserves – those reserves that cannot be used to fund Council Services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to help provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Notes	31 March 2025 £m	31 March 2026 £m
4.4.1 Property, Plant & Equipment	3,198.456	3,306.075
4.4.2 Heritage Assets	78.746	78.746
4.4.3 Investment Property	198.273	187.036
Intangible Assets	2.844	4.008
4.4.15 Long Term Investments	12.865	11.194
4.4.15 Long Term Debtors	86.829	67.231
Long Term assets	3,578.013	3,654.290
4.4.4 Assets Held for Sale (current)	17.629	13.460
Intangible Assets	0.050	0.075
4.4.15 Short Term Investments	254.617	147.009
4.4.5 Inventories	1.839	2.069
4.4.6 Short Term Debtors	117.367	160.984
4.4.8 Cash and Cash Equivalents	124.397	115.731
Current Assets	515.899	439.328
4.4.15 Short Term Borrowing	(29.375)	(46.810)
4.4.9 Short Term Creditors	(177.393)	(187.486)
4.4.13 Revenue Grants Received in Advance	(17.479)	(18.046)
Contract Liabilities	(18.215)	(14.742)
4.4.10 Provisions (current provisions)	(0.988)	(13.206)
Current Liabilities	(243.450)	(280.290)
4.4.15 Long Term Borrowing	(723.714)	(391.522)
Long Term Creditors	-	(0.112)
Long Term Contract Liabilities	(0.924)	(1.476)
4.4.15 Other Long Term Liabilities	(151.575)	(140.009)
4.4.10 Provisions (non-current)	(25.789)	(9.153)
4.4.13 Capital Grants Receipts in Advance	(110.054)	(81.303)
4.4.13 Revenue Grants Received in Advance	(0.191)	(0.209)
4.4.14 Defined Benefit Pension Scheme	(80.472)	(76.035)
Long Term Liabilities	(1,092.719)	(699.819)
NET ASSETS	2,757.743	3,113.509
4.4.11 Usable Reserves	456.871	607.807
4.4.12 Unusable Reserves	2,300.872	2,505.702
TOTAL RESERVES	2,757.743	3,113.509

3.3 Movement in Reserves Statement (MIRS)

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

2025/26	General Fund	Earmarked General Fund	General Fund Total	Housing Revenue Account (HRA)	Earmarked HRA Reserves	Capital Receipts	Major Repairs	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Ledger Balance at 31 March 2025	63.540	192.514	256.054	76.661	0.673	74.191	48.670	0.622	456.871	2,300.872	2,757.743
Outstanding Statutory (Item 9)											
Adjustments:											
2nd Item 9 Credit Application (Note 5.1.3.10)	-	(4.618)	(4.618)	4.618	-	-	-	-	-	-	-
Corrected Balance at 31 March 2025	63.540	187.896	251.436	81.279	0.673	74.191	48.670	0.622	456.871	2,300.872	2,757.743
Movement in 2025/26:											
Total CIE* (Table 3.1)	207.682	-	207.682	25.761	-	-	-	-	233.443	122.323	355.766
Funding basis adjustments (Note 4.5.1)	(146.931)	-	(146.931)	1.752	-	48.081	(13.624)	28.215	(82.507)	82.507	-
Net increase/decrease before transfers to earmarked reserves	60.751	-	60.751	27.513	-	48.081	(13.624)	28.215	150.936	204.830	355.766
Transfers to/from earmarked reserves	(62.354)	62.354	-	(27.355)	27.355	-	-	-	-	-	-
Movement in Year	(1.603)	62.354	60.751	0.158	27.355	48.081	(13.624)	28.215	150.936	204.830	355.766
BALANCE AT 31 MARCH 2026	61.937	250.250	312.187	81.437	28.028	122.272	35.046	28.837	607.807	2,505.702	3,113.509
Outstanding Statutory (Item 9)											
Adjustments:											
2nd Item 9 Credit Application (Note 5.1.3.10)	-	4.618	4.618	(4.618)	-	-	-	-	-	-	-
ACTUAL LEDGER BALANCE AT 31 MARCH 2026	61.937	254.868	316.805	76.819	28.028	122.272	35.046	28.837	607.807	2,505.702	3,113.509

* CIE - Comprehensive Income and Expenditure

Section 3 – Core Financial Statements

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

* CIE - Comprehensive Income and Expenditure

3.4 Cash Flow Statement

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

Notes	2024/25 £m	2025/26 £m
Net Surplus/(Deficit) on the provision of Services	53.409	233.443
Adjustments to net surplus or deficit on the provision of services for		
4.6.1 non-cash movements	115.742	107.889
4.6.2 Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(189.565)	(148.145)
4.6.3 Net Cash Flows from Operating Activities	(20.414)	193.187
4.6.4 Investing activities	127.113	130.707
4.6.5 Financing activities	(82.034)	(332.560)
Net Increase or (Decrease) in Cash and Cash Equivalents	24.665	(8.666)
Cash and cash equivalents at the beginning of the reporting period	99.732	124.397
CASH AND CASH EQUIVALENTS AT 31 MARCH	124.397	115.731

Section 4

Notes to the Financial Statements

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

4.1 Accounting Policies

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

4.1.1 Basis of Preparation

The Accounts and Audit Regulations 2015 (SI 2015 No 234) require the Council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2025/26, these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code)
- the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (SI 2003 No 3146, as amended) (the 2003 Regs)

The Statement of Accounts has been prepared using the going concern and accruals bases. The historical cost convention has been applied, modified by the valuation of the following material categories of non-current assets and financial instruments:

Class of Assets	Measurement Basis
Property, Plant and Equipment: Dwellings	Current value - existing use value for social housing
Property, Plant and Equipment: Other Land and Buildings	Current value - existing use value. Where no market exists or the property is specialised, current value is measured at depreciated replacement cost.
Property, Plant and Equipment: Surplus Assets	Fair value
Heritage Assets	Professionally assessed market value. Where the Council is unable to obtain a valuation at a cost which is commensurate with the benefits it would provide to users, assets are excluded from the Balance Sheet.
Investment Properties	Fair value
Financial Instruments – Fair Value through Other Comprehensive Income and Expenditure	Fair value
Pensions Assets	Fair value

Section 4 – Notes to the Financial Statements

The Statement of Accounts has been adjusted to reflect events after 31 March 2026 and before the date the Statement was authorised for issue only where the events provide evidence of conditions that existed at 31 March 2026.

4.1.2 Adjustments Between Accounting Basis and Funding Basis

The resources available to the Council in any financial year and the expenses that are charged against those resources are specified by statute (the Local Government Act 2003 and the 2003 Regulations). Where the statutory provisions differ from the accruals basis used in the Comprehensive Income and Expenditure Statement, adjustments to the accounting treatment are made in the Movement in Reserves Statement so that usable reserves reflect the funding available at the year-end. Unusable reserves are created to manage the timing differences between the accounting and funding bases. The material adjustments are:

Expense	Accounting Basis in CIES	Funding Basis in MIRS	Adjustment Account
Property, Plant and Equipment	Depreciation and revaluation / impairment losses	Revenue provision to cover historical cost determined in accordance with the 2003 Regs. For HRA assets, the amount transferred to the Major Repairs Reserve	Capital Adjustment Account
Intangible Assets	Amortisation and impairment	As per Property, Plant and Equipment	Capital Adjustment Account
Investment Properties	Movements in fair value	As per Property, Plant and Equipment	Capital Adjustment Account
Revenue Expenditure Funded from Capital under Statute	Expenditure incurred in 2025/26	As per Property, Plant and Equipment	Capital Adjustment Account
Capital Grants and Contributions	Grants that became unconditional in 2025/26 or were received in 2025/26 without conditions	No credit	Capital Grants Unapplied Reserve (amounts unapplied at 31 March 2026). Capital Adjustment Account (other amounts)
Non-Current Asset Disposals	Gain or loss based on sale proceeds less carrying amount of asset (net of costs of disposal)	No charge or credit	Capital Adjustment Account (carrying amount). Capital Receipts Reserve (sale proceeds and costs of disposal). Deferred Capital Receipts Reserve (where sale proceeds have yet to be received)
Financial Instruments	Premiums payable and discounts receivable on the early repayment of borrowing in 2025/26	Deferred debits and credits of premiums and discounts from earlier years in accordance with the 2003 Regs	Financial Instruments Adjustment Account
Pensions Costs	Movements in pensions assets and liabilities (see Policy 4.1.8)	Employer's pensions contributions payable and direct payments made by the Council to pensioners for 2025/26	Pensions Reserve
Council Tax	Accrued income from 2025/26 bills	Demand on the Collection Fund for 2025/26 plus recovery of estimated deficit/share of estimated surplus] for 2024/25	Collection Fund Adjustment Account
Business Rates	Accrued income from 2025/26 bills	Budgeted income receivable from the Collection Fund for 2025/26 plus recovery of estimated deficit/share of estimated surplus] for 2024/25	Collection Fund Adjustment Account
Holiday Pay	Projected cost of untaken leave entitlements at 31 March 2026	No charge	Accumulated Absences Adjustment Account

4.1.3 Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes a party to their contractual provisions. They are initially measured at fair value.

Financial Liabilities

Financial liabilities are subsequently measured at amortised cost. For the Council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial Assets

Financial assets are subsequently measured in one of the following ways:

- cost less provision for any impairment – investments in subsidiaries, joint ventures and associates
- amortised cost – assets whose contractual terms are basic lending arrangements (i.e., they give rise on specified dates to cash flows that are solely payments of principal or interest on the principal amount outstanding, which the Council holds under a business model whose objective is to collect those cash flows)
- fair value – all other financial assets

Amortised cost assets are measured in the Balance Sheet at the outstanding principal repayable (plus accrued interest). Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) are based on the carrying amount of the asset, multiplied by the effective rate of interest for the instrument. Any gains or losses in fair value that might arise are not accounted for until the instrument matures or is sold.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model (see note 4.7.16). Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES.

4.1.4 Revenue from Contracts with Service Recipients

The Council recognises revenue from contracts with service recipients when it satisfies a performance obligation by transferring promised goods or services to a recipient, measured as the amount of the overall transaction price allocated to that obligation.

4.1.5 Government Grants and Contributions

The treatment of grants and contributions depends on whether they have conditions – stipulations that specify that the future economic benefits or service potential embodied in the funds are required to be consumed by the Council as specified or future economic benefits or service potential must be returned to the transferor.

Amounts recognised as due to the Council are credited to the Comprehensive Income and Expenditure Statement immediately where there are no conditions or when the Council has satisfied any conditions attached to the funds.

Section 4 – Notes to the Financial Statements

The grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ringfenced revenue grants and all capital grants) in the CIES.

4.1.6 Investment Properties

Investment properties are measured initially at cost and subsequently at fair value. Properties are not depreciated, with gains and losses on revaluation being posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The line is also credited/debited with gains/losses on the disposal of properties, measured as the difference between the carrying amount and sale proceeds.

4.1.7 Leases

Leases are contracts, or part of a contract, that conveys the right to use an asset, irrespective of whether they have the legal status of a lease.

Council as Lessee

Leases with a term of less than 12 months or for items of low value (less than £10,000) are accounted for by charging payments to the relevant service line in the CIES. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

For longer-term leases and those for higher value items, the Council recognises the right acquired to use the property, plant or equipment as an asset in the Balance Sheet and a liability for the obligation to pay the lessor for the right. The lease liability is initially measured at the present value of the payments to be made after the commencement date. The cost of the right-of-use asset is deemed to be the initial liability plus the incremental costs of obtaining the lease and any payments made before the commencement date.

Right-of-use assets are subsequently accounted for in accordance with the classification the underlying asset would have if owned by the Council. Where the outcome would be materially different from the amount for the asset under the cost model, this will involve remeasurement to current value.

The lease liability is subsequently remeasured where future lease payments change as a result of a change in an index or rate used to determine those payments. Remeasurements are reflected in adjustments to the deemed cost of the right-of-use asset.

Payments are apportioned between:

- a charge for the acquisition of the right-of-use asset – applied to write down the lease liability
- financing charges (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement)
- contingent rents not reflected in the calculation of the lease liability – debited to the relevant service line in the CIES.

Council as Lessor

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

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal, with the gain/loss attributable to the difference between the carrying amount of the asset and the Council's net investment in the lease being credited/debited to the Other Operating Expenditure line in the CIES. The net investment in the lease is recognised as a lease asset in the Balance Sheet, net of any premium paid.

Lease rentals receivable are apportioned between:

- a credit for the disposal of the interest in the property – applied to write down the lease asset
- finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

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 CIES. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

4.1.8 Post-Employment Benefits

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

- the NHS Pension Scheme, administered by the NHS Business Services Authority
- the Teachers' Pension Scheme, administered by Teachers' Pensions on behalf of the Department for Education
- the Local Government Pension Scheme, administered by Nottinghamshire County Council.

The NHS and Teachers' Schemes provide defined benefits to members. However, Scheme arrangements mean that liabilities for these benefits cannot be attributed to the Council. The Schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education service lines in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable to Teachers' Pensions in the year. The Children's & Public Health lines in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to NHS Pensions in the year.

The Local Government Pension 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
- liabilities are discounted to their value at current prices, using a discount rate of 6.10% (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
- where a net pensions asset arises, an asset ceiling is applied to reflect any limitations on the ability of the Council to recover the asset from reductions in future contributions.

The change in the net pensions asset or liability is analysed into the following components:

Section 4 – Notes to the Financial Statements

- Service cost, comprising:
 - current service cost – allocated in the Comprehensive Income and Expenditure Statement (CIES) to the services for which the employees worked
 - past service cost – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs
 - net interest on the net defined benefit liability – charged to the Financing and Investment Income and Expenditure line of the CIES.
- Remeasurements, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure, comprising:
 - the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset)
 - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions
 - changes in the impact of the asset ceiling
 - contributions paid to the Nottinghamshire Pension Fund – not accounted for as an expense in the CIES

4.1.9 Property, Plant and Equipment

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 (ie repairs and maintenance) is charged as an expense when it is incurred.

The Council operates a de minimis policy under which expenditure is not capitalised where the cost is below £10,000 unless it involves a grant or where large numbers of smaller assets are consolidated into one asset (such as laptops).

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 initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

For assets acquired before 1 April 1994 (but particularly infrastructure assets), the historical cost recorded excludes amounts incurred that had been financed before that date.

Certain categories of Property, Plant and Equipment are measured subsequently at current value – see Policy 4.1.1 for details.

Up to 31 March 2025, the Accounting Code required that assets included in the Balance Sheet at current value were re-valued sufficiently regularly to ensure that their carrying amount was not materially different from their current value at the year end,

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but as a minimum every five years. From 1 April 2025 the requirement is to revalue assets every five years, with indexation in the years that a valuation is not carried out. The change in policy is applied prospectively, so that the carrying amounts of Property, Plant and Equipment assets at 31 March 2025 have not been adjusted and indexation has been applied for the first time to establish carrying amounts at 31 March 2026.

Increases in valuations and indexation uplifts are matched by credits to the Revaluation Reserve to recognise unrealised gains.

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

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

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

Assets are assessed at each year-end as to whether there is any indication that items may be impaired. Where there is evidence of potential material impairment, the relevant asset is revalued.

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (ie freehold land and certain Community Assets) and assets that are not yet available for use (ie, assets under construction).

The applicable useful lives are:

Council Dwellings	Up to 65 years
Other Land and Buildings	Up to 77 years
Furniture and Equipment	Up to 20 years
Vehicles	Up to 15 years
Infrastructure Assets	Up to 100 years

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. This policy only applies to assets with a value over £3m.

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 CIES against any receipts arising from the disposal as a gain or loss on disposal.

4.1.10 Private Finance Initiative and Similar Contracts

As the Council is deemed to control the services that are provided under its PFI contracts, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the assets used are recognised on the Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

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Where amounts payable are varied according to changes in a rate or index, the liability is recalculated to reflect the revised payment stream.

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

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement (CIES)
- finance cost – debited to the Financing and Investment Income and Expenditure line in the CIES
- contingent rent – debited to the Financing and Investment Income and Expenditure line in the CIES
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator
- lifecycle replacement costs – a proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

4.1.11 Schools

The Code specifies that all schools maintained by the Council are deemed to be under the Council's control. The transactions and balances attributable to the governing bodies of the maintained schools have been consolidated into the Council's financial statements, applying accounting policies for recognition and measurement consistent with those applied by the Council to its own income, expenditure, cash flows, assets and liabilities. Transactions and balances between the Council and schools have been eliminated.

4.1.12 Prior Period Adjustments, Changes in the Accounting Policies and Estimates and Errors

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

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

Exceptionally, the 2025/26 Code provides that changes to the valuation of non investment assets as set out in the Code will be applied prospectively, with no restatement of prior year figures.

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

4.2 Expenditure and Funding Analysis (EFA) and Notes

4.2.1 Expenditure and Funding Analysis

The objective of the EFA is to demonstrate to Council Tax payers how the funding available to the Council (government grants, rents, Council Tax and NNDR) for the year has been used in providing services in comparison with those resources consumed or earned by the Council in accordance with generally accepted accounting practices. The EFA also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

As outlined in note 4.3.1 Prior Year Reclassifications, the 2024/25 EFA and associated notes have been restated to align with the 2025/26 directorate position of the Council. This restatement only alters the classification of the portfolios / directorates and overall the total value is unchanged.

	2025/26				
	General Fund Revenue Outturn Reported to Members £m	Adjustments to arrive at the Net Expenditure Chargeable to the General Fund and HRA Balances £m	Net Expenditure Chargeable to the General Fund and HRA Balances £m	Adjustments Between Funding and Accounting Basis £m	Net Expenditure in the Comprehensive Income and Expenditure Statement £m
Adults	99.890	(1.860)	98.030	(1.756)	96.274
Chief Executive	2.690	0.009	2.699	(0.218)	2.481
Childrens	81.284	-	81.284	(3.475)	77.809
Commissioning and Partnerships	3.350	-	3.350	(0.236)	3.114
Communities, Environment and Resident Services	29.929	(0.174)	29.755	34.918	64.673
Education	8.239	0.007	8.246	(0.642)	7.604
Finance and Resources	50.643	0.853	51.496	(3.727)	47.769
Growth and City Development	10.060	(1.931)	8.129	3.284	11.413
Public Health	(1.824)	-	(1.824)	(0.261)	(2.085)
Schools	3.910	-	3.910	-	3.910
Corporate Items and Companies	22.835	(60.573)	(37.738)	13.277	(24.461)
Housing Revenue Account (HRA)	-	(63.554)	(63.554)	38.707	(24.847)
Net Cost of Services	311.006	(127.223)	183.783	79.871	263.654
Other income and expenditure	-	(272.047)	(272.047)	(225.050)	(497.097)
(SURPLUS)/DEFICIT ON PROVISION OF SERVICES	311.006	(399.270)	(88.264)	(145.179)	(233.443)
		Note 4.2.4	Note 4.2.3	Note 4.2.2	
Opening General Fund, Earmarked General Fund Reserves, HRA Balance and Earmarked HRA Reserves at 1 April			(333.388)		
(Surplus)/Deficit on General Fund and HRA Balance in Year			(88.264)		
Closing General Fund, Earmarked General Fund Reserves, HRA Balance and Earmarked HRA Reserves at 31 March*			(421.652)		

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

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	Restated 2024/25				
	General Fund Revenue	Adjustments to arrive at the Net Expenditure Chargeable to the General Fund and HRA Balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments Between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	Reported to Members £m	£m	£m	£m	£m
Adults	94.792	(1.281)	93.511	(2.381)	91.130
Chief Executive	2.538	-	2.538	(0.140)	2.398
Childrens	89.151	-	89.151	9.648	98.799
Commissioning and Partnerships	2.722	-	2.722	(0.154)	2.568
Communities, Environment and Resident Services	24.717	(0.474)	24.243	35.059	59.302
Education	3.010	-	3.010	(0.227)	2.783
Finance and Resources	48.099	(0.221)	47.878	1.402	49.280
Growth and City Development	(11.944)	14.366	2.422	21.582	24.004
Public Health	(4.872)	-	(4.872)	(0.138)	(5.010)
Schools	2.981	-	2.981	-	2.981
Corporate Items and Companies	72.319	(98.931)	(26.612)	20.718	(5.894)
Housing Revenue Account (HRA)	-	(63.904)	(63.904)	39.219	(24.685)
Net Cost of Services	323.513	(150.445)	173.068	124.588	297.656
Other income and expenditure	-	(225.702)	(225.702)	(125.363)	(351.065)
(SURPLUS)/DEFICIT ON PROVISION OF SERVICES	323.513	(376.147)	(52.634)	(0.775)	(53.409)
		Note 4.2.4	Note 4.2.3	Note 4.2.2	
Opening General Fund, Earmarked General Fund Reserves, HRA Balance and Earmarked HRA Reserves at 1 April			(280.754)		
(Surplus)/Deficit on General Fund and HRA Balance in Year			(52.634)		
Closing General Fund, Earmarked General Fund Reserves, HRA Balance and Earmarked HRA Reserves at 31 March*			(333.388)		

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

4.2.2 EFA Note - Adjustments between Funding and Accounting Basis

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

	Restated 2024/25				2025/26			
	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Adjustments	Total Adjustments	Adjustments for Capital Purposes	Net Change for the Pension Adjustments	Other Adjustments	Total Adjustments
	£m	£m	£m	£m	£m	£m	£m	£m
Adults	(0.827)	(1.554)	-	(2.381)	0.547	(2.303)	-	(1.756)
Chief Executive	-	(0.140)	-	(0.140)	-	(0.218)	-	(0.218)
Childrens	15.416	(5.768)	-	9.648	4.339	(7.814)	-	(3.475)
Commissioning and Partnerships	-	(0.154)	-	(0.154)	-	(0.236)	-	(0.236)
Communities, Environment and Resident Services	38.280	(3.221)	-	35.059	40.115	(5.197)	-	34.918
Education	0.572	(0.799)	-	(0.227)	0.613	(1.255)	-	(0.642)
Finance and Resources	5.872	(4.470)	-	1.402	3.644	(7.371)	-	(3.727)
Growth and City Development	22.923	(1.341)	-	21.582	5.500	(2.216)	-	3.284
Public Health	-	(0.138)	-	(0.138)	-	(0.261)	-	(0.261)
Corporate Items and Companies	17.509	3.209	-	20.718	7.073	4.662	1.542	13.277
Housing Revenue Account (HRA)	39.219	-	-	39.219	38.707	-	-	38.707
Net Cost of Services	138.964	(14.376)	-	124.588	100.538	(22.209)	1.542	79.871
Other Income and Expenditure from the Expenditure and Funding Analysis	(122.785)	(1.547)	(1.031)	(125.363)	(161.628)	2.593	(66.015)	(225.050)
DIFFERENCE BETWEEN GENERAL FUND SURPLUS OR DEFICIT AND COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT SURPLUS OR DEFICIT ON THE PROVISION OF SERVICES	16.179	(15.923)	(1.031)	(0.775)	(61.090)	(19.616)	(64.473)	(145.179)

Adjustments for Capital Purposes

Included within Net Cost of Services:

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

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

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

Net Change for the Pensions Adjustments

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

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

Other Differences

For services this includes employee benefit accruals, and for:

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

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

This note shows the income and expenditure by portfolio.

2025/26	Adults	Chief Executive	Childrens	Commissioning and Partnerships	Communities, Environment and Resident Services	Education	Finance and Resources	Growth and City Development	Public Health	Schools	Corporate Items and Companies	Housing Revenue Account (HRA)	Included in Cost of Service	Other Operating Expenditure	Financing and Investment Income and Expenditure	Taxation and Non-Specific Grant Income	Included in Other Income and Expenditure	Included in (Surplus)/Deficit on Provision of Services
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Income																		
Council Tax and NDR Fees, charges, other income	-	-	-	-	-	-	(0.454)	-	-	-	-	-	(0.454)	-	-	(268.384)	(268.384)	(268.838)
Government Grants and Contributions	(22.544)	(0.347)	(0.358)	-	(89.739)	(9.123)	(10.084)	(60.192)	(0.028)	(2.400)	(2.342)	(159.092)	(356.249)	-	(17.896)	-	(17.896)	(374.145)
Interest and investment income	(103.366)	(0.022)	(41.546)	(0.319)	(30.176)	(62.510)	(101.200)	(31.536)	(42.925)	(124.525)	(59.189)	(0.154)	(597.468)	-	-	(79.350)	(79.350)	(676.818)
	-	-	-	-	(0.027)	-	-	(0.016)	-	(0.009)	(0.277)	-	(0.329)	-	(117.281)	-	(117.281)	(117.610)
Total Income	(125.910)	(0.369)	(41.904)	(0.319)	(119.942)	(71.633)	(111.738)	(91.744)	(42.953)	(126.934)	(61.808)	(159.246)	(954.500)	-	(135.177)	(347.734)	(482.911)	(1,437.411)
Expenditure																		
Employee expenses	33.335	2.650	48.845	3.401	69.398	20.480	50.090	29.945	3.709	77.817	9.231	42.571	391.472	-	0.313	-	0.313	391.785
Interest payments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	35.437	-	35.437	35.437
Levies	-	-	-	-	-	-	-	2.955	-	-	-	-	2.955	0.086	-	-	0.086	3.041
Other service expenses	190.605	0.418	74.343	0.268	80.299	59.399	113.144	66.973	37.420	53.027	14.839	53.121	743.856	-	13.043	-	13.043	756.899
Adjustments for capital purposes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	87.690	-	87.690	87.690
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	74.295	-	74.295	74.295
Total Expenditure	223.940	3.068	123.188	3.669	149.697	79.879	163.234	99.873	41.129	130.844	24.070	95.692	1,138.283	0.086	210.778	-	210.864	1,349.147
TOTAL INCLUDED IN THE NET EXPENDITURE CHARGEABLE TO THE GENERAL FUND AND HRA BALANCES	98.030	2.699	81.284	3.350	29.755	8.246	51.496	8.129	(1.824)	3.910	(37.738)	(63.554)	183.783	0.086	75.601	(347.734)	(272.047)	(88.264)

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Restated 2024/25	Adults	Chief Executive	Childrens	Commissioning and Partnerships	Communities, Environment and Resident Services	Education	Finance and Resources	Growth and City Development	Public Health	Schools	Corporate Items and Companies	Housing Revenue Account (HRA)	Included in Cost of Service	Other Operating Expenditure	Financing and Investment Income and Expenditure	Taxation and Non-Specific Grant Income	Included in Other Income and Expenditure	Included in (Surplus)/Deficit on Provision of Services	
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	
Income																			
Council Tax and NDR	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(250.503)	(250.503)	(250.503)	
Fees, charges, other income	(23.604)	(0.353)	(0.158)	-	(75.500)	(10.420)	(10.237)	(57.389)	(0.483)	(3.357)	(2.022)	(141.479)	(325.002)	-	(18.780)	-	(18.780)	(343.782)	
Government Grants and Contributions	(96.205)	(0.066)	(36.616)	(1.370)	(34.266)	(43.799)	(118.111)	(35.958)	(39.703)	(128.886)	(59.036)	(0.154)	(594.170)	-	(68.681)	-	(68.681)	(662.851)	
Interest and investment income	-	-	-	-	(0.029)	-	-	(1.771)	-	(0.002)	(1.367)	-	(3.169)	-	(19.408)	-	(19.408)	(22.577)	
Exceptional Financial Support	-	-	-	-	-	-	-	-	-	-	-	-	-	(7.737)	-	-	(7.737)	(7.737)	
Total Income	(119.809)	(0.419)	(36.774)	(1.370)	(109.795)	(54.219)	(128.348)	(95.118)	(40.186)	(132.245)	(62.425)	(141.633)	(922.341)	(7.737)	(38.188)	(319.184)	(365.109)	(1,287.450)	
Expenditure																			
Employee expenses	33.272	2.459	43.476	3.567	64.512	20.963	47.226	27.694	3.033	78.284	10.640	36.550	371.676	-	0.292	-	0.292	371.968	
Interest payments	-	-	-	-	-	-	-	0.012	-	-	-	-	0.012	-	44.921	-	44.921	44.933	
Levies	-	-	-	-	-	-	-	-	-	-	-	-	-	0.083	-	-	0.083	0.083	
Other service expenses	180.048	0.498	82.449	0.525	69.526	36.266	129.000	69.834	32.281	56.942	25.173	41.179	723.721	-	5.577	-	5.577	729.298	
Adjustments for capital purposes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	89.697	-	89.697	89.697	
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1.163)	-	(1.163)	(1.163)	
Total Expenditure	213.320	2.957	125.925	4.092	134.038	57.229	176.226	97.540	35.314	135.226	35.813	77.729	1,095.409	0.083	139.324	-	139.407	1,234.816	
TOTAL INCLUDED IN THE NET EXPENDITURE CHARGEABLE TO THE GENERAL FUND AND HRA BALANCES	93.511	2.538	89.151	2.722	24.243	3.010	47.878	2.422	(4.872)	2.981	(26.612)	(63.904)	173.068	(7.654)	101.136	(319.184)	(225.702)	(52.634)	

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

	2025/26						
	Items not included in General Fund Outturn but are included in 'Net Expenditure Chargeable to the General Fund and HRA Balances'				Earmarked General Fund Reserves movements & Other items included in Revenue Outturn but are not included in 'Net Expenditure Chargeable to the General Fund and HRA Balances'	Movement of items that do not report into Net Cost of Service Directorates in the CIES/EFA	Total Adjustments to arrive at the Net Expenditure Chargeable to the General Fund and HRA
	HRA £m	Collection Fund (Council Tax and NNDR) £m	Revenue Support Grant £m	Other (Technical entries - PFI, Leasing & Loss Allowances) £m	£m	£m	£m
Adults	-	-	-	(1.860)	-	-	(1.860)
Chief Executive	-	-	-	0.009	-	-	0.009
Childrens	-	-	-	-	-	-	-
Commissioning and Partnerships	-	-	-	-	-	-	-
Communities, Environment and Resident Services	-	-	-	(0.271)	-	0.097	(0.174)
Education	-	-	-	0.007	-	-	0.007
Finance and Resources	-	-	-	0.853	-	-	0.853
Growth and City Development	-	-	-	(16.991)	-	15.060	(1.931)
Public Health	-	-	-	-	-	-	-
Schools	-	-	-	-	-	-	-
Corporate Items and Companies	-	-	-	(13.338)	-	(47.235)	(60.573)
Housing Revenue Account (HRA)	(63.554)	-	-	-	-	-	(63.554)
Net Cost of Services	(63.554)	-	-	(31.591)	-	(32.078)	(127.223)
Other income and expenditure	36.040	(298.717)	(32.685)	31.591	(40.354)	32.078	(272.047)
(SURPLUS)/DEFICIT ON PROVISION OF SERVICES	(27.514)	(298.717)	(32.685)	-	(40.354)	-	(399.270)

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

HRA

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

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

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

Section 4 – Notes to the Financial Statements

4.3 Comprehensive Income and Expenditure Statement Notes

4.3.1 Prior Year Reclassifications

In line with the CIPFA reporting requirements the service part of the CIES is based on the organisational structure of the Council i.e. directorates. The 2024/25 CIES and associated notes have been restated where required to align with the 2025/26 directorate position of the Council. This restatement only alters the classification of the portfolios / directorates and overall the total value is unchanged.

The following table analyses the reclassification of directorates within the CIES Cost of Services with regards to 2024/25 and the restated figures:

Directorates as shown in the 2024/25 Statement of Accounts		Reclassification movements of 2024/25 to align with the 2025/26 Directorates		Restated 2024/25 with the 2025/26 Directorates	
£m		£m		£m	
Adults	92.390	Adults	91.130	Adults	91.130
		Childrens	1.260	Chief Executive	2.398
			92.390	Childrens	98.799
				Commissioning and Partnerships	2.568
Chief Executive	2.838	Chief Executive	2.398	Communities, Environment and Resident Services	59.302
		Communities, Environment and Resident Services	0.033	Education	2.783
		Finance and Resources	3.493	Finance and Resources	49.280
		Growth and City Development	(3.087)	Growth and City Development	24.004
			2.837	Public Health	(5.010)
				Schools	2.981
Childrens	97.750	Childrens	97.683	Corporate Items and Companies	(5.894)
		Education	0.067	Housing Revenue Account (HRA)	(24.685)
			97.750		
Commissioning and Partnerships	2.568	Commissioning and Partnerships	2.568		
Communities, Environment and Resident Services	59.269	Communities, Environment and Resident Services	59.269		
Education	2.571	Childrens	(0.144)		
		Education	2.716		
			2.572		
Finance and Resources	45.787	Finance and Resources	45.787		
Growth and City Development	27.091	Growth and City Development	27.091		
Public Health	(5.010)	Public Health	(5.010)		
Schools	2.981	Schools	2.981		
Corporate Items	(5.894)	Corporate Items	(5.894)		
Housing Revenue Account (HRA)	(34.966)	Housing Revenue Account (HRA)	(34.966)		
Revaluation loss on HRA Council Dwellings	10.281	Housing Revenue Account (HRA)	10.281		
COST OF SERVICES	297.656	COST OF SERVICES	297.656	COST OF SERVICES	297.656

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

4.3.2 Specific Grants Credited to Services

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

	2024/25 £m	2025/26 £m
Revenue Grants		
<u>Department for Education</u>		
Dedicated School Grant	(148.412)	(164.012)
Universal Free School Meals	(1.431)	(1.458)
Pupil Premium Grant	(7.089)	(7.045)
PFI Grant	(5.620)	(5.620)
Children's Social Care Prevention Grant	-	(3.675)
<u>Department for Work & Pensions</u>		
Mandatory Rent Allowances: Subsidy	(71.032)	(69.572)
Rent Rebates Granted to HRA Tenants	(37.153)	(24.133)
Housing Benefit Administration	(1.222)	(1.312)
Household Support Fund	(7.940)	(6.197)
<u>Department of Health & Social Care</u>		
Public Health	(37.450)	(39.884)
Market Sustainability & Fair Cost of Care Fund	(6.781)	(6.781)
ASC Discharge Fund	(3.879)	-
<u>Ministry of Housing, Communities and Local Government</u>		
Improved Better Care Fund	(16.603)	(20.482)
Social Care Grant	(36.052)	(42.768)
Homelessness Prevention Grant	(2.027)	(3.615)
PFI Grant	(6.359)	(6.359)
Rough Sleeping Initiative	(3.128)	(5.221)
<u>Department for Transport</u>		
PFI Grant	(58.030)	(58.030)
<u>Department for the Environment & Rural Affairs</u>		
Extended Producer Responsibility	-	(2.006)
<i>Other Revenue Grants</i>	(80.449)	(55.752)
Contributions	(63.512)	(73.546)
TOTAL	(594.170)	(597.468)

4.3.3 Other Operating Expenditure

Other Operating Expenditure includes the following items:

	2024/25 £m	2025/26 £m
Write out of asset values due to replacement and demolition	7.996	15.355
Payments to the Government Housing Capital Receipts Pool	(10.586)	-
Levies	0.083	0.085
Net (Gain) / Loss on the disposal of non-current assets	5.565	6.666
TOTAL	3.058	22.106

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4.3.4 Financing and Investment Income and Expenditure

	2024/25			2025/26		
	Expenditure £m	Income £m	Net £m	Expenditure £m	Income £m	Net £m
Net interest on the net Pension liability / (asset)	-	(1.535)	(1.535)	2.593	-	2.593
Interest payable & similar charges / Interest Income	17.643	(0.056)	17.587	44.362	(116.651)	(72.289)
Interest revenue/costs calculated using the effective interest rate method	27.076	(18.040)	9.036	(0.854)	-	(0.854)
Impairment losses	2.253	-	2.253	1.214	-	1.214
Reversal of impairment of equity holding	-	-	-	(0.113)	-	(0.113)
Trading operations	0.990	(1.097)	(0.107)	0.943	(1.099)	(0.156)
Income and expenditure in relation to investment properties and changes in their fair value	6.815	(23.392)	(16.577)	17.677	(28.794)	(11.117)
Other finance and investment items	-	(1.281)	(1.281)	0.001	(0.574)	(0.573)
TOTAL	54.777	(45.401)	9.376	65.823	(147.118)	(81.295)

4.3.5 Taxation and Non-Specific Grant Income

	2024/25 £m	2025/26 £m
Revenue:		
<i>Council Tax income</i>		
Demand on the Collection Fund	(148.879)	(160.805)
Apportionment of Collection Fund Surplus/Deficit	(1.198)	2.998
<i>National Non Domestic Rates (NNDR)</i>		
Demand on the Collection Fund	(62.221)	(65.245)
Apportionment of Collection Fund Surplus/Deficit	(2.115)	2.089
Top Up Grant	(37.588)	(38.037)
Designated Area	(0.238)	(0.757)
Renewable Energy Schemes	-	(0.347)
NNDR Section 31 Grant	(34.610)	(30.333)
<i>Non-ringfenced government grants</i>		
Revenue Support Grant	(31.932)	(32.685)
New Homes Bonus	(1.467)	(1.148)
Services Grant	(0.674)	-
Recovery Grant	-	(11.115)
Employers NI Grant	-	(3.877)
Other	(0.457)	(0.192)
Capital:		
<i>Government Departments</i>	(40.880)	(82.037)
<i>Other</i>	(1.240)	(2.175)
<i>Donated Assets</i>	-	(14.242)
TOTAL	(363.499)	(437.908)

4.3.6 Expenditure and Income analysed by Nature

	2024/25 £m	2025/26 £m
Income		
Council Tax and NNDR	(252.696)	(260.559)
Fees, charges, other income	(343.782)	(374.145)
Government grants and contributions	(704.973)	(761.029)
Interest and investment income	(22.577)	(117.610)
Donated Assets	-	(14.242)
Exceptional Financial Support	(7.737)	-
Total Income	(1,331.765)	(1,527.585)
Expenditure		
Employee expenses	357.579	371.118
Interest payments	43.397	38.030
Levies	0.083	3.041
Other service expenses	753.548	758.412
Capital charges including depreciation, amortisation, impairment, revaluations	122.454	102.444
Payments to Housing Capital Receipts Pool	(10.586)	-
Disposal of assets - (gain) / loss	11.881	21.097
Total Expenditure	1,278.356	1,294.142
(SURPLUS)/DEFICIT ON THE PROVISION OF SERVICES	(53.409)	(233.443)

The majority of the fees, charges & other income shown in the table above is contractual by nature for IFRS 15 purposes. The only exception to this is £7.822m which relates to penalty and enforcement fines, and legal services court fees.

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

During 2025/26 revaluation gains and losses charged to Other Comprehensive Income and Expenditure amounted to a net revaluation gain of £137.502m for PPE assets (see note 4.4.1) and £0m for Heritage Assets (see note 4.4.2). There are no charges within Other Operating Expenditure relating to physical damage and demolition of assets in 2025/26.

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4.3.8 Transactions Relating to Post-Employment Benefits (including Pensions)

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

	Local Government Pension Scheme		Teachers Unfunded Benefits	
	2024/25	2025/26	2024/25	2025/26
	£m	£m	£m	£m
Cost of Services:				
Service cost	35.604	28.664	-	-
Administration expenses	0.875	1.035	-	-
Financing and Investment Income and Expenditure:				
Net interest on the defined liability (asset)	(2.620)	1.473	1.085	1.120
Total Charged to (Surplus)/Deficit on Provision of Services	33.859	31.172	1.085	1.120
Other Comprehensive Income and Expenditure (OCIE):				
Re-measurements of the net defined benefit liability (asset):				
Return on Fund assets in excess of interest	25.487	(113.018)	-	-
Other actuarial (gains)/losses on assets	-	(21.266)	-	-
Change in financial assumptions	(250.331)	(52.654)	(1.173)	(0.444)
Change in demographic assumptions	(4.324)	52.645	(0.069)	0.718
Experience (gain)/loss on defined benefit obligation	(4.043)	142.204	(0.034)	0.086
Changes in impact of asset ceiling	242.282	6.908	-	-
Total Charged to OCIE	9.071	14.819	(1.276)	0.360
TOTAL CHARGED TO THE CIES	42.930	45.991	(0.191)	1.480

These transactions are summarised in the following table:

	2024/25 £m	2025/26 £m
Comprehensive Income and Expenditure Statement:		
Cost of services	36.479	29.699
Financing and Investment income and expenditure	(1.535)	2.593
Other Comprehensive Income and Expenditure	7.795	15.179
TOTAL	42.739	47.471

4.4 Balance Sheet Notes

4.4.1 Property Plant and Equipment

2025/26	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment
	£m	£m	£m	£m	£m	£m	£m	£m
Gross Book Value b/f	1,355.130	1,170.661	102.802		17.223	16.089	17.844	2,679.749 **
Accumulated Depreciation b/f	-	(1.667)	(62.147)		-	-	-	(63.814) **
Accumulated Impairment b/f	-	-	-		-	-	-	- **
Net Book Value at 1 April 2025	1,355.130	1,168.994	40.655	582.521	17.223	16.089	17.844	3,198.456
Additions - Capital Expenditure	52.159	6.766	4.805	26.487	0.833	1.184	24.200	116.434
Additions - Donations	-	-	1.120	-	-	-	13.122	14.242
Additions - PFI	-	3.267	-	0.218	-	-	-	3.485
Depreciation Charge	(22.187)	(29.256)	(9.201)	(31.747)	-	(0.156)	-	(92.547)
Revaluations - Recognised in Revaluation Reserve	27.922	111.713	-	-	-	(2.133)	-	137.502
Revaluations - Recognised in the CIES	(13.974)	2.673	-	-	-	3.849	-	(7.452)
Derecognition - Disposals	(23.866)	(3.135)	(0.258)	(11.221)	-	(1.093)	-	(39.573)
Derecognition - Other	(12.840)	(2.515)	-	-	-	-	-	(15.355)
Impairments - Recognised in Revaluation Reserve	-	-	-	-	-	-	-	-
Impairments - Recognised in the CIES	-	-	-	-	-	-	-	-
Other Movements - Transfers to Assets Held for Sale	-	(2.493)	-	-	-	(6.602)	(0.022)	(9.117)
Other Movements - Other	15.638	0.414	-	(7.397)	-	-	(8.655)	-
Net Book Value at 31 March 2026	1,377.982	1,256.428	37.121	558.861	18.056	11.138	46.489	3,306.075
Gross Book Value c/f	1,377.982	1,256.817	97.904		18.056	11.138	46.501	2,808.398 **
Accumulated Depreciation c/f	-	(0.389)	(60.783)		-	-	(0.012)	(61.184) **
Accumulated Impairment c/f	-	-	-		-	-	-	- **
NET BOOK VALUE AT 31 MARCH 2026	1,377.982	1,256.428	37.121	558.861	18.056	11.138	46.489	3,306.075

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

Highways Infrastructure Assets - Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets [Local Government Circular 09/2022] this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. MHCLG have decided the override will be extended in England until 31 March 2029.

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

PFI Assets included in PPE

2025/26 PFI Asset Value	Other Land and Buildings	Infrastructure Assets
	£m	£m
Gross Book Value b/f	30.780	
Accumulated Depreciation b/f	-	
Accumulated Impairment b/f	-	
Net Book Value at 1st April 2025	30.780	218.218
Additions - Capital Expenditure	-	0.044
Additions - PFI	0.554	0.218
Depreciation Charge	(0.559)	(7.397)
Revaluations - Recognised in Revaluation Reserve	0.600	-
Revaluations - Recognised in the CIES	(0.196)	-
Net Book Value at 31st March 2026	31.179	211.083
Gross Book Value c/f	31.179	
Accumulated Depreciation c/f	-	
Accumulated Impairment c/f	-	
Net Book Value at 31 March 2026	31.179	211.083

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

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

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PFI Assets included in PPE

2024/25 PFI Asset Value	Other Land and Buildings	Infrastructure Assets
	£m	£m
Gross Book Value b/f	31.145	
Accumulated Depreciation b/f	-	
Accumulated Impairment b/f	-	
Net Book Value at 1st April 2024	31.145	214.582
Additions - Capital Expenditure	7.641	10.757
Additions - Donations	(0.554)	(7.121)
Additions - PFI	(7.452)	-
Net Book Value at 31st March 2025	30.780	218.218
Gross Book Value c/f	30.780	
Accumulated Depreciation c/f	-	
Accumulated Impairment c/f	-	
Net Book Value at 31 March 2025	30.780	218.218

Depreciation

In line with the Accounting Policies for PPE (note 4.1.9) the following useful lives and depreciation rates have been used in the calculation of depreciation:

	Overall Range
Council Dwellings – Existing Use Value - Social Housing	65 years
Other Land and Buildings	30-65 years
Vehicles Plant & Equipment	7-15 years
Infrastructure Assets	10-100 years

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

Revaluations

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

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment.

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The authority ensures that all property, plant and equipment to be measured at current value is subject to a rolling programme of revaluations over a five-year cycle, with annual indexation applied to assets during the four intervening years.

Where authority cannot obtain indices without undue cost or effort, authority revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

During 2025/26, asset valuations for operational properties were completed in compliance with this new requirement

A beacon valuation of Council Dwelling beacon properties by external valuers HEB was also completed in 2025/26.

Valuers' Assumptions - Cyclical and Non-Cyclical Valuations

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

Material Revaluation Gains, Losses and Impairments

There were no material revaluation gains or losses in 2025/26.

In line with the Accounting Policies for PPE, the Council's componentisation policy has been applied to recognition, revaluation and depreciation of assets during 2025/26

Valuation at 31 March 2026

The Council's rolling revaluation programme is summarised below:

DESCRIPTION	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant, Furniture & Equipment £m	Infrastructure Assets £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Total £m
Carried at depreciated historical cost	-	-	37.121	558.861	18.056	-	-	614.038
Valued at depreciated current value as at:								
2022/23	-	14.810	-	-	-	-	-	14.810
2023/24	-	25.376	-	-	-	-	-	25.376
2024/25	-	378.325	-	-	-	-	-	378.325
2025/26	1,377.982	837.918	-	-	-	11.137	46.489	2,273.526
NET BOOK VALUE AT 31 MARCH 2026	1,377.982	1,256.429	37.121	558.861	18.056	11.137	46.489	3,306.075

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Surplus Assets

	Quoted prices in active markets for identical assets (Level 1) £m	Other significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Fair value as at 31 March 2026 £m
Land	-	5.253	-	5.253
Offices	-	3.875	-	3.875
Other	-	2.010	-	2.010
Total	-	11.138	-	11.138

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

Capital Commitments

At 31 March 2026, the Council had entered into a number of contracts for the construction or enhancement of PPE with future costs estimated as £64.060m. The equivalent figure as at 31 March 2025 was £46.671m. The major commitments are summarised below:

Capital Programme Element	Major Schemes	31 March 2026 £m
Transport	Transforming Cities	1.271
Transport	Public Transport improvements	3.618
Transport	Other Transport Schemes (Under £1.0m)	3.615
General Fund	Fleet Replacement Programme	9.703
General Fund	Special Educational Needs Improvements	5.723
General Fund	Regeneration and Growth	7.415
General Fund	Other General Fund Schemes (Under £1.0m)	1.444
HRA	Decent Neighbourhoods	1.008
HRA	Existing Stock investment	2.968
HRA	Energy Efficiency and Fuel Poverty	1.374
HRA	Nottingham Secure Warm and Modern Living	17.863
HRA	Oakdene Demolition	1.912
HRA	Vehicle Replacement	5.277
HRA	Other HRA Schemes (Under £1.0m)	0.869
TOTAL		64.060

4.4.2 Heritage Assets

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

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

Collections:	Byron	Costume	Decorative Art	Fine Art	Human & Social History	Industrial History	Civic Regalia & Silver	Wollaton Non-Operational Buildings	Non-Building Structures	TOTAL
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1 April 2024	19.277	0.763	5.406	46.740	0.926	0.015	1.815	0.372	0.738	76.052
Additions	-	-	-	-	-	-	-	-	0.084	0.084
Revaluations	0.653	0.060	0.184	1.588	0.061	-	0.062	-	-	2.609
31 March 2025	19.930	0.823	5.590	48.328	0.987	0.015	1.877	0.372	0.822	78.746
31 MARCH 2026	19.930	0.823	5.590	48.328	0.987	0.015	1.877	0.372	0.822	78.746

Preservation and Management

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

4.4.3 Investment Property

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

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

	2024/25	2025/26
	£m	£m
Balance at 1 April	200.554	198.273
Additions	0.018	0.050
Disposals	(3.791)	(10.652)
Net gains/(losses) from fair value adjustments	1.492	(0.635)
BALANCE AT 31 MARCH	198.273	187.036

Section 4 – Notes to the Financial Statements

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

Fair Value Hierarchy

Details of the Council's investment properties and information about the fair value hierarchy as at 31 March 2026 are as follows:

	Quoted prices in active markets for identical assets (Level 1) £m	Other significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Fair value as at 31 March 2026 £m
Industrial	-	46.370	-	46.370
Land	-	4.128	6.000	10.128
Office	-	50.908	-	50.908
Retail	-	76.024	-	76.024
Other	-	3.606	-	3.606
Total	-	181.036	6.000	187.036

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

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

Highest and Best Use of Investment Properties

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

Valuation Techniques

IFRS13 Fair Value accounting has been used during financial year 2025/26 for investment properties.

Valuation Process for Investment Properties

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

4.4.4 Assets Held for Sale

	Restated	
	2024/25	2025/26
	£m	£m
Balance outstanding at start of year	46.496	17.629
PPE declassified as held for sale	-	(0.623)
PPE newly classified as held for sale	(15.698)	9.739
Revaluation losses	-	(0.707)
Revaluation gains	(9.489)	0.047
Assets sold	(3.679)	(12.627)
Other movements	(0.001)	0.002
BALANCE AT 31 MARCH	17.629	13.460

4.4.5 Inventories

	2024/25				2025/26			
	Consumable Stores	Maintenance Materials	Client services work in progress	Total	Consumable Stores	Maintenance Materials	Client services work in progress	Total
	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 April	1.196	0.011	-	1.207	1.664	0.008	0.167	1.839
Purchases	7.540	0.005	0.167	7.712	8.549	0.014	-	8.563
Recognised as an expense in the year	(7.072)	(0.008)	-	(7.080)	(8.231)	(0.010)	(0.082)	(8.323)
Written off balances	-	-	-	-	(0.010)	-	-	(0.010)
BALANCE AT 31 MARCH	1.664	0.008	0.167	1.839	1.972	0.012	0.085	2.069

4.4.6 Short Term Debtors

	31 March 2025	31 March 2026
	£m	£m
Prepayments	12.512	13.687
Local Taxation	23.149	21.327
Trade	47.073	79.154
Other receivable amounts	34.633	46.816
TOTAL	117.367	160.984

Section 4 – Notes to the Financial Statements

4.4.7 Debtors for Local Taxation

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

	2024/25			2025/26		
	Council Tax	NNDR	Total	Council Tax	NNDR	Total
	£m	£m	£m	£m	£m	£m
Up to 1 year	14.784	4.464	19.248	15.872	4.133	20.005
1 to 3 years	14.796	4.579	19.375	17.055	3.795	20.850
Over 3 years	17.085	4.715	21.800	20.834	5.237	26.071
TOTAL	46.665	13.758	60.423	53.761	13.165	66.926

4.4.8 Cash and Cash Equivalents

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

	31 March 2025 £m	31 March 2026 £m
Cash held by the Authority	0.108	0.176
Bank current accounts	22.789	4.555
Short-term deposits	101.500	111.000
TOTAL	124.397	115.731

The Council has an overdraft of £7.028m (£5.082m in 2024/25) offset against credit balances held within its bank current accounts.

4.4.9 Short Term Creditors

	31 March 2025 £m	31 March 2026 £m
Receipts in Advance	(31.707)	(30.582)
Trade	(80.581)	(91.126)
Other payables	(65.105)	(65.778)
TOTAL	(177.393)	(187.486)

4.4.10 Provisions

Current Provisions

	Integrated Care Board £m	Other £m	Total £m
Balance at 1 April 2025	-	(0.988)	(0.988)
Additional provisions made	(11.772)	(1.434)	(13.206)
Amounts used	-	0.723	0.723
Unused amounts reversed	-	0.265	0.265
BALANCE AT 31 MARCH 2026	(11.772)	(1.434)	(13.206)

The provision for Integrated Care Board (ICB) of £11.772m has been created as an estimate of amounts due from the ICB relating to care costs for unmet health needs. The Council has continued to invoice the ICB for previously agreed contributions to health care, however, the ICB is now disputing the health element of the funding. The matter is being formally disputed; this provision is a prudent action taken by the Council until the outcome of the formal dispute is known.

Non-Current Provisions

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

	Injury and Damage Compensation Claims £m	NNDR Appeals £m	Employment	Total £m
Balance at 1 April 2025	(16.773)	(5.522)	(3.494)	(25.789)
Additional provisions made	(1.875)	-	-	(1.875)
Amounts used	1.585	2.867	0.151	4.603
Unused amounts reversed	10.711	0.747	2.450	13.908
BALANCE AT 31 MARCH 2026	(6.352)	(1.908)	(0.893)	(9.153)

Insurance Compensation Claims

The Council maintains an insurance provision to meet the estimated cost of claims arising from self-insured risks, where there is an obligation at the balance sheet date based on past events, for which a reasonable estimate can be made. The council also maintains a prudent insurance reserve to cover items where specific national risks have been identified, but the absence of any claims history and settlement values result in insufficient information to determine what if any effect they will have on Nottingham City Council.

The majority of costs met from the provision arise from property damage, liability claims made against the Council and motor accidents involving Council motor vehicles. In order to limit the Council's exposure to these risks the policies for external fire, motor and liability claims have been arranged with excesses of £0.250m, £0.100m and £0.373m respectively. To further protect the Council's exposure to significant payments, aggregate stop losses are in place, which limit the total value of claims that the Council will have to fund in one policy year. The stop losses for the 2025/26 policy year were £2.47m for liability claims, £1.14m for motor claims, £2.1m for general property (operational, housing and education) and £15m for commercial properties.

National Non-Domestic Rates (NNDR)

This represents the Council's share of NNDR appeals provision. The Council bears a risk of non-collection of NNDR following appeals. £5.852m is the value of successful appeals charged against the provision in 2025/26. An decrease of £1.524m in the provision has been made as a result of the assessment of outstanding appeals at 31st March 2026. The Council has recognised it's share of the provision balances.

Employment

A provision of £0.893m has been set aside to meet the potential cost of settlements arising from an ongoing employment tribunal case.

Section 4 – Notes to the Financial Statements

4.4.11 Usable Reserves

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

Details of the Earmarked General Fund reserves are shown below:

	2024/25		2025/26		
	Balance at 1 April 2024 £m	Net Movements £m	Balance at 31 March 2025 £m	Net Movements £m	Balance at 31 March 2026 £m
Restricted Reserves:					
Capital	5.090	(5.090)	-	0.681	0.681
Schools	26.440	(4.304)	22.136	(3.915)	18.221
Other Reserves:					
Asset Maintenance	3.865	1.405	5.270	0.899	6.169
Contingency and Risk	34.534	(24.231)	10.303	4.418	14.721
Information Technology	5.186	1.932	7.118	(1.216)	5.902
Local Economy	2.191	0.193	2.384	0.279	2.663
Private Finance Initiatives	48.103	8.719	56.822	8.668	65.490
Services	38.468	20.270	58.738	50.716	109.454
Transformation	17.955	(1.705)	16.250	1.824	18.074
Treasury Management	13.493	-	13.493	-	13.493
Workforce	1.960	(1.960)	-	-	-
TOTAL	197.285	(4.771)	192.514	62.354	254.868

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

The detailed categories are explained below:

Capital

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

Schools

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

Asset Maintenance

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

Contingency & Risk

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

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

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

Information Technology

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

Local Economy

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

Private Finance Initiatives

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

Services

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

Transformation

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

Treasury Management

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

Workforce

This reserve is primarily available to fund pension costs.

Section 4 – Notes to the Financial Statements

4.4.12 Unusable Reserves

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

	2024/25 £m	2025/26 £m
Revaluation Reserve	1,131.367	1,220.800
Capital Adjustment Account	1,239.619	1,286.120
Financial Instruments Adjustment Account	9.691	83.987
Pensions Reserve	(80.472)	(76.035)
Deferred Capital Receipts Reserve	1.041	1.027
Collection Fund Adjustment Account	5.179	(3.101)
Accumulated Absences Account	(5.553)	(7.096)
TOTAL UNUSABLE RESERVES	2,300.872	2,505.702

Revaluation Reserve

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

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

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

	2024/25 £m	2025/26 £m
Balance at 1 April	1,095.701	1,131.367
Upward revaluation of assets	120.036	154.452
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(49.247)	(16.950)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	70.789	137.502
Difference between fair value depreciation and historical cost depreciation	(14.930)	(23.120)
Accumulated gains on assets sold or scrapped	(20.193)	(24.949)
Amount written off to the Capital Adjustment Account	(35.123)	(48.069)
BALANCE AT 31 MARCH	1,131.367	1,220.800

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. Depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council to finance costs of acquisition, construction and enhancement.

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

	2024/25 £m	2025/26 £m
Balance at 1 April	1,256.921	1,239.619
Reversal of items relating to capital expenditure debited or credited to the CIES:		
Amortisation of intangible assets	(1.271)	(1.261)
Charges for depreciation of non-current assets	(89.881)	(92.547)
Revaluation losses on Property, Plant and Equipment	(32.794)	(8.112)
Donated assets	-	14.242
Movements in the market value of Investment Properties	1.492	(0.635)
Revenue expenditure funded from capital under statute (REFCUS)	(118.718)	(38.450)
REFCUS expenditure funded by grants	94.470	36.992
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(66.845)	(78.207)
Charges for impairment of investment in subsidiary	-	0.113
Adjusting amounts written out of the Revaluation Reserve	35.123	48.069
	(178.424)	(119.796)
Capital financing applied in the year:		
Use of Capital Receipts Reserve to finance new capital expenditure	11.254	9.043
Use of Capital Receipts Reserve to finance exceptional financial support	7.736	-
Use of Capital Receipts Reserve to repay debt	17.378	15.878
Use of the Major Repairs Reserve to finance new capital expenditure	27.307	38.602
Application of grants to fund capital expenditure	42.768	55.941
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	32.252	32.421
Voluntary provision for the financing of capital investment charged against the General Fund and HRA balances	2.692	2.103
Leasing Adjustments Minimum Revenue Provision	0.455	0.705
Adjustment to MRP as a result of PFI Projects	12.139	13.250
Capital expenditure charged against the General Fund and HRA balances	16.089	14.233
Reduction in Liabilities & Repayment of Long Term Debtors etc:		
Principal Repayment of Capital Loans	(8.948)	(15.879)
	161.122	166.297
BALANCE AT 31 MARCH	1,239.619	1,286.120

Section 4 – Notes to the Financial Statements

Financial Instruments Adjustment Account

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

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

	2024/25 £m	2025/26 £m
Balance at 1 April	10.854	9.691
Premiums incurred in the year	-	(8.296)
Premiums released in year	0.363	1.339
Discounts received in the year	0.171	91.238
Discounts released in year	(1.697)	(10.839)
Lenders Option Borrowers Option Loans	-	0.599
Soft Loans	-	0.255
BALANCE AT 31 MARCH	9.691	83.987

Pensions Reserve

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

	2024/25 £m	2025/26 £m
Balance at 1 April	(88.600)	(80.472)
Remeasurements of the net defined benefit liability/asset	(7.795)	(15.179)
Reversal of items relating to retirement benefits debited or credited to (Surplus)/Deficit on Provision of Services in the CIES	(34.944)	(32.292)
Employer's pensions contributions and direct payments to the pensioners payable in the year	50.867	51.908
BALANCE AT 31 MARCH	(80.472)	(76.035)

Deferred Capital Receipts Reserve

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

	2024/25 £m	2025/26 £m
Balance at 1 April	1.041	1.041
Transfer to the Capital Receipts Reserve upon receipt of cash	-	(0.014)
BALANCE AT 31 MARCH	1.041	1.027

Collection Fund Adjustment Account

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

	2024/25 £m	2025/26 £m
Balance at 1 April	2.985	5.179
Adjustment for council tax income and NNDR credited to the CIES on an accounting basis instead of funding basis	2.194	(8.280)
BALANCE AT 31 MARCH	5.179	(3.101)

Accumulated Absences Account

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

	2024/25 £m	2025/26 £m
Balance at 1 April	(5.553)	(5.553)
Settlement or cancellation of accrual made at the end of the preceding year	5.553	5.553
Amounts accrued at the end of the current year	(5.553)	(7.096)
Adjustment to CIES to include officer remuneration on an accounting (accruals) basis instead of funding basis	-	(1.543)
BALANCE AT 31 MARCH	(5.553)	(7.096)

Section 4 – Notes to the Financial Statements

4.4.13 Grants Received in Advance

Revenue Grants Received in Advance

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

The balances at the year-end are as follows:

	31 March 2025 £m	31 March 2026 £m
Department for Education	(3.402)	(2.215)
Department of Health and Social Care	-	(0.351)
Department for Energy Security and Net Zero	-	(5.567)
Department for Environment, Food and Rural Affairs	(0.063)	-
Department for Levelling Up, Housing & Communities	(5.502)	(4.265)
Department for Business, Energy and Industrial Strategy	(3.598)	-
Department for Transport	(0.284)	(0.222)
Department for Work and Pensions	(0.009)	-
Home Office	(0.168)	(0.169)
Arts Council England	(0.183)	(0.171)
Other Government Grants	(3.859)	(4.693)
Other Non Government Grants and Contributions	(0.411)	(0.393)
TOTAL	(17.479)	(18.046)

There is also £0.209m (£0.191m as at 31 March 2025) of Revenue grant re S106 agreements, which is classed as a long term receipt in advance on the balance sheet.

Capital Grants Received in Advance

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

The balances at the year-end are as follows:

	31 March 2025 £m	31 March 2026 £m
Department for Education	(28.303)	(35.000)
Department for Transport	(49.809)	(16.822)
Ministry of Housing, Communities and Local Government	(1.889)	(5.689)
Department for Business, Energy & Industrial Strategy	(2.357)	(2.828)
S106 Contributions - Affordable Housing	(3.613)	(4.981)
S106 Contributions - Open Space	(4.085)	(5.736)
S106 Contributions - Education	(5.154)	(5.127)
S106 Contributions - Transport / Public Realm / Flood Prevention	(5.156)	(4.982)
Other Grants and Contributions	(9.688)	(0.138)
TOTAL	(110.054)	(81.303)

4.4.14 Defined Benefit Pension Schemes

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

The Council participates in three post-employment schemes:

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

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

The following tables explain the amounts in the financial statements.

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

Assets and Liabilities in Relation to Post-Employment Benefits

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

	Local Government Pension Scheme		Teachers Unfunded Benefits	
	2024/25 £m	2025/26 £m	2024/25 £m	2025/26 £m
Opening balance at 1 April	(1,710.609)	(1,509.690)	(23.724)	(21.271)
Current service cost	(33.270)	(25.037)	-	-
Interest cost	(83.473)	(84.496)	(1.085)	(1.120)
Change in financial assumptions	250.331	52.654	1.173	0.444
Change in demographic assumptions	4.324	(52.645)	0.069	(0.718)
Experience (loss)/gain on defined benefit obligation	4.043	(142.204)	0.034	(0.086)
Liabilities assumed/extinguished on settlements	0.087	3.219	-	-
Estimated benefits paid net of transfers in	74.473	77.010	-	-
Past Service costs including curtailments	(2.322)	(2.830)	-	-
Contributions by scheme participants and other employers	(14.117)	(14.962)	-	-
Unfunded pension payments	0.843	0.795	2.262	2.219
CLOSING BALANCE AT 31 MARCH	(1,509.690)	(1,698.186)	(21.271)	(20.532)

The experience (loss)/gain on the defined benefit obligation includes £5.921m in respect of the allowance for actual CPI inflation over the accounting period.

Section 4 – Notes to the Financial Statements

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	2024/25 £m	2025/26 £m
Opening balance at 1 April	1,738.514	1,790.425
Interest on assets	90.966	102.581
Return on assets less interest	(25.487)	113.018
Other actuarial gains/(losses)	-	21.266
Administration expenses	(0.875)	(1.035)
Contributions by the employer including unfunded	48.605	49.689
Contributions by scheme participants and other employers	14.117	14.962
Estimated benefits paid plus unfunded net of transfers in	(75.316)	(77.805)
Settlement prices received/(paid)	(0.099)	(4.016)
CLOSING BALANCE AT 31 MARCH	1,790.425	2,009.085

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

Reconciliation of change in impact of asset ceiling:

	Local Government Pension Scheme	
	2024/25 £m	2025/26 £m
Opening impact of asset ceiling at 1 April	(92.781)	(339.936)
Interest on impact of asset ceiling	(4.873)	(19.558)
Actuarial gains/(losses)	(242.282)	(6.908)
CLOSING IMPACT OF ASSET CEILING AT 31 MARCH	(339.936)	(366.402)

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

The Actuary's calculations assume that:

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

In broad terms the Actuary's analysis shows that:

- The potential economic benefit from the reduction in future contributions has been calculated to be nil. Since this is less than the unadjusted net asset of £318.372m, the initial impact of the asset ceiling is £318.372m.
- The Council is currently paying deficit contributions towards a funding deficit. The Actuary have assessed this minimum funding requirement and calculate that it constitutes an onerous funding commitment. There is an additional liability of £48.030m to be recognised.
- The unadjusted funded surplus is £318.372m. There is an initial impact from an asset ceiling of £318.372m, plus an additional liability of £48.030m. The final funded net liability to be recognised is £48.030m.
- In addition, there is an unfunded liability of £7.473m. The final deficit to be recognised is £55.503m.

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

	Local Government Pension Scheme		Teachers Unfunded Benefits	
	31 March 2025	31 March 2026	31 March 2025	31 March 2026
	£m	£m	£m	£m
Present value of the defined benefit obligation	(1,503.146)	(1,690.713)	-	-
Fair value of Fund assets (bid value)	1,790.425	2,009.085	-	-
Surplus / (Deficit)	287.279	318.372	-	-
Present value of unfunded obligation	(6.544)	(7.473)	(21.271)	(20.532)
Impact of asset ceiling	(339.936)	(366.402)	-	-
NET DEFINED BENEFIT LIABILITY IN BALANCE SHEET	(59.201)	(55.503)	(21.271)	(20.532)

4.4.15 Financial Instruments

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

The Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 requires disclosure of information pertaining to the scope, significance and risk associated with the Council's financial instruments.

Categories of Financial Instruments

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

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

Section 4 – Notes to the Financial Statements

Financial Assets

	Long-term				Current			
	Investments		Debtors		Investments		Debtors	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2025	2026	2025	2026	2025	2026	2025	2026
	£m	£m	£m	£m	£m	£m	£m	£m
Amortised Cost								
Principal	0.781	0.738	86.829	67.232	249.646	142.737	60.534	67.046
Cash & Cash Equivalents	-	-	-	-	124.397	115.731	-	-
Investment accrued Interest	-	-	-	-	4.971	4.272	-	-
Amortised Cost Total	0.781	0.738	86.829	67.232	379.014	262.740	60.534	67.046
Fair value through other comprehensive income - other	0.705	0.598	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	1.486	1.336	86.829	67.232	379.014	262.740	60.534	67.046
Non-financial Instrument	11.379	9.858	-	-	-	-	56.833	93.938
TOTAL	12.865	11.194	86.829	67.232	379.014	262.740	117.367	160.984

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

Long Term Debtors

Long Term Debtors by type	31 March	New Loans	Loan	Expected	Other	31 March
	2025	Issued	Repayments	Loss Allowance Movements	Movements	2026
	£m	£m	£m	£m	£m	£m
Loans to Council Group Company	40.446	-	(12.459)	-	-	27.987
Loans to 3rd Party Organisations	24.611	0.261	(4.927)	-	-	19.944
PFI Related Debtor	18.792	-	-	-	(2.349)	16.443
Housing Debtors	0.672	-	(0.021)	-	-	0.651
Other Debtors	2.308	-	(0.103)	-	-	2.205
TOTAL	86.829	0.261	(17.510)	-	(2.349)	67.231

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

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

Financial Liabilities

	Long-term				Current			
	Borrowings		Creditors		Borrowings		Creditors	
	31 March	31 March	31 March	31 March	31 March	31 March	31 March	31 March
	2025	2026	2025	2026	2025	2026	2025	2026
	£m	£m	£m	£m	£m	£m	£m	£m
Amortised Cost								
Principal	(722.900)	(391.308)	-	-	(23.311)	(43.053)	(80.581)	(91.126)
Loans Accrued Interest	-	-	-	-	(6.064)	(3.757)	-	-
Market Loan Effective Interest Rate Adjustment	(0.813)	(0.214)	-	-	-	-	-	-
PFI and finance lease liabilities	(148.605)	(137.107)	-	-	(15.425)	(14.970)	-	-
Other	-	-	(2.970)	(2.902)	-	-	-	-
TOTAL FINANCIAL LIABILITIES	(872.318)	(528.629)	(2.970)	(2.902)	(44.800)	(61.780)	(80.581)	(91.126)
Non-financial Instrument	-	-	-	-	-	-	(81.387)	(81.391)
TOTAL	(872.318)	(528.629)	(2.970)	(2.902)	(44.800)	(61.780)	(161.968)	(172.517)

Notes:

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

Borrowings	Long-term		Current	
	31 March	31 March	31 March	31 March
	2025	2026	2025	2026
	£m	£m	£m	£m
PWLB	(696.888)	(385.296)	(24.851)	(27.277)
Market Loans	(26.813)	(6.214)	(0.141)	(15.136)
Temporary Debt & Other	(0.013)	(0.013)	(4.383)	(4.397)
Total Borrowings	(723.714)	(391.522)	(29.375)	(46.810)

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

Market loans comprise long term borrowings from banks at fixed rates of interest. Within this portfolio, £21m relates to LOBO (Lender Option Borrower Option) loans.

LOBO loans provide the lender with the option, at predetermined dates, to vary the interest rate payable. Where the lender exercises this option, the Authority has the right either to accept the revised interest rate or to repay the loan in full without penalty.

Temporary Debt & Other are mainly loans taken at fixed interest rates from other local authorities.

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

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

	2024/25	2025/26
	£m	£m
Net gains/losses on:		
- financial assets measured at amortised cost	0.423	(0.909)
Total net (gains)/losses in (Surplus)/Deficit on Provision of Services	0.423	(0.909)
Interest expense	33.072	(71.514)
Total Expense in (Surplus)/Deficit on Provision of Services	33.072	(71.514)
Interest income on financial assets measured at amortised cost	(11.899)	(10.081)
Dividend Income	(1.281)	(0.703)
Total Income in (Surplus)/Deficit on Provision of Services	(13.180)	(10.783)
NET (GAIN)/LOSS FOR THE YEAR	20.315	(83.206)

The interest expense figures above include £8.611m in 2025/26 and £11.069m in 2024/25 that relate to the HRA which gets recharged accordingly.

Section 4 – Notes to the Financial Statements

Financial Instruments – Fair Values

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

All of the council's financial assets and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2026, using the following methods and assumptions:

- PWLB loans borrowed by the Council have been valued on the basis of using the PWLB new borrowing (certainty rate) discount rates matching the remaining duration of the loans.
- The fair values of other long-term borrowing have been estimated using the new PWLB Certainty Rate loan discount rates (UK government gilt prices plus a margin of 90 bpts) for the most appropriate maturity and repayment profiles as proxy for fair value in the absence of any detailed market transactions.
- The fair values of finance lease and PFI scheme assets and liabilities have been calculated by discounting the contractual cash flows (excluding service charges) at the appropriate AA corporate bond yield.
- Where appropriate the fair value for long term debtors has been estimated using a PWLB equivalent discount rate for new fixed rate loans with the most appropriate maturity and repayment profile as at 31st March 2026. The fair value on the remaining long term debtors is deemed to be the balance outstanding at 31st March 2026.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months, the fair value is taken to be the principal outstanding, plus accrued interest.
- The fair value of trade and other creditors and debtors is taken to be the billed amount.

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

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

The fair values calculated are as follows:

	Fair value level	31 March 2025		31 March 2026	
		Carrying amount	Fair value	Carrying amount	Fair value
		£m	£m	£m	£m
PWLB debt	2	(721.739)	(508.105)	(412.573)	(304.081)
Market loans	2	(26.954)	(18.592)	(21.350)	(14.587)
PFI and finance leases	2	(164.030)	(164.030)	(152.077)	(152.077)
Other debt	*	(4.383)	(4.383)	(4.397)	(4.397)
Trade creditors	*	(80.581)	(80.581)	(91.126)	(91.126)
TOTAL FINANCIAL LIABILITIES		(997.687)	(775.690)	(681.522)	(566.268)
Cash & Cash Equivalents	*	124.397	124.397	115.731	124.397
Other Investments (< 1 year)	*	254.617	254.617	147.009	254.617
Investments (> 1 year)	2	12.865	12.865	11.194	11.194
Trade Debtors	*	47.073	47.073	79.154	79.154
Long-term debtors	***2	86.829	86.829	67.232	67.232
TOTAL FINANCIAL ASSETS		525.781	525.781	420.320	536.594

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

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

The fair value of the Authority's financial liabilities is lower than the carrying amount because the Council's portfolio of loans includes fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date. This results in a notional future loss (based on economic conditions at 31 March 2026) arising from the commitment to pay interest to lenders above current market rates.

The Authority has a continuing ability to borrow at preferential rates from the Public Works Loan Board (PWLB) rather than from the wider market. A supplementary measure of the additional interest that the Authority will pay as a result of its existing PWLB commitments for fixed rate loans is to compare the carrying amount of these loans with their fair value, determined by reference to current PWLB borrowing rates.

On this basis, a carrying amount of £412.573m has a fair value of £304.081m. This valuation reflects the present value of future cash flows discounted at current market rates and incorporates any premiums or discounts that would arise on early repayment.

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

Financial Guarantee

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

Soft Loans

The Council previously issued a number of loans to voluntary organisations at below market rates (soft loans), totalling £0.374m in 2014, £0.150m in 2017, £0.090m in

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2018, £0.345m in 2019/20, £0.700m in 2020/21 and £0.200m in 2021/22 to Nottingham Castle Trust.

The comparative figures included in the table below reflect the position at 31 March 2025, when balances remained outstanding. During 2025/26, all remaining soft loan balances were written off. As a result, there are no soft loans outstanding as at 31 March 2026.

In prior years, when soft loans were issued, a loss was recognised in the Comprehensive Income and Expenditure Statement representing the present value of interest foregone over the life of the instrument. This resulted in the amortised cost of the loans being lower than the outstanding principal. Interest income was subsequently recognised using a higher effective interest rate, increasing the amortised cost over time. Statutory provisions required that the impact on the General Fund Balance was limited to the interest receivable for the year, with differences managed through the Financial Instruments Adjustment Account.

	2024/25 £m	2025/26 £m
Opening balance	1.219	1.219
Other changes	-	(1.219)
Closing balance at end of year	1.219	-
Nominal value	1.859	-

4.5 Movement in Reserves Statement Notes

4.5.1 Adjustments between Accounting Basis and Funding Basis under Regulations

2025/26	Usable Reserves					Unusable Reserves
	General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£m	£m	£m	£m	£m	
Non Current Assets						
• Amortisation of Intangible Fixed Assets	1.261	-	-	-	-	(1.261)
• Depreciation	67.569	24.978	-	-	-	(92.547)
• Impairment	-	-	-	-	-	-
• Revaluation Losses	(6.323)	13.775	-	-	-	(7.452)
• Donated Assets	(13.122)	(1.120)	-	-	-	14.242
• Investment Property Movement	0.763	(0.128)	-	-	-	(0.635)
• Assets Held for Sale Movement	0.707	(0.047)	-	-	-	(0.660)
• Derecognition of Fixed Assets	2.515	12.840	-	-	-	(15.355)
• (Loss)/Gain on Sale of Fixed Assets	8.604	(2.862)	57.110	-	-	(62.852)
• Charges / Reversals of Investment Impairment	(0.113)	-	-	-	-	0.113
	61.861	47.436	57.110	-	-	(166.407)
Capital Financing						
• Revenue Expenditure Funded From Capital Under Statute (REFCUS)	1.514	-	-	-	(0.056)	(1.458)
• Statutory Minimum Revenue Provision for Capital Financing	(32.421)	-	-	-	-	32.421
• Voluntary Revenue Provision for Capital Financing	-	(2.103)	-	-	-	2.103
• Leasing Adjustments Minimum Revenue Provision	(0.705)	-	-	-	-	0.705
• PFI Minimum Revenue Provision	(13.250)	-	-	-	-	13.250
• Capital Expenditure charged in year to General Fund Balance	(1.889)	(12.344)	-	-	-	14.233
• Transfer to/from Major Repairs Reserve		(24.978)	-	(13.624)	-	38.602
• Use of Capital Receipts Reserve to finance new Capital expenditure	-	-	(9.043)	-	-	9.043
• Use of Capital Receipts Reserve to repay debt	-	-	(15.878)	-	-	15.878
• Capital grants & contributions to be applied in future years	(25.584)	(2.731)	-	-	28.315	-
• Capital grants applied in year	(53.080)	(2.817)	-	-	(0.044)	55.941
• Other Items (long term debtors)	-	-	15.892	-	-	(15.892)
	(125.415)	(44.973)	(9.029)	(13.624)	28.215	164.826

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2025/26	Usable Reserves					Unusable Reserves £m
	General Fund	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£m	£m	£m	£m	£m	
Other Movements						
• Pension Fund:						
- Net charges made for Retirement Benefits in accordance with IAS19	32.292	-	-	-	-	(32.292)
- Employers contributions payable to the NCC Pension Fund and Retirement Benefits payable direct to pensioners	(51.908)	-	-	-	-	51.908
• Financial Instrument Adjustment Account	(73.584)	(0.711)	-	-	-	74.295
• Transfer to/(from) Collection Fund Adjustment Account	8.280	-	-	-	-	(8.280)
• Employee Benefits	1.543	-	-	-	-	(1.543)
	(83.377)	(0.711)	-	-	-	84.088
TOTAL ADJUSTMENTS	(146.931)	1.752	48.081	(13.624)	28.215	82.507

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

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

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

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

4.5.2 Post-employment Benefits Transactions

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

	Local Government Pension Scheme		Teachers Unfunded Benefits	
	2024/25	2025/26	2024/25	2025/26
	£m	£m	£m	£m
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits	(33.859)	(31.172)	(1.085)	(1.120)
Actual amount charged against the General Fund Balance for pensions in the year:				
Employers' contributions payable to scheme	48.605	49.689	-	-
Retirement benefits payable to pensioners	-	-	2.262	2.219

These transactions can be summarised as follows:

	2024/25	2025/26
	£m	£m
Movement in Reserves Statement:		
Reversal of Charges made in accordance with the Code	(34.944)	(32.292)
Charges to General Fund made on a funding basis	50.867	51.908
TOTAL	15.923	19.616

4.6 Cash Flow Statement Notes

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

	2024/25 £m	2025/26 £m
Depreciation	89.881	92.547
Impairment and movement in asset valuations	32.794	8.112
Amortisation	1.271	1.261
Increase/Decrease in Creditors	(31.906)	11.737
Increase/Decrease in Debtors	2.112	(42.789)
Increase/Decrease in Contract Assets	7.618	(2.921)
Increase/Decrease in Inventories	(0.632)	(0.230)
Movement in Pension Liability	(15.923)	(19.616)
Other non cash adjustment	(6.119)	(18.025)
Contributions to/(from) Provisions	(30.198)	(0.394)
Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	66.844	78.207
TOTAL	115.742	107.889

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

	2024/25 £m	2025/26 £m
Net adjustment from the sale of short and long term investments	1.990	1.784
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(54.964)	(57.096)
Any other items for which the cash effects are investing or financing cash flows	(136.591)	(92.833)
TOTAL	(189.565)	(148.145)

4.6.3 Operating Activities

The cash flows for operating activities include the following items:

	2024/25 £m	2025/26 £m
Interest received	11.899	10.081
Interest paid	(33.072)	64.396
Dividends received	1.281	0.703
	(19.892)	75.180

4.6.4 Investing Activities

	2024/25 £m	2025/26 £m
Purchase of property, plant and equipment, investment property and intangible assets	(70.056)	(115.758)
Purchase of short-term and long-term investments	-	(0.113)
Other payments for investing activities	(133.591)	(54.058)
Proceeds from the sale of short-term and long-term investments	6.235	107.608
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	54.964	57.110
Other receipts from investing activities	269.561	135.918
NET CASH FLOWS FROM INVESTING ACTIVITIES	127.113	130.707

4.6.5 Financing Activities

	2024/25 £m	2025/26 £m
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(4.639)	(13.372)
Repayments of short and long-term borrowing	(58.924)	(311.404)
Other financing activities - Council Tax and NNDR adjustments	0.262	(5.617)
Other payments for financing activities	(18.733)	(2.167)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(82.034)	(332.560)

4.6.6 Reconciliation of Liabilities Arising from Financing Activities

	1 April 2025 £m	Financing cash outflows (inflows) £m	Other Non-cash changes £m	31 March 2026 £m
Long-term borrowings	(711.266)	332.192	(12.448)	(391.522)
Short-term borrowings	(34.506)	(24.752)	12.448	(46.810)
Lease liabilities	(4.158)	(1.415)	-	(5.573)
On balance sheet PFI liabilities	(157.036)	25.502	-	(131.534)
Other	(1.856)	(1.046)	-	(2.902)
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	(908.822)	330.481	-	(578.341)

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

4.7 Other Notes

4.7.1 Agency Services

The Council does not have any material agency arrangements.

4.7.2 Jointly Controlled Operations

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

Operations relating to EMSS are carried out at both NCC and LCC premises, with LCC being the employing authority and NCC the host authority. In line with the partnership agreement, the net expenditure is shared between the two authorities by allocating an equal share of the financial benefits (savings) accruing from the operation of EMSS. This means that NCC's share of the budgeted costs for EMSS was 55.09% for 2025/26.

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

	Total EMSS		Amounts included within NCC Accounts	
	2024/25	2025/26	2024/25	2025/26
	£m	£m	£m	£m
Income:				
Direct external income - LCC	(0.428)	(0.125)	-	-
Direct external income - NCC	(0.406)	(0.438)	(0.406)	(0.438)
Total Income	(0.834)	(0.563)	(0.406)	(0.438)
Expenditure:				
Direct costs incurred by LCC	5.980	6.218	-	-
Direct costs incurred by NCC	0.019	0.010	0.019	0.010
Total Expenditure	5.999	6.228	0.019	0.010
NET EXPENDITURE	5.165	5.665	(0.387)	(0.428)

4.7.3 Councillors' Allowances

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

	2024/25 £m	2025/26 £m
Allowances	1.171	1.240
Expenses	-	0.002
TOTAL	1.171	1.242

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4.7.4 Officers Remuneration

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

POST HOLDER	2024/25 £	2025/26 £
Chief Executive - Sajeeda Rose ¹		
- Salary, Fees & Allowances	130,528	198,165
- Pension Contributions	24,148	36,661
	154,676	234,826
Corporate Director - Communities Environment and Resident Services - Colin Parr		
- Salary, Fees & Allowances	155,800	160,786
- Pension Contributions	28,823	29,745
	184,623	190,531
Corporate Director - Growth and City Development - Nicola Jenkins ²		
- Salary, Fees & Allowances	91,538	159,009
- Pension Contributions	16,935	29,417
	108,473	188,426
Corporate Director - Adult Social Care and Health ³		
- Salary, Fees & Allowances	67,189	69,172
- Pension Contributions	12,430	12,497
	79,619	81,669
Corporate Director - Children & Education Services ⁴		
- Salary, Fees & Allowances	-	147,387
- Pension Contributions	-	27,267
	-	174,654
Corporate Director - Finance and Resources - Stuart Fair ⁵		
- Salary, Fees & Allowances	-	172,207
- Pension Contributions	-	31,858
	-	204,065
Director - Policy, Performance & Communications (Asst Chief Exec) ⁶		
- Salary, Fees & Allowances	-	80,612
- Pension Contributions	-	14,913
	-	95,525
Director for Legal and Governance and Monitoring Officer ⁷		
- Salary, Fees & Allowances	99,281	130,275
- Pension Contributions	18,367	24,101
	117,648	154,376
Director of Public Health		
- Salary, Fees & Allowances	122,642	126,567
- Pension Contributions	22,689	23,415
	145,331	149,982
HM Coroner - Mairin Casey ⁸		
- Salary, Fees & Allowances	167,911	172,644
- Pension Contributions	31,064	31,939
	198,975	204,583

Notes to table:

1. New post holder from August 24
2. New post holder from August 24
3. New post holder from November 24, left August 25
4. New post holder from May 25
5. Employed during 24/25 on Interim basis as per note below, permanent employment commenced in April 25
6. New post holder from June 25
7. New post holder from April 24 on interim basis, made permanent in March 25
8. The role of His Majesty's Coroner for Nottingham & Nottinghamshire is shared equally between Nottingham City Council and Nottinghamshire County Council. The amount shown in the table is 100% as Nottingham City Council is the employing body.

Fees Paid to individuals engaged on an interim basis

Interim Corporate Director of Finance & Resources and Section 151 Officer from November 24 to March 25 at a cost to the Council of £119,942.

Interim Corporate Director for Adults & Health between October 25 and March 26 at a cost to the Council of £147,420.

This represents the cost of securing the individual's services via an agency, not the amount the individuals will have received, which will have been lower.

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A total of 851 employees (excluding senior employees) received remuneration of more than £0.050m, of which 196 are employed directly by schools. The figures do not include staff employed by academy schools as they are not Council employees:

Remuneration Banding £	Number of Employees	
	2024/25	2025/26
50,000 - 54,999	280	358
55,000 - 59,999	196	175
60,000 - 64,999	58	156
65,000 - 69,999	41	39
70,000 - 74,999	17	24
75,000 - 79,999	34	22
80,000 - 84,999	8	31
85,000 - 89,999	14	9
90,000 - 94,999	13	13
95,000 - 99,999	3	8
100,000 - 104,999	1	4
105,000 - 109,999	4	1
110,000 - 114,999	2	1
115,000 - 119,999	2	4
120,000 - 124,999	2	1
125,000 - 129,999	2	3
130,000 - 134,999	-	-
135,000 - 139,999	-	2
TOTAL	677	851
GRAND TOTAL	677	851

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

Exit Package Cost Band	Number of Compulsory Redundancies		Number of Voluntary Redundancies		Number of Other Departures		Total Number of Exit Packages		Total Cost of Exit Packages	
	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26
Up to £20,000	9	15	43	30	-	1	52	46	459,662	426,531
£20,001 to £40,000	2	3	21	30	2	-	25	33	726,279	948,243
£40,001 to £60,000	-	2	6	5	2	1	8	8	372,007	378,020
£60,001 to £80,000	-	1	6	11	-	-	6	12	389,334	813,765
£80,001 to £100,000	-	1	4	3	-	-	4	4	369,862	351,151
£100,001 to £150,000	-	-	4	5	-	-	4	5	464,101	602,778
£150,001 to £200,000	-	1	-	2	-	-	-	3	-	517,652
£250,001 to £300,000	-	-	1	-	-	-	1	-	252,189	-
TOTAL	11	23	85	86	4	2	100	111	3,033,434	4,038,140

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4.7.5 External Audit Costs

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

	2024/25 £m	2025/26 £m
Statutory audit	0.645	0.650
Fees payable in respect of other services provided by the external auditors during the year	0.010	0.010
TOTAL	0.655	0.660

4.7.6 Dedicated Schools Grant (DSG)

The Council's expenditure on schools is funded primarily by DSG provided by the Department for Education. This is a ring-fenced grant and can only be applied to meet expenditure properly included in the School's Budget, as defined in the Schools and Early Years Finance (England) Regulations 2026. The School's Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2025/26 are as follows:

Notes	Central Expenditure £m	ISB £m	Total £m
A Final DSG for 2025/26 before academy and high needs recoupment			413.174
B Academy and high needs figure recouped for 2025/26			248.188
C Total DSG after academy and high needs recoupment for 2025/26			164.986
D Plus: Brought forward from 2024/25			16.035
E Less: Carry forward to 2026/27 agreed in advance			(16.035)
F Agreed initial budgeted distribution in 2025/26	52.886	112.100	164.986
G In year Adjustments		(0.501)	(0.501)
H Final Budget Distribution for 2025/26	52.886	111.599	164.485
I Less: Actual central expenditure	52.375		52.375
J Less: Actual ISB deployed to schools		115.374	115.374
K Plus Local Authority contribution 2025/26			-
L In year carry-forward to 2026/27	0.511	(3.775)	(3.264)
M Plus/Minus: Carry-forward to 2026/27 agreed in advance			16.035
N Carry-forward to 2026/27			12.771
O DSG unusable reserve at the end of 2024/25			-
P Addition to DSG unusable reserve at the end of 2025/26			-
Q Total of DSG unusable reserve at the end of 2025/26			-
R Net DSG position at the end of 2025/26			12.771

Notes to DSG:

- A Final DSG figure before any amount has been recouped from the authority as published March 2026.

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- B Figure recouped from the authority in 2025/26 by the DfE for the conversion of maintained schools into academies and for high needs payments made by ESFA.
- C Total DSG figure after academy and high needs recouplement for 2025/26, as published March 2026.
- D Figure brought forward from 2024/25.
- E Any amount which the authority decided after consultation with the schools forum to carry forward to 2026/27 rather than distribute in 2025/26.
- F Budgeted distribution of DSG, adjusted for carry-forward, as agreed with the schools forum.
- G Changes to the initial distribution.
- H Budgeted distribution of DSG as at the end of the financial year.
- I Actual amount of central expenditure items in 2025/26.
- J Amount of ISB actually distributed to schools (ISB is regarded for DSG purposes as spent by the authority once it is deployed to schools' budget shares).
- K Any contribution from the local authority in 2025/26 which will have the effect of substituting for DSG in funding the Schools Budget.
- L In-year position at end of 2025/26, i.e.:
- For central expenditure, difference between final budgeted distribution of DSG (item H) and actual expenditure (item I), plus any local authority contribution (item K).
 - For ISB, difference between final budgeted distribution (item H) and amount actually deployed to schools (item J), plus any local authority contribution (item K).
- M Plus/minus any carry-forward to 2026/27 already agreed.
- N Total carry-forward on central expenditure (item L) plus carry-forward on ISB (item L) plus/minus any carry-forward to 2025/26 already agreed (item E).
- O DSG unusable reserve at end of 2024/25 (if any) – any amount placed in the unusable reserve at the end of 2020/21, 2021/22, 2022/23, 2023/24 or 2024/25 in accordance with the MHCLG amending regulations.
- P Any addition to DSG unusable reserve in 2025/26 as a result of an in-year deficit in 2025/26.
- Q Total of DSG unusable reserve at end of 2025/26; this is the total of O and P.
- R Net DSG position at the end of 2025/26; this is a memorandum item designed to show the overall position on DSG. It is calculated by taking the figure (if any) at N and deducting the figure (if any) at Q, and will therefore show any net deficit that the local authority would have if the unusable reserve were not held separately.

The final DSG for 2025 to 2026 before the academy recouplement figure includes a provision for the early years block. This figure is derived from the pupil numbers as at January 2024. The final allocations will be based on 5/12ths x January 2025 pupil numbers and 7/12ths x January 2026 pupil numbers. The final DSG adjustment will

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be actioned in July 2026. The final allocation for the 2025 to 2026 early years block will be treated as an 'in year adjustment' for 2026 to 2027.

4.7.7 Related Parties

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

Central Government

Central government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in the CIES note 4.3.5. Capital grants and Revenue grants received in advance as at 31 March 2026 are shown in note 4.4.13.

Councillors/Officers

Councillors have direct control over financial and operating policies. The total of Councillors' allowances paid in 2025/26 is shown in the Councillors' allowances note 4.7.3.

During 2025/26 payments, receipts and balances outstanding for works and services to other organisations (the majority being transactions with the Council's subsidiaries) in which Councillors or relevant officers had an interest were as follows:

	2024/25 £m	2025/26 £m
Payments	26.321	20.048
Receivables	(3.961)	(4.741)
Debtors	1.537	6.395
Creditors	(4.557)	(4.566)

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

Other Public Bodies

The Council has pooled budget arrangements with Integrated Community Equipment and Loan Services (ICELS), Better Care Fund, and the Children's and Adult's Safeguarding Board. There were no significant transactions with ICELS and the Children's and Adult's Safeguarding Board in 2025/26. Transactions for the Better Care Fund are detailed in note 4.7.8.

The Council paid £0.085m in 2025/26 (£0.083m 2024/25) to the Environment Agency for flood defence.

Entities Controlled or Significantly Influenced by the Council

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

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	2024/25		2025/26	
	Payments	Receipts	Payments	Receipts
	£m	£m	£m	£m
Futures Advice, Skills and Employment Ltd	1.554	(0.024)	1.345	(0.018)
Inspired Spaces	9.494	-	9.965	-
Nottingham City Homes (NCH) Ltd	0.340	(9.769)	0.612	(17.101)
Nottingham City Transport	13.327	(0.647)	10.785	(0.421)
Nottingham Revenues & Benefits Ltd	0.103	-	0.081	-
Other Related Parties	3.961	(3.236)	1.367	(3.940)

	2024/25		2025/26	
	Debtors	Creditors	Debtors	Creditors
	£m	£m	£m	£m
Futures Advice, Skills and Employment Ltd	-	(0.114)	-	(0.012)
Nottingham City Homes (NCH) Ltd	40.248	(1.466)	47.031	(0.292)
Nottingham City Transport	-	(0.019)	0.002	(0.020)
Nottingham Revenues and Benefits Ltd	1.156	(2.204)	1.156	(2.081)
Other Related Parties	11.688	(3.399)	11.935	(2.962)

4.7.8 Pooled Budgets

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

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

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

The aim of the BCF is to incentivise the NHS and local government to work more closely together around people, placing their wellbeing as the focus of health and care services, and shifting resources into social care and community services for the benefit of the people, communities and health and care systems. Funding and expenditure in connection with the BCF was as follows:

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	2025/26 £m
Funding	
Balance brought forward	(0.814)
NHS Nottingham and Nottinghamshire ICB (Minimum Contribution)	(34.973)
Nottingham City Council (Capital - Disabled Facilities Grant)	(3.677)
Nottingham City Council (Local Authority Better Care Grant)	(20.482)
Total Funding	(59.946)
Expenditure	
Proactive care to those with complex needs	25.719
Home adaptations and tech	0.294
Supporting unpaid carers	0.694
Preventing unnecessary hospital admissions	6.035
Timely discharge from hospital	7.743
Reducing the need for long term residential care	14.932
Disabled Facilities Grant related schemes	2.719
Housing related schemes	0.038
Total Expenditure	58.174
BALANCE OF POOLED FUND	(1.772)

4.7.9 Road Charging Schemes under the Transport Act 2000

The Council introduced the workplace parking levy on 1 April 2012 charged under section 178-190 of the Transport Act 2000 (the Act). As per section 180 and 181 of the Act, all monies which are raised by the levy are to be re-invested in the City Councils Transport Plan. The figures for the year ending 31 March 2026 are as follows:

	2024/25 £m	2025/26 £m
Income	(10.956)	(11.214)
Expenditure	0.618	0.739
NET INCOME	(10.338)	(10.475)

4.7.10 Leases

Council as Lessee

Finance Leases

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

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

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	2024/25	2025/26
	£m	£m
Carrying value at 1 April	1.744	4.158
Lease additions	2.869	2.712
interest charge arising in year	0.295	0.411
Lease payments (outflows)	-0.750	(1.116)
Carrying value at 31 March	4.158	6.166

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

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

Maturity analysis of future lease payments at 31 March		
	31 March 2025	31 March 2026
	£m	£m
Undiscounted future lease payments payable in :		
- not later than one year	0.556	0.972
- later than one year and not later than five years	1.502	3.397
- later than five years	9.932	9.264
Total gross future lease payments	11.990	13.633
Finance charges allocated to future periods	7.832	7.467
Net lease liabilities at 31 March	4.158	6.166

Council as Lessor

Finance Leases

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

	31 March 2025	31 March 2026
	£m	£m
Long term finance lease debtor*	1.022	1.022
Finance income receivable in future years	10.773	10.712
GROSS INVESTMENT IN THE LEASE	11.795	11.734

* Net present value of minimum lease payments

The finance income which the Council will receive in future years is significant when compared to the lease debtors. This is because a number of assets are being leased

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for a period of 999 years which means the majority of current payments are for the interest element of the debtor.

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

	Gross Investment in the Lease		Minimum Lease Payments	
	31 March 2025	31 March 2026	31 March 2025	31 March 2026
	£m	£m	£m	£m
Not later than one year	0.061	0.061	0.061	0.061
Between one and five years	0.245	0.245	0.244	0.244
Later than five years	11.495	11.434	10.468	10.407
TOTAL	11.801	11.740	10.773	10.712

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

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

Operating Leases

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

- The provision of community services, such as sports facilities, tourism services and community centres.
- Economic development purposes to provide suitable affordable accommodation for local businesses.

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

	31 March 2025	31 March 2026
	£m	£m
Not later than one year	18.674	17.010
Between one and five years	35.032	36.040
Later than five years	110.917	109.459
TOTAL	164.623	162.509

Contingent Rents

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

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

For operating leases where the Council is lessor there were contingent rents receivable by the Authority in 2025/26 of £0.240m. There were no contingent rents for any of the other types of lease arrangement.

4.7.11 Capital Expenditure and Capital Financing

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

	2024/25 £m	2025/26 £m
Planning and Housing	52.227	58.144
Jobs, Growth and Transport	53.412	40.676
Strategic Regeneration	11.037	22.012
Other	82.948	33.980
Capital Expenditure	199.624	154.812
REFCUS Assets within PFI Contracts	11.590	1.458
Donated Assets	-	14.242
Assets acquired under PFI Contracts	21.154	3.484
CUMULATIVE ASSET ADDITIONS	232.368	173.996

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI/PP contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue, as assets are utilised by the Authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in note 4.7.12.

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

	2024/25 £m	2025/26 £m
Capital Investment on IFRS Basis		
Property, Plant and Equipment	92.315	115.341
Assets Held for Sale	-	0.003
Investment Properties	-	0.050
Heritage Assets	0.084	-
Intangible Assets	0.096	2.425
Total Additions to Assets on IFRS Basis	92.496	117.819
Revenue Expenditure Funded from Capital under Statute (REFCUS)	99.392	36.992
REFCUS - Exceptional Financial Support (EFS)	7.737	-
Total Expenditure to be Financed from Capital Sources	199.625	154.811
Financing		
Capital receipts	(11.254)	(9.042)
Capital receipts used to finance EFS	(7.737)	-
Government grants and other contributions	(137.238)	(131.536)
Sums set aside from revenue	(43.396)	(14.233)
UNDERLYING BORROWING REQUIREMENT IN YEAR	0.000	(0.000)

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4.7.12 Capital Financing Requirement (CFR)

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

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

	2024/25	2025/26
	£m	£m
Opening Capital Financing Requirement	1,247.400	1,215.228
Statutory Minimum Revenue Provision	(32.252)	(32.421)
Voluntary Revenue Provision	(2.692)	(2.103)
Voluntarily Set Aside Capital Receipts	(17.378)	(15.878)
Assets acquired under finance leases	2.869	2.712
Assets acquired under PFI/PPP contracts	29.875	2.229
Net PFI & lease Liability Discharged	(12.594)	(13.955)
Other changes	-	(2.835)
CLOSING CAPITAL FINANCING REQUIREMENT	1,215.228	1,152.977

4.7.13 Private Finance Initiatives and Similar Contracts

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

NET

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

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

Building Schools for the Future (BSF)

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

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

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

Local Improvement Finance Trust (LIFT) Joint Service Centres

The Council has completed two new Joint Service Centres located in Hyson Green and Bulwell and have been procured using the LIFT vehicle in partnership with NHS Nottingham City. The PFI contract which the Council has is with Community Health Partnership who manage the PFI, while NHS Nottingham City Clinical Commissioning

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Group manage which NHS service is provided from the joint service centre. The Council has recognised its share of occupancy of both sites on the Balance Sheet.

The contract expiry and the asset treatment are as follows:

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

Street Lighting Contract

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

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

Future Contractual Payments

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

	2025/26	2026/27 - 2029/30	2030/31 - 2034/35	2035/36 - 2039/40	Total
	£m	£m	£m	£m	£m
NET					
Repayment of Liability	6.909	28.025	20.336	-	55.270
Interest Charges	6.390	17.847	3.125	-	27.362
Service Charges	26.834	114.656	95.794	-	237.284
NET Unitary Charge	40.133	160.528	119.255	-	319.916
BSF					
Repayment of Liability	3.783	15.763	19.869	4.240	43.655
Interest Charges	3.114	9.544	4.374	0.490	17.522
Service Charges	2.881	13.805	14.257	3.025	33.968
BSF Unitary Charge	9.778	39.112	38.500	7.755	95.145
LIFT					
Repayment of Liability	1.308	6.089	8.137	-	15.534
Interest Charges	1.342	4.221	2.200	-	7.763
Service Charges	1.252	5.298	4.747	-	11.297
LIFT Unitary Charge	3.902	15.608	15.084	-	34.594
Street Lighting					
Repayment of Liability	2.968	12.666	16.410	-	32.044
Interest Charges	3.484	10.368	5.648	-	19.500
Service Charges	1.941	10.535	15.016	-	27.492
Street Lighting Unitary Charge	8.393	33.569	37.074	-	79.036
TOTAL CHARGES	62.206	248.817	209.913	7.755	528.691

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Liabilities resulting from PFI arrangements

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

	2024/25		2025/26			
	Total £m	BSF £m	NET £m	LIFT £m	Street Lighting £m	Total £m
Opening balance at 1 April	156.516	45.577	63.564	16.227	34.503	159.871
Increase in Liability	-	1.458	-	0.554	0.218	2.230
Repayment of Liability	(12.031)	(3.380)	(8.296)	(1.247)	(2.678)	(15.601)
CLOSING BALANCE AT 31 MARCH	144.485	43.655	55.268	15.534	32.043	146.500

4.7.14 Trust Funds

The Council acts as sole trustee for a number of trust funds. The funds do not represent assets of the Council and, therefore, have not been included in the Council's single entity accounts. However, as the Council acts as sole trustee for the Bridge Estate Trust their accounts are consolidated into the Council's group accounts (section 6). The Bridge Estate Trust holds net assets of £29.235m (£26.278m at 31 March 2025) with a turnover of £1.746m (£1.668m 2024/25), primarily from the rental of investment properties. The Trust was established for the repair and maintenance of Trent Bridge and the construction of new bridges over the River Trent.

The Council is also sole trustee for a number of other Trusts whose net assets total £3.582m (£3.567m as at 31 March 2025) with a turnover of £0.442m (£0.442m 2024/25). These Trusts are not consolidated into the Council's group accounts on the basis of materiality. They include:

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

4.7.15 Contingent Liabilities and Assets

Contingent Liabilities

At 31 March 2026, the Council has the following contingent liability that could exceed a materiality level of £5m:

Insurance Claims

A contingent liability exists to cover potential future insurance claims that cover past unknown events that may exist at the balance sheet but cannot reasonably be quantified.

These could come from new legal cases, examples being Awaab's Law and Hand Arm Vibration Syndrome, where there are no cases but there remains an unquantifiable possibility of future claims based on past events.

Future claims could arise from new cases from employees from decades ago relating to industrial injury and diseases such as mesothelioma.

As a Council providing education and children's services there is a potential risk of historic child abuse claims.

These do not meet the definition of a provision but are recognised here as a contingent liability.

The Council maintains a prudent insurance reserve to cover these risks.

Contingent Assets

The Council is in dispute with the Integrated Care Board (ICB) for funding that the Council believes was committed by the ICB to meet care costs. Should this be resolved in the Council's favour it would result in a significant benefit to the Council.

We cannot disclose the amount at this time due to commercial sensitivity.

4.7.16 Nature and Extent of Risks arising from Financial Instruments

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

- Credit risk – the risk that counterparties may fail to meet their contractual obligations to the Council.
- Liquidity risk – the risk that the Council will not have sufficient funds available to meet its payment obligations as they fall due.
- Re-financing risk – the risk that the Council may be required to renew or replace existing financial instruments upon maturity at unfavourable interest rates or terms.
- Market risk – the risk that the Council may incur financial loss as a result of adverse movements in market variables, such as interest rates or equity prices.

Overall Procedures for Managing Risk

The Council's overall risk management procedures focus on the management of risk arising from the unpredictability of financial markets, with the aim of minimising potential adverse effects on financial resources. These procedures are established in accordance with the Local Government Act 2003 and the associated regulations and are undertaken in compliance with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services: Code of Practice, and statutory Investment Guidance issued under the Act. Collectively, these frameworks require the Council to manage risk in the following ways:

- By formally adopting the requirements of the Code of Practice.
- By approving, in advance each year, prudential and treasury indicators for the following three years which sets limit on:
 - the Council's overall level of external borrowing.
 - its exposure to fixed and variable interest rates.
 - the maturity structure of its debt, through defined upper and lower limits, and
 - its exposure to investments maturing beyond one year.
- By approving an Annual Investment Strategy for the forthcoming year, which sets out the Council's approach to investment activity, including the criteria for

Section 4 – Notes to the Financial Statements

selecting investment counterparties, in accordance with Government Guidance.

These procedures are reported to and approved by the Council as part of the annual budget-setting process, which includes the setting of the Budget and Council Tax. The procedures are incorporated within the Annual Treasury Management Strategy, which sets out the Council's detailed approach to managing risk arising from its financial instrument exposure. Performance against the strategy is reported to Members on a regular basis, including mid-year and annual treasury management reports.

The Council maintains formal written principles for overall risk management, together with specific policies covering key risk areas such as interest rate risk, credit risk and the investment of surplus cash. These are set out within the Treasury Management Practices, as required by the Code, and are subject to regular review.

Credit Risk

Credit risk arises from the Council's financial investments with banks and other financial institutions, as well as exposures relating to non-financial investments, including loans to third-party organisations and amounts owed by the Council's customers.

The Council's exposure to credit risk on financial investments is managed through the principles set out in the Annual Investment Strategy. This requires that investments are placed only with counterparties of high credit quality, as defined in the Treasury Management Strategy, including commercial institutions meeting minimum credit rating criteria, the UK Government and other local authorities.

In recognising that credit ratings are not a sole predictor of default risk, the Council also considers additional market intelligence when selecting counterparties, including credit default swap spreads and equity price movements.

The Annual Investment Strategy sets limits on the amounts invested with counterparties within specified credit categories.

The credit criteria adopted by the Council in respect of financial assets held during 2025/26 are as follows:

- Minimum credit rating criteria – counterparties are required to meet a minimum long-term credit rating of A- (or equivalent), with the exception of UK local authorities.
- Individual counterparty limits for unsecured investments – a maximum limit of £30m is applied to each eligible counterparty, with the exception of the UK Central Government.
- Group limits – where counterparties are part of the same banking group, limits are applied to the group as a whole as well as to individual counterparties (e.g. Bank of Scotland and Lloyds Bank).
- Country limits – for non-UK counterparties, a total investment limit is applied to each country, such that no more than £60m may be invested with counterparties located within any single country.
- Money Market Funds – an individual investment limit of £40m is applied to each fund, with an overall limit of £120m across all Money Market Fund investments.

The Council's maximum exposure to credit risk in relation to its investments in financial institutions at 31 March 2026 was £253.7m. This exposure cannot be assessed generally, as the risk of any counterparty failing to meet its contractual obligations is

specific to each individual institution. Historical experience indicates that such failures are rare. A risk of non-recoverability applies to all investments. However, balances held for liquidity purposes have remained higher than in previous years, reflecting the Council's continued prudent approach to cash management.

As at 31 March 2026, the Council's investments were held with, short-term notice accounts, the UK Government, and highly liquid and diversified Money Market Funds. This approach ensures that, should credit conditions deteriorate, exposure to increased credit risk can be actively managed and investments can be recalled where appropriate, thereby reducing the likelihood of realised losses.

Deposits with other local authorities are considered to represent a low credit risk, reflecting the statutory framework governing local authority borrowing and lending.

Credit Risk Exposure

The following table summarises the carrying value of the Council's financial investments, together with its exposure to non-financial investments and debtors as at 31 March 2026. This confirms that all financial investments were undertaken in accordance with the approved credit rating criteria

Credit Rating	Credit Rating	Gross Carrying Amount £m
12-month expected credit losses	AAA	111.00
	AA	54.86
	A	87.84
	BBB	
	Unrated local authorities	
	Unrated loans to 3rd parties	67.23
Significant increase in credit risk since initial recognition	AAA	
	AA	
	A	
	BBB	
	Unrated local authorities	
	Unrated loans to 3rd parties	
Credit impaired	AAA	
	AA	
	A	
	BBB	
	Unrated local authorities	
	Unrated loans to 3rd parties	
Simplified approach*	AAA	
	AA	
	A	
	BBB	
	Unrated other	93.94

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

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

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

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

Amounts Arising from Expected Credit Losses

From the above credit risk exposures, the expected loss allowance as at 31 March 2026 was £9.148m in respect of loans to third parties, calculated using the lifetime expected credit loss (ECL) model.

Collateral

The Council secures its lending, where appropriate, through legal charges over property or other assets, such as those included within loan agreements. The total value of collateral held at 31 March 2026 was £54.603m.

Liquidity Risk

The Council has ready access to borrowing from money markets and other local authorities to support its day-to-day cash flow requirements. Whilst the Public Works Loan Board (PWLB) provides access to longer-term funding, it also acts as a lender of last resort to local authorities (subject to compliance with applicable regulations, including restrictions on borrowing for yield).

The Council is required to set and maintain a balanced budget under the Local Government Finance Act 1992, which ensures that sufficient resources are available to meet its annual expenditure. Accordingly, the Council expects to be able to meet its contractual obligations under financial instruments as they fall due.

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

The Council's deposits with financial institutions, including banks, Money Market Funds and other local authorities, totalled £253.737m at 31 March 2026.

The Council continues to utilise highly liquid investments, including same-day access Money Market Funds, as part of its approach to managing liquidity risk. As at 31 March 2026, the Council held balances of £111m across three Money Market Funds. These funds are highly diversified and liquid, with credit ratings equivalent to AAAM, and are therefore considered to present minimal credit risk.

Refinancing and Maturity Risk

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

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

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

The maturity analysis of the principal element of financial liabilities at 31 March 2026 is:

	31 March 2025 £m	31 March 2026 £m
Less than 1 year	35.759	9.554
1 to 2 years	7.872	6.334
2 to 5 years	9.895	36.209
5 to 10 years	160.870	134.860
10 – 25 years	41.052	51.022
25 – 40 years	350.764	186.381
40 – 70 years	140.000	10.000
TOTAL	746.212	434.360

The table above shows when the period in which loans will be fully repaid. All trade and other creditors are payable in less than one year and are not shown in the above table.

Interest Rate Risk

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

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

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

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the prudential indicators and expected treasury operations, including an expectation of interest rate movements. From this

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Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. Market and forecast interest rates are monitored within the year, to adjust exposures appropriately.

The 2025/26 Treasury Management Strategy allowed for a maximum exposure to variable interest rates of £200m.

Based on this position at 31 March 2026, a 1% increase in interest rates, with all other variables held constant, would have the following impact on the financial statements:

	31 March 2026 £m
Increase in interest payable on variable rate borrowings	0.259
Increase in interest receivable on variable rate investments	(4.387)
Impact on Surplus or Deficit on the Provision of Services	(4.128)
Share of overall impact debited to the HRA	1.736
IMPACT ON OTHER COMPREHENSIVE INCOME AND EXPENDITURE	(2.391)

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

Price Risk

The Council does not generally invest in equity instruments. However, it holds equity investments with a carrying value of £10.428m at 31 March 2026 in a number of joint ventures and local industry.

These investments are generally illiquid and are measured at cost less impairment in the Balance Sheet. The principal holdings are in Nottingham City Transport Ltd and Blueprint (General Partner) Ltd, which are similarly carried at cost less impairment within the Council's Group Accounts.

The Council is exposed to potential losses arising from movements in the value of these investments. As these holdings have been acquired for strategic purposes, the Council is not in a position to mitigate this risk through diversification of its portfolio.

4.8 Accounting Standards issued but not adopted

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

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

Accounting changes that are introduced by the 2026/27 Code are:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage Assets) issued in March 2024.
- Amendments to the classification and measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024. The

changes are mainly clarifications, but there are additional disclosure requirements for future years.

- Annual improvements to IFRS accounting standards - Volume 11 issued in July 2024.
- Contracts referencing nature-dependent electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024. This requires assessing whether there is a derivative component to energy prices. There is scope for exemption for “own use” electricity.

Work on the implementation of the Code changes is still ongoing and the full impact it may have on the Council’s single entity and group accounts has not been fully assessed yet, however it is likely that the items will have no significant impact on the amounts to be reported in the Council’s financial statements.

4.9 Critical Judgements in applying Accounting Policies

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

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

The critical judgements made in the Statement of Accounts are:

- The Council has entered into a partnership arrangement with Leicestershire County Council to provide financial and human resources services. The partnership, East Midlands Shared Services, is a formal local government joint committee which is formed and operates under S102 of the Local Government Act 1972. Such a joint committee has no legal responsibility and has been judged to be a jointly controlled operation with the Council’s share of revenue, expenditure, assets and liabilities shown in the single entity financial statements in section 3.
- The Council has produced a set of group accounts after carrying out a full review and evaluation of all related organisations. From this review and evaluation, a judgement is made as to whether the Council has the necessary material financial interest and/or level of control required for inclusion in the Group.

4.10 Assumptions about the Future and other Major Sources of Estimation

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

Section 4 – Notes to the Financial Statements

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

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

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

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

Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. These may affect the value of the liabilities in respect of accrued benefits and therefore an allowance was made for the potential impact in the results of the Actuary report at the last accounting date and therefore is already included in the starting position for the 2025/26 Actuary report. This allowance is therefore incorporated in the roll forward approach and is remeasured at the accounting date along with the normal LGPS liabilities. See note 7.2.1 for further details.

There was a triennial valuation of the fund by the scheme actuary as at 31 March 2025. The purpose of this was to set the level of employer contributions necessary for the next three years (1 April 2026 to 31 March 2029) to make good any fund deficit over the remaining working life of the employees.

4.11 Events after the Reporting Date

There are no post balance sheet events to report.

Section 5

SUPPLEMENTARY FINANCIAL STATEMENTS AND NOTES

5.1 Housing Revenue Account (HRA)

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

5.1.1 Housing Revenue Income and Expenditure Account

The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to the Council's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from Council Tax.

	2024/25 £m	2025/26 £m
Expenditure		
Repairs and maintenance	11.607	12.264
Supervision and management	59.053	76.131
Rents, rates, taxes and other charges	6.650	7.096
Depreciation and impairment of non-current assets	26.071	24.978
Debt management costs	0.065	0.067
Revaluation (gain) / loss on HRA properties	13.148	13.729
Total Expenditure	116.593	134.265
Income		
Dwelling rents	(122.586)	(119.347)
Non dwelling rents	(4.035)	(3.514)
Charges for services and facilities	(14.858)	(15.217)
Reimbursement of management fee	-	(21.015)
Contributions towards expenditure	(0.154)	(0.154)
Total Income	(141.633)	(159.246)
Net Cost of HRA Services as included in the CIES	(25.040)	(24.982)
HRA services' share of Corporate and Democratic Core	0.355	0.135
NET COST FOR HRA SERVICES	(24.685)	(24.847)
HRA Share of the Operating Income and Expenditure included in the CIES		
Fixed asset derecognition	-	12.840
Fixed asset revaluation (Surplus & Held for Sale)	-	(1.120)
Gain or (loss) on sale of HRA non-current assets	4.566	(2.862)
Grants	(2.235)	(5.548)
Movement in the allowance for bad debts	-	0.369
Interest payable and similar charges	12.393	8.106
Interest and investment Income	(6.274)	(6.361)
Reimbursement of opportunity cost	-	(6.338)
(SURPLUS)/DEFICIT FOR THE YEAR ON HRA SERVICES	(16.235)	(25.761)

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5.1.2 Movement on the HRA Statement

	2024/25 £m	2025/26 £m
Actual Ledger Balance on HRA at the start of the Year	60.124	76.661
Outstanding Statutory (Item 9) Adjustment:		
- 2nd Item 9 Credit Application	4.618	4.618
Corrected Balance on HRA at the start of the Year	64.742	81.279
Surplus or (deficit) for the year on the HRA Income and Expenditure Statement	16.235	25.761
Adjustments between accounting basis and funding basis	0.349	1.752
Net increase or decrease in year before transfers to or from earmarked reserves	16.584	27.513
Transfers (to) or from earmarked reserves	(0.047)	(27.355)
Increase or (decrease) in year on the HRA	16.537	0.158
BALANCE ON THE HRA AT THE END OF THE YEAR	81.279	81.437
Outstanding Statutory (Item 9) Adjustment:		
- 2nd Item 9 Credit Application	(4.618)	(4.618)
ACTUAL LEDGER BALANCE ON THE HRA AT THE END OF THE YEAR	76.661	76.819

The table above shows the balance on the Housing Revenue Account (HRA). The balance on the earmarked HRA reserves as at 31 March 2026 is £28.028m (31 March 2025 £0.673m). Therefore, total HRA reserves at 31 March 2026 are £104.847m (31 March 2025 £77.334m).

5.1.3 Notes to the HRA Financial Statements

5.1.3.1 Housing Stock

The Council was responsible for managing the following housing stock:

	31 March 2025 Number	31 March 2026 Number
Houses and Bungalows		
1 Bedroom	1,057	1,057
2 Bedroom	5,663	5,611
3 Bedroom	8,607	8,423
4 or more Bedrooms	456	457
Flats		
1 Bedroom	7,355	7,371
2 Bedroom	1,060	1,042
3 or more Bedrooms	114	112
TOTAL	24,312	24,073

5.1.3.2 Valuation of Housing Assets

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

	Value at 31 March 2025 £m	Value at 31 March 2026 £m
Operational Assets		
Council Dwellings	1,355.130	1,377.983
Other Land and Buildings	21.211	23.044
Assets Under Construction	16.446	3.618
Surplus Assets not held for sale	0.415	0.513
Investment Properties	0.663	0.890
Assets Held for Sale	1.008	0.653
Infrastructure	26.532	25.398
Vehicles, IT and Other Equipment	-	0.533
TOTAL VALUE OF ASSETS	1,421.405	1,432.632

5.1.3.3 Asset value of Dwellings

The vacant possession valuation of Council dwellings at 31 March 2026 was £3,280.909m (1 April 2025 £3,226.500m). The Balance Sheet value of dwellings was £1,377.983m. The difference of £1,902.926m between the vacant possession valuation and the balance sheet value reflects the fact that social housing rents generate a lower income stream than could be obtained in the open market.

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

The valuation of the Council's housing stock as at 31st March 2026 was completed by external valuers HEB.

5.1.3.4 The Major Repairs Reserve

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

	2024/25 £m	2025/26 £m
Balance Brought Forward	(49.907)	(48.670)
Credits - Depreciation on HRA Assets	(26.071)	(24.978)
Debits - Capital Expenditure	27.307	38.602
BALANCE AT END OF YEAR	(48.670)	(35.046)

Further information on depreciation is shown in note 5.1.3.7

Section 5 – Supplementary Financial Statements and Notes

5.1.3.5 Capital Expenditure

Capital expenditure of £57.256m (£50.381m in 2024/25) in respect of HRA assets was financed from a range of sources in 2025/26. This is set out below:

	2024/25 £m	2025/26 £m
CAPITAL EXPENDITURE	50.381	57.256
Financed By:		
Capital Receipts Reserve	8.223	3.493
Major Repairs Reserve (MRR)	27.307	38.602
Direct Revenue Financing*	12.616	12.344
Other Capital Grants and Contributions	2.235	2.817
Borrowing	-	
TOTAL FINANCING	50.381	57.256

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

5.1.3.6 Capital Receipts

Capital receipts of £27.236m (£21.841m in 2024/25) arose from the sale of land, houses and other property within the HRA in 2025/26. Of this total, £26.616m (£21.086m in 2024/25) related to the disposal of houses and flats under the right to buy scheme.

	2024/25 £m	2025/26 £m
Land & Other	0.755	0.619
Houses	21.086	26.616
TOTAL	21.841	27.236

5.1.3.7 Depreciation

Depreciation was charged in respect of HRA operational assets in 2025/26 as follows:

	2024/25 £m	2025/26 £m
Dwellings	22.387	22.186
Other Operational HRA Assets:		
Other Land and Buildings	0.484	0.670
Vehicles, Plant, Furniture and Equipment	1.120	0.004
Infrastructure and Community Assets	2.074	2.107
Surplus Assets not Held for Sale	0.006	0.011
TOTAL	26.071	24.978

5.1.3.8 Revaluations and Impairments during the Financial Year

£13.775m in respect of revaluation losses have been debited to the HRA during the year (£13.148m losses debited in 2024/25).

A de-recognition write-out of £12.840m (£6.948m in 2024/25) was made to reflect the residual value of assets replaced.

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

Gross rent arrears (including service charges and overpaid housing benefit) in respect of current and former tenants amounted to £8.251m at 31 March 2026 (£7.820m at 31 March 2025). A total loss allowance (previously called bad debt provision) of £6.333m has been established at 31 March 2026 (£6.280m at 31 March 2025).

5.1.3.10 Sums Directed by the Secretary of State

In December 2021 the Section 151 Officer issued a Section 114 Notice indicating the HRA ring-fence had been breached. On 3rd August 2022 the Secretary of State for Levelling Up, Housing & Communities issued an Item 9 Direction which instructed the General Fund to pay the HRA £27.703m. This was made in 2022/23 with no further payments in 2023/24, 2024/25 and 2025/26. The sum of £4.618m is still outstanding and this will be subject to a second Item 9 Ministerial Direction.

5.2 Collection Fund

5.2.1 Collection Fund Statement

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

	2024/25		2025/26	
	Total £m	NNDR £m	Council Tax £m	Total £m
INCOME				
Council Tax Receivable	(181.746)	-	(194.521)	(194.521)
Business Rates Receivable	(123.546)	(128.108)	-	(128.108)
TOTAL INCOME	(305.292)	(128.108)	(194.521)	(322.629)
EXPENDITURE				
Precepts, Demands and Shares				
Central Government	63.491	66.577	-	66.577
Police Authority	19.490	-	21.041	21.041
Fire Authority	7.639	1.332	6.908	8.240
Nottingham City Council	211.100	65.245	160.805	226.050
Charges to Collection Fund				
Write offs of uncollectable amounts	2.229	2.156	1.073	3.229
Increase /Decrease (-) in allowance for non-collection	0.925	2.878	8.222	11.100
Increase /Decrease (-) in Provision for Appeals	(5.999)	(7.376)	-	(7.376)
Cost of Collection	0.457	0.454	-	0.454
Interest charged on Cost of Collection	-	-	-	-
Disregarded Amounts	0.238	1.105	-	1.105
Apportionment of previous year's estimated Collection Fund Surplus/ (Deficit)				
Police & Crime Commissioner	0.420	-	0.305	0.305
Central Government	(2.037)	1.441	-	1.441
Nottinghamshire Fire & Rescue Service	0.099	0.029	0.100	0.129
Nottingham City Council	1.207	1.412	2.333	3.745
TOTAL EXPENDITURE	299.259	135.253	200.787	336.040
Movement on the Collection Fund Balance (Surplus)/Deficit Brought Forward	(6.033) (2.089)	7.145 (5.051)	6.266 (3.071)	13.411 (8.122)
Adjustment to (Surplus/Deficit Brought Forward)	-	-	-	-
(SURPLUS)/DEFICIT CARRIED FORWARD	(8.122)	2.094	3.195	5.289

5.2.2 Notes to Collection Fund Statement

5.2.2.1 National Non-Domestic Rates (NNDR)

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

	2024/25 £m	2025/26 £m
Rate in the pound - Standard multiplier	54.6p	55.5p
Rate in the pound - Small business multiplier	49.9p	49.9p
Total non-domestic rateable value per NNDR system	344.973	338.420

5.2.2.2 Council Tax

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

	2024/25	2025/26
Council Tax Base	69,075	71,062
Council Tax (Band D) Property	£2,529.69	£2,656.19

Band	Average Number of Properties	Taxable Properties after discounts, exemptions and adjustments	Conversion Factor to Band D	Band D Equivalents
A	92,514	60,121	6/9	40,079
B	25,838	14,864	7/9	11,561
C	17,245	10,896	8/9	9,686
D	7,823	5,152	9/9	5,152
E	2,668	1,864	11/9	2,279
F	1,132	855	13/9	1,235
G	769	565	15/9	942
H	116	64	18/9	128

Section 5 – Supplementary Financial Statements and Notes

5.2.2.3 Apportionment of Collection Fund Surplus/Deficit

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

	2024/25		2025/26	
	Total £m	Council Tax £m	NNDR £m	Total £m
Nottingham City Council	(5.091)	2.714	1.026	3.740
Nottinghamshire Police Authority	(0.343)	0.362	-	0.362
Nottinghamshire Fire and Rescue Authority	(0.162)	0.119	0.021	0.140
Central Government	(2.526)	-	1.047	1.047
TOTAL	(8.122)	3.195	2.094	5.289

Section 6

GROUP FINANCIAL STATEMENTS AND NOTES

6.1 Introduction

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

The following pages include:

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

6.2 Significant Judgements and Assumptions

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

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

Section 6 – Group Financial Statements and Notes

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

For 2025/26 the financial details of these organisations have been consolidated within the group accounts where it is considered that those details have a material effect upon those accounts.

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

The Council's group in 2025/26 includes Bridge Estate Trust, Nottingham City Homes Ltd, Nottingham City Transport Ltd, Nottingham Ice Centre Ltd, Blueprint Limited Partnership, and Futures Advice, Skills and Employment Ltd. The group core statements have been completed using the unaudited accounts of these organisations.

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

	2024/25		2025/26	
	Single Entity Accounts £m	Group Accounts £m	Single Entity Accounts £m	Group Accounts £m
Comprehensive Income and Expenditure (CIES):				
(Surplus)/Deficit on Provision of Services	(53.409)	(52.124)	(233.443)	(234.813)
Other CIES	(62.994)	(62.744)	(122.323)	(125.125)
Total CIES (Surplus)/Deficit	(116.403)	(114.868)	(355.766)	(359.938)
Balance Sheet:				
Long Term Assets	3,578.013	3,660.085	3,654.290	3,740.195
Current Assets	515.899	554.043	439.328	457.462
Current Liabilities	(243.450)	(272.795)	(280.290)	(316.957)
Long Term Liabilities	(1,092.719)	(1,153.357)	(699.819)	(733.638)
Nets Assets	2,757.743	2,787.976	3,113.509	3,147.062
Usable Reserves	456.871	486.734	607.807	641.074
Unusable Reserves	2,300.872	2,301.242	2,505.702	2,505.988
	2,757.743	2,787.976	3,113.509	3,147.062
Cash Flow Statement:				
Net Cash Flows from Operating Activities	(20.414)	(16.222)	193.187	184.887
Investing Activities	127.113	128.980	130.707	134.499
Financing Activities	(82.034)	(87.386)	(332.560)	(339.554)
Net Increase (Decrease) in Cash and Cash Equivalents	24.665	25.372	(8.666)	(20.168)
Cash and Cash Equivalents at the beginning of the reporting period	99.732	127.358	124.397	152.730
Opening balance restatement	-	-	-	5.219
Cash and Cash Equivalents at 31 March	124.397	152.730	115.731	137.781

6.3 Accounting policies used in preparing the Group Financial Statements

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

- The accounting policies of the group entities for Property, Plant and Equipment, and Investment Properties have been compared to those of the Council to assess whether there needs to be any realignment adjustments on consolidation. There are no material differences in these policies and so no consolidation adjustments have been made.
- Any trust funds which the Council controls and which generate economic benefits or deliver goods or services in accordance with the Council's objectives have been evaluated in terms of their impact on the group financial statements. Where this impact has been judged to be material the trust has been included.

Section 6 – Group Financial Statements and Notes

6.4 Core Group Financial Statements

6.4.1 Group Comprehensive Income and Expenditure Statement (Group CIES)

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

As outlined in note 4.3.1 Prior Year Reclassifications, the Council's 2024/25 CIES has been restated to align with the 2025/26 directorate position of the Council. The group 2024/25 CIES has also been restated to reflect the changes in directorates. The group organisations are not included within the directorates but are shown on a separate line of the CIES.

Notes	Restated 2024/25			2025/26		
	Gross	Gross	Net	Gross	Gross	Net
	Expenditure £m	Income £m	£m	Expenditure £m	Income £m	£m
Adults	210.889	(119.809)	91.080	222.132	(125.910)	96.222
Chief Executive	2.817	(0.419)	2.398	2.851	(0.370)	2.481
Childrens	135.473	(36.774)	98.699	119.714	(41.905)	77.809
Commissioning and Partnerships	3.938	(1.370)	2.568	3.433	(0.319)	3.114
Communities, Environment and Resident Services	168.889	(108.787)	60.102	184.376	(118.806)	65.570
Education	56.783	(54.219)	2.564	78.980	(71.625)	7.355
Finance and Resources	177.628	(128.268)	49.360	159.507	(111.666)	47.841
Growth and City Development	110.587	(93.164)	17.423	95.080	(89.428)	5.652
Public Health	35.175	(40.185)	(5.010)	40.868	(42.953)	(2.085)
Schools	135.226	(132.245)	2.981	130.843	(126.933)	3.910
Corporate Items	56.530	(62.424)	(5.894)	37.347	(61.808)	(24.461)
Housing Revenue Account (HRA)	117.179	(139.604)	(22.425)	134.399	(157.329)	(22.930)
Group Organisations	112.909	(112.223)	0.686	135.359	(133.200)	2.159
Cost of Services	1,324.023	(1,029.491)	294.532	1,344.889	(1,082.252)	262.637
Other operating expenditure			3.058			20.956
6.7.1.1 Financing and investment income and expenditure			13.508			(80.966)
Taxation and non-specific grant income			(363.499)			(437.908)
(Surplus)/Deficit on Provision of Services			(52.401)			(235.281)
Share of the surplus or deficit on the provision of services by associates			(0.143)			0.375
Tax expenses of subsidiaries			0.420			0.093
Tax expenses / (income) of associates and joint ventures			-			-
Group (Surplus)/Deficit			(52.124)			(234.813)
Revaluation of PPE/Heritage assets			(70.789)			(137.517)
Re-measurement of pension assets/liabilities			6.420			13.792
Share of other comprehensive income and expenditure of associates and joint ventures			1.625			(1.400)
Other Comprehensive Income and Expenditure			(62.744)			(125.125)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE			(114.868)			(359.938)

Section 6 – Group Financial Statements and Notes

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

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

	Restated 2024/25			2025/26		
	Authority	Minority Interest	Total	Authority	Minority Interest	Total
	£m	£m	£m	£m	£m	£m
Group (surplus) / Deficit	(52.082)	(0.042)	(52.124)	(234.897)	0.084	(234.813)
Other CIES	(62.677)	(0.067)	(62.744)	(125.056)	(0.069)	(125.125)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE	(114.759)	(0.109)	(114.868)	(359.953)	0.015	(359.938)

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

	Restated 2024/25 £m	2025/26 £m
Total comprehensive income and expenditure on the authority's single entity CIES	(116.403)	(355.766)
Add (surplus)/deficit arising from group entities:		
Subsidiaries	0.889	(0.819)
Joint Ventures	1.482	(1.025)
Trust Funds	(0.836)	(2.328)
TOTAL COMPREHENSIVE INCOME AND EXPENDITURE ON THE GROUP CIES	(114.868)	(359.938)

Section 6 – Group Financial Statements and Notes

6.4.2 Group Balance Sheet

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

Notes	31 March 2025 £m	31 March 2026 £m	
6.7.2.1	Property, Plant & Equipment	3,252.862	3,362.742
6.7.2.1	Right of Use Assets	36.902	36.736
	Heritage Assets	78.746	78.746
6.7.2.2	Investment Property	239.709	216.333
	Intangible Assets	2.844	4.008
	Long Term Investments	2.285	2.135
	Long Term Debtors	39.225	32.479
	Investments in Associates and Joint Ventures	7.512	7.016
	Long Term Assets	3,660.085	3,740.195
	Assets Held for Sale	17.629	13.460
	Short Term Investments	254.617	147.009
	Intangible Assets	0.050	0.075
	Inventories	3.596	4.434
6.7.2.3	Short Term Debtors	125.329	154.215
6.7.1.2	Contract Assets	0.092	0.111
6.7.2.4	Cash and Cash Equivalents	152.730	137.781
	Current Tax Asset	-	0.377
	Current Assets	554.043	457.462
	Short Term Borrowing	(29.375)	(46.810)
6.7.2.5	Short Term Creditors	(196.898)	(215.716)
	Revenue Grants Received in Advance	(17.479)	(18.046)
6.7.1.2	Contract Liabilities	(26.288)	(21.557)
	Provisions	(2.200)	(14.781)
	Current Tax Liability	(0.555)	(0.047)
	Current Liabilities	(272.795)	(316.957)
	Long Term Borrowing	(723.714)	(391.522)
6.7.1.2	Long Term Contract Liabilities	(0.924)	(1.476)
	Long Term Creditors	(0.339)	(13.329)
	Other Long Term Liabilities	(166.455)	(156.354)
	Provisions	(53.637)	(9.153)
	Capital Grants Receipts in Advance	(121.464)	(82.049)
	Revenue Grants Receipts in Advance	(0.191)	(0.209)
	Defined Benefit Pension Scheme	(82.255)	(75.331)
	Deferred Tax Liability	(4.378)	(4.215)
	Long Term Liabilities	(1,153.357)	(733.638)
	NET ASSETS	2,787.976	3,147.062
6.7.2.6	Usable Reserves	486.734	641.074
6.7.2.7	Unusable Reserves	2,301.242	2,505.988
	TOTAL RESERVES	2,787.976	3,147.062

6.4.3 Group Movement in Reserves Statement

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

The 'Opening balance restatement' line reflects the changes in the Group companies 2024/25 balances from the 'unaudited' to 'audited' accounts position.

2025/26	General Fund £m	Earmarked General Fund £m	General Fund Total £m	Housing Revenue Account (HRA) £m	Earmarked HRA Reserves £m	Capital Receipts £m	Major Repairs £m	Capital Grants Unapplied £m	Total Usable Reserves £m	Unusable Reserves £m	Total Authority Reserves £m	Authority's Share of Group Reserves £m	Minority Interest £m	Total Reserves £m
Ledger Balance at 31 March 2025	63.540	192.514	256.054	76.661	0.673	74.191	48.670	0.622	456.871	2,300.872	2,757.743	29.378	0.855	2,787.976
Outstanding Statutory (Item 9)														
Adjustments:														
2nd Item 9 Credit Application	-	(4.618)	(4.618)	4.618	-	-	-	-	-	-	-	-	-	-
Corrected Balance at 31 March 2025	63.540	187.896	251.436	81.279	0.673	74.191	48.670	0.622	456.871	2,300.872	2,757.743	29.378	0.855	2,787.976
Opening balance restatement	-	-	-	-	-	-	-	-	-	-	-	(0.783)	(0.027)	(0.810)
Movement in 2025/26:														
Total CIE* (Table 6.4.1)	209.480	-	209.480	25.761	-	-	-	-	235.241	122.323	357.564	2.389	(0.015)	359.938
Adjustments between group accounts and authority accounts (Note 6.7.3)	(1.798)	-	(1.798)	-	-	-	-	-	(1.798)	-	(1.798)	1.756	-	(0.042)
Net Increase/Decrease before transfers	207.682	-	207.682	25.761	-	-	-	-	233.443	122.323	355.766	4.145	(0.015)	359.896
Funding basis adjustments	(146.931)	-	(146.931)	1.752	-	48.081	(13.624)	28.215	(82.507)	82.507	-	-	-	-
Net increase/decrease before transfers to earmarked reserves	60.751	-	60.751	27.513	-	48.081	(13.624)	28.215	150.936	204.830	355.766	4.145	(0.015)	359.896
Transfers to/from earmarked reserves	(62.354)	62.354	-	(27.355)	27.355	-	-	-	-	-	-	-	-	-
Movement in Year	(1.603)	62.354	60.751	0.158	27.355	48.081	(13.624)	28.215	150.936	204.830	355.766	4.145	(0.015)	359.896
BALANCE AT 31 MARCH 2026	61.937	250.250	312.187	81.437	28.028	122.272	35.046	28.837	607.807	2,505.702	3,113.509	32.740	0.813	3,147.062
Outstanding Statutory (Item 9)														
Adjustments:														
2nd Item 9 Credit Application	-	4.618	4.618	(4.618)	-	-	-	-	-	-	-	-	-	-
ACTUAL LEDGER BALANCE AT 31 MARCH 2026	61.937	254.868	316.805	76.819	28.028	122.272	35.046	28.837	607.807	2,505.702	3,113.509	32.740	0.813	3,147.062

* CIE - Comprehensive Income and Expenditure

Section 6 – Group Financial Statements and Notes

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

* CIE - Comprehensive Income and Expenditure

6.4.4 Group Cash Flow Statement

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

The ‘Opening balance restatement’ line reflects the changes in the Group companies 2024/25 balances from the ‘unaudited’ to ‘audited’ accounts position.

Notes	2024/25 £m	2025/26 £m
Net (Surplus)/Deficit on the provision of Services	52.401	234.813
Adjustments to net surplus or deficit on the provision of services for non-cash movements	123.440	116.211
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(192.063)	(166.137)
6.7.4.1 Net Cash Flows from Operating Activities	(16.222)	184.887
6.7.4.2 Investing Activities	128.980	134.499
6.7.4.3 Financing activities	(87.386)	(339.554)
Net Increase or Decrease in Cash and Cash Equivalents	25.372	(20.168)
Cash and cash equivalents at the beginning of the reporting period	127.358	152.730
Opening balance restatement	-	5.219
CASH AND CASH EQUIVALENTS AT 31 MARCH	152.730	137.781

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

The 2025/26 group core statements have been completed using the unaudited accounts of these organisations.

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

6.5.1 Subsidiaries:

Nottingham City Homes Ltd (Registered Company Number: 05292636)

Nature of the business

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

Relationship with the Council

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

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

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

The Council has a NCH debtor balance of £47.031m at 31 March 2026 (£40.248m at 31 March 2025), this is made up of a loan and a short term debtor balance.

Nottingham City Transport Ltd (Registered Company Number: 02004967)

Nature of Business

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

Relationship with the Council

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

The company has the following shares in issue:

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

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redeemable by the shareholder at any time after 1 January 2005, and by the company at any time after 1 January 2010.

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

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

Period of Accounts

The financial statements used in the preparation of the group accounts are for the 52 week period ending 28 March 2026 (as this is the last week ending date for NCT’s internal group reporting purposes).

Summarised Financial Information of Nottingham City Transport Ltd showing Minority Interest

	2024/25		2025/26	
	NCT £m	5% Minority Interest £m	NCT £m	5% Minority Interest £m
(Profit) / Loss for the period attributable to equity shareholders	(1.097)	(0.055)	1.173	0.058
Ordinary Dividends Paid	0.263	0.013	0.526	0.026
Other Comprehensive Income and Expenditure	(1.339)	(0.067)	(1.387)	(0.069)
TOTAL COMPREHENSIVE INCOME	(2.173)	(0.109)	0.312	0.015
Non-current Assets	53.231	2.662	56.830	2.842
Current Assets	14.461	0.723	13.888	0.694
Current Liabilities	(18.142)	(0.907)	(19.920)	(0.996)
Non-current Liabilities	(32.450)	(1.623)	(34.538)	(1.727)
NET ASSETS	17.100	0.855	16.260	0.813

Nottingham Ice Centre Ltd (Registered Company Number: 03563341)

Nature of the business

The principal activity of the company is to manage the trading aspects of the National Ice Centre.

Relationship with the Council

Nottingham Ice Centre Ltd (NIC) is a wholly owned subsidiary of the Council.

NIC have a loan facility with an annual review of requirements. At 31 March 2026 the balance was £6.765m (£7.159m at 31 March 2025).

6.5.2 Joint Ventures:

Blueprint Limited Partnership (Registered Limited Partnership Number: LP010442)

Nature of the business

The principal activities of the partnership are that of the purchase of interests in and redevelopment of property and the sale and interim rental of land and property.

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The objectives of the partnership are to carry out this trading and development in to generate a commercial return and to deliver economic, environmental, and social benefits through physical regeneration in the Midlands and adjacent areas.

The activities of the partnership are managed by Blueprint (General Partner) Limited (0534186).

Relationship with the Council

The Council purchased its share on 9 March 2015. Places for People (PFPC1 LP) bought out the Igloo Regeneration Partnership share on 3 May 2018. The Council and PFPC1 LP each own 49.95%, with Blueprint (General Partner) Ltd owning the remaining 0.1% (the general partner being owned equally by the Council & PFPC1 LP). The Council in effect owns 50% of Blueprint Limited Partnership through a limited liability partnership agreement.

Summarised Financial Information of Blueprint Limited Partnership

	2024/25 £m	2025/26 £m
Turnover	(9.675)	(0.517)
Cost of Sales	9.480	0.366
Gross Profit	(0.195)	(0.151)
Other Operating Income	(0.413)	(0.289)
Administrative Expenses	0.449	0.438
Operating Profit	(0.159)	(0.002)
Finance Income	(0.068)	(0.089)
Finance Costs	0.001	0.001
Profit for the Year	(0.226)	(0.090)
Other Comprehensive Income and Expenditure	-	-
TOTAL COMPREHENSIVE (PROFIT) / LOSS FOR THE YEAR	(0.226)	(0.090)
Right of Use Assets	0.021	0.008
Current Assets	12.804	12.482
Current Liabilities	(2.164)	(1.975)
Non-current Liabilities	(0.009)	-
NET ASSETS AS AT 31 MARCH	10.652	10.515
INVESTMENT IN JOINT VENTURE INCLUDED IN THE COUNCIL'S GROUP ACCOUNTS (50% OF NET ASSETS)	5.326	5.258
Amounts included in the above figures:		
Depreciation (in Operating Charges)	0.014	0.013
Interest Earned on Deposits (in Finance Income)	(0.068)	(0.089)
Cash at Bank and In Hand (included in current assets)	3.820	3.260
Accruals and Deferred Income (included in Current Liabilities)	(0.224)	(0.093)

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Futures Advice, Skills and Employment Ltd (Registered Company Number: 04172770)

Nature of the business

Futures Advice, Skills and Employment Ltd (Futures) is a company which is an all age, careers and employability advice service which delivers a range of careers, advice and consultancy services in the East Midlands and across England.

Relationship with the Council

The company is jointly owned 50/50 by the Council and Nottinghamshire County Council.

Commitments

The Council is committed to paying Futures £0.911m in 2026/27 (£0.911m in 2025/26), being grant funding for the delivery of careers advice.

Summarised Financial Information of Futures group

	2024/25 £m	2025/26 £m
Revenue	(14.000)	(10.635)
Other Operating Income	-	(0.002)
Other Operating Charges	13.975	11.540
Operating (Profit)/Loss	(0.025)	0.903
Profit on disposal of fixed asset investment	-	(0.035)
Finance Income	(0.046)	(0.034)
Finance Costs	0.010	0.006
(Profit)/Loss before Tax	(0.061)	0.840
Income Tax Expense	-	-
(Profit)/Loss for the Year	(0.061)	0.840
Other Comprehensive Income and Expenditure	(0.018)	0.016
TOTAL COMPREHENSIVE (PROFIT) / LOSS FOR THE YEAR	(0.079)	0.856
Non-current Assets	1.289	0.945
Current Assets	4.991	3.840
Current Liabilities	(1.748)	(1.181)
Non-current Liabilities	(0.159)	(0.088)
NET ASSETS AS AT 31 MARCH	4.373	3.516
INVESTMENT IN JOINT VENTURE INCLUDED IN THE COUNCIL'S GROUP ACCOUNTS (50% OF NET ASSETS)	2.186	1.758
Amounts included in the above figures:		
Depreciation and Impairment (in Operating Charges)	0.310	0.263
Defined Benefit Pension Finance Costs / (Income) (in Finance Costs/Income)	(0.003)	(0.007)
Bank interest receivable (in Finance Income)	(0.040)	(0.026)
Cash and Cash Equivalents (in Current Assets)	3.270	1.539
Accruals (in Current Liabilities)	(0.756)	(0.456)

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6.5.3 Trust Fund:

Bridge Estate (Registered Charity Number: 220716)

Nature of the Trust Fund

The earliest mention of Bridge Estate is in 1302. Since that date, various bequests of land and property have been made, the income from which being set aside for the maintenance of bridges over the River Trent. By 1882 the income generated by the Estate was in excess of that required for the maintenance of Trent Bridge and consequently the objectives of the Estate were extended by virtue of section 78 of the Nottingham Corporation Act 1882.

The objectives of the charity are as follows:

- Provide for the efficient maintenance and repair of Trent Bridge and the approaches to it.
- In effect, to set up a contingency fund for the possible construction of such new bridge or bridges over the River Trent as may be found necessary or desirable.
- The residue of such income is to be applied as the Trustee thinks best for the improvement of the City of Nottingham and the public benefit of its inhabitants.

Relationship with the Council

Bridge Estate is a charity of which the Council is sole trustee. Councillors are appointed to the Trusts and Charities Committee by full Council to fulfil the Council's responsibilities as Trustee including the responsibility for making recommendations on the management of the charity.

All transactions relating to Bridge Estate are subject to the same financial regulations and procedures as those relating to the Council.

Accounts

Copies of the accounts of Bridge Estate can be obtained from Technical Accounting, Strategy and Resources, Loxley House, Station Street, Nottingham, NG2 3NG.

6.6 Details of subsidiaries, associates, joint ventures and trust funds not included in the group accounts

The Council has considered its relationship with the following associates, joint ventures and trust funds. These organisations have been excluded from the group accounts on the basis of risk and materiality.

6.6.1 Subsidiaries

Nottingham Science Park Management Ltd (Registered Company Number: 05977314)

Nature of the company

The company essentially functions to administer service charges at Nottingham Science Park through its property agent.

Relationship with the Council

Nottingham Science Park Management Ltd is a wholly owned subsidiary of the Council. The Council owns 100% of the issued share capital.

6.6.2 Associates

Ticketing Network East Midlands Ltd (Registered Company Number: 06623526)

Nature of the company

The founding members of Ticketing Network East Midlands Ltd (TNEM) are the Lakeside Arts Centre, Nottingham Theatre Royal and Royal Concert Hall, Nottingham Playhouse and Dance4. TNEM is run on behalf of this consortium of arts organisations to manage its ticketing and customer relationship management system.

TNEM is the first consortium in the United Kingdom to be formed specifically for the purpose of enabling multiple organisations within this region to share Tessitura software and services from the Tessitura network.

Relationship with the Council

The Council holds 25% of the shares of TNEM, as do each of the other three member organisations Lakeside Arts Centre, Nottingham Playhouse and Dance4.

Plot 9 Castlewood Limited (Registered Company Number 08065068)

Nature of the company

Plot 9 Castlewood Limited operates as an estate management company, it is a private limited company limited by shares. The company was incorporated on 11 May 2012 with 14 ordinary shares of £1.00 and 1 convertible preference share of £1.00. The Company was established to provide services for the common benefit of the owners, occupiers and tenants of the estate. The company provide various estate services across the common parts of the estate and the cost of this is recovered via a service charge.

Relationship with the Council

Following the purchase of plot 9a the Council became a member of the estate management company, the service charge costs are passed through to the occupational tenant. Based on the size of plot 9a the Council owns 6 out of the 14 ordinary shares and therefore has a 40% shareholding in the company.

6.6.3 Joint Ventures

Blueprint (General Partner) Ltd (Registered Company Number: 05340186)

Nature of the Company

Blueprint (General Partner) Ltd manages the activity of the Blueprint Limited Partnership.

Relationship with the Council

The company is jointly owned by the Council and PFPC1 LP. The Council purchased the 50% share on 9 March 2015.

Creative Quarter Nottingham Ltd (Registered Company Number: 08336489)

Nature of Company

Creative Quarter Nottingham Limited was an economic development agency, encouraging growth and productivity in Nottingham's creative and digital industries. Creative Quarter Nottingham Limited is a private company limited by guarantee.

Relationship with the Council

Creative Quarter Nottingham Limited was jointly owned by Nottingham City Council and Nottingham Trent University. Creative Quarter Nottingham Limited went into liquidation on 28 April 2023. Information regarding the liquidation can be seen on Companies House or via this link: [CREATIVE QUARTER NOTTINGHAM LIMITED overview - Find and update company information - GOV.UK](#)

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emPSN Services Ltd (Registered Company Number: 05882746)

Nature of the Company

emPSN Service Ltd is a regional partnership formed to secure a regional network and services for schools and a service framework for the public sector.

Relationship with the Council

As a customer of emPSN the Council is a member of the company and has a stake in its future as a public sector owned company Limited by Guarantee.

Inspired Spaces Nottingham (Holdings 1) Ltd. (Registered Company Number: 06506329) and Inspired Spaces Nottingham (Holdings 2) Ltd. (Registered Company Number:8121567)

Nature of the Company

The principal activities of the companies are the provision of the construction project development and partnering services within the education sector.

Relationship with the Council

The Council has a 10% shareholding in Holdings 1 and a 10% shareholding in Holdings 2. Under the terms of a shareholders' agreement, no individual shareholder is able to control or exert significant influence over the company.

6.6.4 Trust Funds

Harvey Hadden Stadium Trust (Registered Charity Number: 522271)

Nature of the Trust Fund

On 18 July 1955 the court made a scheme and order for an athletics stadium to be erected out of the bequest of Harvey Hadden. Under the court order there is a requirement for "the Corporation" – now Nottingham City Council – to maintain the stadium built with those funds, "under the name of Harvey Hadden Stadium in good order and condition in perpetuity for the purposes of public recreation".

The objective of the Trust is to provide public recreation for the people of the City of Nottingham forever.

Relationship with the Council

Harvey Hadden Stadium Trust is a charity of which the Council is sole trustee. Councillors are appointed to the Trusts and Charities Committee by full Council to fulfil the Council's responsibilities as Trustee including the responsibility for making recommendations on the management of the charity.

All transactions relating to Harvey Hadden Stadium Trust are subject to the same financial regulations and procedures as those relating to the Council.

Highfields Leisure Park Trust (Registered Charity Number: 1006603)

Nature of the Trust Fund

The Highfields Leisure Park Trust was created by indenture in 1920 as a gift from Sir Jesse Boot, founder of Boots the Chemist. The objective of the Trust is to provide public recreation and pleasure grounds for the people of the City of Nottingham forever.

Relationship with the Council

Highfields Leisure Park Trust is a charity of which the Council is sole trustee. Councillors are appointed to the Trusts and Charities Committee by full Council to fulfil the Council's responsibilities as Trustee including the responsibility for making recommendations on the management of the charity.

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All transactions relating to Highfields Leisure Park Trust are subject to the same financial regulations and procedures as those relating to the Council.

6.7 Notes to the Core Group Financial Statements

These notes provide information that supports and helps in interpreting the financial statements. Where the group account figures are not materially different from those of the Council only accounts, no additional disclosure notes have been made.

6.7.1 Group Comprehensive Income and Expenditure Statement Notes

6.7.1.1 Financing and Investment Income and Expenditure

	2024/25			2025/26		
	Expenditure £m	Income £m	Net £m	Expenditure £m	Income £m	Net £m
Net interest on the net Pension liability / (asset)	-	(1.354)	(1.354)	2.658	-	2.658
Interest payable and similar charges / Interest income	17.643	(0.056)	17.587	45.097	(115.374)	(70.277)
Interest revenue/costs calculated using the effective interest rate method	28.818	(17.000)	11.818	(0.854)	-	(0.854)
Change in value of financial assets held at fair value through profit and loss	0.016	-	0.016	-	-	-
Impairment losses	2.342	-	2.342	1.214	-	1.214
Reversal of impairment of equity holding			-	(0.113)	-	(0.113)
Trading operations	0.990	(1.090)	(0.100)	0.943	(1.083)	(0.140)
Income and expenditure in relation to investment properties and changes in their fair value	9.744	(25.816)	(16.072)	18.455	(32.070)	(13.615)
Other finance and investment items	0.302	(1.031)	(0.729)	0.815	(0.654)	0.161
TOTAL	59.855	(46.347)	13.508	68.215	(149.181)	(80.966)

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6.7.2 Group Balance Sheet Notes

6.7.2.1 Property, Plant and Equipment

2025/26	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Gross Book Value b/f	1,355.130	1,212.216	212.047		17.223	16.089	18.765	2,831.470	**
Accumulated Depreciation b/f	-	(7.463)	(116.764)		-	-	-	(124.227)	**
Accumulated Impairment b/f	-	-	-		-	-	-	-	**
Net Book Value at 1 April 2025	1,355.130	1,204.753	95.283	582.521	17.223	16.089	18.765	3,289.764	
Additions - Capital Expenditure	52.159	6.740	17.076	26.487	0.833	1.184	27.305	131.784	
Additions - Donations	-	-	1.120	-	-	-	13.122	14.242	
Additions - PFI / VA School Recognition	-	3.267	-	0.218	-	-	-	3.485	
Depreciation Charge	(22.187)	(29.773)	(17.559)	(31.747)	-	(0.156)	-	(101.422)	
Revaluations - Recognised in Revaluation Reserve	27.922	111.603	-	-	-	(2.133)	-	137.392	
Revaluations - Recognised in the CIES	(13.974)	2.673	-	-	-	3.849	-	(7.452)	
Derecognition - Disposals	(23.866)	(5.325)	(0.644)	(11.221)	-	(1.093)	(2.492)	(44.641)	
Derecognition - Other	(12.840)	(2.515)	-	-	-	-	-	(15.355)	
Other Movements- Transfers to/from Held for Sale	-	(2.493)	-	-	-	(6.602)	(0.022)	(9.117)	
Other Movements	15.638	0.337	(0.125)	(7.397)	-	-	(8.655)	(0.202)	
Net Book Value at 31 March 2026	1,377.982	1,289.267	95.151	558.861	18.056	11.138	48.023	3,398.478	
Gross Book Value c/f	1,377.982	1,296.900	217.454		18.056	11.138	48.035	2,969.565	**
Accumulated Depreciation c/f	-	(7.633)	(121.303)		-	-	(0.012)	(128.948)	**
Accumulated Impairment c/f	-	-	-		-	-	-	-	**
NET BOOK VALUE AT 31 MARCH 2026	1,377.982	1,289.267	96.151	558.861	18.056	11.138	48.023	3,399.478	

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

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2024/25	Council Dwellings	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	
	£m	£m	£m	£m	£m	£m	£m	£m	
Gross Book Value b/f	1,340.756	1,190.219	206.855		13.144	5.621	49.345	2,805.940	**
Accumulated Depreciation b/f	-	(6.682)	(110.385)		-	-	-	(117.067)	**
Accumulated Impairment b/f	-	-	-		-	-	-	-	**
Net Book Value at 1 April 2024	1,340.756	1,183.537	96.470	571.087	13.144	5.621	49.345	3,259.960	
Additions - Capital Expenditure	39.561	4.606	16.380	34.533	1.402	0.003	11.148	107.633	
Additions - PFI / VA School Recognition	-	10.484	0.026	10.643	-	-	-	21.153	
Depreciation Charge	(22.387)	(26.524)	(18.192)	(30.493)	-	(0.090)	-	(97.686)	
Revaluations - Recognised in Revaluation Reserve	18.599	55.398	-	-	-	(5.959)	-	68.038	
Revaluations - Recognised in the CIES	(10.281)	(14.279)	-	-	-	0.309	-	(24.251)	
Derecognition - Disposals	(18.709)	(17.165)	(1.398)	-	-	(15.513)	-	(52.785)	
Derecognition - Other	(6.948)	(1.048)	-	-	-	-	-	(7.996)	
Other Movements- Transfers to/from Held for Sale	-	(0.625)	-	-	-	16.483	(0.160)	15.698	
Other Movements	14.539	10.369	1.997	(3.249)	2.677	15.235	(41.568)	-	
Net Book Value at 31 March 2025	1,355.130	1,204.753	95.283	582.521	17.223	16.089	18.765	3,289.764	
Gross Book Value c/f	1,355.130	1,212.216	212.047		17.223	16.089	18.765	2,831.470	**
Accumulated Depreciation c/f	-	(7.463)	(116.764)		-	-	-	(124.227)	**
Accumulated Impairment c/f	-	-	-		-	-	-	-	**
NET BOOK VALUE AT 31 MARCH 2025	1,355.130	1,204.753	95.283	582.521	17.223	16.089	18.765	3,289.764	

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

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Highways Infrastructure Assets - Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets [Local Government Circular 09/2022] this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. MHCLG have decided the override will be extended in England until 31 March 2029.

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

Right of Use Assets

The following table shows the change in the value of Right of Use Assets held under leases by the Group:

2025/26	Other Land and Buildings	Vehicles, Plant, Furniture & Equipment	Total
	£m	£m	£m
Balance as at 1 April 2025	0.287	36.615	36.902
Additions	-	8.077	8.077
Depreciation and Amortisation	(0.120)	(0.325)	(0.445)
Impairment	-	(4.344)	(4.344)
Transfers	-	(3.454)	(3.454)
Balance as at 31 March 2026	0.167	36.569	36.736

The Right of Use Assets are included in the Property, Plant and Equipment note figures.

6.7.2.2 Investment Properties

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

	2024/25 £m	2025/26 £m
Opening Balance At 1 April	249.746	239.709
Additions	0.018	0.050
Disposals	(9.722)	(22.806)
Net gains/losses from fair value adjustments	0.352	(0.620)
Impairment	(0.685)	-
CLOSING BALANCE AT 31 MARCH	239.709	216.333

Fair Value Hierarchy

Details of the group's investment properties and information about the fair value hierarchy as at 31 March 2026 are as follows:

	Quoted prices in active markets for identical assets (Level 1) £m	Other significant observable inputs (Level 2) £m	Significant unobservable inputs (Level 3) £m	Fair value as at 31 March 2026 £m
Industrial	-	61.734	-	61.734
Land	-	6.259	6.000	12.259
Office	-	55.273	-	55.273
Retail	-	78.592	-	78.592
Other	-	8.475	-	8.475
Total	-	210.333	6.000	216.333

Details of the Fair Value hierarchy information are shown in note 4.4.3.

6.7.2.3 Short Term Debtors

	31 March 2025 £m	31 March 2026 £m
Prepayments	17.963	22.143
Local Taxation	23.149	21.327
Trade	46.345	60.718
Other receivable amounts	37.872	50.027
TOTAL	125.329	154.215

6.7.2.4 Cash and Cash Equivalents

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

	31 March 2025 £m	31 March 2026 £m
Cash held by the Authority / Group Organisation	0.108	0.319
Bank current accounts	51.122	18.637
Short-term deposits with banks and building societies	101.500	118.825
TOTAL CASH AND CASH EQUIVALENTS	152.730	137.781

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6.7.2.5 Short Term Creditors

	31 March 2025 £m	31 March 2026 £m
Receipts in Advance	(34.005)	(32.207)
Trade	(86.424)	(98.472)
Other payables	(76.469)	(85.037)
TOTAL	(196.898)	(215.716)

6.7.2.6 Usable Reserves

Movements in the usable reserves are detailed in the MIRS (section 6.4.3).

6.7.2.7 Unusable Reserves

Unusable reserves have been created as a result of the difference between accounting under IFRS and statutory provisions. These reserves represent differences due to timing of funding certain items of expenditure and are, therefore, not available as a source of general funding. The unusable reserves also include the Council's share of profit and loss and other reserves of jointly controlled entities included in the group accounts.

	31 March 2025 £m	31 March 2026 £m
Revaluation Reserve	1,129.529	1,218.951
Capital Adjustment Account	1,240.374	1,286.844
Financial Instruments Adjustment Account	9.691	83.987
Pensions Reserve	(80.472)	(76.035)
Deferred Capital Receipts Reserve	1.041	1.027
Collection Fund Adjustment Account	5.179	(3.101)
Accumulated Absences Account	(5.553)	(7.096)
Called Up Share Capital	0.598	0.598
Minority Interest - Equity	0.855	0.813
TOTAL	2,301.242	2,505.988

6.7.3 Group Movement in Reserves Statement Notes

The following tables detail the adjustments between group accounts and authority accounts in the Group Movement in Reserves Statement:

2025/26	General	Total	Total	Authority's	Total
	Fund	Usable	Authority	Share of	Reserves
	Balance	Reserves	Reserves	Group	Reserves
	£m	£m	£m	Reserves	£m
	£m	£m	£m	£m	£m
Payments in relation to goods and services from subsidiaries	(8.625)	(8.625)	(8.625)	8.625	-
Receipts in relation to goods and services provided to subsidiaries	5.049	5.049	5.049	(5.049)	-
Interest and investment income from/to subsidiaries	1.378	1.378	1.378	(1.378)	-
Contributions from subsidiaries	0.400	0.400	0.400	(0.400)	-
Other movements	-	-	-	(0.042)	(0.042)
TOTAL ADJUSTMENTS	(1.798)	(1.798)	(1.798)	1.756	(0.042)

2024/25	General	Total	Total	Authority's	Total
	Fund	Usable	Authority	Share of	Reserves
	Balance	Reserves	Reserves	Group	Reserves
	£m	£m	£m	Reserves	£m
	£m	£m	£m	£m	£m
Payments in relation to goods and services from subsidiaries	(9.022)	(9.022)	(9.022)	9.022	-
Grants and provisions for subsidiaries	(0.098)	(0.098)	(0.098)	0.098	-
Receipts in relation to goods and services provided to subsidiaries	4.910	4.910	4.910	(4.910)	-
Interest and investment income from/to subsidiaries	1.744	1.744	1.744	(1.744)	-
Contributions from subsidiaries	0.400	0.400	0.400	(0.400)	-
Other movements	-	-	-	0.001	0.001
TOTAL ADJUSTMENTS	(2.066)	(2.066)	(2.066)	2.067	0.001

6.7.4 Group Cash Flow Notes

6.7.4.1 Operating Activities

The cash flows for operating activities include the following items:

	2024/25	2025/26
	£m	£m
Interest received	12.150	10.858
Interest paid	(36.746)	61.553
Dividends received	1.281	0.703
Dividends paid	(0.552)	(0.815)

Section 6 – Group Financial Statements and Notes

6.7.4.2 Investing Activities

	2024/25 £m	2025/26 £m
Purchase of property, plant and equipment, investment property and intangible assets	(78.569)	(120.676)
Purchase of short-term and long-term investments	-	(0.113)
Lossing control of a subsidiary - cash received net of cash and cash equivalents sold	-	-
Other payments for investing activities	(133.591)	(54.058)
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	70.078	75.112
Proceeds from the sale of short-term and long-term investments	6.235	107.608
Other receipts from investing activities	264.827	126.626
NET CASH FLOWS FROM INVESTING ACTIVITIES	128.980	134.499

6.7.4.3 Financing Activities

	2024/25 £m	2025/26 £m
Other receipts for financing activities	4.909	-
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(11.089)	(20.366)
Repayments of short and long-term borrowing	(58.924)	(311.404)
Other financing activities - Council Tax and NNDR adjustments	0.262	(5.617)
Other payments for financing activities	(22.544)	(2.167)
NET CASH FLOWS FROM FINANCING ACTIVITIES	(87.386)	(339.554)

6.7.4.4 Reconciliation of Liabilities arising from Financing Activities

	Financing				31 March 2026 £m
	1 April 2025 £m	cash outflows (inflows) £m	Acquisition £m	Non-cash changes Other £m	
	£m	£m	£m	£m	
Long-term borrowings	(711.266)	332.192	-	(12.448)	(391.522)
Short-term borrowings	(34.506)	(24.752)	-	12.448	(46.810)
Lease liabilities	(25.842)	4.261	(7.758)	-	(29.339)
On balance sheet PFI liabilities	(157.036)	25.502	-	-	(131.534)
Other	(1.856)	(1.046)	-	-	(2.902)
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	(930.506)	336.157	(7.758)	-	(602.107)

	Financing			
	1 April 2024	cash outflows (inflows)	Acquisition	31 March 2025
	£m	£m	£m	£m
Long-term borrowings	(767.693)	56.427	-	(711.266)
Short-term borrowings	(36.779)	2.273	-	(34.506)
Lease liabilities	(23.722)	4.037	(6.157)	(25.842)
On balance sheet PFI liabilities	(144.485)	(12.551)	-	(157.036)
Other	(1.756)	(0.100)	-	(1.856)
TOTAL LIABILITIES FROM FINANCING ACTIVITIES	(974.435)	50.086	(6.157)	(930.506)

Section 7

PENSION SCHEMES

7.1 Defined Benefit Pension Schemes accounted for as Defined Contribution Schemes

7.1.1 Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Business Services Ltd (under the Teachers' Pension brand) on behalf of the Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years. If the scheme faces a deficit, the contribution rates typically increase to cover the shortfall. Conversely, a surplus can lead to a reduction in employer contributions.

The scheme has more than of 12,900 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025/26, the Council paid £8.965m to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 28.68% of pensionable pay. The figures for 2024/25 were £9.070m representing 28.68% of pensionable pay. The employer contribution includes a levy of 0.08% for administration. The employers contribution for 2026/27 will remain at 28.68%.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Scheme. These costs are accounted for on a defined benefit basis and shown under past service costs/gains in section 7.2.1 below. The teacher's benefits arrangements have no assets to cover its liabilities.

The Council is not liable to the scheme for any other entities obligations under the plan.

7.1.2 NHS Pension Scheme

Public Health employees who transferred into the Council from Nottingham City PCT on 01 April 2013 are members of the NHS Pension Scheme. The NHS Pension Scheme is administered by NHS Business Services Authority.

On 1 April 2015 a new NHS Pension Scheme was introduced. The new scheme covers all former members of the 1995/2008 Scheme not eligible to continue in that Scheme as well as new NHS employees on or after 1 April 2015. The 2015 Scheme is a Career Average Revalued Earnings Scheme, with benefits based on a proportion of pensionable earnings each year during your career.

From 1 April 2022, all active members of the NHS Pension Scheme, regardless of their age, are now members of the 2015 NHS Pension Scheme. The 1995/2008 Scheme closed on 31 March 2022 and all future accruals from 1 April 2022 are now within the 2015 Scheme.

Members will keep the pension benefits they have accrued in the 1995/2008 Scheme before 1 April 2022 and will be able to access these benefits in the same way and at the same time as they can now.

The scheme is an unfunded defined benefit occupational scheme with the benefits underwritten by the Government. The scheme is not designed to be run in a way that would enable NHS bodies / local authorities to identify their share of the underlying scheme assets and liabilities. There are over 7,700 employer members of the NHS pension Scheme. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the Council is taken as equal to the contributions payable to the scheme for the accounting period.

The scheme receives contributions from employers and employees to defray the costs of pensions and other benefits. The costs of the scheme are determined by the Government and also the scheme actuary who performs periodic valuations of the scheme to determine how much needs to be paid in to provide the benefits paid out. These costs are shared between the NHS employers and the scheme members.

The employer contribution rate for the period 1 April 2025 to 31 March 2026 is 23.78% (inclusive of the 0.08% administration charge) of pensionable pay. The contribution rate will remain at 23.78% for the period 1 April 2026 to 31 March 2027.

The employer contribution rate is set through a process known as the scheme valuation. A scheme valuation is carried out every four years and it measures the full cost of paying pension benefits (to current pensioners). The most recent 2020 scheme valuation identified the need to increase the employer contribution from 20.6% to 23.7% (3.1% increase) from 1 April 2024.

The next actuarial valuation is due with an effective date of 31 March 2024 and is due to commence in 2025. Changes to employer contribution rates as a result of the 2024 valuation are expected to take effect from April 2027.

Employers are required to pay a scheme administration levy, in addition to the employer contribution rate, to cover the cost of the scheme administration. This levy is 0.08% of pensionable pay and is collected at the same time and in the same way as normal employer contributions. In practical terms, this means employers will pay 23.78% of pensionable pay.

For 2025/26 the Council was responsible for paying 14.38% of contributions. Central payments were made by the Department of Health and Social Care for 6.9%. The Council was also invoiced for 2.5%.

In 2025/26 the Council's 14.38% contribution to the Scheme was £0.031m (2024/25 £0.028m).

The employee contributions are on a tiered scale from 5.2% to 12.5% of their pensionable pay.

If the scheme operates with a surplus of cash outflow, due to income exceeding the payments made, the surplus is returned to HM Treasury during the following financial year. If payments exceed income within a financial year, or the scheme requires funds to maintain a level of cash flow to make payments the balance of the funding required is requested from parliament through the annual Supply Estimates process.

As the scheme is unfunded, liabilities are underwritten by the Exchequer.

7.2 Defined Benefit Pension Scheme

7.2.1 Local Government Pension Scheme

The LGPS is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 2013, and currently provides benefits based on career average revalued earnings. Full details of the benefits being valued are as set out in the Regulations and summarised on the LGPS website (www.lgpsregs.org) and the Fund's membership booklet (www.lgpsmember.org/).

The administering authority for the Fund is Nottinghamshire County Council. The Pension Fund Committee oversees the management of the Fund whilst the day to day fund administration is undertaken by a team within the administering authority. Where appropriate some functions are delegated to the Fund's professional advisers.

As administering authority to the Fund, Nottinghamshire County Council, after consultation with the Fund Actuary and other relevant parties, is responsible for the preparation and maintenance of the Funding Strategy Statement and the Investment Strategy Statement. These are amended when appropriate based on the Fund's performance and funding.

Contributions are set every 3 years as a result of the actuarial valuation of the Fund required by the Regulations. The last valuation of the Fund was carried out as at 31 March 2025 and set contributions for the period from 1 April 2026 to 31 March 2029. The next valuation is expected to be carried out as at 31 March 2028. The contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

The results of the Actuary Report for 2025/26 have been based on the 31 March 2025 valuation.

In general, participating in a defined benefit pension scheme means that the Council is exposed to a number of risks:

Investment risk: The Fund may hold investment in asset classes, such as equities, which have volatile market values and whilst these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges.

Interest rate risk: The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cash flows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way.

Inflation risk: All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation.

Longevity risk: In the event that the members live longer than assumed a deficit will emerge in the Fund. This may be mitigated by a longevity insurance contract if held by the Fund. There are also other demographic risks.

Climate risk: Climate risk can be grouped into two categories; Physical and Transitional risks. Physical risks are direct risks associated with an increased global temperature such as heatwaves and rising sea levels. Transitional risks are the of transitioning to a low carbon economy. These risks will manifest themselves in many

of the other risks detailed above which the Fund is exposed to, for example investment returns may be affected.

Regulatory risk: Regulatory uncertainties could result in benefit changes to past or future benefits which could result in additional costs.

Data risk: There is a risk that member, cashflow, or asset data provided to the actuary is inaccurate resulting in an inaccurate balance position.

Orphan risk: As many unrelated employers participate in each Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers in that Fund. Changes in the funding level of the LGPS Fund's orphaned liabilities could result in asset experience passed onto the Council following a full valuation update.

All of the risks above may also benefit the Council e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

McCloud and Sargeant Judgments

Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. These may affect the value of the liabilities in respect of accrued benefits and therefore an allowance may need to be included in an employer's report. An allowance for the McCloud remedy will have been made in the liabilities which is consistent with the method adopted at the last actuarial valuation.

Goodwin Case

Prompted by the Goodwin case, the UK Government launched the Access and Fairness consultation on 15 May 2025 which closed on 7 August 2025. Draft LGPS regulation amendments have been published following the consultation, details of which can be found here [Local Government Pension Scheme in England and Wales: Access and fairness - GOV.UK](#). A summary of the outcomes from the consultation can be found here [Local Government Pension Scheme in England and Wales: Access and fairness - government response - GOV.UK](#)

The Goodwin case highlighted discriminatory practices in survivor pensions for same-sex spouses and civil partners, and as such the government proposes amendments to align LGPS regulations with principles of equality. The Goodwin ruling identified that male survivors of members in same sex relationships received less favourable pension benefits compared to their counterparts in opposite-sex relationships, contravening equality laws. The draft amendments seek to eliminate disparities in survivor benefits, ensuring that all eligible survivors, regardless of the member's or survivor's sex or the nature of their relationship, receive equitable treatment. This includes standardising the calculation of survivor pensions and death grants to reflect a uniform approach, thereby addressing past discrimination and fostering inclusivity within the LGPS.

Employers may see an increase to their LGPS defined benefit obligations resulting from any backdated benefit awards to members. The value of these possible payments are uncertain, because of the historical nature of these benefit awards to members. The Actuary are not provided with data which will allow them to make an assessment of the cost of the Access and Fairness changes to the Scheme. The overall costs are not anticipated to be significant, and they therefore expect that any such awards will not be material to an average LGPS employer.

Impact of Lloyds Judgement on Past Transfer Values

The latest news on the Lloyds Banking Group court case involved a ruling that, in cases where a member exercised their right to a transfer value out of the scheme, the trustee had the duty to make a transfer payment that reflects the member's right to equalised benefits and remains liable if an inadequate transfer payment had been paid.

It is not yet known if, or how, this will affect the LGPS. Further guidance from CIPFA and MHCLG is expected on this. The Actuary have not made any allowance to reflect this judgement.

GMP Indexation Consultation Response

On 23 March 2021, the Government published the outcome to its Guaranteed Minimum Pension Indexation consultation, concluding that all public service pension schemes, including the LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016.

The Actuary's standard assumption for GMP is that the Fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we assume that the Fund will be required to pay the entire inflationary increase. Therefore, the Actuary's assumption is consistent with the consultation outcome and they do not believe they need to make any adjustments to the value placed on the liabilities as a result of the above outcome.

Virgin Media Case

Court of Appeal's 25th July 2024 Ruling

In very broad terms, the background to this case is that where the rules of a contracted-out defined benefit scheme were amended, the Scheme Actuary would provide a "section 37" confirmation that the scheme continues to meet the contracting-out requirements. The original court case in June 2023 decided that certain rule amendments were invalid in absence of the actuarial certification (potentially including cases where such a confirmation cannot now be located).

September / October 2025 update

On 18 September 2025, the government published proposed amendments to the Pension Schemes Bill that would allow retrospective actuarial validation to confirm whether historic changes to contracted-out benefits complied with statutory requirements.

You can find the new clauses in the Pensions Schemes Bill (as amended in the Public Bill Committee), in clauses 100 to 103. This section states that it is applicable to public service schemes, so the proposal is that it will apply to the LGPS. The bill is expected to receive Royal Assent in 2026. [Pension Schemes Act 2026 - Parliamentary Bills - UK Parliament](#)

On 23 January 2026 the FRC published technical guidance for scheme actuaries to help them apply the retrospective-validation process under the Pension Schemes Bill.

LGPS considerations

For the LGPS, the Scheme Actuary is the Government Actuary's Department (GAD). GAD is currently reviewing historic amendments to the LGPS in this context and the

Scheme Advisory Board are liaising with GAD on whether the relevant certificates were available for past scheme changes.

Actuarial Methods and Assumptions

Both the Local Government Pension Scheme and Teachers Benefits liabilities have been assessed by Barnett Waddingham LLP, an independent firm of actuaries, with estimates for the Nottinghamshire County Council Pension Fund being based on the latest full valuation of the scheme as at 31 March 2025 and using financial assumptions that comply with IAS19.

Valuation Data - Data Sources

In completing the calculations for pensions accounting purposes, the Actuary has used the following items of data which they received from Nottinghamshire County Council and the Council:

- Results of the latest valuation as at 31 March 2025
- Results of the previous IAS19 report (v3) as at 31 March 2025
- Fund asset statement as at 31 March 2026
- Fund income and expenditure items to 31 March 2026
- Employer income and expenditure items to 31 March 2026
- Details of any new unreduced early retirement payments to 31 March 2026
- Details of any settlements to/from the Employer for the period to 31 March 2026

The data has been checked for reasonableness, including consistency with previous valuation data where relevant, and the data is within tolerances for the purposes of the Actuary report. Although some of the data items have been estimated, they are not likely to have a significant effect on the results. The Actuary is not aware of any significant changes or events since they received the data.

Employer Membership Statistics

The following table summarises the membership data as at 31 March 2025 from the latest valuation for members receiving funded benefits, and as at 31 March 2025 for any members receiving unfunded benefits.

Local Government Pension Scheme			
	Number	Salaries / Pensions £m	Average Age (salary / pension weighted)
Actives	8,796	229.843	46
Deferred Pensioners	16,352	27.612	51
Pensioners	10,678	59.342	72
Unfunded Pensioners	993	1.054	84

Teachers Unfunded Benefits			
	Number	Pensions £m	Average Age
Unfunded Pensioners	2,395	2.176	74

Section 7 – Pension Schemes

Employer Payroll

The total pensionable payroll and projected payroll for the Council is as follows:

Estimated payroll for the year to 31 March 2026 £232.079m

Projected payroll for the year to 31 March 2027 £232.079m

This has been used to calculate the service cost and projected service cost respectively.

Scheduled Contributions

The following table summarises the minimum employer contributions due from the Council to the Fund over this inter-valuation period. The Council may pay further amounts at any time. Future contributions may be adjusted on a basis approved by the Actuary.

	Primary rate	Secondary rate for period beginning:			Minimum employer contributions due for the period beginning:		
		1 Apr 2026	1 Apr 2027	1 Apr 2028	1 Apr 2026	1 Apr 2027	1 Apr 2028
Percent of Payroll	16.7%	0.0%	0.0%	0.0%	16.7%	16.7%	16.7%
plus monetary amounts £m		3.490	3.620	3.750	3.490	3.620	3.750

Assets

The return on the Fund (on a bid value to bid value basis) for the year to 31 March 2026 is calculated to be 12.1%.

The Council's share of the assets of the Fund is approximately 24.67%.

The estimated asset allocation for the Council at 31 March 2025 and 31 March 2026 is as follows (noting that due to rounding they may not total 100%):

	Local Government Pension Scheme			
	31 March 2025		31 March 2026	
	£m	%	£m	%
Public Equities	928.138	52%	1,094.388	54%
Gilts	148.676	8%	166.551	8%
Other Bonds	115.181	6%	99.402	5%
Property	183.541	10%	164.111	8%
Cash / Temporary Investments	97.503	5%	146.048	7%
Inflation Plus	123.855	7%	133.512	7%
Infrastructure	131.201	7%	136.315	7%
Private Equities	62.330	3%	68.758	3%
TOTAL	1,790.425	100%	2,009.085	100%

The following table sets out the percentages of the Fund's assets held in each asset class at 31 March 2026 (split by those that have a quoted market price in an active market, and those that do not).

Asset Breakdown		31 March 2026	
		% Quoted	% Unquoted
Fixed Interest Government Securities:			
	UK	3%	-
Index Linked Government Securities:			
	UK	5%	-
Corporate Bonds:			
	UK	1%	-
	Overseas	4%	-
Equities:			
	UK	16%	0%
	Overseas	39%	-
Property		-	8%
Private Equity		-	3%
Infrastructure		-	7%
Unit Trust Inflation Linked		-	7%
Credit		-	4%
Cash/Temporary Investments		-	3%
Net Current Assets - Debtors		-	0%
Net Current Assets - Creditors		-	-0%
TOTAL		68%	32%

Valuation Approach

To assess the value of the Council’s liabilities at 31 March 2026, the value of the Council’s liabilities calculated for the funding valuation as at 31 March 2025 have been rolled forward, using financial assumptions compliant with IAS19.

The full actuarial valuation involved projecting future cashflows to be paid from the Fund and placing a value on them. These cash flows include pensions currently being paid to members of the Fund as well as pensions (and lump sums) that may be payable in future to members of the Fund or their dependants. These pensions are linked to inflation and will normally be payable on retirement for the life of the member or a dependant following a member’s death.

The projected unit method (PUM) is used to calculate the future service cost. For accounting valuations, the control period is set to one year.

It is not possible for the Actuary to assess the accuracy of the estimated value of liabilities as at 31 March 2026 without completing a full valuation. However, they are satisfied that the approach of rolling forward the previous valuation data to 31 March 2026 should not introduce any undue distortions in the results provided that the actual experience of the employer and the Fund has been broadly in line with the underlying assumptions, and that the structure of the liabilities is substantially the same as at the latest formal valuation. From the information they have received there appears to be no evidence that this approach is inappropriate.

Where members have been granted unreduced retirement on the grounds of redundancy or efficiency, an additional strain is placed on the liabilities. The additional strain is calculated and is allowed for as a curtailment cost.

Section 7 – Pension Schemes

Where employees are known to have transferred their employment to or from the Council during the accounting period, an allowance is made for the transfer of assets and liabilities as a settlement event.

To calculate the asset share for an individual employer, the Actuary roll forward the assets allocated to each employer at the latest valuation date allowing for investment returns (estimated where necessary), contributions paid into, and estimated benefits paid from, the Fund by and in respect of the employer and its employees.

The Actuary also make an allowance for administration expenses which are paid in respect of the Fund. For purposes of the calculations, the administration expenses are distributed amongst the employers in the fund in proportion to their individual asset shares.

Asset returns can be very volatile from year to year and will vary by LGPS Fund.

A typical LGPS fund might have achieved a return of around 14% for the period from 31 March 2025 to 31 March 2026. This is based on a Fund investing 75% in equities, 5% in gilts and 20% in corporate bonds. This could vary considerably depending on each Fund's investment strategy.

If the actual asset return for the Fund over the year is higher than the previous discount rate, this will result in an actuarial gain on the assets, strengthening the overall position.

Asset Ceilings

The accounting standards state that if an employer has an accounting surplus, it should only be recognised to the extent that it is able to recover the surplus either through reduced contributions in the future, or through refunds. The present value of such economic benefits is commonly referred to as the "asset ceiling".

The Actuary's default approach for all employers will be to allow for an asset ceiling. For employers accounting under IAS19, the calculation will be based on their interpretation of IFRIC 14 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction".

IFRIC 14 itself is open to multiple interpretations and, since the last accounting date, auditors' preferences have been evolving and have only recently coalesced around a generally preferred approach. Guidance was also released from CIPFA dated November 2023 regarding their interpretation of IFRIC 14's applicability in the LGPS. In light of these developments, the Actuary have adopted the below methodology as standard:

The Actuary's calculations assume that:

- There is no unconditional right to a refund of surplus, as such a payment would be at the discretion of the relevant LGPS fund.
- The appropriate time horizon to consider for calculating the economic benefit associated with potential reductions in future contributions will depend on the type of body and the nature of any applicable admission agreement:
 - If the employer is a scheduled body, and academy or an admission body which is open to new members with no anticipated contract end date, the Actuary will assume they will participate indefinitely. Their calculations will therefore assess the cost of future accrual, and contributions payable in respect of future accrual, in 'perpetuity'.

- If the employer is an admission body which is closed to new members, the appropriate time horizon to consider will be the shorter of any anticipated contract end date and the average future working lifetime of active members. Their calculations will therefore assess the cost of future accrual, and contributions payable in respect of future accrual, with reference to an annuity corresponding to this period.
- If the employer is currently already receiving a reduction in contributions in respect of a funding surplus, these will be deducted from the contributions that would otherwise be required to be paid towards the cost of future accrual, for so long as that reduction is expected to remain in force.
- The Actuary's default view is that administration expenses are assumed to grow in line with salary inflation and are considered part of any economic benefit when assessing whether an accounting asset can be recognised. The Actuary recognise that the primary rate, used to set employer contributions, itself makes an allowance for administration expenses.
- For employers reporting under IAS19 only, any requirement to make contributions towards a funding deficit is considered as an additional minimum liability. The time horizon for assessment of the additional minimum liability is the deficit recovery period used to determine the level of secondary contributions certified.

The impact of the asset ceiling on the Council's net defined benefit liability position is detailed in section 4.4.14.

Assumptions

Demographic assumptions:

The key demographic assumption is the mortality assumption and there are two main steps in setting this assumption:

- Making a current assumption of members' mortality (the base mortality); and
- Projecting these current mortality rates into the future, allowing for further potential improvements in mortality. Future members' mortality is almost impossible to predict and therefore there is a lot of judgement involved and the Actuary naturally have to refine their view on this over time.

The base table mortality assumptions adopted for the Funds' latest triennial funding valuations were best estimate assumptions and therefore the Actuary used the same assumptions, as standard for accounting.

For employers participating in an English Fund, the last actuarial valuation was at 31. March 2025.

To project future improvements in mortality, the Actuary use a model prepared by the Continuous Mortality Investigation Bureau (CMI). The CMI update their model on an annual basis, incorporating the latest mortality data in the national population.

For employers participating in an English Fund, the mortality assumption is updated to align with the recent 2025 actuarial valuation assumption – CMI 2024. Our default approach to preparing 31 March 2026 accounting reports is to incorporate the most up-to-date information which is readily available which is the CMI 2025 model released in March 2026.

When comparing CMI 2025 to CMI 2024 (the model used at the 2025 valuation), generally employers should expect to see a small increase to average life

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expectancies of their LGPS members and a worsening to the accounting balance sheet position. However, the overall impact of updating the mortality assumptions compared to the previous year will differ from Fund to Fund due to the bespoke nature of the mortality assumptions used for the 2025 valuation.

Other key demographic assumptions are:

- Commutation - Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations.
- Normal Retirement - Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age
- 50:50 take up - The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same

This is in line with the assumption adopted for the Fund's latest actuarial valuation.

Details of the post-retirement mortality assumption are set out below:

	Local Government Pension Scheme		Teachers Unfunded Benefits	
	31 March 2025	31 March 2026	31 March 2025	31 March 2026
Post Retirement Mortality				
Base table	S3PA	S4PA	S3PA	S4PA
Multiplier (M/F)	115% / 110%	110% / 100%	115% / 110%	110% / 100%
Future improvements model	CMI_2023	CMI_2025	CMI_2023	CMI_2025
Long-term rate of improvement	1.25% p.a.	1.50%	1.25% p.a.	1.50%
Smoothing parameter	7.0	7.0	7.0	7.0
Initial addition parameter	0.0% p.a.	0.0%np.a.	0.0% p.a.	0.0%np.a.
2020 weight parameter	0%	n/a	0%	n/a
2021 weight parameter	0%	n/a	0%	n/a
2022 weight parameter	15%	n/a	15%	n/a
2023 weight parameter	15%	n/a	15%	n/a
Half life parameter	n/a	1.0	n/a	1.0

The assumed life expectancies from age 65 are:

	Local Government Pension Scheme		Teachers Unfunded Benefits	
	31 March 2025	31 March 2026	31 March 2025	31 March 2026
Life expectancy from age 65 (years):				
Retiring today:				
Males	20.4	21.2	20.4	21.2
Females	23.3	24.2	23.3	24.2
Retiring in 20 years:				
Males	21.7	22.8	n/a	n/a
Females	24.7	25.9	n/a	n/a

The Actuary have adopted a set of demographic assumptions that are consistent with those used for the most recent Fund valuation, which was carried out as at 31 March 2025, except for an update of the CMI projection model.

The estimated Macaulay duration of the Council’s liabilities as at the accounting date using the assumptions set out above is 15 years.

Financial assumptions:

The key financial assumptions required for determining the defined benefit obligation for accounting are the discount rate, linked to high quality corporate bond yields, and the rate of future inflation.

The Actuary set out their standard approach to the derivation of these assumptions and sample assumptions using market conditions at 31 March 2026.

The financial assumptions used for the purpose of IAS19 calculations are shown in the following table:

	Local Government Pension					
	Scheme			Teachers Unfunded Benefits		
	31 March	31 March	31 March	31 March	31 March	31 March
	2024	2025	2026	2024	2025	2026
p.a.	p.a.	p.a.	p.a.	p.a.	p.a.	
Financial Assumptions:						
Discount rate	4.90%	5.85%	6.10%	4.80%	5.55%	5.90%
Pension increases (CPI)	2.90%	2.90%	2.90%	2.95%	3.00%	2.90%
RPI Inflation	3.20%	3.20%	3.30%	3.45%	3.45%	3.35%
Salary increases	3.90%	3.90%	3.90%	-	-	-

Projected unit method is used in the calculations.

For the LGPS the Actuary have allowed for actual ONS CPI inflation observed between March 2025 and March 2026. This is reflected in the Experience loss/gain on defined benefit obligation figure in the results.

For the Teachers Unfunded Benefits the Actuary have allowed for actual ONS CPI inflation observed between February 2025 and March 2026. This is reflected in the Experience loss/gain on defined benefit obligation figure in the results.

Discount rate:

Under the IAS19 standard the discount rate should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The Actuary’s standard approach to derive the appropriate discount rate is known as the Single Equivalent Discount Rate (SEDR) methodology.

The Actuary use sample cashflows for employers at each year and derive the single discount rate which results in the same liability value as that which would be determined using a full yield curve valuation (essentially each year’s cashflows has a different discount rate).

These sample cashflows are prepared by the Actuary on a triennial basis. Employers are grouped together into ‘maturity brackets’ based on the duration of their future cashflows. Each maturity bracket is linked to a term on the yield curve, up to the 30 year point, resulting in 30 sets of sample cashflows. All employers in the same maturity bracket share the same set of sample cashflows which is used at each accounting date to set the relevant financial assumptions.

In carrying out this derivation they use the annualised Merrill Lynch AA rated corporate bond yield curve and assume the curve is flat beyond the 30 year point.

Section 7 – Pension Schemes

The new yield curve at the accounting date is used to discount the sample cashflows to calculate a single equivalent discount rate proposed for use in the employer's accounting valuation.

The sample cashflows are used to set the assumption used, however when calculating the change in financial assumption item on the employer's balance sheet the Actuary discount the employer's unique cashflow profile with the new single equivalent discount rate. The impact of a change in the discount rate compared with the previous accounting date will therefore vary by employer depending on their own unique cashflow profile. Individual employer cashflow profiles were derived as at the last valuation date and are assumed to remain unchanged between triennial actuarial valuations.

All else being equal, a higher discount rate will result in a lower value being placed on the defined benefit obligation and an improvement in the overall position.

The impact of a change in the discount rate compared with the previous accounting date will vary by employer depending on their own unique cashflow profile. Cashflow profiles were derived at the last full triennial valuation date and are assumed to remain unchanged since then.

The table below gives details of the estimated impact of a change in the discount rate for employers with different levels of maturity. As a general guide:

- Employers may be considered "Very Mature" if they have a liability duration under 10 years at the accounting date.
- Employers may be considered "Mature" if they have a liability duration of between 10 and 20 years at the accounting date.
- Employers may be considered "Immature" if they have a liability duration over 20 years at the accounting date.

Maturity	Discount Rate		Estimated impact of change on liabilities
	31 March 2025	31 March 2026	
Very Mature	5.15% to 5.60%	5.35% to 5.90%	Decrease of 1% to 3%
Mature	5.60% to 5.85%	5.90% to 6.20%	Decrease of 3% to 7%
Immature	5.85% to 5.95%	6.20% to 6.30%	Decrease of 7% to 10%

Assumptions are rounded to the nearest 0.05%.

Please note this is illustrative only. The actual effect of the change in the discount rate assumption will depend on each employer's membership and the assumption to be adopted this year compared to last year.

Inflation expectations:

Whilst the change in corporate bond yields is an important factor affecting the valuation of the liabilities, so too is the assumed level of future inflation as this determines the rate at which the benefits increase.

IAS19 suggests that in assessing future levels of long-term inflation, the Actuary should use assumptions that would result in a best estimate of the ultimate cost of providing benefits whilst also giving consideration to the gilt market (in line with general price levels) to give an indication of market expectation.

Pension increases in the LGPS are expected to be based on the Consumer Prices Index (CPI). To derive the CPI assumption, the Actuary first make an assumption for the Retail Price Index (RPI) then make an adjustment.

Allowance for Inflation Experience:

The Actuary’s default approach is to allow for actual pension increases which will apply at the accounting date as confirmed by the HM Treasury Order. In addition, they allow for actual inflation experience from September 2025 to the most recent known date available. Any difference between this and the pension increase previously assumed will give rise to an experience item.

For most employers, an allowance for the 2025 pension increase was made when preparing their 2025 year-end accounting balance position. In addition, the Actuary have allowed for actual ONS CPI inflation experience from September 2024 (the month that determines the 2024 pension increase order) to 31 March 2025, or the most recent available data at the time the 2024 year-end report was prepared.

The inflation experience to 31 March 2026 will allow for ONS CPI inflation observed over the year to 31 March 2026, or based on the latest data available when the report is prepared.

Retail Prices Index (RPI) assumption:

Similar to the SEDR approach described above, the Actuary adopt a Single Equivalent Inflation Rate (SEIR) approach in deriving an appropriate RPI assumption.

The SEIR adopted is such that the single assumed rate of inflation results in the same liability value (when discounted using the yield curve valuation) as that resulting from applying the Bank of England (BoE) implied inflation curve. The BoE implied inflation curve is assumed to be flat beyond the 40 year point, and flat over the initial short-end period up to the 3 year point.

The Actuary’s view remains that gilt-implied inflation rates are distorted by supply and demand factors. They allow for an IRP of 0.30% p.a. as a fixed deduction to the BoE implied inflation curve. This is a slight change from their approach at 31 March 2025, where they allowed for an IRP which varied by the term of the employer’s liabilities, with the resulting assumption falling between 0.00% p.a. and 0.25% p.a. (for terms ranging from 1 year up to 30 years). The update is a refinement to the pension increase assumption to reflect a slight change to their house view of best-estimate inflation.

Consistent with the SEDR approach, assumptions are rounded to the nearest 0.05% and the Actuary use the sample cashflows for employers at each duration year (from 1 to 30 years) in deriving the assumptions for employers.

RPI assumptions under the three maturity scenarios are set out in the table below and based on market conditions at 31 March 2026, with the equivalent 31 March 2025 SEIRs (based on the Actuary’s standard derivation at that time) also shown for comparison:

Maturity	RPI Inflation	
	31 March 2025	31 March 2026
Very Mature	3.35% to 3.70%	3.35% to 3.60%
Mature	3.10% to 3.35%	3.30% to 3.35%
Immature	3.05% to 3.10%	3.25% to 3.30%

Section 7 – Pension Schemes

Difference between RPI and CPI:

It is expected that CPI will be on average 1.0% p.a. lower than RPI for the period up to 2030. The Actuary have therefore assumed that the annual increase in CPI inflation will be 1.0% p.a. lower than the market implied increases in RPI for each year prior to 2030. After the 2030 date, CPIH will become the index which is used. The Actuary recognise that CPIH inflation is, over the longer term, expected to exceed the rate of CPI inflation in the UK. They have therefore assumed a gap of 0.2% between market-implied inflation from the Bank of England inflation curve and CPI for the post-2030 period. This results in an assumed gap between the two inflation measures of between 0.35% p.a. and 0.75% p.a. depending on the term of the liabilities (for terms ranging from 30 years down to 5 years). This has been updated from their assumption at 31 March 2025, where they took the post-2030 market implied inflation as their CPI assumption, to reflect their latest views of long-term inflation expectations, informed by recent market developments and evolving economic insights.

Consumer Price Index (CPI) assumption:

Using a similar approach described to calculate the SEIR for the RPI assumption, the Actuary have calculated a single equivalent rate of CPI increase that results in the same liability value as would be calculated by applying the implied CPI curve.

Changes in the inflation assumption will affect the employers differently depending on their maturity. Overall, the Actuary expect the impact on the balance sheet for a typical employer to be minimal in respect of the changes to future inflation expectations.

The following table sets out the assumed pension increase (CPI) assumptions under the three maturity scenarios, as well as the estimated effects due to the change in the inflation assumption from last year's standard assumption to this year's:

Maturity	CPI Inflation		Estimated impact of change on liabilities
	31 March 2025	31 March 2026	
Very Mature	2.90% to 3.00%	2.85% to 2.90%	Decrease of 0% to 1%
Mature	2.85% to 2.95%	2.85% to 2.90%	Decrease of 0% to 1%
Immature	2.85% to 2.90%	2.90% to 2.95%	Decrease of 1% to increase of over 3%

Assumptions are rounded to the nearest 0.05%.

Please note this is illustrative only. The actual effect of the change in the pension increase assumption will depend on each employer's membership and the assumption to be adopted this year compared to last year.

Salary increases:

The Actuary have adopted the standard approach to salary increases for the Council which is line with the latest actuarial valuation.

Overall impact of changes to financial assumptions:

The effect of the changes in the financial assumptions on an employer's liabilities are dependent on the assumptions adopted as well as the specific duration of the employer's liabilities. Typically, employers with greater liability durations are more sensitive to changes in financial assumptions as benefits will be paid over a longer term. The following table describes the estimated effects for employers based on assumptions derived as at 31 March 2026 under the three maturity scenarios:

Maturity	Estimated effect of change in financial assumptions on employer's liabilities
Very Mature	Decrease of 1% to 4%
Mature	Decrease of 4% to 7%
Immature	Decrease of 7% to 9%

Based on market conditions at 31 March 2026, employers will see the value of their defined benefit obligation decrease due to an increase to corporate bond yields since 31 March 2025. However, the extent of this will depend on each employer's membership profile, cashflows over the year, experience and any bespoke assumptions or approaches.

Past Service Costs

Past service costs arise if member benefits are introduced, withdrawn or changed. For example, an award of additional discretionary benefits such as added years by a member would be considered a past service cost. The actuary is not aware of any additional benefits which were granted over the year ending 31 March 2026.

Curtailments

The cost of curtailments is calculated as a result of the payment of unreduced pensions on early retirement only. The Council will also have to account for non-pension related costs (e.g. lump sum payments on redundancy) but for the avoidance of doubt, the actuary has only calculated the cost of curtailments which affect the Council's LGPS pension liabilities. The cost of curtailments is calculated at the point of exit, with interest applied to the accounting date accounted for separately.

Over the year, 50 former Council employees became entitled to unreduced early retirement benefits under the LGPS. The capitalised cost of the additional benefits on IAS19 compliant assumptions is calculated at £2.830m. This figure has been included within the service cost.

Settlements

As a result of some members transferring into / out of the Council over the year liabilities have been settled at a cost different to the accounting reserve. The capitalised loss of this settlement is £0.797m. This figure has been included within service cost.

The following table sets out the settlement events allowed for:

Settlements In / (Out)	Transfer Date	Event Type	Assets Transferred £m	Liabilities Transferred £m	Treated as special event?	Report Date
Employer						
Hope Academy	1 Sep 2025		(0.901)	(0.684)	Yes	18 Sep 2025
Coombs Catering Partnership Limited	1 Sep 2025		(0.111)	(0.085)	Yes	25 Nov 2025
East Midlands Combined County	1 Frb 2026	Internal transfer	(3.004)	(2.450)	Yes	n/a - internal
TOTAL			(4.016)	(3.219)		

Special Events Dates

When determining any past service cost or gain or loss on settlement or curtailment IAS19 requires that the net defined benefit liability is remeasured using current assumptions and the fair value of plan assets at the time of the event. Common events for LGPS employers that this may apply to include outsourcings and unreduced early retirements.

Section 7 – Pension Schemes

The Council's assets and defined benefit obligation have been remeasured throughout the accounting period at one or more settlement/curtailment event dates, in line with the requirements under IAS19. Additional calculations are required to determine the cost before and after each event, and to rebase the standard roll forward approach on updated assumptions based on each event date. The financial assumptions used to calculate the results at each remeasurement date are set out in the following table. These have been derived consistently with the assumptions adopted at 31 March 2025.

Remeasurement Date	Discount Rate % p.a.	Pension Increases (CPI) % p.a.	Real Discount Rate % p.a.
31 March 2025	5.85%	2.90%	2.95%
9 April 2025	6.10%	2.60%	3.50%
5 May 2025	5.75%	2.55%	3.20%
6 May 2025	5.80%	2.50%	3.30%
8 May 2025	5.75%	2.50%	3.25%
6 July 2025	5.70%	2.45%	3.25%
7 July 2025	5.75%	2.45%	3.30%
29 July 2025	5.80%	2.50%	3.30%
10 August 2025	5.80%	2.45%	3.35%
1 September 2025	6.00%	2.50%	3.50%
3 September 2025	6.05%	2.50%	3.55%
4 September 2025	6.00%	2.50%	3.50%
7 September 2025	5.90%	2.50%	3.40%
12 September 2025	5.85%	2.45%	3.40%
15 September 2025	5.85%	2.45%	3.40%
30 September 2025	5.85%	2.50%	3.35%
16 October 2025	5.70%	2.55%	3.15%
21 October 2025	5.65%	2.50%	3.15%
30 October 2025	5.55%	2.45%	3.10%
7 November 2025	5.65%	2.45%	3.20%
16 November 2025	5.80%	2.50%	3.30%
5 December 2025	5.60%	2.50%	3.10%
7 December 2025	5.60%	2.50%	3.10%
14 December 2025	5.70%	2.55%	3.15%
21 December 2025	5.65%	2.55%	3.10%
22 December 2025	5.70%	2.50%	3.20%
31 December 2025	5.60%	2.50%	3.10%
31 January 2026	5.70%	2.65%	3.05%
1 February 2026	5.70%	2.65%	3.05%
8 February 2026	5.75%	2.60%	3.15%
27 February 2026	5.55%	2.60%	2.95%

How has the balance sheet changed over the year?

The change in the balance sheet position over the year is dependent on the following key variables. The following table details the approximate impact on the balance sheet:

Variable / assumption	Impact on balance sheet?	Comments
Asset Returns	Improve	Actual returns will vary considerably between different LGPS funds. However, on average we might expect assets to have returned in excess of 14% in the 12 months to March. As this is significantly in excess of the assumed return this will improve the balance sheet position.
Discount Rate	Improve	Discount rates have increased which will improve the balance sheet position.
Inflation	Neutral	Future inflation assumptions have remained broadly unchanged since the previous accounting date.
Allowance for inflation experience	Worsen	CPI inflation observed between March 2025 and March 2026 is expected to be higher than the rate of CPI inflation assumed over the same period.
Mortality	Worsen	The mortality assumption is updated in line with the assumptions used as part of the full actuarial valuation. This includes an update to the CMI 2025 which was released in March 2026. For most employers, average life expectancies will improve slightly which would lead to a worsening to the balance sheet position. However, this may vary between LGPS funds.
Overall	Improve	Overall, the Actuary expect the balance sheet position to improve compared with last year.

These general principles are based on an average employer in an average Fund with a duration of 15 years. The actual effect of the change in these variables and assumptions will depend on each employer’s individual circumstances.

In terms of the net defined benefit liability, the council’s balance sheet position has improved compared to the previous year (see section 4.4.14 for further information).

Sensitivity Analysis

The sensitivity analysis below focuses on four assumptions – discount rate, long term salary increase, inflation (which is used to determine pension increases and deferred revaluation) and mortality.

	Local Government Pension Scheme					Teachers Unfunded Benefits		
	£m	£m	£m	£m	£m	£m	£m	£m
Adjustment to discount rate:	+0.5%	+0.1%	0.0%	-0.1%	-0.5%	+0.1%	0.0%	-0.1%
Present value of total obligation	1,587.381	1,674.989	1,698.186	1,721.933	1,822.779	20.402	20.532	20.664
Projected service cost	24.470	28.210	29.219	30.262	34.779	-	-	-
Adjustment to long term salary increase:	+0.5%	+0.1%	0.0%	-0.1%	-0.5%	-	-	-
Present value of total obligation	1,703.364	1,699.210	1,698.186	1,697.167	1,693.143	-	-	-
Projected service cost	29.219	29.219	29.219	29.219	29.219	-	-	-
Adjustment to pension increases and deferred revaluation:	+0.5%	+0.1%	0.0%	-0.1%	-0.5%	+0.1%	0.0%	-0.1%
Present value of total obligation	1,814.627	1,722.347	1,698.186	1,679.484	1,599.687	20.671	20.532	20.671
Projected service cost	35.204	30.340	29.219	28.134	24.120	-	-	-
Adjustment to life expectancy assumptions:	+1 Year	None	-1 Year			+1 Year	None	-1 Year
Present value of total obligation	1,757.610	1,698.186	1,641.018			21.199	20.532	19.886
Projected service cost	30.245	28.210	28.217			-	-	-

Section 7 – Pension Schemes

Projected Pension Expense

The projected pension expenses for the year to 31 March 2027 are as follows:

	LGPS 31 March 2027 £m	Teachers Unfunded Benefits £m
Service cost	29.219	-
Net interest on the defined liability (asset)	2.093	1.147
Administration expenses	1.039	-
Total loss / (profit)	32.351	1.147
Employer Contributions	42.247	-

These projections are based on the assumptions as at 31 March 2026. The figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2026.

Section 8

ABBREVIATIONS/GLOSSARY

8.1 Abbreviations

BID	-	Business Improvement District
BSF	-	Building Schools for the Future
CIES	-	Comprehensive Income and Expenditure Statement
CFR	-	Capital Financing Requirement
DLUHC	-	Department for Levelling Up, Housing and Communities
DSG	-	Dedicated Schools Grant
EFA	-	Expenditure and Funding Analysis
EMCCA	-	East Midlands Combined County Authority
EMSS	-	East Midlands Shared Services
HRA	-	Housing Revenue Account
IBNR	-	Incurred but not yet Reported
IAS	-	International Accounting Standard
IFRS	-	International Financial Reporting Standards
ISB	-	Individual Schools Budget
LGPS	-	Local Government Pension Scheme
LIFT	-	Local Improvement Finance Trust
LCC	-	Leicestershire County Council
MHCLG	-	Ministry of Housing, Communities and Local Government
MIRS	-	Movement in Reserves Statement
MTFO	-	Medium Term Financial Outlook
MTFP	-	Medium Term Financial Plan
NCC	-	Nottingham City Council
NET	-	Nottingham Express Transit
NNDR	-	National Non-Domestic Rates
PFI	-	Private Finance Initiative
PPE	-	Property Plant and Equipment
PWLB	-	Public Works Loan Board
REFCUS-	-	Revenue Expenditure Financed from Capital under Statute
RSG	-	Revenue Support Grant

8.2 Glossary of Financial Terms

Items in **bold** are described further within the glossary.

Accounting Period

The period of time covered by the Council's accounts. Normally twelve months, beginning on 1 April. Also known as the Financial Year.

Accounting Policies

The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements through recognising, measuring and presenting **assets**, **liabilities**, gains, losses and changes to **reserves**.

Accrual

Income and expenditure are recognised as they are earned or incurred, not as money is received or paid. Accruals are made for **revenue** and **capital expenditure** and income (see **debtors** and **creditors**).

Actuarial gains and losses

This reflects the extent to which the movements of the pension assets and liabilities over the accounting year have not been exactly as assumed at the previous accounting date, and also the effect on the pension liabilities of changes to the assumptions used to value them.

Agency Services

Services that are performed by or for another Council or public body, where the Council responsible for the service reimburses the Council for the cost of that work.

Amortisation

The writing down of an **intangible asset** reflecting its diminution in value as its useful life expires over time.

Assets

Items having measurable value in monetary terms. Assets can be defined as fixed or current. A fixed asset has use and value for more than one year e.g. land, buildings, plant, vehicles and equipment. Current assets can be readily converted into cash.

Bad (and doubtful) Debts

Debts which may be uneconomical to collect or unrecoverable.

Balance Sheet

A statement of recorded **assets** and **liabilities**, and other balances at the end of an **accounting period**.

Business Rates – see National Non-Domestic Rates

Capital Adjustment Account

This account contains the balances previously held on the Capital Financing Account, the Fixed Asset Restatement Account and the Government Grants Deferred Account. The movements in year relate to the amount of capital expenditure financed from revenue, grants and capital receipts. It also contains the difference between amounts provided for depreciation and the amount required to be charged to revenue to repay the principal element of external loans.

Capital Expenditure

Expenditure on the acquisition or enhancement of property, plant and equipment that has a long-term value to the Council. This includes grants or advances paid to third

parties to assist them in acquiring or enhancing their own property, plant and equipment.

Capital Financing Requirement

An amount calculated from the value of Assets (PPE) less the balances on Capital Adjustment Account and **Revaluation Reserve**. This represents the Council's "underlying" need to borrow. The Council is required to make an annual provision from revenue resources to meet its debt repayment obligations. This is known as the **Minimum Revenue Provision**.

Capital Receipt

Money received from the disposal of land and other **assets**, and from the repayment of capital grants and loans made by the Council.

Cash and Cash Equivalents

Cash in hand, cash overdrawn and short term investments that are readily convertible into known amounts of cash.

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services. It draws up the Accounting Code of Practices and issues professional guidance used to compile these accounts. CIPFA advises central government and other bodies on local government and public sector finance matters.

Code of Practice on Local Authority Accounting (UK)

Publication produced by **CIPFA** that provides detailed guidance on the proper accounting treatment to be used in the preparation of local authority statement of accounts.

Collection Fund

A separate fund recording the expenditure and income relating to **Council Tax**, **National Non-Domestic Rates** (collected on behalf of the Central Government) and residual community charge.

Community Assets

Assets that a local authority intends to hold in perpetuity, that have no determinable useful life and that may have restrictions in their disposal. Examples are parks and allotments.

Consolidated

Added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration e.g. debtors.

Contingency

A sum included in the revenue budget to cover unexpected expenditure during the **accounting period**. An example of such an event would be an exceptional price increase not anticipated at the time the budget was constructed.

Contingent Liabilities

A contingent liability is defined as either:

- a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control;
- or a present obligation that arises from past events but is not recognised because either
 - it is not probable that a transfer of economic benefits will be required to settle the obligation or;

Section 8 – Abbreviations/Glossary

- the amount of the obligation cannot be measured with sufficient reliability.

Contingent Rents

The portion of the lease payments that is not fixed in amount, but is based on the future amount of a factor that changes other than with the passage of time (e.g. percentage of future sales, amount of future use, future price indices and future market rates of interest).

Contract Assets

Debtors for goods or services provided by the Council where not all of the goods or services that the Council is required to provide in order to receive payment have been delivered by 31st March.

Contract Liabilities

Creditors for goods or services provided by the Council where the Council has received payment but not done everything that is required to retain the payment by 31st March.

Council Tax

A local tax set by local authorities in order to meet their budget requirements. There are eight Council Tax bands (Band A to Band H); the amount of Council Tax each household pays depends on the value of the property.

Council Tax Benefit

Assistance provided by billing authorities to adults on low income, with the objective of helping them to pay their **Council Tax** bills.

Council Tax Discounts and Exemptions

Discounts are available to people who live alone and for homes that are not anyone's main home. **Council Tax** is not charged for certain properties, known as exempt properties, such as those only lived in by students.

Creditors

Amounts owed by an authority for works done, goods received or services rendered before the end of an **accounting period**, but for which actual payments had not been made by the end of that accounting period.

Current Service Cost

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

Current Value

The current value of an **asset** is a measurement of the asset's service potential and can be measured at:

- Existing Use Value – where an active market exists,
- Existing Use Value Social Housing – for council dwellings, or
- Depreciated Replacement Cost– for assets where there is no market and / or the assets are specialised

Debtors

Amounts due to an authority for works done, goods supplied or service rendered before the end of an **accounting period**, but for which actual payments had not been received by the end of that accounting period.

Dedicated Schools Grant

A **specific grant** paid to Local Authorities to fund the cost of running its schools.

Defined Benefit Pension Scheme

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

Depreciation

A charge to the revenue account to reflect the reduction in an asset's value as a result of its use in the delivery of services.

Direct Revenue Financing

Capital expenditure funded from revenue budgets.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

External Audit

The auditor is appointed by **PSAA Ltd** and is required to verify that all statutory and regulatory requirements have been met during the production of the Council's accounts. There is also a requirement to review the arrangements in place to ensure the economic and effective use of resources.

Fair Value

The fair value of an **asset** is the price at which assets or liability could be exchanged between market participants at the measurement date under current market conditions.

Finance Lease

Contracts or contract for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

Financial Instrument

Any contract giving rise to a financial **asset** in one entity and a financial **liability** or equity instrument in another. Examples include the treasury management activity of the Council, including the borrowing and lending of money and the making of investments.

Funding Basis

The accounting basis that local authorities are required by statute to follow when setting their Council Tax. This is different to the IFRS basis, which is used to produce the Statement of Accounts.

General Fund

The common name for the account which accumulates balances for all services except the **Housing Revenue Account** and the **Collection Fund**.

Group Financial Statements

Where a Council has an interest in another organisation (e.g. a **subsidiary** organisation) group accounts have to be produced. These accounts report the consolidated financial position of the Council and all organisations in which it has an interest.

Heritage Assets

Assets with historical, artistic, scientific, technological, geophysical or environmental qualities held and maintained principally for their contribution to knowledge and culture.

Section 8 – Abbreviations/Glossary

Historical Cost

This represents the original cost of acquisition, construction or purchase of a fixed **asset**.

Housing Benefit

Assistance provided by billing authorities to adults on low income, with the objective of helping them to pay their rent. Parts of the cost, including those associated with the running expenses of the scheme, are refunded directly by the Government.

Housing Revenue Account (HRA)

Sets out the expenditure and income arising from the provision of social housing by the local authority as landlord.

Impairment

A reduction in the value of a fixed **asset**, resulting from financial loss, damage or obsolescence. In order to comply with accounting standards, the Council undertakes annual reviews of its assets to identify any that are impaired.

Infrastructure Assets

Assets held by local authorities which do not normally have a resale value and for which a useful life span cannot easily be assessed. Examples include highways, bridges and drainage facilities.

Intangible Assets

Assets that do not have physical substance but are identifiable and controlled by the Council through custom or legal rights.

International Financial Reporting Standards

International Financial Reporting Standards are standards and interpretations adopted by the International Accounting Standards Board (IASB). Many of the standards forming part of the IFRS were previously known as International Accounting Standards.

Investment Properties

An interest in land and buildings that is used solely to earn rentals or for capital appreciation or both. Property that is used to facilitate the delivery of services as well as for investment purposes does not meet the definition of an investment property.

Joint Ventures

An organisation in which the Council is involved where decisions require the consent of all participants.

Liability

Amounts due to individuals or organisations that will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Loss Allowance

An allowance provided for bad debts i.e. credit losses.

Medium Term Financial Plan (MTFP)

A plan detailing projected expenditure and available resources over a period of more than one year. The Council's MTFP currently covers three years.

Minimum Revenue Provision

The minimum amount that the Council must charge to the income and expenditure account to provide for the repayment of debt.

National Non-Domestic Rates (NNDR)

The means by which local businesses contribute to the cost of providing the Council's services. NNDR cover all property consisting of land or buildings not classed as domestic property or exempt from rating. The Valuation Office Agency gives a rateable value to each non-domestic property and this is used by local councils to calculate a property's NNDR.

Net Revenue Expenditure

This represents the Council's budget requirement and use of **reserves**.

Non-Cancellable Lease

A lease that is cancellable only:

- Upon the occurrence of some remote contingency.
- With the permission on the lessor.
- If the lessee enters into a new lease for the same or an equivalent asset with the same lessor
- Upon payment by the lessee of such an additional amount that, at the inception of the lease, continuation of the lease is reasonably certain.

Non-operational Assets

Assets held by the Council but not actually used in the direct delivery of services, including surplus assets and **investment properties**. See **Operational Assets**.

Operating Leases

A lease where substantially all of the risks and rewards of ownership of a fixed **asset** are retained by the lessor.

Operational Assets

Assets held by the Council for the purpose of the direct delivery of services for which the Council has either a statutory or discretionary responsibility. See **Non-operational Assets**.

Outturn

Actual income and expenditure in an **accounting period**.

Past Service Cost

The increase in **liabilities** arising from current year decisions whose effect relates to years of service earned in earlier years.

PFI Credits

The financial support provided to Local Authorities to part fund **Private Finance Initiative** capital projects.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precept

The amount of **Council Tax** income that County Councils, Police authorities, Parish Councils and Fire authorities (precepting authorities) need to provide their services.

Prior Year Adjustments

These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates in prior years.

Section 8 – Abbreviations/Glossary

Private Finance Initiative (PFI)

A long-term contractual public private partnership under which the private sector takes on the risks associated with the delivery of public services in exchange for payments tied to standards of performance.

Property, Plant and Equipment

Tangible assets which have value to the Council for more than one year.

Provision

An amount set aside to cover a **liability** that will almost certainly occur, but where the amounts or dates on which the cost will arise are uncertain.

Prudential Code

The Prudential Code ensures, within a clear framework, that the capital investment plans of the Council are affordable, prudent and sustainable.

Public Sector Audit Appointments (PSAA) Ltd

PSAA was incorporated by the Local Government Association (LGA) in August 2014. The Secretary of State for Communities and Local Government has delegated statutory functions on a transitional basis from the Audit Commission Act 1998 to PSAA. Under these transitional arrangements, PSAA is responsible for appointing auditors to local government, police and local NHS bodies, for setting audit fees and for making arrangements for the certification of housing benefit subsidy claims. Before 1 April 2015, these responsibilities were discharged by the Audit Commission. The Secretary of State has specified PSAA as an appointing person under provisions of the Local Audit and Accountability Act 2014. For audits of the accounts from 2018/19, PSAA has appointed auditors to relevant principal local government bodies that opt into its national scheme. Grant Thornton UK LLP are the external auditors for Nottingham City Council for 2025/26.

Public Works Loans Board (PWLB)

A Government agency which provides loans, for terms of one year and above, to local authorities. The interest rates applied are only slightly higher than those at which the Government can borrow.

Reserves

A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. A distinction is drawn between reserves and **provisions** which are set up to meet known liabilities.

Residual Value

The net realisable value of an **asset** at the end of its useful life.

Revaluation Reserve

This represents the non-distributable increase/decrease in the valuation of PPE.

Revenue Expenditure

Expenditure on day-to-day running costs such as salaries, heating, printing and stationery and debt charges. Revenue items will either be expended immediately, like salaries, or within one year of purchase.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

This is expenditure that legislation allows to be funded from capital resources that does not result in an **asset** to the Council (e.g. Housing improvement grants). This expenditure is written off to the Income and Expenditure Account in the year it is incurred.

Revenue Support Grant (RSG)

Government financial support to aid local authority services generally. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

Section 106 contributions

These are receipts received by the Council from developers for a specific purpose; they arise as a result of a planning agreement between the Council and developer.

Service Reporting Code of Practice

Published by **CIPFA** the Service Reporting Code of Practice establishes "proper practice" with regard to consistent financial reporting to enhance the comparability of local authority financial information and was given statutory force in England by regulations under the Local Government Act 2003.

Single Entity Financial Statements

The main financial statements for the Council as shown in section 3. The single entity financial statements are also defined as including the income, expenditure, assets, liabilities, reserves and cash flows of the local authority maintained schools within the control of the Council.

Specific Grant

Government financial support for a specific purpose or service that cannot be spent on anything else.

Stocks

Comprise of goods or other **assets** purchased for resale; consumable stores; raw materials and components purchased for incorporation into products for sale; products and services in intermediate stages of completion; long term contract balances and finished goods.

Subsidiary and Associated Companies

An organisation in which the Council has a participating interest and over which it can exercise significant influence e.g. where the Council controls the majority of voting rights.

Trading Accounts

Services run commercially to provide services that are mainly funded from fees and charges levied on customers.

Trust Funds

Funds administered by a local authority for purposes such as charities, and specific projects and on behalf of minors.

TUPE

TUPE stands for Transfer of Undertakings (Protection of Employment). It's a UK employment law that protects employees' rights when a business or service changes ownership or provider.

Work in Progress

The value of work undertaken on an unfinished project at the end of the financial year, which has not yet been charged to the revenue account.

Section 9 Independent Auditor’s Report

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