

Erewash

Borough Council

Statement of Accounts

2024/25

ANNUAL STATEMENT OF ACCOUNTS 2024-25

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NARRATIVE REPORT

Background

Erewash Borough Council is an English local authority providing statutory services such as refuse collection, environmental health, street cleaning, planning, housing policy and homelessness, building control and housing benefits alongside other services such as green spaces and markets. The Borough of Erewash covers an area of 42.3 square miles and lies between Derby and Nottingham in the southeast of Derbyshire. Erewash is a borough of contrast; to the eastern side are the market towns of Ilkeston and Long Eaton, while the west is more rural with some isolated villages. The two large cities of Derby and Nottingham both border the borough and have an influence on the area.

These accounts set out the financial position for Erewash Borough Council for the year ended 31st March 2025. They have been prepared in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (The Code)*. The accounting policies follow International Financial Reporting Standards (IFRS) to the extent that they are meaningful and appropriate to local government.

The Statement of Accounts

The Statement of Accounts comprises the following core statements:

Comprehensive Income and Expenditure Statement

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. The Council raises taxation to cover expenditure in accordance with statutory requirements, but 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.

The Cost of Services within the Comprehensive Income and Expenditure Statement is reported by directorate, in the way in which services are operated and performance managed. The main services provided within each directorate are:

- Resources – planning, human resources, ICT, finance, rent allowances, elections, legal services, democratic and civic support,
- Environmental and Community Services – building control, neighbourhood wardens, markets, green space and street scene, environmental health, waste management, housing, licensing, facilities management, property and estates, communications and culture, community safety, and performance and community.
- Non-directorate – parish concurrent functions, contingency, external audit fees, Chief Executive's Office and Bramcote Crematorium.

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the Council, analysed into 'usable reserves' i.e. those that can be applied to fund expenditure or reduce local taxation and 'other' reserves. The Statement shows how the movements in year of the Council's reserves are analysed between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council tax for the year. The Net Increase/ Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

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Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level, and any statutory limitations on their use (for example, capital receipts that may only be used to fund capital expenditure or repay debt). The second category of reserves include those that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets were sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding under regulations'.

Cash Flow Statement

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

The Statement also contains the following supplementary statements:

Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, Council tax and business rates) by the Council in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Collection Fund

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 of amounts due from taxpayers and the subsequent distribution to preceptors and government of Council tax and non-domestic rates. The following authorities are the major preceptors on the Council:

- Derbyshire County Council;
- Police and Crime Commissioner for Derbyshire;
- Derbyshire Fire and Rescue Service.

The Council is required to account for non-domestic rates under the Non-Domestic Ratings Regulations 2013.

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Derbyshire National Non-Domestic Rates Pool

For 2024/25 Erewash was part of the Derbyshire National Non-Domestic Rate Pool with seven other Derbyshire district authorities, Derby City Council, Derbyshire County Council and Derbyshire Fire and Rescue Service. The calculation of any levy payment due or top up receivable from or to the Collection Fund is calculated on a collective basis for the pool as opposed to an individual authority basis.

New Accounting Standards

The Council has adopted IFRS 16 Leases from 1 April 2024. IFRS 16 requires that for any contract or lease where the Council has the right-of-use of an asset that such an asset, along with its corresponding lease liability, be recognised within the Council's Balance Sheet. Contracts/leases of less than 12 months in duration and immaterial assets are exempt from this requirement. Further details are provided within Accounting Policy 20, Leases p31.

Council's Financial Performance for the Financial Year 2024/25

Key Issues that have influenced the Financial Position for 2024/25

The Council set a revenue budget of £14.069m in 2024/25. This was on the back of a financial settlement giving the Council a 5.8% increase in Core Spending Power and over £1.2m in extra funding compared to 2023/24. However, with over £2.2m in new pressures added to budget, heading into 2024/25 the main area of concern was whether the Council could deliver agreed savings and income generation initiatives to avoid using Council reserves – a key priority for the new administration. Faced with a significant financial challenge, the Council agreed to introduce a Garden Waste annual charge of £20 which was expected to generate over £500,000 in additional revenue income.

Other concerns included the volatility of certain key budget heads, such as investment interest, homelessness, supported accommodation and waste disposal costs, plus the ability to recruit and retain officers to key posts.

The Council set a three-year capital programme in February 2024 funded by existing capital resources or external grants with no borrowing requirement. The programme contains Towns Fund and Shared Prosperity grant funded projects and other prioritised schemes, plus a capital contingency of £0.200m to allow the Section 151 Officer to manage fluctuations. The fleet replacement programme continued during 2024/25 and is planned to continue into future years depending on the ability to realise capital receipts.

The Treasury Management Strategy (TMS) 2024/25 and Capital Investment Strategy (CIS) were approved by Full Council in March 2024. The Strategies were developed to comply with the Prudential Code for Capital Finance in Local Authorities, the Treasury Management: Code of Practice and Cross Sectoral Guidance Notes (Treasury Management Code) and Minimum Revenue Provision – Guidance issued by the Secretary of State under section 21 (1A) of the Local Government Act 2003.

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Key Events affecting the Council in 2024/25 and a look ahead to future years

Budget Strategy and Productivity Plan

In July 2024 Council approved a Budget Strategy which once again set a local target to balance the budget in 2025/26 without the use of reserves. The Strategy also included a Productivity Plan, which was required by the last Conservative Government. It set out the extent of 'savings' work delivered by the Council in recent years and plans in progress that would eventually influence budget setting in 2025/26.

Corporate Strategy

In August 2024 Council approved a new Corporate Strategy for 2024 through to 2028, which set out:

- the Council's Vision of what it wants to achieve for Erewash to "Create vibrant and sustainable communities"
- the Council's Priorities focused on life in Erewash around economy and regeneration, supporting communities and a sustainable environment as well as an ambition to be a modern Council.
- and the Council's Values on how we will go about our work as a Council.

The Corporate Strategy included a comprehensive action plan covering a four-year period and, further, to feedback from the Corporate Peer Challenge review conducted by the Local Government Association, did include some further investment in project management capacity, IT, training and a new climate change officer.

Other Strategies/Policies

During the year the Council has approved several new or updated policies including an IT Strategy, People Strategy, Financial Regulations and Contract Procedure rules. Within them are details of how the Council will continue to move forward in its ambition to be a modern Council. One such project which has already been delivered is the implementation of the Council's new website.

Culture Fund

The Council was provisionally awarded £5m of funding to deliver local cultural projects in May 2025. Some initial work was undertaken working with local interested parties and a submission made to Government with plans to develop a cultural hub on Bath Street, Ilkeston. After the General Election, this project was scrapped by the new Labour Government and the Council reimbursed for incurred costs.

Core Strategy

Examination Hearings for the Core Strategy Review were held over the 4th to 13th June 2024. The Planning Inspector issued a Post Hearing Letter on 4th September 2024, detailing additional work that needed to be carried out on the Core Strategy Review. That work was carried out over September to June 2025, including approval of a Core Strategy Review Amendment by Council on 27th March 2025 and subsequent public consultation on that document over 7th April to 19th May 2025. The results of work undertaken, including the Core Strategy Review Amendment and the outcome of the consultation are due to be submitted to the Planning Inspector on 26th June 2025.

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Local Government Reorganisation (LGR)

In December 2024 the Government published its “English Devolution White Paper” setting out its plans for Local Government Reorganisation. In February 2025, along with the other Derbyshire Local Authorities and Derby City Council a proposal containing two options for a single tier of local government within Derbyshire were submitted to Government. The authorities continue to work on various options and are being supported by external consultants and LGR working group which is overseeing the production of the final proposal which is required to be submitted to Government by 28 November 2025. A new unitary council is expected to be in place by April 2028.

Accommodation review

One of the Council's efficiency initiatives was to review whether it needed two Town Halls – an issue raised previously by residents in budget feedback. The Council had commissioned some external work to review potential options.

The advent of LGR meant that it would be very unlikely that this review could be completed before a new Council was created. On this basis, further work was deferred, and this will now be a matter for a future Council.

Review of Financial Performance in 2024/25

Revenue

Revised Budget

The Council's revenue budget is split between the Council's three directorates. Spending against these budgets is monitored carefully throughout the year and reported quarterly to the Council Executive.

During the first quarter of 2024/25 a number of significant variances to the base budget materialised either due to unexpected events or due to the assumptions made in formulating the budget being exceeded. These variances included:

- The settlement of a VAT claim dating back to 2007 in relation to leisure services resulting in a one off unbudgeted receipt of £0.436m.
- As noted above, the Council introduced charges for garden waste income for the first time in 2024/25. Actual income exceeded expectations by £0.194m by quarter 1.
- Interest rates remained higher than forecast and the Council held higher cash balances, given the slippage on the Town Deal, resulting in additional interest income of £0.200m.
- The renewal of the insurance and electricity contracts generated savings of £0.250m.
- The pay award was less than forecast, saving £0.120m on the pay budget.

As a result, the Council revised down the based budget by £1.2m at the end of quarter 1 and put £0.600m of the revision into the vehicles and equipment reserve to fund future

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capital funding gaps and £0.600m into the General Fund to cover the longer-term revenue budget deficit.

During the remainder of the year the Council continued to report a forecast outturn underspend due to the volatility of spending in some key budget headings and the ongoing high vacancy rate due to recruitment issues in certain services areas such as planning and building control.

The table below compares the actual expenditure in the year in accordance with regulations with the budget for 2024/25.

Revenue Outturn 2024/25	Revised Budget £'000	Actual Net Expenditure £'000	Variance £'000
Expenditure			
Resources	4,300	3,692	(608)
Environmental and Community Services	7,926	6,722	(1,204)
Non Directorate	835	777	(58)
Net Cost of Services	13,061	11,191	(1,870)
Financed By	Revised Budget £'000	Actual Financing £'000	Variance £'000
New Homes Bonus Scheme Grant	(9)	(9)	0
Revenue Support Grant	(277)	(277)	0
Services Grant	(23)	(23)	0
Funding guarantee	(543)	(543)	0
New Burdens and other government grants	(7)	(21)	(14)
Council Tax - EBC Precept and S31 grants	(7,379)	(7,294)	85
Collection Fund Council Tax	102	102	0
Business Rates Retention and S31 grants	(5,187)	(5,296)	(109)
Collection Fund NNDR	(783)	(783)	0
Minimum Revenue Provision – IFRS16	70	70	0
Capital Expenditure charged to revenue	0	44	44
Transfer (from)/to Earmarked Reserves	613	987	374
Transfer (from)/to General Fund Balances	362	1,852	1,490
Total Income	(13,061)	(11,191)	1,870

In the context of the overall financial position (and projected budget gaps from 2026/27 onwards) the tear end position is seen as positive as it provides the Council the opportunity to both increase General Fund balances but also put aside funds for known future liabilities.

Income in certain areas such as car parking outperformed forecasts. Plus, with interest rates not being cut as originally forecast interest from investments was significantly higher than predicted. Other areas such as planning and building control continued to struggle with income levels being lower than expected. The overall variance on income was a favourable variance of £0.213m.

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Like other local authorities the Council experienced recruitment issues to service areas such as planning and building control. The Council performed a review and restructure of the waste collection rounds during the year resulting in fewer personnel being required. Also, within waste management the Council's agency contractor was unable to supply all requested agency workers, namely refuse drivers. Subsequently, and due to service delivery necessity, some suitably qualified employees within operational services were redeployed. All of these factors resulted in an underspend on employee costs of £0.445m

As forecast during the year, the new waste disposal contract coupled with disposal costs per tonne falling during the year delivered a significant underspend of £0.373m. The underspend has been transferred to a waste disposal costs earmarked reserve to mitigate any additional cost should the waste disposal market deteriorate in future years.

Carry forward requests as a result of timing differences (and not because funding will not be spent) of £276,290 are proposed to be carried forward for use during 2025/26.

The table below summarises the movements from the net cost of services outturn position, taking account of the items mentioned above and an accounting underspend for the year of £1.258m.

	£'000
Net Cost of Services outturn position underspend	(1,870)
Additional Government grants received	(14)
Council tax income	85
NNDR Income and S31 grant	(162)
Capital expenditure charged to the General Fund	44
Transfers to earmarked reserves for known or anticipated future pressures	374
Carry forwards into 2024/25	276
Bramcote Crematorium	9
Accounting underspend transferred to General Fund	(1,258)

The year end General Fund balance was £4.327m (which excludes any balances relating to Bramcote Bereavement Services Joint Committee) and is 9.6% of the Council's gross revenue expenditure. The General Fund balance is above the Council's current policy which requires a minimum balance of £2m.

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Capital

The table below shows the Council's actual capital expenditure for 2024/25 compared with the budgeted capital programme.

Capital Outturn Summary 2024/25	Revised Budget £'000	Actual Expenditure £'000	Variance £'000
High Street Fund	162	156	(6)
Long Eaton Towns Fund – Stable Block	2,233	1,655	(578)
Long Eaton Towns Fund – West Park Events	2,014	845	(1,169)
Long Eaton Towns Fund – Galaxy Row	1,757	866	(891)
Long Eaton Towns Fund – High Street	4,017	858	(3,159)
Long Eaton Towns Fund – Walking & Cycling network	2,012	388	(1,624)
Shared Prosperity Fund – Pewit Coronation Meadows	150	149	(1)
Shared Prosperity Fund – West Park Play area	400	400	0
Shared Prosperity Fund – 3G pitch	450	450	0
Shared Prosperity Fund – Property Insulation	219	219	0
Shared Prosperity Fund – Community energy scheme	69	69	0
Shared Prosperity Fund – Rutland and Victoria Park lighting	6	0	(6)
Flat roof replacement programme	55	54	(1)
De-Carbonisation of leisure facilities	2,264	216	(2,048)
Swimming pool support fund	887	125	(762)
Sandiacre Friesland Sports Centre building works	25	0	(25)
Manor Farm Equestrian Bridge	15	0	(15)
Play area refurbishment	230	0	(230)
Financial Management System	34	0	(34)
ICT servers	44	0	(44)
Building Control/Planning software	103	52	(51)
Waste Management system	10	9	(1)
Electric vehicle charging points	41	0	(41)
Vehicle replacement	1,927	1,456	(471)
Food waste implementation - vehicles	716	119	(597)
Food waste implementation - caddies	369	0	(369)
Changing rooms	27	22	(5)
Footpaths	75	17	(58)
Public convenience works	20	0	(20)
Car parks - resurfacing	50	0	(50)
Car parks – signage and machines	23	16	(7)
Accommodation review	500	0	(500)
Council buildings asset replacement programme	83	0	(83)
Energy efficiency	129	0	(129)
Erewash museum	16	0	(16)
CCTV – Long Eaton	161	0	(161)
Replacement CCTV cameras	2	0	(2)

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Capital Outturn Summary 2024/25	Revised Budget £'000	Actual Expenditure £'000	Variance £'000
Street furniture adaptations	10	0	(10)
Disabled facilities grants	4,154	808	(3,346)
Social housing provision	334	0	(334)
LAD energy efficiency phase 2	9	0	(9)
LAD energy efficiency phase 3	74	0	(74)
Devolution retrofit	584	396	(188)
HUG 1	9	0	(9)
HUG 2	405	137	(268)
LAHF	225	0	(225)
Bramcote Crematorium burner	900	275	(625)
Contingency	199	0	(199)
	28,162	9,757	(18,405)
Financed By:			
Capital receipts	(6,232)	(2,359)	3,873
Earmarked reserves	(50)	(0)	50
Grants and contributions	(21,880)	(7,398)	14,482
Total Financing	(28,162)	(9,757)	18,405

Explanations of the largest areas of capital expenditure for the year are as follows:

Long Eaton Towns Fund

During the financial year 2024/25 all the projects have significantly progressed with only the Long Eaton High Street remaining in the design development and budget setting phase.

The Events Field, part of the Event Hub completed in December 2024 and is in regular use. The remainder of the Event Hub project is the Waterfront which is being delivered in conjunction with Broad Street Bridge, part of the Walking and Cycling Project. These projects are designed, have planning permissions granted, with works planned to start Summer 2025 and complete 2026.

The Britannia Mill Bridge scheme is due to start construction September 2025 and completing March 2026.

The Stable Block is now on track for completion and is expected to be ready for tenants by July/August 2025. Once tenanted, the building will generate rental income, providing a long-term financial benefit and helping to offset some of the project costs.

A developer has been secured for the Galaxy Row scheme and the bespoke Development Agreement was completed allowing works to start on site at the start of May 2025.

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Shared Prosperity Fund projects

The final year of the projects within the Shared Prosperity Funding of £2.8m were completed during 2024/25. The Council expended all of the capital grant allocation and successfully delivered on a variety of projects which included;

- West Park Play Area – installation of a new play area
- Coronation Meadows Nature Reserve, Ilkeston – including the planting of 2,250 new trees.
- Rutland Sports Park 3G pitch – new artificial turf pitch which meets FIFA standards for all-weather football
- Property Insulation – grants to improve the energy efficiency of homes with 18 domestic properties taking up energy efficiency measures and a calculated reduction of 26.2 tonnes of CO2.

Swimming Pool Support Fund Works – Victoria Park Leisure Centre, Ilkeston

The Council successfully secured Sports England grant funding from the government's Swimming Pool Support Fund. Works were delivered within 2024/25 which include new energy efficient Air Handling Units, water treatment plant and heating systems.

Vehicles replacement

During the year the council purchased 6 new refuse vehicles and 1 food waste recycling vehicle as part of its rolling vehicles replacement programme. Further food waste vehicles are on order and due to be received in 2025/26.

Disabled Facilities Grants

During 2024/25 Disabled Facilities Grants totalling £0.808m were distributed. There is always a delay between the grant approval and payment due to the need to commission, undertake and finally inspect the works prior to the release of the grant. The grant applicant has up to 12 months to undertake the necessary works. The grant funded underspend has been carried forward into 2024/25 and is ringfenced so cannot be used to fund other services.

Borrowing

The Council has a policy of remaining debt free and therefore, does not have any external borrowing. This policy may need to be reviewed in the future as capital resources to fund new projects diminish. All capital expenditure during 2024/25 was financed from external grants and the Council's own resources.

Provisions, Contingencies and Material Items Written Off

Fuller details of provisions can be found in Note 20 to the financial statements on page 85. There were no material amounts written off during 2024/25.

Material Assets and Material Liabilities

The Council did not acquire any material assets. Further details of contingent assets and liabilities can be found in Note 30 to the financial statements on page 103.

Pensions

There is a net asset on the Council's pension liability of £20.190m i.e. predicted assets exceed fund liabilities. Accounting convention requires, that where a pension plan net asset exists it is measured at the lower of the surplus in the defined benefit plan or the

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asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan(s) or reductions in future contributions to the plan(s). The Council's actuaries have calculated the asset ceiling as the net present value of future service costs less the net present value of future contributions. The asset ceiling has been calculated to be a net liability of £6.130m and therefore the pension asset has been reduced by £26.320m to measure the scheme at the asset ceiling level. Full details of the pension schemes are contained in Note 29 to the financial statements on page 94.

Unusual Charges or Credits

There were no unusual charges or credits during the financial year.

Other Liabilities

There are no other significant liabilities.

Risks, Challenges and Mitigating Action

Risk management remains an integral part of the Council's decision-making processes. All Council papers include reference to risk to ensure that members and officers understand the impact of decision-making. The Strategic Risk Register is reviewed quarterly with input from members of the Senior Management Team and any significant changes reported on via the quarterly Performance Report. During 2024/25 two new strategic risks were added and one closed. The Strategic Risk Register was reviewed by Audit Committee in September 2024 and February 2025. The Council's Risk Management Strategy is in the process of being reviewed and updated. The Council's key risks include:

- Risk ID 1 – Capacity for key priorities delivery
- Risk ID 2 – Financial stability
- Risk ID 3 – Housing land supply
- Risk ID 4 – Delivery of Long Eaton Town Deal
- Risk ID 6 – Business Continuity
- Risk ID 7 – GDPR compliance
- Risk ID 8 – Temporary Accommodation
- Risk ID 9 – Cyber attack
- Risk ID 10 – Local Government Reorganisation

Forward Look

Financial Health and the Revenue Budget

The Council approved its budget for 2025/26 in March 2025. In line with the Council's Budget Strategy the Council set a budget without the use of reserves. This is despite the Council facing a pay provision pressure of £0.530m and other significant budget pressures totalling £1.410m arising from demand, market cost pressures, new emerging pressures, and contract inflation pressures. The most significant of these including:

- A pay award provision of 2.75%;
- Service pressures £0.430m
- Investment in services £0.373m
- Income pressures £0.378m
- Inflation of contracts £0.229m

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The Council was able to balance the budget through savings of £0.731m, income generation initiatives of £1.421m additional income from business rates of £1.808m, additional funding from government of £0.646m and a Council Tax rise of 2.99%.

The additional income, namely from business rates has enabled the Council to provisionally set aside £2m in a reserve to fund 'good causes' (one off projects that will benefit local residents) throughout the borough over the coming years. The Council intends to wait until a multi-year financial settlement is received in December 2025 before using this reserve in full.

At budget time, the Council's Medium Term Financial Plan (MTFP) showed a potential gap of £2.352m in 2026/27 growing to £3.096m in 2027/28. The Council's budget report also highlighted the significant risks and uncertainty the Council faces. An update on some of the key risks is given below:

- Financial Settlement – 2025/26 was based on a 1-year financial settlement. As part of the Chancellor's Spending Review on 11 June 2025 plans for a 3-year multi-year settlement covering 2026/27 to 2028/29 were outlined. The main areas impacting Local Government in the Spending Review being;
 - Core Spending Power (CSP) will increase by 2.6% in real terms annually which is higher than that of other major services, other than the NHS. The CSP increase assumes that councils will raise council tax by the maximum amount which has been confirmed will be 3%
 - Confirmation that Local Government funding reforms and multi-year settlements will occur, together with simplification of the funding system, but details will not be available until the Autumn.
 - Confirmation that Local Authorities will continue to receive additional income through the Extended Producer Responsibility.
- Food Waste – transitional funding for 2025/26 has been announced, but no confirmation of funding beyond then has been made.
- Funding Reform - Consultation is planned for the summer following the Spending Review. The Council has worked with financial advisors Pixel and understands that ,depending on how the funding methodology is applied, the financial settlement for the Council could vary significantly.
- Pay award – in regard to the annual pay award for 2025/26, National Employers have offered 3.2% to all staff. The LGA are currently waiting for a response from the Trade Unions. Initial indications are that the Trade Unions have advised members to reject the offer.
- Recruitment – to certain services, planning and building control continues to be a problem. The use of temporary agency supply may be required in these areas if positions cannot be recruited to. The MTFP includes a vacancy target assumption which is likely to remain unchanged.

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- Inflation rates – the inflation rate for April 2025 jumped to 3.5%, from 2.6% in March and above forecasts of 3.3%. The largest upward contribution came from prices for housing and utilities reflecting the rise in the energy cap in April 2025. The Bank of England has a target of 2% and expects inflation to reduce to this level by the end of the year. The level of inflation is a determining factor in when the Bank of England decides to cut interest rates.
- Interest rates – the Council had forecast interest rates to be cut to 4.25% in September and a further decrease in February 26 down to 4%. The Bank of England actually cut the base rate in May 25 to 4.25%, Any deviation from forecasted cuts will result in a change in interest income received from investments.
- Capital – the need for a long-term capital strategy was previously a priority but in light of LGR a review of the capital programme has been undertaken, and a plan is now in place up until vesting day.
- Savings proposals – savings proposals were approved for 2025/26. Deliverability of these is actively being monitored.
- Income generation targets – additional income from new and existing revenue streams have been built into the 2025/26 budget. The income target for garden waste collections for 2025/26 has been achieved during the first quarter of 2025/26.
- Service pressures – the Council is actively monitoring key volatile demand led budgets such as supported accommodation and homelessness. Other pressures have materialised already on the gas contract and insurance contract.

Shared Prosperity Fund

The Council has been awarded £1.140m of Shared Prosperity Fund - £0.640m revenue and £0.500m capital for 2025/26. An Investment Plan has been submitted to the East Midlands Mayoral Combined County Authority (EMCCA) and is currently being delivered.

Budget Strategy

The Council is in the process of reviewing and updating its Budget Strategy in light of Local Government Reorganisation (LGR) and on the basis that the vesting day for any new Council is likely to be April 2028. One of the key considerations for Councillors will to determine how accumulated reserves are used in the run up to vesting day and in particular whether fundings gaps will be met by these reserves or whether the council will look for more savings.

Capital Budget

There are three key drivers of the Council's capital plans:

- Corporate Strategy - strategic aims and priorities - and other supporting strategies
- Asset management requirements - from its existing portfolio of assets
- Invest to Save - an ambition to generate income or reduce costs in support of the Council's priorities.

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Council approved the capital programme and Capital Strategy for 2025/26 onwards in February 2025. The total for the capital programme is £45.394m of which £30.480m is still to be spent from 2025/26 onwards. Of this £22.963m is expenditure funded from government grants, namely the Towns Fund, Shared Prosperity Fund, Disabled Facility Grants, food waste collection implementation and Warm Homes grant. The capital programme will also allow the Council to replace its refuse vehicles to ensure continuity of service provision. Based on the proposed capital programme it is still anticipated that the Council will not have borrowing requirements for capital purposes for the next 3 to 4 years with capital grants and capital receipts available to fund the programme.

As a result of LGR the approved capital programme was reviewed to reassess the viability of previously approved projects. Any projects cancelled which were to be funded from either capital receipts or reserves will enable the Council to reprioritise these resources over the coming years up until vesting day.

Key Performance Indicators

To support the council's new 2024-28 Corporate Strategy, the council has developed a new performance framework. The framework is made up of two key reporting systems:

- a) The Corporate Strategy Delivery Plan – the council has developed a 4-year 'Delivery Plan' to both drive, and measure progress against our new Corporate Strategy.
- b) Key performance indicators (KPIs) – the council has overhauled our existing indicator suite, to be more reflective of overall performance across the Council. Like the Delivery Plan actions, these are aligned to the Corporate Strategy.

To enable reporting on the framework, the council has produced a new performance dashboard. The dashboard includes the Delivery Plan actions and KPIs, plus the latest position on the Council's Strategic Risks. The dashboard is available online to councillors, residents and other stakeholders but is available to view and download at

<https://www.erewash.gov.uk/your-council/corporate-performance>

The Delivery Plan and KPI's are reported to Council Executive in the Quarterly Performance report, which are available on the Council's website.

STATEMENT OF RESPONSIBILITY FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Director of Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Make arrangements for the proper approval of the Statement of Accounts.

The Director of Resources Responsibilities

The Director of 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). The accounts should present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year ended 31 March 2025.

In preparing this Statement of Accounts the Director of Resources has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- considered and disclosed all material events up to 27th June 2025.

Certification of Accounts

I certify that the Statement of Accounts give a true and fair view of the financial position of Erewash Borough Council as at 31st March 2025 and its income and expenditure for the year then ended.



Saverio Della Rocca
Director of Resources and Section 151 Officer

Date 27.06.2025

DRAFT - AUDIT REPORT TO FOLLOW ON
CONCLUSION OF THE AUDIT

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STATEMENT OF ACCOUNTING POLICIES

1. General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its financial position at the end of that year. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, and those Regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices.

These accounting practices under Section 21 of the Local Government 2003 Act comprise primarily the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historic cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The concept of a going concern assumes that the functions of the Council will continue in operational existence for the foreseeable future. The provisions in the Code (Code Of Practice On Local Authority Accounting In The United Kingdom 2024/25) in respect of going concern reporting requirements reflect the economic and statutory environment in which the Council operates.

The Council's financial position is underpinned by its overall level of reserves. At the 31st March 2025 the General Fund reserve was £4.327m.

In accordance with the latest Medium Term Financial Plan at the start of the 2026/27 financial year the General Fund balance is budgeted to be £4.327m which is over £2m above the minimum level.

Taking all of the above into account, the Council's statutory accounts for 2024/25 have been prepared on a going concern basis.

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

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

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

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

STATEMENT OF ACCOUNTING POLICIES

3. Revenue and Expenditure Recognition

Revenue is the gross inflow of economic benefits, cash receivables or other assets, arising from the ordinary operating activities of the Council, such as sales of goods, sales of services and interest.

Revenue is recognised and accounted for, in accordance with *IAS 18: Revenue*, in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Revenue from the provision of services is recognised when the Council can measure reliably the percentage completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories in the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments is accounted for as income on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that may not be collected.
- Revenue from business rates is recognised on a full accruals basis. The surplus or deficit on the Collection Fund is allocated in full between Erewash Borough Council (the billing authority) and the precepting authorities at the end of the year, even though it will be distributed to, or recovered from, the relevant authorities in a subsequent financial year. The difference between the accrued income included in the Comprehensive Income and Expenditure Statement and the estimated income share or demand, is reversed out via the Movement in Reserves Statement, and transferred to the Collection Fund Adjustment Account. The Balance Sheet now reflects the Council's share of debtor/creditor balances in respect of income collectable from ratepayers along with balances due to central government and the major preceptors.

4. Fair Value Measurement

The Council measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would

STATEMENT OF ACCOUNTING POLICIES

be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

The Council uses external valuers to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 – unobservable inputs for the asset or liability.

5. Property, Plant and Equipment

Property, plant and equipment are tangible assets (i.e. assets with physical substance) that are held for use in the supply of goods and services, for administrative purposes and are expected to be used during more than one financial year. Only land and property transactions costing more than £10,000 and £5,000 in respect of the acquisition of vehicles, plant and equipment have been capitalised. Any costs below these limits are not considered to be material and are not capitalised so they do not obscure the fair presentation of the financial position.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an

STATEMENT OF ACCOUNTING POLICIES

expense when it is incurred to the relevant service segment in the Comprehensive Income and Expenditure Statement.

Where a component is replaced or enhanced, the carrying amount of the old component is derecognised to avoid double counting and the new component reflected in the carrying amount, subject to the recognition principles, as set out above, being met.

Measurement

An item of property, plant and equipment is 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 it at the site on which it is located.

The cost of property, plant and equipment acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance, in which case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

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

Subsequently, items of property, plant and equipment are carried in the Balance Sheet using the following measurement bases:

- Land and buildings: Fair value (the amount that would be paid for land and buildings in their existing use);
- Items of a specialised nature (where no market-based evidence is available): Depreciated replacement cost;
- Infrastructure assets and community assets: Depreciated historical cost;
- Non-property assets with short useful lives and/or low values: Depreciated historical cost;
- All other classes of property, plant and equipment: Fair value (the amount for which an asset could be exchanged in an arms-length transaction).

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

All items within a class of property, plant and equipment are revalued simultaneously to avoid selective revaluations and are revalued at intervals of no more than five years. Valuations are undertaken on a rolling basis by professionally qualified valuers who also

STATEMENT OF ACCOUNTING POLICIES

consider the valuation of assets not being revalued to ensure valuations are kept up to date.

Where the carrying amount of an item of property, plant and equipment is increased as a result of a revaluation, the increase is recognised in the Revaluation Reserve, unless the increase is reversing an impairment loss or a revaluation decrease on the same asset, previously charged to the Comprehensive Income and Expenditure Statement.

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

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

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

Impairment

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

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

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

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

Depreciation

Depreciation applies to all items of property, plant and equipment with the exception of assets under construction, community assets and land without a determinable finite useful life. The methods of depreciation that reflect the pattern in which the future economic benefits or service potential of different items of property, plant and equipment are expected to be consumed, are determined as follows:

STATEMENT OF ACCOUNTING POLICIES

- buildings (including components): Straight-line allocation over the life of the property (between 7 and 81 years);
- vehicles, plant and equipment: Straight-line allocation over the life of the asset (between 2 and 25 years);
- infrastructure: Straight-line allocation over the life of asset (between 10 and 20 years);
- community assets: Not depreciated as their life is non-determinable;
- land, surplus assets not held for sale (land) and assets under construction: are not depreciated;
- surplus assets not held for sale (property): Straight-line allocation over the life of the property (between 10 and 45 years).

Items of property, plant and equipment are not depreciated until they become available for use (i.e. when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by management). Depreciation ceases at the earlier of the date that items of property, plant and equipment are classified as held for sale and the date they are derecognised.

Each major component of an item of property, plant and equipment whose cost is significant in relation to the total cost of the item is depreciated separately and has its own useful life. The Council deems “significant” to be assets with a total valuation of over £200,000, therefore assets less than this are not componentised.

The residual value of an item of property, plant and equipment, its useful life and depreciation method are, as a minimum, reviewed at each financial year end and, if expectations differ from previous reviews or there has been a significant change in the pattern of consumption of the future economic benefits or service potential, the change is accounted for as a change in accounting estimate.

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

Derecognition

The carrying amount of an item of property, plant and equipment is derecognised on disposal or when no future economic benefits or service potential are expected from its use or disposal. The gain or loss arising from derecognition is the difference between the net disposal proceeds (if any) and the asset’s carrying amount and is included in the Comprehensive Income and Expenditure Statement.

6. Heritage Assets

These are assets with historical, artistic, scientific, technological, geophysical or environmental qualities held and maintained for their contribution to knowledge and culture.

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The Council holds a range of Heritage Assets:

- Civic regalia – comprises the various chains of office associated with the ceremonial functions of the Council and the office of mayor (including deputies);
- Art collection – This includes collections which have been donated from various sources over a number of years;
- Monuments and other assets – This covers a range of items including a fountain and ornamental gates that are considered significant to the heritage of the borough.

Civic regalia are held on the balance sheet at insurance value and the art collection is held at market value where available, but if not, insurance value. All the Council's heritage assets are considered to have an indefinite life and therefore depreciation is not charged. The civic regalia and art collection are revalued at intervals of no more than five years.

7. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arms-length. Properties are not depreciated but are revalued according to market conditions.

A gain or loss arising from a change in the fair value of an investment property is credited or debited in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment applies to a gain or loss on the disposal of an investment property.

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

8. Intangible Assets

An intangible asset is an identifiable non-monetary asset without physical substance. It is controlled by the Council as a result of past events and it is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the

STATEMENT OF ACCOUNTING POLICIES

Council. The most common class of intangible asset in local authorities is computer software. Intangible assets are measured initially at cost and carried at amortised cost.

The depreciable amount of an intangible asset with a finite useful life is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

The amortisation method used reflects the expected pattern of use of the economic benefits. If the pattern cannot be determined reliably, the straight-line method is used. The amortisation period and method is reviewed at least at the end of each reporting period. An intangible asset with an indefinite life is not amortised, but is tested for impairment annually and any losses are charged to the relevant service lines in the Comprehensive Income and Expenditure Statement. The useful life of the asset is reviewed annually.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Usable Capital Receipts Reserve.

9. Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council tax.

10. Charges to Revenue for Non-Current Assets

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

- depreciation attributable to the asset used by the relevant service:
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off;

STATEMENT OF ACCOUNTING POLICIES

- amortisation of intangible assets attributable to the service.

The Council is not required to raise Council tax to fund depreciation, revaluation and impairment losses or amortisation. Depreciation, revaluation and impairment losses and amortisations are therefore removed by the contribution in the General Fund Balance by way of an adjusting transaction between the Capital Adjustment Account and the Movement in Reserves Statement.

11. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

The cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

12. Debtors

Debtors are not recognised when the Council becomes committed to supply goods or services, but when the ordered goods or services have actually been delivered or rendered. Debtors are recognised and measured at fair value of the consideration receivable when revenue has been recognised.

The Council is required to distinguish between long term debtors (payable for periods of more than one year) and short term debtors (payable within one year).

13. Assets Held For Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale.

14. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with any financial institution repayable without penalty on notice of not more than twenty four hours. Cash equivalents are highly liquid investments held for the purpose of meeting short-term cash commitments rather than for investment or other purposes that are readily convertible to known amounts of cash with insignificant risk of change in value.

15. Creditors

Creditors are not recognised when the Council becomes committed to purchase the goods or services, but when the ordered goods or services have been delivered or rendered. Creditors are recognised at fair value of the consideration payable.

STATEMENT OF ACCOUNTING POLICIES

The Council is required to distinguish between long term creditors (payable for periods of more than one year) and short term creditors (payable within one year).

16. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year in which the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at 31st March each year. Where it becomes less than probable that a transfer of economic benefits will be required or a lower than anticipated settlement is made, the provision is reversed and recognised as income for the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from a third party, the reimbursement is only recognised as income for the relevant service if it is certain that it will be received when the Council settles the obligation.

Contingent Liabilities

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

A contingent liability is not recognised in the Balance Sheet but is disclosed as a Note to the Statement of Accounts.

Contingent Assets

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

A contingent asset is not recognised in the Balance Sheet but is disclosed as a Note to the Statement of Accounts where it is probable that there will be an inflow of economic benefits or service potential.

STATEMENT OF ACCOUNTING POLICIES

17. Reserves

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

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

18. Financial Instruments

A financial instrument is any contract that gives rise to a financial liability of one entity and a financial asset of another entity. The term 'financial instrument' therefore covers both financial liabilities and financial assets. Typical financial liabilities include creditors, borrowings and financial guarantees. Typical financial assets include bank deposits, debtors, loans receivable and advances.

Financial Liabilities

A financial liability is recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and is initially measured at fair value and carried at amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective rate of interest is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

Derecognition is the term used for the removal of a liability from the Balance Sheet. A financial liability is derecognised when it is extinguished – i.e. when the obligation specified in the contract is discharged or cancelled or expires.

Financial Assets

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

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

STATEMENT OF ACCOUNTING POLICIES

Financial Assets Measured at Amortised Cost

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

However, the Council has made a number of loans to employees in the form of car loans or bike loans at less than market rate (soft loans). The present value of the interest foregone is not material so no adjustments to the Statement of Accounts are made for this.

Any gains or losses that arise on the derecognition of a loan and receivable asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The 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.

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

Financial Assets Measured at Fair Value through Profit or Loss

Financial Assets that are measured at fair value through profit or loss are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of the financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. The Council does not hold any financial assets that are measured at fair value through profit and loss.

19. Government Grants and Contributions

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

STATEMENT OF ACCOUNTING POLICIES

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

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

Where capital grants and contributions are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

20. Leases

The Council as Lessee

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

Initial Measurement

Leases are recognised as right-to-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS16 transition date of 1 April 2024, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

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

- fixed payments, including in- substance fixed payments

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

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

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

Depreciation

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

Subsequent Measurement

The Council does not currently have any leases which require to be remeasured. If it does in the future, then the policy will be to value the right-of-use asset using the fair value model. The Council considers the cost to be a reasonable proxy except for:

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

For these leases, the asset would be carried at a revalued amount.

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

- there is a change in future lease payments arising from a change in the index or rate
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

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

STATEMENT OF ACCOUNTING POLICIES

Low Value and Short Lease Exemption

As permitted by the Code, the Council excludes leases:

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

Lease Expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability.

Rentals for leases of low value or shorter than 12 months are expensed.

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

The Council as Lessor

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

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

STATEMENT OF ACCOUNTING POLICIES

Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is out of the General Fund balance to the deferred capital receipts reserve in the Movement in Reserves Statement.

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

Operating Leases

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

21. Overheads and Support Services

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

22. Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Council in conjunction with other joint operators involve the use of assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its expenses, including its share of any expenses incurred jointly.

23. VAT

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

STATEMENT OF ACCOUNTING POLICIES

24. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits (other than termination benefits) are those due to be settled wholly within 12 months after the end of the reporting period. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits (i.e. benefits in kind) for current employees and are recognised as an expense for services in the year in which the employee renders service to the Council.

An accrual is made for accumulating compensated absences, which are the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Employees of the Council are members of The Local Government Pensions Scheme which is accounted for as a defined benefit scheme.

- The liabilities of the Derbyshire County Council and Nottinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employees turnover rates, etc. and projected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate determined by reference to market yields at the Balance Sheet date on high quality

STATEMENT OF ACCOUNTING POLICIES

corporate bonds. The currency and term of the corporate bonds are consistent with the currency and estimated term of the post-employment benefit obligations. The interest cost is computed by multiplying the discount rate as determined at the start of the period by the present value of the defined benefit obligation throughout that period, taking account of any material changes in the obligation.

- The assets of the Derbyshire County Council and Nottinghamshire County Council pension fund attributable to the Council are included in the Balance Sheet at their fair value at their fair value. The fair value of scheme assets is deducted in determining the defined benefit liability. When no market price is available, the fair value of scheme assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the scheme assets and the maturity or expected disposal date of those assets. Scheme assets exclude unpaid contributions due from the Council to the fund and are reduced by any liabilities of the fund that do not relate to employee benefits, for example, trade and other payables and liabilities resulting from derivative financial instruments.

The change in the net pension's liability is analysed into the following components:

Service Cost comprising:

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

Re-measurements comprising:

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

STATEMENT OF ACCOUNTING POLICIES

Contributions Paid:

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

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

Discretionary Benefits

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

25. Council Tax and Non Domestic Rates (England)

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

26. Long Term Contracts

Long-term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

27. Exceptional Items

When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or as a Note to the Statement of Accounts, depending on how significant the items are to an understanding of the Council's financial performance.

STATEMENT OF ACCOUNTING POLICIES

28. Events after the Balance Sheet Date

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

- those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.
- those that are indicative of conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made as a Note to the Statement of Accounts of the nature of the events and their estimated financial effect.

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

ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The Council is required to disclose information relating to the impact of an accounting change on the financial statements as a result of the adoption by the Code of a new standard that has been issued but is not yet required to be adopted by the Council. Full adoption will be required for the 2025/26 financial statements. However, the Council is required to make a disclosure in the 2024/25 financial statements of the estimated effect of the standard.

IAS 21 - The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)

The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable. The amendment will have no impact on the council's financial statements.

IFRS 17 - Insurance Contracts

IFRS 17 Insurance Contracts replaces IFRS 4 Insurance Contracts and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents insurance contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

It is anticipated that IFRS 17 will have no impact on the council's financial statements.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Critical Judgements

In applying the accounting policies the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Future Funding Levels

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

Depreciation

The depreciation periods applied to non-current assets are set out in the accounting policies section of the statement. There is a possibility that the actual depreciation differs from this so that there may be a misstatement in the accounts.

Contingent Liabilities

The Council has to take a judgement on when a potential future loss ceases to be a contingent liability and instead be matched by a provision in the Balance Sheet. An assessment is made by senior managers of the likelihood that events will come to fruition and at what point a provision should be made. Contingent liabilities are reviewed annually to assess the relevant treatment.

Investment Properties

The Council holds a number of fixed assets for investment purposes. These are defined as assets which are held by the Council solely to earn rentals or for capital appreciation or both. If any asset is held for these reasons but also for any additional purpose, then they have not been classified as investments. Further details of the Council's investment properties are included in Note 12 page 70.

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

Key Sources of Estimation Uncertainty

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

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Depreciation of non-current assets. The length of time over which non-current assets are fully depreciated is set out in the accounting policies section of the statement. This is based on an average life span of each asset. However, in practice, assets may depreciate at different rates and so there is the possibility that the depreciation charged to some assets may be mis-stated.	<p>If the useful life of assets is reduced depreciation increases and the carrying amount of the assets falls.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £23,362 for each year that useful lives have to be reduced.</p>
Provisions	The Balance Sheet amounts for provisions are based on the best information available to form an estimate of the likely financial impact. The provision in the Balance Sheet relates NNDR appeals and planning refund guarantee.	There is a possibility that the amount of the provision is inadequate to fund the actual liability when realised. The effect of such would be that additional resources may have to be drawn from revenue reserves in order to fully fund the actual expenditure. The Councils share of a 10% increase on the NNDR provision would cost £106k.
Pensions Liability/Asset	The Council's outstanding pensions liability is based on advice provided to the Derbyshire County Council Pension Fund by their actuaries. The actuary's forecasts are based on future assumptions about a wide variety of variables, such as the longevity of pensioners receiving pensions, the future size of the workforce	There is a possibility that the assumptions differ from the actual outcomes. The effect of such would be to increase or decrease the pension liability/asset. This will have implications on the contributions payable by the Council to the pension fund which would impact on the Council's revenue reserves.

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

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	<p>contributing to the scheme, and the future returns on the assets of the fund.</p> <p>For 2024/25, the closing position is a net pension asset of £20.463m. Accounting standards dictate that any declared surplus must be restricted to the lower of the net pension asset or asset ceiling, which is the surplus that could be refunded to the Council or that the Council could expect in future reductions in contributions. The asset ceiling has been calculated by the actuaries as a net liability of £6.192m. Therefore, the net pension asset of £20.463m has been reduced by £26.655m to the asset ceiling amount and is recorded in the Balance Sheet as a liability of £6.192m. More information on the Pension Asset can be found at Note 29.</p>	<p>There is a possibility that the assumptions used to calculate the asset ceiling differ from the actual outcome. The effect of such would be to increase or decrease the pension liability/asset reported in the Balance Sheet.</p>
Debtors	<p>The debtors figure in the Balance Sheet is shown net of provision for bad debts which is currently 10% of gross debtors. The Council consider that this is sufficient even in the current economic climate. However, if collection rates were to deteriorate then this provision would need to be reviewed.</p>	<p>If collection rates were to deteriorate, a 10% rise in doubtful debts would require an additional £149,100 to be set aside as an allowance.</p>

EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, Council tax and business rates) by the Council in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024/25	Adjustments between the Funding and Accounting Basis							Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
	Net Expenditure as reported to Council Executive £'000	Adjustments (Note 1) £'000	Net Expenditure Chargeable to the General Fund £'000	Adjustments for Capital Purposes (Note 2) £'000	Net charge for Pension Adjustments (Note 3) £'000	Other Differences (Note 4) £'000	Total adjustments £'000	
Resources	3,692	1,282	4,974	71	(250)	22	(157)	4,817
Environmental and Community Services	6,722	157	6,879	1,747	(367)	(2)	1,378	8,257
Non-directorate	777	11	788	(228)	82	1	(145)	643
Net Cost of Services	11,191	1,450	12,641	1,590	(535)	21	1,076	13,717
Other Income and Expenditure			(15,518)	(9,040)	(177)	(433)	(9,650)	(25,168)
(Surplus) or Deficit on Provision of Services			(2,877)	(7,450)	(712)	(412)	(8,574)	(11,451)
Opening General Fund			5,853					
(Less Deficit) or plus Surplus on General Fund in Year			2,877					
Closing General Fund Balance			8,730					

EXPENDITURE AND FUNDING ANALYSIS

2023/24	Adjustments between the Funding and Accounting Basis							Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
	Net Expenditure as reported to Council Executive £'000	Adjustments (Note 1) £'000	Net Expenditure Chargeable to the General Fund £'000	Adjustments for Capital Purposes (Note 2) £'000	Net charge for Pension Adjustments (Note 3) £'000	Other Differences (Note 4) £'000	Total adjustments £'000	
Resources	4,870	975	5,845	125	(203)	(31)	(109)	5,736
Environmental and Community Services	8,448	127	8,575	1,785	(306)	(20)	1,459	10,034
Non-directorate	399	12	411	50	(20)	2	32	443
Net Cost of Services	13,717	1,114	14,831	1,960	(529)	(49)	1,382	16,213
Other Income and Expenditure			(13,818)	(2,380)	164	(1,255)	(3,471)	(17,289)
(Surplus) or Deficit on Provision of Services			1,013	(420)	(365)	(1,304)	(2,089)	(1,076)
Opening General Fund			6,866					
(Less Deficit) or plus Surplus on General Fund in Year			(1,013)					
Closing General Fund Balance			5,853					

Note 1 – Adjustments

This column details transactions reported to Council Executive, but which are reported below Net Cost of Services in the Comprehensive Income and Expenditure Account. The transactions within Resources relate to investment interest. Within Environmental and Community Services is income, expenditure, and changes in fair value of investment properties. The transactions within Non-directorate are in relation to Bramcote Crematorium interest income.

EXPENDITURE AND FUNDING ANALYSIS

Note 2 – Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service line, and for:

- **Other operating expenditure** – adjusts for capital disposals with a transfer of income on disposals of assets and the amounts written off for those assets.
- **Financing and investment income and expenditure** – the statutory charges for capital financing and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Note 3 – Net Charge for Pension 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 Council 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 Comprehensive Income and Expenditure Statement.

Note 4 – Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

- For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for Council tax and non-domestic rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

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. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

2023/24				2024/25			
Gross Exp £'000	Income £'000	Net Exp £'000		Gross Exp £'000	Income £'000	Net Exp £'000	Note
27,440	(21,704)	5,736	Resources	26,894	(22,077)	4,817	
16,528	(6,494)	10,034	Environmental & Community Services	15,627	(7,370)	8,257	
1,816	(1,373)	443	Non-directorate	2,046	(1,403)	643	
45,784	(29,571)	16,213	Net Cost of Services	44,567	(30,850)	13,717	
			<i>Other operating expenditure:</i>				
		559	Parish Council precepts			744	
			(Gains) losses on the disposal of non				
		1,854	current assets			27	
		(259)	Income relating to non asset disposals			(62)	
			<i>Financing and investment income and expenditure:</i>				
			Net interest on the net defined benefit				
		165	liability			(177)	29
		(987)	Interest income and expenditure	3	(1,293)	(1,290)	
		(55)	Investment property revaluation			(27)	
			Income, expenditure and changes in				
162	(289)	(127)	the fair value of investment property	150	(310)	(160)	
			<i>Taxation and non specific grant income:</i>				
		(7,425)	Council tax income			(7,999)	
		(6,101)	NNDR income and expenditure			(6,501)	26
		(1,098)	Non ring fenced government grants			(873)	26
		(3,815)	Capital grants and contributions			(8,850)	26
			Deficit or (surplus) on the Provision of Services			(11,451)	3
		(1,076)					
			(Surplus) or deficit on the revaluation of				
		(836)	non current assets			8	
			Remeasurement of the net defined				
		3,514	benefit liability			8	29
			Other Comprehensive Income and Expenditure			16	
		2,678					
			Total Comprehensive Income and Expenditure			(11,435)	
		(1,602)					

MOVEMENT IN RESERVES STATEMENT

The Movement in Reserves Statement shows the movement from the start of the year to the end of the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'other' reserves. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to Council tax for the year. The Net Increase/ Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

Full details of the Movement in Reserves Statement are shown in Note 5 to the financial statements on page 57.

MOVEMENT IN RESERVES STATEMENT

	General Fund Balance £'000	Earmarked General Fund Reserves £'000	Capital Reserve £'000	Total General Fund Reserves £'000	Usable Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Total Usable Reserves £'000	Unusable Reserves £'000	Total Council Reserves £'000
Movement in Reserves during 2024/25									
Balance at 31 st March 2024	2,598	2,104	1,151	5,853	2,480	6,236	14,569	36,735	51,304
Total Comprehensive Income and Expenditure	11,451	0	0	11,451	0	0	11,451	(16)	(11,435)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 4)	(8,574)	0	0	(8,574)	(2,109)	2,767	(7,916)	7,916	0
Transfers (from) to Earmarked Reserves	(983)	404	579	0	0	0	0	0	0
Net Increase (Decrease) in 2024/25	1,894	404	579	(2,877)	(2,109)	2,767	3,535	7,900	(11,435)
Balance at 31st March 2025	4,492	2,508	1,730	8,730	371	9,003	18,104	44,635	62,739
Purpose Analysis									
-Capital	0	0	1,730	1,730	371	9,003	11,104	49,818	60,922
-Revenue	4,492	2,508	0	7,000	0	0	7,000	(5,183)	1,817
	4,492	2,508	1,730	8,730	371	9,003	18,104	44,635	62,686
Movement in Reserves during 2023/24	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 st March 2023	4,784	1,984	98	6,866	2,936	3,697	13,499	39,407	52,906
Total Comprehensive Income and Expenditure	1,076	0	0	1,076	0	0	1,076	(2,678)	(1,602)
Adjustments between Accounting Basis and Funding Basis under Regulations (Note 4)	(2,089)	0	0	(2,089)	(456)	2,539	(6)	6	0
Transfers (from) to Earmarked Reserves	(1,173)	120	1,053	0	0	0	0	0	0
Net Increase (Decrease) in 2023/24	(2,186)	120	1,053	(1,013)	(456)	2,539	1,070	(2,672)	(1,602)
Balance at 31st March 2024	2,598	2,104	1,151	5,853	2,480	6,236	14,569	36,735	51,304

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories.

The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31st March 2024 £'000	Note	31st March 2025 £'000	31st March 2025 £'000
Property Plant and Equipment			
32,450 Other Land and Buildings	11	32,889	
3,194 Vehicles, Plant, Furniture and Equipment	11	5,006	
326 Infrastructure Assets	11	271	
1,644 Assets Under Construction	11	6,738	
37,614 Total Property Plant and Equipment		44,904	
Other Long-term Assets			
741 Heritage Assets	12	741	
4,331 Investment Properties	12	4,358	
116 Intangible Assets	12	84	
0 Long Term Investments	18	2,028	
384 Long-term Receivables	17	287	
5,572 Total Other Long-term Assets		7,498	
43,186 Long-term Assets			52,402
Current Assets			
152 Inventories	16	126	
11,335 Short-term Debtors	17	10,162	
0 Assets held for sale		113	
15,573 Cash and Cash Equivalents	18	13,724	
0 Short-term Investments		8,093	
27,060 Total Current Assets			32,218
70,246 Total Assets			84,620

BALANCE SHEET

31st March 2024 £'000	Note	31st March 2025 £'000	31st March 2025 £'000
Current Liabilities			
(11,085) Short-term Creditors	19	(14,168)	
(961) Provisions	20	(1,103)	
(12,046) Total Current Liabilities		(15,271)	
58,200 Total Assets less Current Liabilities			69,349
Long-term Liabilities			
Liability Relating to Defined Benefit Pension			
(6,896) Schemes	29	(6,192)	
0 Long term Creditors	19	(418)	
(6,896) Total Long-term Liabilities			(6,610)
51,304 Net Liabilities			62,739
Financed by:			
Usable Reserves			
2,598 General Fund Balance	5	4,492	
2,104 Earmarked Revenue Reserves	6	2,508	
2,480 Usable Capital Receipts Reserve	5	371	
1,151 Capital Reserves	6	1,730	
6,236 Capital Grants Unapplied Account	5	9,003	
14,569			18,104
Unusable Reserves			
18,675 Revaluation Reserve	7	18,205	
24,359 Capital Adjustment Account	7	31,613	
660 Collection Fund Adjustment Account	7	1,093	
(6,896) Pensions Reserve	7	(6,192)	
Short-term Accumulating Compensated			
(63) Absences	7	(84)	
36,735			44,635
51,304 Total Reserves			62,739

CASH FLOW STATEMENT

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

2023/24 £'000		2024/25 £'000
1,075	Net surplus or (deficit) on the provision of services	11,451
7,883	Adjustments to net surplus or deficit on the provision of services for non-cash movements	8,702
(3,859)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(4,308)
5,099	Net Cash flow from Operating Activities	15,802
(505)	Investing Activities	(7,573)
4,594	Net Increase or (Decrease) in Cash and Cash Equivalents	8,272
(10,979)	Cash and cash equivalents at the beginning of the reporting period	(15,573)
15,573	Cash and cash equivalents at the end of the reporting period	23,845
4,594	Net Increase or (Decrease) in Cash and Cash Equivalents	8,272

Full details of the above are shown in Note 21 to the financial statements page 89.

NOTES TO THE ACCOUNTS

1. Events after the Balance Sheet Date

The unaudited Statement of Accounts was authorised for issue by the Director of Resources on 27th June 2025. Events taking place after this date are not reflected in the Financial Statements or accompanying Notes. When events taking place before this date provided information about conditions existing at 31st March 2025, the figures in the financial statements and accompanying Notes have been adjusted in all material respects to reflect the impact of this information.

2. Segmental Income and Expenditure

Income

Revenue received from external customers on a segmental basis is analysed below:

Income	2023/24 Income from Services £'000	2024/25 Income from Services £'000
Services		
Resources	(459)	(649)
Environmental and Community Services	(4,009)	(5,097)
Non Directorate	(1,351)	(1,381)
Total Income	(5,819)	(7,127)

The Resources segment includes: £0.508m of income from planning and £0.121m from legal fees and land charges. Environmental and Community Services segment includes £0.601m from recycling credits, £0.506m from trade waste collection income, £0.698m from garden waste collection income, £0.590m from building control income, £1.023m from car parking income, £0.451m from green space and street scene income and £0.387m from lease and rental income from council buildings. Non Directorate is income from Bramcote Crematorium of £1.381m.

Income from external customers increased by £1.308m in 2024/25 compared to 2023/24. The main reasons for the change are;

- £0.698m – from the introduction of charging for garden waste collections.
- £0.237m - increase in car parking income following a review of tariffs at Long Eaton train station and town centre car parks.
- £0.122m – increase in building control income due to the receipt of contributions from other authorities in the building control shared service arrangement operated by Erewash BC.
- £0.172m - increase in planning income. General increase in applications during 2024/25, plus a provision for potential refunds of £86,000 was set aside during 2023/24 (Note 20) which reduced the income for that year.

NOTES TO THE ACCOUNTS

Expenditure

Material items of expenditure by segment are detailed in the table below.

Expenditure	Resources £'000	Environmental and Community Services £'000	Non Directorate £'000	Total £'000
2024/25				
Depreciation	72	1,385	62	1,519
Employee costs	4,017	7,526	920	12,463
Discretionary grants ¹	266	0	0	266
Bramcote Crematorium	0	0	1,095	1,095
2023/24				
Depreciation	125	1,343	50	1,518
Employee costs	4,020	7,593	290	11,903
Discretionary grants ¹	179	44	0	223
Bramcote Crematorium	0	0	1,076	1,076

¹ Household Support Fund grants of £266,000 (2023/24 £223,000).

3. Income and Expenditure Analysed by Nature

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

	2023/24 £'000 restated	2024/25 £'000
Income		
Fees, charges and other service income	(5,969)	(7,584)
Interest and investment income	(1,275)	(1,603)
Income from Council tax	(7,425)	(7,999)
Income from non-domestic rates	(6,101)	(6,501)
Government grants and contributions*	(28,515)	(32,990)
Total Income	(49,285)	(56,677)
Expenditure		
Employee benefits expenses	12,077	12,299
Other services expenses ¹	30,555	29,184
Depreciation, amortisation, impairment and REFCUS	3,316	2,907
Precepts and levies	559	744
Investment property revaluations	(55)	(27)
Interest and investment property expenditure	162	153
Loss/(gain) on disposal of non current assets	1,854	27
Income relating to non asset disposals	(259)	(62)
Total Expenditure	48,209	45,226
(Surplus) or Deficit on the Provision of Services	(1,076)	(11,451)

*In the 31 March 2024 Statement of Accounts, £1.355m of income was disclosed as a separate line as REFCUS income. All of this income is government grant income, so is

NOTES TO THE ACCOUNTS

now disclosed in the Governments grants and contributions line. There is no overall change to the total income previously reported.

4. Adjustments between Accounting Basis and Funding Basis Under Regulations

This Note details the adjustments that are made to the total Comprehensive Income and Expenditure Statement recognised by the Council in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

General Fund Balance

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

Usable Capital Receipts Reserve

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

Capital Grants Unapplied

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

NOTES TO THE ACCOUNTS

2024/25	Usable Reserves		
	General Fund Balance £'000	Usable Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
• Pension costs (transfers to or from the Pensions Reserve)	713	0	0
• Council Tax and NNDR (transfers to or from the Collection Fund)	433	0	0
• Holiday Pay (transfers to or from the Accumulated Absences Reserve)	(21)	0	0
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	2,945	0	0
Total Adjustments to Revenue Resources	4,070	0	0
Adjustments between Revenue and Capital Resources			
Transfer of Non-current asset sale proceeds from revenue to the Capital Receipts Reserve	204	(204)	0
Capital expenditure charged against the General Fund balance (transferred to the Capital Adjustment Account)	347	0	0
MRP leased assets charged against the General Fund	71		
Total Adjustments between Revenue and Capital Resources	622	(204)	0
Adjustments to Capital Resources			
Use of Capital Receipts Reserve to finance capital expenditure	0	2,313	0
Application of capital grants to finance capital expenditure	3,882	0	(2,767)
Total Adjustments to Capital Resources	3,882	2,313	(2,767)
Total Adjustments	8,574	2,109	(2,767)

NOTES TO THE ACCOUNTS

2023/24	Usable Reserves		
	General Fund Balance £'000	Usable Capital Receipts Reserve £'000	Capital Grants Unapplied £'000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:			
• Pension costs (transfers to or from the Pensions Reserve)	365	0	0
• Council Tax and NNDR (transfers to or from the Collection Fund)	1,255	0	0
• Holiday Pay (transfers to or from the Accumulated Absences Reserve)	49	0	0
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(2,950)	0	0
Total Adjustments to Revenue Resources	(1,281)	0	0
Adjustments between Revenue and Capital Resources			
Transfer of Non-current asset sale proceeds from revenue to the Capital Receipts Reserve	287	(287)	0
Capital expenditure charged against the General Fund balance (transferred to the Capital Adjustment Account)	104	0	0
Total Adjustments between Revenue and Capital Resources	391	(287)	0
Adjustments to Capital Resources			
Use of Capital Receipts Reserve to finance capital expenditure	0	743	0
Application of capital grants to finance capital expenditure	2,979	0	(2,539)
Total Adjustments to Capital Resources	2,979	743	(2,539)
Total Adjustments	2,089	456	(2,539)

NOTES TO THE ACCOUNTS

5. Movement in Reserves

Reserve	Purpose of Reserve
General Fund Balance	Resources available to meet future revenue expenditure.
Earmarked Revenue Reserves	Various discretionary reserves established by the Council to fund specific items of revenue expenditure.
Usable Capital Receipts Reserve	Proceeds from non-current assets available to meet future capital commitments.
Capital Reserves	Funds set aside to meet known capital commitments.
Capital Grants Unapplied Account	Grants received to fund known capital commitments, but which have yet to be applied to meet expenditure.
Revaluation Reserve	Accumulated gains on revaluation of non-current assets not realised through sales.
Capital Adjustment Account	Accumulated capital resources set aside to meet past capital expenditure.
Short-Term Accumulating Compensated Absences	This is a balancing account to match the liability for untaken staff holiday pay.
Collection Fund Adjustment Account	This shows the adjustment between the actual Council tax and NNDR collected and that required by statute to be credited to the Comprehensive Income and Expenditure Statement.
Pensions Reserve	Balancing account to allow the inclusion of the pension's liability in the Balance Sheet.

Note

The reserves relating to Bramcote Bereavement Joint Committee Services accounts have been consolidated into the Council's accounts. Further details of the movement on the reserves are shown in Notes 6 and 7 to the financial statements on pages 59-64.

NOTES TO THE ACCOUNTS

Movement in Reserves	Balance as at 31/03/2023 £'000	Additions during 2023/24 £'000	Expenditure during 2023/24 £'000	Balance as at 31/03/2024 £'000	Additions during 2024/25 £'000	Expenditure during 2024/25 £'000	Balance as at 31/03/2025 £'000
<u>Usable Reserves</u>							
Revenue Reserve							
General Fund	4,784	0	(2,186)	2,598	1,894	0	4,492
Other Earmarked General Fund Reserves	1,984	1,026	(906)	2,104	483	(79)	2,508
Total Revenue Reserves	6,768	1,026	(3,092)	4,702	2,377	(79)	7,000
Capital Reserves							
Capital Reserve	98	1,068	(15)	1,151	600	(21)	1,730
Usable Capital Receipts Reserve	2,936	334	(790)	2,480	250	(2,359)	371
Capital Grants Unapplied Account	3,697	5,217	(2,678)	6,236	5,534	(2,767)	9,003
Total Capital Reserves	6,731	6,619	(3,483)	9,867	6,338	(5,101)	11,104
Total Usable Reserves	13,499	7,645	(6,575)	14,569	8,715	(5,180)	18,104
<u>Unusable Reserves</u>							
Revaluation Reserve	19,675	2,051	(3,051)	18,675	657	(1,127)	18,205
Capital Adjustment Account	24,187	5,496	(5,324)	24,359	10,740	(3,486)	31,613
Short-term Accumulating Compensated Absences	(112)	112	(63)	(63)	63	(84)	(84)
Collection Fund Adjustment	(596)	1,256	0	660	433	0	1,093
Pension Reserve	(3,747)	2,290	(5,439)	(6,896)	2,295	(1,591)	(6,192)
Total Unusable Reserves	39,407	11,205	(13,877)	36,735	14,188	(6,288)	44,635

NOTES TO THE ACCOUNTS

6. Transfers to/from Earmarked Reserves

The table below shows the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure, and amounts transferred from earmarked reserves to meet General Fund expenditure. It also shows any transfers to and from the General Fund in respect of capital reserves.

Reserves	Balance as at 31/03/2023 £'000	Transfers to General Fund during 2023/24 £'000	Transfers from General Fund during 2023/24 £'000	Balance as at 31/03/2024 £'000	Transfers to General Fund during 2024/25 £'000	Transfers from General Fund during 2024/25 £'000	Balance as at 31/03/2025 £'000
Earmarked Revenue Reserves							
IT equipment	79	(79)	0	0	0	0	0
Insurance	317	(4)	0	313	0	0	313
Community safety	3	(3)	0	0	0	0	0
Shopmobility	9	(9)	0	0	0	0	0
Museum purchases	4	0	0	4	0	0	4
Museum donations	16	0	1	17	0	0	17
Funding risk	1,253	(751)	374	876	0	0	876
Digital Transformation and IT	300	(60)	0	240	(79)	30	191
Invest to Save Reserve	0	0	500	500	0	0	500
Homelessness and Housing	0		150	150	0	0	150
Training	0	0	0	0	0	80	80
Waste disposal	0	0	0	0	0	373	373
Crematorium donations	3	0	1	4	0	0	4
	1,984	(906)	1,026	2,104	(79)	483	2,508
Capital Reserves							
Vehicles, Plant and Equipment ²	0	0	1,068	1,068	(18)	600	1,650
Crematorium repairs and renewals	98	(15)	0	83	(3)	0	80
	98	(15)	1,068	1,151	(21)	600	1,730

NOTES TO THE ACCOUNTS

7. Movement in Reserves Statement – Movement on Unusable Reserves

Revaluation Reserve

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

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

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

2023/24 £'000		2024/25 £'000
19,675	Balance at 1st April	18,675
2,051	Upward revaluation of assets	657
(28)	Revaluation (loss) on heritage assets	0
	Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the	
(1,137)	Provision of Services	(665)
	Surplus (Deficit) on Revaluation of long-term assets not posted to the Surplus or Deficit on the Provision of Services	
886		(8)
	Difference between fair value depreciation and	
(447)	historical cost depreciation	(462)
(1,315)	Disposals	0
(124)	Investment property reclassification	0
18,675	Balance at 31st March	18,205

Capital Adjustment Account

This account absorbs the timing differences arising from the different arrangements for accounting for the consumption of long-term assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation; impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement, with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis. The account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

NOTES TO THE ACCOUNTS

The account also contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the Council. It also contains revaluation gains accumulated on property, plant and equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

The following Note provides details of the sources of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2023/24 £'000		2024/25 £'000
24,187	Balance at 1 st April	24,359
	Reversal of items relating to capital expenditure shown in the Comprehensive Income and Expenditure Statement:	
(1,421)	Charges for depreciation on non current assets	(1,478)
(97)	Amortisation of intangible assets	(41)
56	Revaluation gains/(losses) on Investment Properties	27
(126)	Revaluation losses on Property, Plant and Equipment	(122)
(51)	Revaluation losses on Heritage Assets	0
(1,701)	Revenue expenditure funded from capital under statute	(1,630)
	Amounts of non-current assets written off on disposal or sale to the Comprehensive Income and Expenditure Statement	(169)
28	Reversal of previous revaluation losses	75
(5,194)		(3,338)
	Net written out amount of the cost of non-current assets consumed in the year	
	Difference between fair value depreciation and historical cost depreciation	462
1,315	Disposals	0
1,762		462
	Capital Financing applied in the year:	
790	Use of capital receipts to finance new capital expenditure	2,359
2,192	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied in capital financing	6,283
440	Use of unapplied grants	1,115
104	Capital expenditure charged against the General Fund	348
(46)	Leisure services capital loan	(46)
	Statutory provision of the financing of capital investment charged against the General Fund	71
3,480		10,130
124	Transfer of balances in the Revaluation Reserve in respect of reclassification of Investment Properties	0
24,359	Balance at 31st March	31,613

NOTES TO THE ACCOUNTS

Pensions Reserve

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

2023/24 £'000	2024/25 £'000
(3,747) Balance at 1st April	(6,896)
(3,513) Actuarial gains or (losses) on pensions assets and liabilities	(18)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services (1,926) in the Comprehensive Income and Expenditure Statement	(1,573)
Employer's pension contributions and direct payments to 2,290 pensioners payable in the year	2,295
(6,896) Balance at 31st March	(6,192)

NOTES TO THE ACCOUNTS

Collection Fund Adjustment Account

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

2023/24 £'000	2024/25 £'000
Council Tax	
(100) Balance at 1st April	(117)
Amount by which Council tax income credited to the Comprehensive Income and Expenditure Statement is different from Council tax income calculated for the year in accordance with statutory requirements	64
(117) Balance at 31st March	(53)
NNDR	
(496) Balance at 1st April	777
Amount by which NNDR income credited to the Comprehensive Income and Expenditure Statement is different from NNDR income calculated for the year in accordance with statutory requirements	369
0 Cost of collection allowance adjustment deferral	0
777 Balance at 31st March	1,146
660 Total Collection Fund Adjustment Account	1,093

NOTES TO THE ACCOUNTS

Short-term Accumulating Compensated Absences Adjustment Account

The Short-term Accumulating Compensated Absences Adjustment Account absorbs the differences that would otherwise have arisen on the General Fund balance from accruing for compensated absences earned but not taken in the year, for example annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the Account.

2023/24 £'000	2024/25 £'000
(112) Balance at 1 st April	(63)
112 Settlement or cancellation of accrual made at the end of the preceding year	63
0	0
(63) Amounts accrued at the end of the current year	(84)
(63) Balance at 31 st March	(84)

8. Capital Expenditure

The Council's capital expenditure, on an accrual's basis, including amounts owed but not paid during the financial year, have been analysed by type of asset and are set out below. The amounts also include revenue expenditure funded from capital under statute (REFCUS).

2023/24 £'000	2024/25 £'000
Type of Asset	
75 Other land and buildings	693
866 Vehicles, plant, furniture and equipment	2,375
839 Assets under construction and work in progress	5,094
23 Intangibles	9
1,701 Revenue expenditure funded from capital under statute	1,630
3,504	9,801
Sources of Finance	
(790) Capital Receipts	(2,359)
(2,192) Grants and contributions received in year	(6,283)
(440) Capital Grants Unapplied account	(1,115)
(82) Earmarked Reserves	0
0 Revenue contribution to capital outlay	(44)
(3,504)	(9,801)
0 Closing Capital Financing Requirement	0

NOTES TO THE ACCOUNTS

9. Capital Commitments

At 31 March 2025, the Council had entered into contracts totalling £2.663m (£0.909m 2023/24) to take place in 2025/26. The breakdown is as follows:

Capital Commitments	£'000
Towns Fund	948
Food waste implementation (vehicles and caddies)	842
Swimming Pool support fund	468
CCTV	158
Other projects	247

10. Valuation of Non-Current Assets and Long Term Assets

Non-current assets are initially recognised at their cost of acquisition or purchase, plus any expenses directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Subsequent valuation of assets is based on the following:

- Land and Buildings, and Vehicles, Plant and Equipment - fair value in existing use or historical cost;
- Infrastructure Assets, Community Assets and Assets under Construction - depreciated historic cost;
- Investment Properties - market value;
- Intangible Assets - amortised historic cost.

Plant, furniture and equipment that are normally regarded as forming part of the building service installation have been included in the property valuation figure. However, under International Financial Reporting Standard 16 *Property, Plant and Equipment* significant components within buildings are valued and depreciated separately from the rest of the structure. Assets are only componentised if valued over £200,000 in total.

All valuations of non-current assets are based upon a valuation exercise carried out by an external valuer, Guy Harbord of Wilks Head and Eves LLP, who is a member of the Royal Institute of Chartered Surveyors. To comply with IAS16 *Property, Plant and Equipment* if one asset is chosen to be revalued, then all assets within that category must be revalued i.e. if one car park is revalued then all car parks must be revalued. All of the Council's assets will be revalued over a five-year rolling programme.

NOTES TO THE ACCOUNTS

11. Movement on Property, Plant and Equipment (excluding Infrastructure Assets)

	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Assets under Construction £'000	Total Plant & Equipment (excluding Infrastructure Assets) £'000
Cost or Valuation at 31st March 2024	32,586	10,800	1,644	45,030
Additions	1,440	2,571	5,094	9,105
Derecognition - disposals	(54)	(1,610)	0	(1,664)
Revaluation (+/-) recognised in the Revaluation Reserve	(565)	0	0	(565)
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	(94)	0	0	(94)
Reclassifications	(104)	(9)	0	(113)
Cost or Valuation at 31st March 2025	33,209	11,752	6,738	51,699
Cumulative Depreciation at 31st March 2024	(136)	(7,606)	0	(7,742)
Depreciation charge for the year	(788)	(635)	0	(1,423)
Depreciation written out to the Revaluation Reserve	557	0		557
Derecognition - disposals	0	1,495	0	1,495
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	47	0	0	47
Reclassification	0	0	0	0
Cumulative Depreciation at 31st March 2025	(320)	(6,746)	0	(7,066)
Net Book Value at 31st March 2025	32,889	5,006	6,738	44,633
Net Book Value at 1 st April 2024	32,450	3,194	1,644	37,288
Asset Financing at 31st March 2025				
-Owned	32,319	5,006	6,738	44,063
Financed (IFRS16)	570	0	0	570

NOTES TO THE ACCOUNTS

	Other Land and Buildings £'000	Vehicles, Plant, Furniture & Equipment £'000	Assets under Construction £'000	Total Plant & Equipment excluding Infrastructure Assets £'000
Cost or Valuation at 31st March 2023	34,576	10,565	805	45,946
Additions	75	888	839	1,802
Derecognition - disposals	(1,929)	(653)	0	(2,582)
Revaluation (+/-) recognised in the Revaluation Reserve	194	0	0	194
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	(149)	0	0	(149)
Reclassifications	(181)	0	0	(181)
Cost or Valuation at 31st March 2024	32,586	10,800	1,644	45,030
Cumulative Depreciation at 31st March 2023	(238)	(7,606)	0	(7,844)
Depreciation charge for the year	(716)	(647)	0	(1,363)
Depreciation written out to the Revaluation Reserve	715	0	0	715
Derecognition - disposals	53	647	0	700
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	45	0	0	45
Reclassification	5	0	0	5
Cumulative Depreciation at 31st March 2024	(136)	(7,606)	0	(7,742)
Net Book Value at 31st March 2024	32,450	3,194	1,644	37,288
Net Book Value at 1 st April 2023	34,338	2,959	805	38,102
Asset Financing at 31st March 2024				
-Owned	32,433	3,194	1,644	37,271

NOTES TO THE ACCOUNTS

In November 2022, CIPFA issued an Update to the Code of Practice on Local Authority Accounting. This Update allows for the movement between the opening and closing balance of infrastructure assets to be presented at net book value (rather than gross cost/accumulated depreciation) basis for a temporary period up to and including 2024/25, in recognition that authorities do not typically hold sufficient granular detail regarding historical expenditure on their infrastructure assets in order to accurately account for derecognitions on a gross basis.

Furthermore, an amendment to the Local Authorities (Capital Financing and Accounting) Regulations was also laid in November 2022 which permits local authorities, when they replace a component of an infrastructure asset, to determine the carrying amount to be derecognised in respect of that replaced component as nil. This statutory override also applies up to and including 2024/25. Erewash Borough Council has made this determination since 2021/22 in its Statement of Accounts.

Infrastructure assets have therefore been excluded from the previous tables which analyse the movement on Property, Plant and Equipment on a gross book value/accumulated depreciation basis. The movement on infrastructure assets is instead presented in the following Note, along with a reconciliation to the total Property Plant and Equipment as reported on the Balance Sheet and elsewhere within these financial statements. In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this Note does not include disclosure of gross cost and accumulated depreciation for the 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.

	Infrastructure Assets £'000	Other Property, Plant & Equipment £'000	Total Property, Plant & Equipment £'000
Net Book Value			
At 1 April 2024	326	37,288	37,614
Additions	0	8,465	8,465
Depreciation charge	(55)	(1,423)	(1,478)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	(8)	(8)
Revaluation increases/(decreases) recognised in the Surplus deficit on the Provision of Services	0	(47)	(47)
Disposals	0	(169)	(169)
Reclassifications	0	(113)	(113)
Net Book Value at 31st March 2025	271	44,633	44,904

NOTES TO THE ACCOUNTS

Net Book Value	Infrastructure Assets £'000	Other Property, Plant & Equipment £'000	Total Property, Plant & Equipment £'000
At 1 April 2023	384	38,102	38,486
Additions	0	1,802	1,802
Depreciation charge	(58)	(1,363)	(1,421)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	909	909
Revaluation increases/(decreases) recognised in the Surplus deficit on the Provision of Services	0	(104)	(104)
Disposals	0	(1,882)	(1,882)
Reclassifications	0	(176)	(176)
Net Book Value at 31st March 2024	326	37,288	37,614

The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years.

	Other Land and Buildings £' 000	Vehicles, Plant, Furniture & Equipment £' 000	Infrastructure Assets £' 000	Assets under construction £' 000	Total £' 000
Carried at historical cost	873	11,752	1,875	6,738	21,238
Valued at fair value as at:					
31 st March 2021	875	0	0	0	875
31 st March 2022	98	0	0	0	98
31 st March 2023	660	0	0	0	660
31 st March 2024	2,971	0	0	0	2,971
31 st March 2025	27,732	0	0	0	27,732
Cost or Valuation at 31st March 2025	33,209	11,752	1,875	6,738	53,574

NOTES TO THE ACCOUNTS

12. Movement on Investment Properties, Assets Held for Sale, Intangible Assets, Heritage Assets and Assets Held for Sale

	Investment Properties £' 000	Intangible Assets £' 000	Heritage Assets £' 000	Assets Held for Sale £' 000	Total £' 000
Cost or Valuation at 1st April 2024	4,331	412	741	0	5,484
Additions	0	9	0	0	9
Derecognition - disposals	0	0	0	0	0
Revaluation (+/-) recognised in the Revaluation Reserve	0	0	0	0	0
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	27	0	0	0	27
Reclassifications	0	0	0	113	113
Cost or Valuation at 31st March 2025	4,358	421	741	113	5,633
Cumulative Amortisation and Depreciation at 1st April 2024	0	(296)	0	0	(296)
Amortisation charge for the year	0	(41)	0	0	(41)
Revaluation (+/-) recognised in the Revaluation Reserve	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluations written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0
Depreciation on Reclassifications	0	0	0	0	0
Cumulative Amortisation and Depreciation at 31st March 2025	0	(337)	0	0	(337)
Net Book Value at 31st March 2025	4,358	84	741	113	5,296
Net Book Value at 1 st April 2024	4,331	116	741	0	5,188
Asset Financing at 31st March 2025					
- Owned	4,358	84	741	113	5,296

NOTES TO THE ACCOUNTS

	Investment Properties £' 000	Intangible Assets £' 000	Heritage Assets £' 000	Heritage Assets £' 000	Assets Held for Sale £' 000
Cost or Valuation at 1st April 2023	4,094	1,378	812	0	6,284
Additions	0	23	0	0	23
Derecognition - disposals	0	(989)	0	0	(989)
Revaluation (+/-) recognised in the Revaluation Reserve	0	0	(28)	0	(28)
Revaluation (+/-) recognised in the Surplus/Deficit on Provision of Services	56	0	(43)	0	13
Reclassifications	181	0	0	0	181
Cost or Valuation at 31st March 2024	4,331	412	741	0	5,484
Cumulative Amortisation and Depreciation at 1st April 2023	0	(1,188)	0	0	(1,188)
Amortisation charge for the year	0	(97)	0	0	(97)
Revaluation (+/-) recognised in the Revaluation Reserve	0	0	0	0	0
Disposals	5	989	0	0	994
Revaluations written out to the Surplus/Deficit on the Provision of Services	0	0	0	0	0
Depreciation on Reclassifications	(5)	0	0	0	(5)
Cumulative Amortisation and Depreciation at 31st March 2024	0	(296)	0	0	(296)
Net Book Value at 31st March 2024	4,331	116	741	0	5,188
Net Book Value at 1 st April 2023	4,094	190	812	0	5,096
Asset Financing at 31st March 2024					
- Owned	4,331	116	741	0	5,188

NOTES TO THE ACCOUNTS

Impairments (material items only)

There were no material impairments during the year for both Operational and Non Operational Non Current Assets.

Nature of Intangible Assets

The Intangible Assets are all purchased computer software.

Investment Property

The following amounts are shown in the Comprehensive Income and Expenditure Statement for Investment Properties:

- direct operating expenditure £150,242
- rental income £310,109

Fair Value Hierarchy

All the Council's investment properties have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Accounting Policy 4 Fair Value Measurement p20 for an explanation of the fair value levels).

Valuation Techniques Used to Determine Level 2 Fair Value for Investment Property

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

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

13. Heritage Assets: Reconciliation of the Carrying Value

	Art Collection £'000	Civic Regalia £'000	Other Assets £'000	Total Assets £'000
Cost or Valuation at 1 st April 2024	151	424	166	741
Cost or Valuation at 31st March 2025	151	424	166	741
Cost or Valuation at 1 st April 2023	222	424	166	812
Cost or Valuation at 31st March 2024	151	424	166	741

NOTES TO THE ACCOUNTS

There were no acquisitions, donations, disposals, or impairments of heritage assets during 2024/25 or 2023/24.

Art Collection

The Council's collection of art is reported in the Balance Sheet at market value where available otherwise at the insurance valuation. The Council has a large art collection which has been donated from various sources including 'The Howitt Bequest'. Other donated collections include artists John Lally and Norman Whitehead. Some of the collection is displayed publicly at the Erewash Museum and Long Eaton Civic Centre with the remainder in secure storage at Merlin Way.

The art collection was valued during 2024/25 on the basis of insurance value by Bonhams – independent valuers. Revaluations will be assessed for impairment on an annual basis. It is considered the collection has an indefinite life and therefore depreciation has not been charged. Restoration is proposed to be carried out on the more important items in the collection in the near future.

Civic Regalia

The Council's civic regalia collection comprises the various chains of office associated with the ceremonial functions of the Council and the office of mayor (including deputies), i.e. chains, pendants, mace etc. Some of the items pre-date local government reorganisation in 1974 such as the Sterling Silver Flagons and the mayoral chain. The collection (when not in use) is held in secure storage.

The majority of the civic regalia was last valued during 2023/24 on the basis of insurance value by Vaughtons – independent valuers. Revaluations will be undertaken within a maximum period of 5 years, although the regalia will be assessed for impairment on an annual basis. It is considered the collection has an indefinite life and therefore depreciation has not been charged.

Other Heritage Assets

The Council also holds other heritage assets as follows:

- Fountain in the market place at Ilkeston
- Bateman Ornamental Gates at West Park, Long Eaton
- Two World War One Death Plaques

Both the Fountain and Bateman Ornamental gates are considered important to the borough with both having been restored at cost by the Council. They are both held on the Balance Sheet at the cost of previous restorations and are assessed for impairment on an annual basis. The Death Plaques are held on the Balance Sheet based on the valuation performed by an expert in the field.

The Council has also accumulated a number of miscellaneous items (historic and local memorabilia) that have been acquired or donated to the Erewash Museum over many years. It is considered that the value of these items is de minimis. As such they are not held on the asset register as the Council considers that the cost of obtaining valuations is not commensurate to the potential benefit to the users of the Statement of Accounts.

NOTES TO THE ACCOUNTS

14. Leases

Council as Lessee

The Council's lease contracts comprise of leases of operational land and buildings. The Council only holds 7 lease contracts of which 2 have been identified as material contracts under IFRS 16.

- The underlease of 203 Tamworth Road Long Eaton for support living residential accommodation, overnight accommodation or support space for permitted occupants. The lease commenced on the 23 October 2024 for a period of 4 years (with an option to break on 23 October 2026). Annual rentals are fixed over the period of the lease but subject to regular market reviews. The value of the asset as at 31 March 2025 was £0.527m.
- The lease of 3 Tavern Close Ilkeston for residential temporary accommodation for permitted occupants. The lease commenced on the 13 March 2025 for a period until the 30 June 2036. Annual rentals are reviewed on the 1 April each year. The value of the asset as at 31 March 2025 was £0.056m.

Right-of-use Assets

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

	Land & Buildings £'000
Balance as at 1 April 2024	0
Additions	640
Depreciation	(71)
Balance at 31 March 2025	569

Transactions under leases

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

	2024/25 £'000
Comprehensive Income and Expenditure Statement	
Interest expense on lease liabilities	4
Expense relating to short term leases	0
Expense relating to exempt leases of low value items	49
Cash Flow Statement	
Minimum lease payments	74

NOTES TO THE ACCOUNTS

Maturity analysis of lease liabilities

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

	31 March 2025 £'000
Less than one year	173
One to five years	451
More than five years	31
Total undiscounted liabilities	655

Council as Lessor

Finance Leases

The Council does not lease out any of its land and property or plant and equipment as finance leases.

Operating Leases

The Council owns a number of properties and land which are leased out to other organisations. During the year it received lease income of £218,944 (2023/24 £198,353). The future minimum lease payments that the Council will receive over the life of the current leases are set out in the table below:

	2024/25 £'000	2025/26 £'000
Receipts no later than one year	204	208
Receipts between two and five years	552	575
Receipts later than five years	1,924	1,872

The high value of lease income receivable later than five years arises from several long term leases, the main ones being: 99 year lease on the Indoor Bowls Centre £0.666m; 99 year lease for the Squash Courts at Manor Road £0.312m; 60 year lease on land and buildings on Beauvale Drive, Cotmanhay £0.294m; 25 year lease on land at Awsworth Road Playing Fields £0.183m; 15 year lease on land at Quarry Hill, Ilkeston £0.071m; 25 year lease on land at Grange Park, Long Eaton (Football Club) £0.042m; 25 year lease on land at Grange Park, Long Eaton (Army Cadets) £0.063m; 25 year lease for the land and pavilion at Derwent Meadows £0.058m; and a 25 year lease for the changing rooms at West Park (Rugby) £0.042m.

NOTES TO THE ACCOUNTS

15. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another. The term financial instrument covers both financial assets and financial liabilities. Typical financial instruments are:

Liabilities:

- trade payables and other payables,
- borrowings,
- financial guarantees.

Assets:

- bank deposits,
- trade receivables,
- loans receivable,
- other receivables and advances,
- investments.

The Code disclosure requirements for financial instruments are largely irrelevant for the Council in 2025/26 for the following reasons:

- The Council does not use an external fund manager. It manages its investments in-house, supported by external professional treasury advisers.
- The Council continues to adopt a prudent and cautious approach to treasury management as set out in its Annual Treasury Management and Investment Strategy. All investments are simple loans to UK banks and building societies, the government's debt management office and other local authorities.

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

	Non Current		Current	
	31 st March 2024 £'000	31 st March 2025 £'000	31 st March 2024 £'000	31 st March 2025 £'000
Financial Liabilities at Amortised Cost				
Creditors	0	(418)	(3,785)	(5,480)
Total Financial Liabilities	0	(418)	(3,785)	(5,480)
Financial Assets at Amortised Cost				
Investments	0	2,028	15,573	21,817
Debtors	227	172	2,055	2,737
Total Financial Assets	227	2,200	17,628	24,554

NOTES TO THE ACCOUNTS

The Council has made a number of loans to employees in the form of car loans or bike loans at less than market rates (soft loans). The present value of the interest foregone is not material so no adjustments to the Statement of Accounts are made for this.

Fair Value of Financial Assets and Financial Liabilities

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

- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount;
- The fair value of trade or other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31st March 2024		31st March 2025	
	Carrying amount £000	Carrying amount £000	Carrying amount £000	Fair Value £000
Financial Liabilities				
Short term creditors	(3,785)	(3,785)	(5,480)	(5,480)
Long term creditors	0	0	(418)	(418)
Total Financial Liabilities	(3,785)	(3,785)	(5,898)	(5,898)
Financial Assets				
Short term investments	15,573	15,573	21,817	21,817
Short term debtors	2,055	2,055	2,737	2,737
Long term investments	0	0	2,028	2,028
Long term debtors	227	227	172	172
Total Financial Assets	17,855	17,855	26,754	26,754

Nature and Extent of Risks Arising from Financial Instruments

Key Risks

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

- Credit Risk - the possibility that other parties might fail to pay amounts due to the Council.

NOTES TO THE ACCOUNTS

- Liquidity Risk - the possibility that the Council may not have the funds available to meet its commitments to make payments.
- Market Risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

Overall Procedures for Managing Risk

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The procedures for risk management are set out through a legal framework established by the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its Financial Regulations;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The Council's overall borrowing.
 - Its maximum and minimum exposures to the maturity structure of its debt.
 - Its management of interest rate exposure; and
- by approving an Investment Strategy for the forthcoming year and setting out its criteria for both investing and selecting investment counterparties in compliance with the government guidance.

These are required to be reported and approved at or before the Council's annual Council tax setting meeting. These items are reported with the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported to members at Council Executive through the quarterly Treasury Management Service and Prudential Indicators report.

The Council maintains written principles for overall risk management as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Credit Risk

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

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard and Poors Rating Services. The Annual

NOTES TO THE ACCOUNTS

Investment Strategy also considers the maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. Additional selection criteria are also applied after this initial test is applied. Details of the Investment Strategy can be found on the Council's website.

A key component of the Investment Strategy is the minimum criteria for investment counterparties (both Specified and Non-Specified investments):

- Banks 1 – good credit quality – the Council will only use UK banks which have, as a minimum, the following Fitch, Moody's and Standard and Poors credit ratings (where rated):
 - (a) Short term – F1
 - (b) Long term – A
- Banks 2 – Part nationalised UK banks – Royal Bank of Scotland. The bank can be included if they continue to be part nationalised or they meet the ratings in Banks 1 above.
- Banks 3 – The Council's own banker (Lloyds) for transactional purposes if the bank falls below the above criteria. In this case balances will be minimised (less than £3million) and will be kept liquid.
- Building societies – The Council will use all societies which:
 - (a) meet the ratings for banks outlined above; or
 - (b) have assets in excess of £1bn;
- Money Market Funds – AAA (sovereign funds)
- UK Government Debt Management Account Deposit Facility (DMADF)
- Local authorities (including police authorities and fire authorities but excluding parish Councils)

Both the Capital Strategy for 2025/26 to 2027/28 and the Investment Strategy for 2025/26 to 2027/28 were approved by Council Executive on 25th February 2025 and ratified by full Council on 6th March 2025 and are accessible on the Council's website.

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

The Council's maximum exposure to credit risk in relation to its investment in banks and building societies of £2,000,000 cannot be assessed generally as the risk of any institution failing to make interest repayments or repay the principal sum but will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, however there was no evidence at 31st March 2025 that this was likely to crystallise.

The following table summarises the Council's potential maximum exposure to credit risk, based on experience of default and uncollectability over the last five years, adjusted to

NOTES TO THE ACCOUNTS

reflect current market conditions. The debtors figure relates to debtors beyond their due date, but excludes housing benefit overpayments.

Deposits with Banks and Financial Instruments	Amount at 31st March 2025 A £'000	Historical Risk of Default B %	Adjustment for Market Conditions at 31st March 2025 C %	Estimated Maximum Exposure to Defaults A x C = D £'000
AAA rated counterparties	11,000	0.04	0.04	4
AA rated counterparties ¹	10,000	0.02	0.00	0
Trade Debtors	650	2.99	2.99	19
	21,650			23

¹The £10m the Council has invested at year end is with other local authorities for which credit losses are not recognised by CIPFA.

No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits or bonds.

The table below shows that £0.210m of the trade debtor's balance of £0.650m is more than one year overdue. An analysis of debtors by age is as follows:

Period Past Due Date	31st March 2023 £'000	31st March 2024 £'000	31st March 2025 £'000
Less than 3 months	1,366	454	403
Three to six months	35	17	15
Six months to one year	40	32	22
More than one year	387	273	210
	1,828	776	650

Liquidity Risk

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

The Council has ready access to the money markets to borrow funds in order to cover any day-to-day cash flow need and can also access loans from the Public Works Loan Board if necessary. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual

NOTES TO THE ACCOUNTS

expenditure. There is, therefore, no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments.

All financial assets are due within one year.

Refinancing and Maturity Risk

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

The approved treasury indicator limits, placed on investments for greater than one year in duration, are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the officer responsible for treasury management assesses the operational risks within the approved parameters. This includes monitoring of the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer term investments to provide stability of maturities and returns in relation to the longer term cash flow.

The Council has no longer term financial liabilities at 31st March 2025. The maturity analysis of financial assets and liabilities is disclosed in the Note below.

Maturity Date	Financial Assets		Financial Liabilities	
	31 st March 2024 £'000	31 st March 2025 £'000	31 st March 2024 £'000	31 st March 2025 £'000
Less than 1 year - cash	(3,090)	(2,485)	0	0
Less than 1 year – debtors and creditors	(2,055)	(2,737)	3,785	5,480
Less than 1 year - other financial instruments	(12,483)	(19,332)	0	0
Between 1 - 2 years	(227)	(2,200)	0	165
Between 2 - 5 years	0	0	0	233
Between 5 - 10 years	0	0	0	17
Over 10 years	0	0	0	3
Total Financial Assets and Liabilities	(17,855)	(26,754)	3,785	5,898

Market Risk

There are three elements to market risk:

- interest rate risk,
- price risk,
- foreign exchange risk.

NOTES TO THE ACCOUNTS

Interest Rate Risk

The Council is exposed to interest rate movements on its investments. Movements in interest rates can have a complex impact on the Council, depending upon how variable and fixed rates move across different financial instrument periods. For example, a rise in variable and fixed interest rates would have the following effects:

- investments at variable rates would result in interest credited to the Comprehensive Income and Expenditure Statement increasing,
- investments at fixed rates would see the fair value of assets fall.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From the Strategy a treasury indicator is set which provides maximum limits for fixed and variable rate exposure. The treasury team will monitor the market and forecast interest rates within the year to adjust exposures appropriately.

During the financial year the Council did not have any variable rate investments. The Council had no long term investments at 31st March 2025. No fair value adjustment is therefore required for fixed rate investments.

The table below shows the impact of a 1% increase in interest rates at 31st March 2025.

	£'000
Increase in interest receivable ¹	(231)
Impact on Surplus or Deficit on the Provision of Services	(231)

¹ Applied to short term and variable rate instruments.

Equity Price Risk

The Council does not directly invest in equity shares. It therefore has no exposure to loss arising from movements in the price of shares. Pension Fund investments are made on the Council's behalf by the Derbyshire County Council Pension Fund and Nottinghamshire County Council Pension Fund.

Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies, and therefore, has no exposure to loss arising from movements in exchange rates.

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16. Inventories

The transport, parks and other inventories only show the net change within the year. These items are kept for service provision purposes only and no trading account is therefore maintained.

	31st March 2023 £'000	Additions £'000	Disposals £'000	31st March 2024 £'000	Additions £'000	Disposals £'000	31st March 2025 £'000
Wheeled bins	39	104	(106)	37	55	(47)	45
Recycling bins	4	0	0	4	0	(1)	3
	43	104	(106)	41	55	(48)	48
Transport	73	41	(26)	88	10	(50)	48
Parks	20	45	(51)	14	28	(16)	26
Other	9	3	(3)	9	2	(6)	5
	102	89	(80)	111	40	(72)	79
	145	193	(186)	152	95	(120)	127

NOTES TO THE ACCOUNTS

17. Debtors

This Note analyses debtors between short term (less than 12 months) and long term (12 months or longer).

Short Term Debtors

	31st March 2024 £'000	31st March 2025 £'000
Central government bodies	922	1,697
Other local authorities	7,810	5,892
Other entities and individuals	3,734	3,499
	12,466	11,088
Payments in advance	543	565
Less provision for bad debts	(1,674)	(1,491)
Total	11,335	10,162

Long Term Debtors

	31st March 2024 £'000	31st March 2025 £'000
Other local authorities	157	115
Other entities and individuals	227	172
	384	287
Less provision for bad debts	0	0
	384	287

NOTES TO THE ACCOUNTS

Short term and long term debtors can be analysed as follows:

	31 st March 2024 £'000	31 st March 2025 £'000
Short Term		
Trade customers	116	13
Related parties	9,088	7,722
Prepayments	543	565
Other amounts	3,262	3,353
Less provision for bad debts	(1,674)	(1,491)
	11,335	10,162
Long Term		
Related parties	183	132
Other amounts	201	155
	384	287

The Council maintains three provisions for bad debts namely: general debtors and housing benefit overpayments, Council tax debtors and NNDR debtors. The movements on these provisions are shown in the tables below:

	31 st March 2024 £'000	31 st March 2025 £'000
General Debtors and Housing Benefit Overpayments Bad Debt Provision		
Opening balance	727	807
Additions/(reductions)	222	50
Use in year	(142)	(46)
Closing balance	807	811

	31 st March 2024 £'000	31 st March 2024 £'000
Council Tax Bad Debt Provision		
Opening balance	363	381
Additions/(reductions)	69	68
Use in year	(51)	(106)
Closing balance	381	343

The provision for Council tax bad debts represents the Council's share of an overall provision which is divided between the precepting authorities on the basis of their respective share of the Council tax income.

NOTES TO THE ACCOUNTS

	31 st March 2024 £'000	31 st March 2025 £'000
NNDR Bad debt Provision		
Opening balance	260	486
Additions/(reductions)	308	30
Use in year	(82)	(179)
Closing balance	486	337

The provision for NNDR debts represents the Council's share of an overall provision which is divided between the precepting authorities on the basis of their respective share of the NNDR income.

18. Cash, Cash Equivalents and Investments

Cash, Cash Equivalents and Short Term Investments

Cash is represented by Notes and coins held by the Council and deposits available on demand. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of changes in value.

	31 st March 2024 £'000	31 st March 2025 £'000
Cash held by the Council	3,090	2,485
Short term investments of less than 3 months duration	12,483	11,239
Short term investment of less than 1 year duration	0	8,093
	15,573	21,817

Long Term Investments

Long Term Investments are investments which are more than 1 year in duration.

	31 st March 2024 £'000	31 st March 2025 £'000
Long term investment of more than 1 year duration	0	2,028
	0	2,028

NOTES TO THE ACCOUNTS

19. Creditors

Short Term Creditors

	31 st March 2024 £'000	31 st March 2025 £'000
Central government ¹	3,322	5,678
Other local authorities	3,313	2,259
Other entities and individuals	4,450	6,231
	11,085	14,168

Long Term Creditors

	31 st March 2024 £'000	31 st March 2025 £'000
Lease liabilities	0	407
Other entities and individuals	0	11
	0	418

20. Provisions

The following tables show both short term and long term provisions.

	Balance 1 st April 2024 £'000	Additions £'000	Amounts Used £'000	Balance 31 st March 2025 £'000
NNDR provision for appeals	875	441	(249)	1,067
Funding Guarantee refunds	86	0	(50)	36
	961	441	(299)	1,103

NNDR Provision for Appeals

Under the rates retention scheme the Council is liable for refunding ratepayers who appeal successfully against the rateable value of their property on the rating list. The Collection Fund included a provision of £2.187m in respect of appeals lodged by 31st March 2024 of which the Council's share was £0.875m. The level of refunds on successful appeals for the Collection Fund as a whole was £0.623m of which the Council's share was £0.249m.

NOTES TO THE ACCOUNTS

A provision, based on the Valuation Office Agency's report has been established for appeals lodged at 31st March 2025. The Council has engaged an external expert, Wilks Head and Eve, to calculate the level of provision required at 31 March 2025. A provision of £2.667m has been included in the Collection Fund at 31st March 2025 in respect of these appeals, of which the Council's share is £1.067m.

Funding Guarantee Refunds

In 2013 the Government introduced the "Planning Guarantee", which requires local planning authorities to refund planning fees for any applications that take longer than 6 months to determine, unless the determination period had been extended with the written agreement of the applicant. Erewash Borough Council has been complying with this requirement by promptly providing qualifying refunds on request.

However, in November 2023 Bolton Borough Council's Monitoring Officer published a Section 5 Report for that authority concluding that failing to make or attempt refunds, even when not requested, was in breach of the legal requirements. Erewash Borough Council's Monitoring Officer has consequently issued similar advice.

A review of planning records identified £86,304 of historical planning fee income that met the qualification for a refund under the Planning Guarantee but was not refunded at that time. During the year refunds of £49,922 have been made to 17 applicants. For the remaining £36,382 attempts to trace the applicants and secure the details required to make those refunds continue.

NOTES TO THE ACCOUNTS

21. Cash Flow Statement

The below table provides more detail on the figures contained within the Cash Flow Statement.

2023/24 £'000		2024/25 £'000
1,075	Net (deficit) or surplus on the provision of services	11,451
	Adjust net surplus or deficit on the provision of services for non-cash movements	
1,421	Depreciation	1,478
97	Amortisation	41
(7)	Decrease / (increase) in inventories	26
892	Decrease / (increase) in debtors	1,453
324	(Increase) / decrease in provision for bad debts	(183)
1,434	Increase / (decrease) in creditors	3,501
(364)	Net pension liability	(712)
1,877	Carrying amount of non-current assets sold	169
	Other non-cash items charged to the net surplus or deficit on the provision of services	
(376)	Increase / (decrease) in provisions	142
2,539	Capital grants unapplied	2,767
46	Movement in the value of investment properties and property, plant and equipment	20
7,883		8,702
	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	
(987)	Proceeds from short term and long-term investments	(1,290)
	Proceeds from the sale of property, plant and equipment, investment property, and intangible assets	(205)
(305)	Other receipts from investing activities	(46)
(2,539)	Capital grants unapplied	(2,767)
(3,859)		(4,308)
5,099	Net Cash flow from Operating Activities	15,845
	Investing Activities	
(1,825)	Purchase of property, plant and equipment, investment property and intangible assets	(9,114)
28	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	205
987	Proceeds from short term and long-term investments	1,290
305	Other receipts from investing activities	46
(505)	Net cash outflow from investing activities	(7,573)
4,594	Net Increase / (Decrease) in Cash and Cash Equivalents	8,272

NOTES TO THE ACCOUNTS

22. Agency Income and Expenditure

The Council has an agency agreement with Derbyshire County Council whereby the Council is responsible for amenity maintenance within the borough on behalf of the county Council. The county Council reimburses the Council for this work. A summary of the expenditure incurred in respect of the activity is as follows:

	2023/24 £'000	2024/25 £'000
Amenity maintenance	149	149
Administrative costs	12	12
	161	161

23. Members' Allowances

During 2024/25 a total of £326,457 (2023/24 £305,816) was paid to Members of the Council in the form of allowances and expenses. These figures include superannuation and national insurance contributions.

24. Officers' Remuneration

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

		Salary £	Benefit in Kind £	Employers' Pension Contribution £	Total £
Chief Executive	2024/25	131,482	1,239	27,217	159,938
	2023/24	128,275	1,239	26,553	156,067
Director of Resources	2024/25	99,057	1,239	20,497	120,793
	2023/24	96,641	1,239	20,005	117,885
Director of Environmental and Community Services	2024/25	99,057	1,239	20,505	120,801
	2023/24	96,641	1,239	20,005	117,885
Head of Green Space and Street Scene	2024/25	72,485	1,239	15,004	88,728
	2023/24	70,717	1,239	14,638	86,594
Head of Environment Health and Housing	2024/25	72,485	1,239	15,004	88,728
	2023/24	70,717	1,239	14,638	86,594
Head of Planning and Regeneration	2024/25	72,485	1,239	15,004	88,728
	2023/24	70,717	1,239	14,638	86,594
Head of Law and Governance	2024/25	61,742	1,239	12,781	75,762
	2023/24	57,714	1,239	11,947	70,900
Head of Property and Estates	2024/25	68,397	1,239	14,158	83,794
	2023/24	64,710	1,239	13,395	79,344

NOTES TO THE ACCOUNTS

The number of employees, whose remuneration excluding employer's pension contributions, was £50,000 or more per year are set out below. This Note includes senior officers whose remuneration is disclosed above.

	Number of Employees 2023/24	Number of Employees 2024/25
£50,000 – £54,999	2	0
£55,000 – £59,999	6	6
£60,000 – £64,999	1	2
£65,000 – £69,999	2	3
£70,000 – £74,999	3	3
£75,000 – £79,999	0	0
£80,000 – £84,999	0	0
£85,000 – £89,999	0	0
£90,000 – £94,999	0	0
£95,000 – £99,999	2	0
£100,000 – £104,999	0	2
£105,000 – £109,999	0	0
£110,000 – £114,999	0	0
£115,000 – £119,999	0	0
£120,000 – £124,999	0	0
£125,000 – £129,000	1	0
£135,000 – £139,999	0	1
	17	17

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

Exit package cost band (including special payments)	Number of redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24 £	2024/25 £
£0 - £20,000	3	1	1	1	4	2	34,712	13,671
£20,001 - £40,000	0	0	0	0	0	0	0	0
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	3	1	1	1	4	2	34,712	13,671

25. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims and statutory inspections provided by the Council's external auditors, Ernst & Young LLP.

NOTES TO THE ACCOUNTS

	2023/24 £'000	2024/25 £'000
Fees payable with regard to external audit services carried out by the appointed auditor for the year ¹	158	173
Fees payable in respect of other services provided during the year	0	0
	<u>158</u>	<u>173</u>

¹The fees in the above Note reflect the agreed fees as per the Audit Plan only. In addition but not included in the above note the Council have accrued £24,250 for 2020/21, £80,366 for 2021/22 towards anticipated additional audit fees.

26. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

	2023/24 £'000 restated	2024/25 £'000
Credited to Taxation and Non Specific Grant Income:		
NNDR retention scheme distribution	6,101	6,501
- Revenue Support Grant	260	277
- New Homes Bonus Scheme	156	9
- Lower Tier Services Grant	134	23
- Funding Guarantee Grant	173	543
- Other Government Grants	<u>375</u>	<u>14</u>
Non Ring Fenced Government Grants	1,098	866
Capital Grants and Contributions	<u>3,816</u>	<u>8,850</u>
	<u>11,015</u>	<u>16,217</u>
Credited to Services:		
- Council Tax and Housing Benefit Subsidy	19,285	19,211
- Council Tax and Housing Benefit Administration	513	282
- NNDR cost of collection	131	132
- Homelessness	723	731
- Towns Fund	83	75
- Shared Prosperity Fund*	410	868
- Containment Outbreak	50	0
- Sports and Health Development	152	169
- Community Safety	141	33
- Household Support Grant	259	181
- S106 Grants	57	151
- Storm Babet	200	0
- Homes Delivery Grant	99	0
- Local Authority Delivery scheme – Green Homes grant*	336	0
- Disabled Facilities Grant*	852	808
- HUG	0	113
- Devolution retrofit	0	280
- Other	<u>143</u>	<u>240</u>
	<u>23,601</u>	<u>23,274</u>

NOTES TO THE ACCOUNTS

* In the 31 March 2024 Statement of Accounts, £1.355m of REFCUS income had not been disclosed as government grant income within this note. The note has been restated to include this income (£0.167m Shared Prosperity Funding, £0.336m Local Authority Delivery scheme and £0.852m Disabled Facilities Grant).

The NNDR income retention is made up of the following elements.

	2023/24 £'000	2024/25 £'000
Collection Fund NNDR income	21,718	21,600
Distributed to Central Government, Derbyshire County Council and Derbyshire Fire Authority	(13,031)	(12,960)
Erewash Borough Council NNDR income	8,687	8,640
Business rate tariff	(6,601)	(6,831)
Net NNDR income	2,086	1,809
S31 grant received	3,512	3,538
Levy account surplus redistribution	28	28
Growth payable to the Derbyshire NNDR pool	(876)	(925)
Pooling benefit receivable (estimated)	860	899
NNDR Surplus/(Deficit)	491	1,152
	6,101	6,501

Grants and contributions may be received in advance of expenditure or may have conditions attached that have to be met prior to the funds being applied. In addition, the Council occasionally receives donated assets. Where there are no conditions to the donation, it is treated as income in the Comprehensive Income and Expenditure Statement and reversed out to the Capital Adjustment Account. The following table shows the year end balances on these grants.

NOTES TO THE ACCOUNTS

Capital Grants Unapplied	31st March 2024 £'000	Grants received in year £'000	Grants applied in year £'000	31st March 2025 £'000
Disabled Facilities Grants	3,121	1,318	(808)	3,631
The Old Stables, Dalby House	3	0	0	3
Barling Lane	1	0	0	1
Towns Fund	2,765	5,414	(4,288)	3,891
Shared Prosperity Fund	178	1,110	(1,288)	0
LAD Midlands Energy Hub	14	0	0	14
Home Upgrade Grant	37	113	(137)	13
Devolution retrofit	117	280	(397)	0
De-Carbonisation of Leisure Centre Facilities	0	232	(215)	17
Swimming Pool Support Fund	0	296	(125)	171
Food Waste Collection – vehicles	0	716	(119)	597
Food Waste Collection – caddies	0	369	0	369
Kirk Hallam Changing Rooms	0	22	(22)	0
Police Station CCTV	0	81	0	81
Local Authority Housing Fund	0	215	0	215
	6,236	10,166	(7,399)	9,003

27. Related Party Transactions

The Council is required to disclose material transactions with related parties i.e. 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 an assessment of 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 the 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 charges, housing benefits). Grant receipts at 31st March 2025 are shown in Note 26 on page 92.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in Note 23 on page 90. The only matters reported were those where members held positions within charitable or community organisations which received some financial support from the Council. Where necessary members declared such interests when relevant to their duties and thus no further disclosure is considered necessary. The register of interests for each Council Member can be found on the Council's website using the following link: [Councillors and meetings / your Councillors](#), and then by clicking on each Council Member.

NOTES TO THE ACCOUNTS

Officers

Officers of the Council have not declared any related party transactions.

The most significant transactions with related parties are disclosed elsewhere in the Statement of Accounts as follows:

- Capital grants from central government - Note 26 page 92;
- Precepts paid to other local authorities - Collection Fund Accounts, pages 108 - 112;
- Superannuation contributions – Note 29 page 96.

The following table details the other significant transactions for the period 1st April 2024 to 31st March 2025 with organisations with which the Council has a related party interest.

	2023/24 Receipts £'000	2023/24 Payments £'000	2024/25 Receipts £'000	2024/25 Payments £'000
Revenue				
Bramcote Bereavement Services Joint Committee	(350)	0	(350)	0
Derbyshire County Council, amenity maintenance	(161)	0	(161)	0
Derbyshire County Council, registrar services	(8)	0	(25)	0
Concurrent function grants to Parish Councils	0	173	0	26
Derbyshire Districts Citizens Advice Bureau	0	60	0	60
Erewash Partnership	0	211	0	151
Erewash Community Transport	0	6	0	3
Derbyshire Wildlife Trust	0	14	0	14
District Councils Network	0	3	0	3
Derbyshire Economic Partnership	0	0	0	15
Erewash Voluntary Action	0	3	0	3
Active Partnership Trust	0	15	0	15
Derby County Community Trust	0	2	0	1
Capital				
East Midlands Housing Agency	(258)	0	(46)	0

Brief details of the nature of the transactions with the organisations are set out below. There are no outstanding material sums relating to the 2024/25 financial year.

Bramcote Bereavement Services Joint Committee (BBSJC) – the Council jointly operates Bramcote Crematorium with Broxtowe Borough Council. During the year the Council received a payment of £350,000 as a share of the operating surplus.

The Council pays an agreed annual sum to the parishes in respect of concurrent functions.

The Council has related party transactions (including the payment of grants) to the following organisations as follows;

- Derbyshire Districts Citizens Advice Bureau – financial contribution towards operating expenses.
- Erewash Partnership. Financial contribution towards running costs. For 2024/25 this was funded through the Shared Prosperity Fund grant. The membership of this organisation includes over 350 local businesses, Erewash Borough Council, Derbyshire County Council and representatives from the education sector and the community.

NOTES TO THE ACCOUNTS

- Derbyshire County Council - the Council undertakes amenity maintenance, and the payment is a reimbursement for the cost of the work and administrative costs;
- Derbyshire County Council - share of room hire for weddings and rental income from the lease of part of Ilkeston Town Hall and Long Eaton Town Hall for use by the Registrar Services.
- Erewash Community Transport – a contribution towards the operating expenses.
- Derbyshire Wildlife Trust – a contribution towards the upkeep of local wildlife sites.
- Erewash Voluntary Action – Health Improvement grant.
- Active Partnership Trust – sports development grant.
- Derby County Community Trust – sports development grant.
- District Councils Network – annual subscription.

28. Employment Benefits - Short-Term Accumulating Compensated Absences

As at 31st March a number of the Council's employees had not taken their annual leave entitlement or had worked additional hours for which they are entitled to compensatory time off. This represents a liability for the Council and under IAS 19 the Council is required to disclose the nature of this liability in its Balance Sheet. In order that there is no ultimate impact upon the General Fund balance. The accrual set up in the Balance Sheet is matched by an unusable reserve - the Short-Term Accumulating Compensated Absences Reserve. The total of short-term accumulating compensated absences for 2024/25 is £84,000 (2023/24, £63,000).

29. Employee Benefits – Post-Employment Benefits

Participation in Pension Scheme

Erewash Borough Council employees

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

The Council participates in the Local Government Pension Scheme (LGPS) administered by Derbyshire County Council. The LGPS is a defined benefit statutory scheme, administered in accordance with the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007, the Local Government Pension Scheme (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008.

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

Bramcote Bereavement Services Joint Committee (BBSJC) employees.

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

NOTES TO THE ACCOUNTS

The Joint Committee participates in the Local Government Pension Scheme, administered locally by Nottinghamshire County Council. This is a funded defined benefit final salary scheme, meaning that both the Joint Committee and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Arrangements for the award of discretionary post-retirement benefits upon early retirement is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments as they fall due.

The Local Government Pension Scheme in Nottinghamshire is operated under a regulatory framework and the governance of the scheme is the responsibility of the Pension Fund Committee at Nottinghamshire County Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Joint Committee of the scheme are the longevity assumptions, statutory changes to the scheme, and structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund balance the amounts required by statute.

Leisure Services

On 1 February 2019 the Council outsourced the management of leisure services to Parkwood Leisure Limited. This involved the transfer of staff to Legacy Leisure Limited (subcontractor to Parkwood) under Transfer of Undertakings (Protection of Employment) Regulations. The contractual arrangement between the Council and Legacy Leisure Limited is that a pass-through arrangement is in place in relation to the pension membership of the Leisure Services employees. This means that the risks and obligations of the assets and liabilities relating to leisure services employees remains with the Council.

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that the Council is required to make against the Council tax is based on the cash payable in the year. The real cost of retirement benefits, including the gain on settlement detailed above, is reversed out of the General Fund in the Statement of Movement in Reserves, in the line headed 'Adjustment Between Accounting Basis and the Funding Basis under Regulation'. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Statement of Movement in Reserves.

NOTES TO THE ACCOUNTS

Comprehensive Income and Expenditure Statement	2023/24			2024/25		
	Funded £'000	Unfunded £'000	Total £'000	Funded £'000	Unfunded £'000	Total £'000
Net Cost of Services						
Current service cost	(1,762)	0	(1,762)	(1,654)	0	(1,654)
Past service costs	(1)	0	(1)	(106)	0	(106)
Financing and Investment Income and Expenditure						
Net interest on the net defined benefit liability	(164)	0	(164)	177	0	177
Total post employment benefit charged to the Surplus or Deficit on the Provision of Services	(1,927)	0	(1,927)	(1,583)	0	(1,583)
Other post employment benefits charged to the Comprehensive Income and Expenditure Statement						
Remeasurement of the net defined benefit liability comprising:						
• Return on plan assets (excluding the amount included in the net interest)	4,758	0	4,758	(1,259)	0	(1,299)
• Actuarial gains and losses arising on changes in demographic assumptions	718	0	718	192	0	192
• Actuarial gains and losses arising on changes in financial assumptions	4,841	0	4,841	16,171	0	16,048
• Changes in effect of asset ceiling	(10,495)	0	(10,495)	(26,655)	0	(26,524)
• Actuarial gains and losses arising on other experience	(3,336)	0	(3,336)	1,038	0	1,038
	(3,514)	0	(3,514)	(10,513)	0	(10,422)
Total post employment benefits charged to the Comprehensive Income and Expenditure Statement	(5,441)	0	(5,441)	(12,096)	0	(12,096)
Statement of Movement in Reserves						
Adjustment between accounting basis and funding basis under regulation	3,227	(78)	3,149	9,882	(81)	9,801
Actual amount charged against the General Fund balance for pensions in year						
Employer's contributions payable to the scheme	2,214	78	2,292	2,214	81	2,295

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement has not been provided by the actuaries.

NOTES TO THE ACCOUNTS

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefits plans are as follows:

	2023/24			2024/25		
	Funded £'000	Unfunded £'000	Total £'000	Funded £'000	Unfunded £'000	Total £'000
Erewash Borough Council	(108,273)	(729)	(109,002)	(93,626)	(648)	(94,274)
BBSJC (crematorium)	(882)	0	(882)	(843)	0	(843)
Present value of the defined benefit obligation	(109,155)	(729)	(109,884)	(94,469)	(648)	(95,117)
Erewash Borough Council	112,461	0	112,461	114,464	0	114,462
BBSJC (crematorium)	1,022	0	1,022	1,116	0	1,116
Fair value of plan assets	113,483	0	113,483	115,580	0	115,580
Erewash Borough Council	4,188	(729)	3,459	20,838	(648)	20,190
BBSJC (crematorium)	140	0	140	273	0	273
Net asset/(liability) arising from defined benefit obligation	4,328	(729)	3,599	21,111	(648)	20,463

Reconciliation of the Movements in the Fair Value of Schemes Assets

	2023/24			2024/25		
	EBC £'000	BBJSC £'000	Total £'000	EBC £'000	BBJSC £'000	Total £'000
Opening fair value of scheme assets	105,073	916	105,989	112,461	1,022	113,483
Interest income on plan assets	4,938	45	4,983	5,345	52	5,397
Remeasurement gain / (loss): The return on plan assets, excluding the amount included in the net interest expense	4,721	37	4,758	(1,246)	(13)	(1,259)
Contributions from employer	2,255	37	2,292	2,255	40	2,295
Contributions from employees into the scheme	519	9	528	534	11	545
Benefits paid	(5,045)	(22)	(5,067)	(4,885)	4	(4,881)
Closing fair value of scheme assets	112,461	1,022	113,483	114,464	1,116	115,580

The estimated bid value of the Derbyshire Local Government Pension Scheme fund's assets at 31st March 2025 is £5.723 billion (31st March 2024 £5.623 billion).

NOTES TO THE ACCOUNTS

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

The total contributions made by the Council to the Derbyshire Local Government Pension Scheme in 2024/25 was £2,255,000 (2023/24 £2,255,000). The total contributions made by the BBJSC to the Nottinghamshire Local Government Pension Scheme in 2024/25 was £40,000 (2023/24 £37,000).

Reconciliation of Present Value of the Schemes Liabilities (Defined Benefit Obligation)

	EBC £'000	2023/24 BBJSC £'000	Total £'000	EBC £'000	2024/25 BBJSC £'000	Total £'000
Opening balance at 1st April	(108,878)	(858)	(109,736)	(109,002)	(882)	(109,884)
Current service cost	(1,735)	(27)	(1,762)	(1,626)	(28)	(1,654)
Past service cost	(1)	0	(1)	(106)	0	(106)
Interest cost on defined benefit obligations	(5,106)	(41)	(5,147)	(5,166)	(44)	(5,210)
Contribution from scheme participants	(519)	(9)	(528)	(534)	(11)	(545)
Remeasurement (gains) and losses:						
• Actuarial gains (losses) on liabilities arising on changes in financial assumptions	4,818	23	4,841	16,048	123	16,171
• Actuarial gains (losses) on liabilities arising on changes in demographic assumptions	705	13	718	189	3	192
• Actuarial gains (losses) on liabilities arising on changes in other experience	(3,331)	(5)	(3,336)	1,038	0	1,038
Benefits paid	5,045	22	5,067	4,885	(4)	4,881
Closing balance at 31st March	(109,002)	(882)	(109,884)	(94,274)	(843)	(95,117)

NOTES TO THE ACCOUNTS

Schemes History

The movement on the pension schemes' assets and liabilities over the last 5 years is shown below.

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2023/24 £'000	2024/25 £'000
Present value of the defined benefit obligation	(158,263)	(149,945)	(109,736)	(109,884)	(95,117)
Fair value of scheme assets (LGPS)	106,034	110,773	105,989	113,483	115,580
Surplus/(deficit) in the scheme	(52,229)	(39,172)	(3,747)	3,599	20,463
Change in effect of Asset Ceiling	0	0	0	(10,495)	(26,655)
Adjusted surplus/(deficit) in the scheme	(52,229)	(39,172)	(3,747)	(6,896)	(6,192)

The liabilities show the underlying commitments that the Council has in the long term to pay post-employment (retirement benefits).

Asset Ceiling

Following the pension valuation by the Council's actuary, Hymans Robertson LLP, and the BBJSC actuary, Barnett Waddingham, the Council determined that the fair value of its pension assets outweighed the present value of the plan obligations at 31 March 2025, resulting in a pension plan asset. IAS 19 Employee Benefits requires that, where a pension plan net asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; or
- The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan(s) or reductions in future contributions to the plan(s). The Council's actuaries have calculated the asset ceiling as the net present value of future service costs less the net present value of future contributions.

The calculated asset ceiling for the Council is a net liability of £6.130m, which is £26.320m less than the surplus in the scheme benefit plan of £20.190m. Therefore the surplus in the scheme has been reduced by £26.320m to measure the scheme at the asset ceiling level.

The calculated asset ceiling for the BBJSC is a net liability of £0.062m, which is less than the surplus in the scheme benefit plan of £0.273m. Therefore the surplus in the scheme has been reduced by £0.335m to measure the scheme at the asset ceiling level.

NOTES TO THE ACCOUNTS

Local Government Pension Scheme assets

The assets of the Local Government Pension Scheme are valued at fair value and consist of the following categories by proportion of the total assets held by the Fund. All of the assets relate to the funded part of the scheme, the unfunded part has no assets to cover its liabilities.

Erewash Borough Council's share of the Derbyshire Local Government Pension Scheme assets was as follows:

Asset Category	2023/24				2024/25			
	Quoted prices in active markets £'000	Quoted prices not in active market £'000	Total £'000	% of total assets	Quoted prices in active markets £'000	Quoted prices not in active market £'000	Total £'000	% of total assets
Cash and cash equivalent	0	4,306	4,306	4%	0	4,954	4,954	4%
Equity Securities:	3,041	0	3,041	3%	1,587	0	1,587	1%
Debt Securities								
Corporate bonds	6,370	8,135	14,505	13%	7,207	9,577	16,784	15%
UK Government	9,979	0	9,979	9%	12,853	0	12,853	11%
Other	1,703	0	1,703	1%	1,434	0	1,434	1%
<i>Total debt</i>	18,052	8,135	26,187	23%	21,494	9,577	31,071	27%
Private Equity	1,903	3,767	5,670	5%	1,919	4,017	5,936	5%
UK Property	274	7,504	7,778	7%	240	7,786	8,026	7%
Investment funds and unit trusts								
Equities	20,988	33,185	54,173	47%	18,693	31,891	50,584	44%
Infrastructure	1,756	9,550	11,306	11%	1,500	10,805	12,305	11%
<i>Total investment funds and unit trusts</i>	22,744	42,735	65,479	57%	20,193	42,696	62,889	55%
Total	46,014	66,447	112,461	100%	45,433	69,031	114,464	100%

NOTES TO THE ACCOUNTS

Bramcote Bereavement Services Joint Committee's share of the Nottinghamshire Local Government Pension Scheme assets was as follows:

	2023/24		2024/25	
	Total £'000	Total £'000	Total £'000	% of total assets
Cash and cash equivalents	62	6%	61	6%
Equity instruments	702	69%	617	55%
Gilts	25	2%	92	8%
Other Bonds	50	5%	72	7%
Property	109	11%	115	10%
Infrastructure	74	7%	159	14%
Total Assets	1,022	100%	1,116	100%

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

The Derbyshire Local Government Pension Fund liabilities have been assessed by Hymans Robertson LLP, the funds actuaries, based on the latest full valuation of the scheme as at 31st March 2024.

The significant assumptions for the Derbyshire Local Government Pension Scheme used by the actuary have been:

Derbyshire local Government Pension Scheme Assumptions	2023/24	2024/25
	%	%
Rate of increase in salaries	3.80	3.80
Rate of increase in pensions	2.80	2.80
Rate of discounting scheme liabilities	4.80	5.80
Mortality Assumptions	Years	Years
Longevity at 65 for current pensioners		
- Men	20.8	20.8
- Women	23.8	23.8
Longevity at 65 for future pensioners		
- Men	21.6	21.5
- Women	25.3	25.3
Take up option to convert annual pension into retirement lump sum*	50	50

* Members of the Local Government Pension Scheme retiring on or after 6th April 2006 are permitted to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of the actuaries the Council has

NOTES TO THE ACCOUNTS

assumed that 50% of employees retiring after that date will take advantage of this change to the scheme.

The significant assumptions for the Nottinghamshire Local Government Pension Scheme used by the actuary have been:

Nottinghamshire Local Government Pension Scheme Assumptions	2023/24	2024/25
	%	%
Rate of increase in salaries	3.85	3.95
Rate of increase in pensions	2.85	2.95
Rate of discounting scheme liabilities	4.95	5.85
Mortality Assumptions		
Longevity at 65 for current pensioners		
- Men	20.4	20.4
- Women	23.3	23.3
Longevity at 65 for future pensioners		
- Men	21.7	21.7
- Women	24.7	24.7

Sensitivity Analysis

The estimation of the defined benefit obligation is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practise this is unlikely to occur, and changes in some assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, and on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Derbyshire Local Government Pension Scheme	Approximate	Approximate
Change in assumptions at 31st March 2025	% increase	monetary
	to Employer	amount
	Liability	£'000
	%	
0.1% decrease in real discount rate	2%	1,505
1 year increase in member life expectancy	4%	3,771
0.1% increase in the salary increase rate	0%	76
0.1% increase in the pension increase rate	2%	1,470

NOTES TO THE ACCOUNTS

Nottinghamshire Local Government Pension Scheme	Increase in	Decrease in
Change in assumptions at 31st March 2025	Assumption	Assumption
	£'000	£'000
0.1% decrease in real discount rate	20	(23)
0.1% increase in the salary increase rate	21	(21)
0.1% increase in the pension increase rate	22	(20)

Impact on the Council's Cash Flows

Funding levels are monitored on an annual basis. The contributions paid are set by the Fund Actuary at each triennial actuarial valuation, or at any other time as instructed by the administering authorities, Derbyshire County Council for Erewash Borough Council and Nottinghamshire County Council for the Bramcote Bereavement Services Joint committee.

During the 2024/25 financial year it is estimated that the Council will make contributions totalling £2.211m to the Derbyshire Local Government Pension Fund in respect of Erewash Borough Council and £0.042m to the Nottinghamshire local Government Pension Fund in respect of the Bramcote Bereavement Services Joint Committee.

30. Contingent Liabilities and Contingent Assets

Contingent Liabilities

These relate to pending legal or contractual claims not included in the accounts and guarantees given by the Council for repayment of loans taken out by certain associated companies.

Leisure Services

The Council has entered into a long-term contract for the provision of leisure services with Parkwood Leisure Limited. There has been a transfer of Council leisure services employees to Legacy Leisure Limited who are the subcontractors for Parkwood on the contract. Parkwood Leisure Limited are providing a parent company guarantee in respect of Legacy Leisure Limited. A pass-through arrangement is in place in relation to the pension membership of leisure services employees. This means that the risks and obligations of the assets and liabilities relating to leisure services employees remains with the Council.

In the event of the premature termination of the contract due to the insolvency, winding up or liquidation of the contractor, Parkwood has agreed to put in place a £200,000 bond to contribute towards any deficit on the Pension Fund, including redundancy costs. The Council is guaranteeing any amount above this figure but have agreed with the pension administrators that any sums due from the authority will be recouped via ongoing changes to the employers' contribution rates rather than as a lump sum.

At the normal end of the contract, if an exit payment is required to be paid to the Pension Fund then agreement has been made via the contract that the Council will meet any deficit

NOTES TO THE ACCOUNTS

in the first instance and, as above, the County Council has accepted that this can be recovered through contribution rate changes over the longer term. In mitigation of this, the starting point is one of a fully funded pension position on transfer, the opening contribution rate has been set at a prudent level and there is a full 'pass through' arrangement in place whereby the Council is liable for any changes needed to the employers' contribution rate over the life of the contract. The scheme is also 'closed' i.e. not open to new employees. The Pension Fund is revalued on a triennial basis.

The likelihood of any potential liability will be assessed at each balance sheet date during the lifetime of the contract. The likelihood of any liability occurring during the current year has been assessed as remote.

31. Joint Venture - Bramcote Bereavement Services Joint Committee

The role of Erewash Borough Council and Broxtowe Borough Council with regard to the Bramcote Bereavement Services Joint Committee is such that the Crematorium is considered to be a joint operation as defined by IFRS11 *Joint Arrangements*. A joint arrangement is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control is the contractually agreed sharing of control over an economic activity such that no individual contracting party has control.

Under the terms of the joint arrangement the Council has the rights to the assets, and obligations for the liabilities, relating to the arrangement and therefore is classified under IFRS11 as a joint operation.

The Council accounts for the joint operation under IFRS11 only for its 50% share of the jointly controlled assets, liabilities, and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint operation and income that it earns from the joint operation.

The accounts of Bramcote Bereavement Services Joint Committee have been prepared in accordance with The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. Further information about the accounts can be obtained by contacting the Deputy Chief Executive, Broxtowe Borough Council, Council Offices, Foster Avenue, Beeston, Nottingham NG9 1AB.

NOTES TO THE ACCOUNTS

32. Charitable Stewardship

The Council has a stewardship role in a number of charitable accounts which it administers but which are not included in the Balance Sheet. These amounts are summarised below:

	Opening Balance £'000	Expenditure £'000	Income £'000	Closing Balance £'000
2024/25				
Long Eaton United Charities	14	0	0	14
Copley Charity	2	(1)	1	2
Mayor's Charity	2	(4)	6	4
	18	(5)	7	20

	Opening Balance £'000	Expenditure £'000	Income £'000	Closing Balance £'000
2023/24				
Long Eaton United Charities	14	0	0	14
Copley Charity	2	(1)	1	2
Mayor's Charity	2	(3)	3	2
	18	(4)	4	18

The purposes of the above charities are as follows:

- Long Eaton United Charity - this charitable bequest is used to provide small grants to charities operating in the former Long Eaton Urban District Council area.
- Copley Charity - the charity is the bequest of the late Reverend Copley. Each Christmas an amount is given to aged, sick and other deserving residents of the Ilkeston area. The amount is determined each year by the trustees.
- Mayor's Charity - each year the Mayor has the option to nominate a charity they would like to support during their year in office.

COLLECTION FUND

Collection Fund

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 non domestic rates.

2023/24 £'000	2024/25 Non Domestic Rates £'000	2024/25 Council Tax £'000	2024/25 Total £'000
Amounts required by statute to be credited to the Collection Fund			
Income			
(70,079) Council tax receivable	-	(74,614)	(74,614)
(366) Council tax discretionary reliefs	-	(86)	(86)
(22,075) Non domestic rates receivable	(24,928)	-	(24,928)
(632) Transitional Protection Payments	(258)	-	(258)
14 Interest	19	-	19
(93,138) Total amount credited to the Collection Fund	(25,167)	(74,700)	(99,867)
Amounts required by statute to be debited to the Collection Fund			
Expenditure			
Precepts and shares from major preceptors and the Council			
10,858 - Central Government	10,800	-	10,800
16,433 - Erewash Borough Council	8,640	8,123	16,763
53,111 - Derbyshire County Council	1,944	53,551	55,495
9,228 - Police and Crime Commissioner for Derbyshire	0	9,649	9,649
3,188 - Derbyshire Fire Authority	216	3,051	3,267
92,818	21,600	74,374	95,974

COLLECTION FUND

2023/24 £'000	2024/25 Non Domestic Rates £'000	2024/25 Council Tax £'000	2024/25 Total £'000
Contributions to major precepting authorities and the Council in respect of the surplus/(deficit) on the Collection Fund			
(983) - Central Government	(978)	-	(978)
(908) - Erewash Borough Council	(782)	(102)	(884)
(985) - Derbyshire County Council	(176)	(672)	(848)
(143) - Police and Crime Commissioner for Derbyshire	-	(121)	(121)
(66) - Derbyshire Fire Authority	(20)	(39)	(59)
(3,085)	(1,956)	(934)	(2,890)
Charges to Collection Fund			
720 - (Decrease)/increase in provision for bad debts	(374)	(308)	(676)
(1,154) - Increase/(decrease) in provision for appeals	480	-	480
671 - Debts written off	449	983	1,432
132 - Cost of collection allowance	132	-	132
369	687	675	1,362
90,102 Total Amount Debited to the Collection Fund	24,243	74,116	98,359
(3,036) Net Movement on Collection Fund Balance	(924)	585	(339)
2,166 (Surplus)/deficit brought forward 1st April	(1,942)	1,072	(870)
(870) (Surplus)/deficit carried forward 31st March	(2,866)	487	(2,379)

COLLECTION FUND

2023/24 £'000	2024/25 Non Domestic Rates £'000	2024/25 Council Tax £'000	2024/25 Total £'000
Share of Collection Fund (surplus) / deficit			
(971) - Central Government	(1,433)	-	(1,433)
(660) - Erewash Borough Council	(1,146)	53	(1,093)
596 - Derbyshire County Council	(258)	351	93
139 - Police and Crime Commissioner for Derbyshire	-	63	63
26 - Derbyshire Fire Authority	(29)	20	(9)
<u>(870)</u>	<u>(2,866)</u>	<u>487</u>	<u>(2,379)</u>

NOTES TO THE COLLECTION FUND

1. Council Tax Base

The Council's tax base at January 2024, the number of chargeable dwellings in each valuation band net of discounts converted to an equivalent number of Band D dwellings, was calculated as follows:

Valuation band	Number of dwellings per valuation list	Revised number of dwellings after discounts and exemptions	Reduction for Council tax support	Band D equivalent dwellings	Ratio	Band D equivalents
A*	49	44.3	11.7	32.6	5/9	18.1
A	21,542	18,863.3	3,810.2	15,053.1	6/9	10,035.4
B	14,034	12,687.5	1,082.7	11,604.8	7/9	9,026.0
C	7,753	7,144.5	343.4	6,801.1	8/9	6,045.5
D	4,999	4,707.3	104.5	4,602.8	1	4,602.8
E	2,355	2,252.5	37.7	2,214.8	11/9	2,707.0
F	906	862.8	3.1	859.7	13/9	1,241.7
G	517	490.3	4.1	486.2	15/9	810.3
H	12	11.8	0	11.8	18/9	23.5
Total	52,167	47,064.3	5,397.4	41,666.9		34,510.3
* disabled relief						

The level of Council tax is calculated at the beginning of the year and is calculated so as to ensure that the Council has sufficient funds to pay for the services that it provides. The amount of tax paid by local residents is based on the value of their property in 1991 assessed by the Valuation Office.

The total required by the Collection Fund is divided by the Council tax base. This represents the number of properties in the borough, expressed as equivalent Band D properties.

A provision for bad debts has been established for Council tax. The Council's share of this provision was £0.343m at 31st March 2025 (£0.381m at 31st March 2024). The movement on this provision is shown in Note 17 page 84.

NOTES TO THE COLLECTION FUND

2. Council Tax and Non Domestic Rates Precepts

The following table shows the Councils and other bodies that have made a demand or precept on the Collection Fund:

2023/24	2024/25 Non Domestic Rates £'000	2024/25 Council Tax £'000	2024/25 Total £'000
Total £'000			
10,858 Central Government	10,800	-	10,800
15,874 Erewash Borough Council	8,640	7,379	16,019
559 Parish Councils	-	744	744
53,111 Derbyshire County Council	1,944	53,551	55,495
9,228 Police and Crime Commissioner for Derbyshire	-	9,649	9,649
3,188 Derbyshire Fire Authority	216	3,051	3,267
92,818	21,600	74,374	95,974

3. National Non Domestic Rates

Under the arrangements for uniform business rates, the Council collects National Non-Domestic Rates for its area which are based on local rateable values. In 2024/25 Central Government set two rates in the pound: a standard Non-Domestic Rate Multiplier of 54.6p (2023/24 51.2p) and a Small Business Rate Multiplier of 49.9p (2023/24 49.9p).

The total non-domestic rateable value for Erewash Borough at 31st March 2025 was £69.8m (31st March 2024 £69.7m). Mandatory relief for empty, charitable, and void properties and small business rate relief was £9.3m (2023/24 £7.5m). This resulted in a net yield of £24.9m (2023/24 £20.9m).

A provision for bad debts has been established for non-domestic rates. The Council's share of this provision was £0.337m at 31st March 2025 (£0.486m at 31st March 2024). The movement on this provision is shown in Note 17 page 84.

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GLOSSARY OF TERMS

Accounting period

This is the length of time covered by the accounts. It is normally a period of twelve months commencing on 1st April. The end of the accounting period is in the balance Sheet.

Accruals

Income or expenditure relating to goods or services received/provided during the accounting period where payment has not been made or received at the end of the accounting period.

Amortisation

This is a charge made to the service revenue accounts each accounting period to reflect the reduction in the value of the intangible assets used in the delivery of services.

Asset

An item having value measured in monetary terms. Assets can be defined as non current or current. A non current asset has a value for more than one year (for example a building or long term investment). A current asset can be readily converted into cash (for example stocks or short term debtors).

Audit of Accounts

An independent examination of the Council's financial statements.

Balances

The total level of funds a Council has accumulated over the years which are available to support revenue expenditure within the year.

Billing Authority

A Council that has the power to set and collect Council tax.

Budget

The spending plans of a Council over a specific period of time.

Capital Adjustment Account

An unusable reserve which is charged with the historic cost of creating or enhancing non-current assets over the life of those assets. This account also contains the appropriations needed to ensure that any depreciation or impairment losses debited to the Comprehensive Income and Expenditure Statement do not impact on the level of local taxation.

Capital Charge

A charge to service revenue accounts to reflect the cost of non-current assets used in the provision of services.

Capital Expenditure

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

GLOSSARY OF TERMS

Capital Financing Requirement

An amount calculated as long-term assets less the balances on the capital adjustment account, revaluation reserve and grants received in advance account. The Council is required to make a provision from revenue resources to meet its debt repayment obligations. This is known as the minimum revenue provision (MRP).

Capital Programme

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

Capital Receipt

Money received from the disposal of land and other assets and from the repayment of grants and loans made by the Council.

CIPFA

The Chartered Institute of Public Finance Accountancy helps local authorities to develop and maintain their own codes of governance and discharge their accountability for the proper conduct of public business.

Collection Fund

A fund administered by the Council recording receipts from Council tax and NNDR and payments to the General Fund and other public authorities.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Creditors

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

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of a non-current asset.

Debtors

Sums of money owed to the Council but not received at the end of the year.

Defined Benefit Pension Scheme

A 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.

Earmarked Reserve

A sum set aside for a specific purpose.

GLOSSARY OF TERMS

Emoluments

Payments received in cash and benefits for employment.

Existing Use Value

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arms length transaction, disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

Fair Value

The fair value of a non-current asset is the price at which it could be exchanged in an arms length transaction less, where applicable, any grants receivable towards the purchase or the use of the asset.

Fees and Charges

Income arising from the provision of services.

Financial Instruments Adjustment Account

This account holds the accumulated difference between the financing costs included in the Comprehensive Income and Expenditure Statement and the financing costs required to be charged to the General Fund Balance.

Finance Lease

A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance.

General Fund

This is the main revenue account from which payments are made to meet the cost of providing services.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to Council, in return for past or future compliance with certain conditions relating to the activities of the Council.

Heritage Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal.

Housing Benefits

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

GLOSSARY OF TERMS

Impairment

The fall in value upon revaluation of an asset due to a significant decline in the market value, obsolescence, physical damage or a significant change in the statutory or regulatory environment in which the asset operates.

Income

Amounts which the Council receives, or expects to receive from any source, including rents, fees, charges, sales, and grants.

Infrastructure Assets

These are non-current assets belonging to the Council that cannot be readily sold, do not necessarily have a resale value and for which a useful life span cannot be readily assessed.

International Accounting Standards

International Accounting Standards are older accounting standards issued by the International Accounting Standards Committee, which were replaced in 2001 by International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board.

International Accounting Standards Board

The Board is an independent group of experts with an appropriate mix of recent practical experience in setting accounting standards, in preparing, auditing, or using financial reports and in accounting education.

International Financial Reporting Interpretations Committee (IFRIC)

This committee reviews on a timely basis, widespread accounting issues that have arisen within the context of current International Financial Reporting Standards (IFRSs). The work of the Interpretations Committee is aimed at reaching consensus on the appropriate accounting treatment and providing authoritative guidance on those issues.

International Financial Reporting Standards (IFRS)

These cover all aspect of accounting practice and set out the correct accounting treatment. They are issued by the International Accounting Standards Board and their application to public sector accounts within the UK is now mandatory.

Investments

A long-term investment is an investment that is intended to be held for use on a continuing basis. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investment Properties

Interest in land and/or buildings in respect of which construction work and development have been completed, or which is held for its investment potential, with rental income being negotiated at arm's length.

Liabilities

Amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date.

GLOSSARY OF TERMS

Long Term Debtor

Amounts due to the Council more than one year after the Balance Sheet date.

Market Value

The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

National Non-Domestic Rates (NNDR)

Rates which are levied on business properties.

Net Assets

Total assets less total liabilities. This is the amount by which the total assets of the Council exceed its total liabilities and equals the Reserves of the Council.

Net Book Value

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

Net Defined Benefit Liability or Asset

The present value of the defined benefit obligation less the fair value of the plan assets (adjusted for the asset ceiling if applicable).

Non Operational Assets

Non-current assets held by the Council but not directly occupied, used or consumed in the delivery of services.

Operational Assets

Non-current assets held, occupied, used or consumed in the direct delivery of services for which the Council has a statutory duty or discretionary power to provide.

Operating Leases

A type of lease where the ownership of the asset remains with the lessor.

Post Balance Sheet Events

Material events which can be either favourable or 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

Amounts levied on the Council by other Councils or public bodies (police commissioner, fire and rescue authorities and parish Councils), that cannot directly raise Council tax themselves.

GLOSSARY OF TERMS

Prior Year Adjustments

Those material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in previous years.

Property, Plant and Equipment

Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

Provisions

Contributions to provisions are amounts charged to the revenue account during the year for costs with uncertain timing where a reliable estimate of the cost can be made.

Prudence

This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in the light of the information available.

Rateable Value

The annual assumed rental value of a property, which is used to assess the amount of business rate payable.

Related Party

There is a detailed definition of related parties in FRS8. For the Council's purposes, related parties are deemed to include the elected members of the Council and their partners, the chief officers of the Council and companies in which the Council has an interest.

Reserves

Surpluses and deficits that have been accumulated over past years. Revenue reserves are available to be spent or earmarked at the discretion of the Council. Some capital reserves, such as the revaluation reserve, cannot be used to meet current expenditure.

Revaluation Reserve

A reserve created as a result of the current capital accounting regulations that enables assets to be shown in the accounts at current values.

Revenue Expenditure

Expenditure on the day-to-day running costs of services e.g. employees, premises, supplies and services.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure which may properly be incurred but does not result in an asset owned by the Council. Examples of these are expenditure on items such as improvement grants.

Revenue Support Grant (RSG)

A grant from central government towards the cost of providing services.