Brighton & Hove City Council

Audited Statement of Accounts 2024/25

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Chief Finance Officer’s Narrative Report

Council Overview

Brighton & Hove City Council (“the council”) was awarded city status in 2000 and is a south coast unitary authority formed of the merger of two former borough councils covering the geographical area of Brighton and Hove. Brighton & Hove is a thriving city located between the South Downs and the sea. It is home to more than 290,000 people making it England’s most populated ‘seaside resort’. The city is known for the Royal Pavilion, various visitor attractions, the historic lanes, independent shops, a vast array of pubs, restaurants and clubs, festivals, events, Regency architecture, and an attractive chalk cliff coastline.

Brighton & Hove City Council is a unitary, single-tier authority with responsibility for a range of services including schools and education, social care, housing, libraries, waste collection and disposal, highways management, planning, licensing, and public health.

The council implemented an organisational redesign in January 2025 with the aim of aligning the council to its mission to create ‘a better Brighton & Hove for all’ and deliver on the organisational design savings agreed at Full Council in February 2024. The redesign included a strategic shift in the council’s leadership and operations and moved to a three-directorate structure: Homes and Adult Social Care, Families, Children and Wellbeing and City Operations. Corporate support functions have grouped together under Central Hub. This replaced the four-directorate structure: Corporate Services; City Services; Families, Children and Learning; and Housing, Care and Wellbeing. Service areas were consolidated or realigned to better support the council’s new strategy.

The council operates under 'executive arrangements' - a Leader & Cabinet system; this means that the Cabinet (or Executive) is responsible for day-to-day decision making on most services. Cabinet meets eleven times a year. Please see committees, council meeting and decision making for further details.

The council’s latest overarching strategy document is the Brighton & Hove City Council plan for 2023 to 2027 (brighton-hove.gov.uk). This sets out the council’s vision “A better Brighton & Hove for all” and the council’s four outcomes to achieve the vision which are a city to be proud of, a fair and inclusive city, a healthy city where people thrive and a responsive council with well-run services. Please see: Brighton & Hove City Council plan 2023 to 2027 (brighton-hove.gov.uk) for full details. The council plan and its priorities are supported by a range of strategies and workplans which set out in more detail what the council will deliver to achieve its vision; please see How we will deliver the council plan 2023 to 2027 (brighton-hove.gov.uk).

The council has in place a robust performance management framework which includes corporate key performance indicators. Annual targets for a wide range of indicators and progress against these are reported regularly to the Cabinet. The final position for 2024/25 will be reported to the June 2024 meeting of the Cabinet.

The council also has a robust risk management approach as set out in the 2024/25 risk management framework. This was reported to the 28 January 2025 meeting of the Audit, Standards & General Purposes Committee; please see Formal approval of the Risk Management Framework 2024/25 (brighton-hove.gov.uk) for further details. Regular update reports on the council’s strategic risk register are also presented to this Committee.

The council’s 2024/25 Annual Governance Statement, an annual legally required review of internal controls and governance, will be reviewed and agreed by the Audit, Standards & General Purposes Committee on 24 June 2025.

2024/25 Budget Setting

The 2024/25 budget was set in a continuing unprecedented financial and economic environment. Council Tax, Business Rate Retention and Adult Social Care precept increases, together with additional resources provided by the Autumn Statement, were not sufficient to balance the budget due to the need to provide cover for substantial excess pay award costs and provide for ongoing inflationary pressures and growing demands across critical statutory services such as Adult and Children's social care, homelessness and home-to-school transport.

These significant cost and demand pressures resulted in a budget shortfall (gap) of £30 million in 2024/25; the largest budget shortfall the council had ever seen. This is following fifteen successive budget deficits addressed by the council since 2010. Whilst some of the 2024/25 shortfall could be mitigated by other changes, including changes to the council the tax base (including updating the policy on charging council tax premium on long-term empty homes), significantly reducing capital financing charges through the review of the Capital Investment Programme, and reviewing planned contributions to earmarked reserves, a very substantial package of cuts and savings was inevitably required to achieve a legally balanced budget. The savings package approved totalled £23.730m for 2024/25, almost £10m greater than in the previous financial year, and therefore representing an increased risk of delivery for the council.

The 2024/25 budget included:

- A general Council Tax increase of 2.99%.
- An Adult Social Care Precept increase of 2.00% (the maximum allowed before a local referendum was required).
- A net General Fund budget requirement of £246.353 million
- A substantial capital investment programme of £211.470 million.
- A recommended working balance of £9.000 million (approximately 3.7% of the net budget) to be maintained or replenished over the period of the Medium-Term Financial Strategy.

Further details on the 2024/25 budget can be found in the 2024/25 Budget Report and supporting documents which were approved by Budget Council on 22 February 2024.

2024/25 Outturn

Revenue

The provisional revenue outturn is a £1.091 million underspend on the General Fund revenue budget and a balanced outturn on the Housing Revenue Account. A summary is set out below.

	2024/25	Provisional	Provisional
	Budget	Outturn	Variance
Directorate	£'000	£'000	£'000
Families, Children & Wellbeing	72,692	71,630	(1,062)
Homes & Adult Social Care	118,117	120,548	2,431
City Operations	40,814	37,017	(3,797)
Central Hub	30,513	30,470	(43)
Centrally Held Budgets	(56,753)	(55,373)	1,380
Total General Fund	**205,383**	**204,292**	**(1,091)**

The provisional general fund outturn of £1.091 million underspend is an improvement of £4.401 million from month 9 (December), primarily as a result of a significant improvement in City Operations outturn. The outturn follows a challenging year of cost and demand pressures, and the risk of the delivery of savings. This resulted in a significant overspend being forecast, peaking at £10.137 million at Month 2 (May). The provisional underspend was achieved through a number of measures, including the implementation of strict spending and recruitment controls.

Capital

The provisional capital outturn is an underspend of £4.025 million. A summary is set out below:

Directorate	2024/25 Budget £'000	Provisional Outturn £'000	Provisional Variance £'000
Families, Children & Wellbeing	13,434	13,434	0
Homes & Adult Social Care	6,874	6,874	0
City Operations	46,030	46,013	(17)
Central Hub	4,023	3,845	(178)
Housing Revenue Account	74,784	70,954	(3,830)
Total Capital	**145,145**	**141,120**	**(4,025)**

Full details of capital financing are set out in Note 11 Capital Investment and Capital Financing.

Further details are provided in the 2024/25 outturn report which will be considered and approved by Cabinet on 26 June 2025.

Additional Government Funding

The council receives temporary additional government funding to support services and the local economy. Please see Note 16 Grants and Contributions.

Cashflow Management

The council regularly reviews its cash flow requirements and approves an annual Treasury Management Policy and Strategy which sets parameters within which the council's cash balances and reserves will be invested. Please see Treasury Management Policy & Strategy 2024/25 (approved by Council on 22 February 2024).

Budget Planning 2025/26 and Beyond

The council continues to operate in an extremely financially challenged environment. Despite setting a balanced budget for 2025/26, there are significant pressures across the organisation, particularly in temporary accommodation and for adults / children's social care placements. These pressures, coupled with a very low level of reserves, mean that the council's financial sustainability is at risk. Financial sustainability is a top priority for the political and managerial leadership of the council, and efforts will be focused throughout 2025/26 on managing our in year financial position, setting a balance budget for 2026/27 and building up our level of reserves.

The Local Government Financial Settlement (LGFS) issued by the new government included a real-terms increase in Local Government 'core spending power' of 4.3% for 2025/26 but was again a one-year settlement but with the prospect of multi-year settlements to follow next year. The LGFS confirmed maximum allowable Council Tax increases of up to 4.99%, including an Adult Social Care precept of 2%, and a Business Rates increase of 1.7% in line with 13 September 2024 CPI. The council's budget proposals for 2025/26 were based on a 4.99% Council Tax increase.

Whilst the Local Government Financial Settlement resulted in a real-terms increase of 4.3%, it still falls significantly short of the increases in costs and demands facing the council, particularly in relation to Special Educational Needs, Home to School Transport, Adult Social Care, Children's Safeguarding and Care, and Homelessness. This is a common picture nationally that is creating severe financial challenges for the majority of councils and which the government recognises. In response, the government has issued a detailed consultation on Local Government Funding Reform and has published the English Devolution White Paper aimed at not only improving local government but also improving its financial sustainability.

The council identified a projected budget shortfall of over £16 million in 2025/26 and almost £61 million over the 4-year period of the Medium-Term Financial Strategy to 2028/29. This inevitably requires some very difficult choices to be made given that the council has a relatively low Working Balance and limited risk provisions to help the position in the short term. This is due to cumulative savings and cuts of over £175 million having been required over the last decade resulting from over £100 million grant reductions under previous governments since 2010 and very significant increases in demands and needs for statutory services such as social care over the same period

The 2024/25 budget included:

- A general Council Tax increase of 2.99%.
- An Adult Social Care Precept increase of 2.00% (the maximum allowed before a local referendum was required).
- A net General Fund budget requirement for 2024/25 of £264.819 million
- A substantial capital investment programme of £246.946 million.
- A recommended working balance of £9.000 million (approximately 3.4% of the net budget) to be maintained or replenished over the period of the Medium-Term Financial Strategy

Further details on the 2025/26 budget can be found in the 2025/26 Budget Report and supporting documents which were approved by Budget Council on 27 February 2025.

International Financial Reporting Standard 16 (IFRS 16) – Leases

The Council adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024. The effect of IFRS 16 for lessee leases has been to increase balance sheet non-current assets by £38.381 million, with an equal increase in lease liabilities at 1 April 2024. Further details are provided in Note 17 Leases and Lease Type Arrangements.

With effect from 1 April 2024, IFRS 16 also applies to service concession arrangements i.e. Public-Private Partnerships (PPP) and similar schemes. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. The effect of IFRS 16 for PFI has been to restate the liability as at 1 April 2024 by £13.595 million, with an equal increase in PFI non-current assets at 1 April 2024. Note 18 PFI Initiative Contracts provides further details on PFI contracts

School Balances and Dedicated Schools Grant (DSG) deficits

DSG Deficit

Currently, the government is providing legislation known as the Statutory Override facility that means any deficit associated with the Central DSG is excluded from the council's general fund financial position at the end of a financial year. The regulations require the negative balance (central DSG deficit of £0.680m) be held in an unusable reserve which remains there for the lifetime of the regulations. The override facility is currently due to expire in March 2026, and an announcement is expected where the government will set out their future intentions relating to the Statutory Override. Note 16 Grants and Contributions provides more details on the DSG

School Balances

School balances at the end of 2024/25 are a net deficit of £2.623m, a reduction of £2.904m from the £0.281m net surplus balance at the end of 2023/24. Final school budget plans for 2025/26 are submitted during summer term 2025 and these will incorporate final balances from 2024/25. It is likely that due to the worsening financial position in schools the level of required licensed deficits will increase for 2025/26. The council is working very closely with schools to ensure appropriate measures and steps are being implemented to bring school budgets back to a balanced position in future years. Note 8 Usable Reserves provides more details on School Balances.

Brighton i360

Brighton i360, a 162-meter observation tower on Brighton's seafront, opened on August 4, 2016. To support the building of the Brighton i360, the council agreed to take out a £36 million government loan and pass it on to the developers, Brighton i360 Ltd. The loan was from the Public Works Loans Board (PWLB), a government funding agency who made loans available for major building projects including, at the time, for commercial projects.

The i360 company went into administration in December 2024 as a result of suffering ongoing financial difficulties. At the time of administration, the i360 company owed the council £51.040 million, which included a £4.060 million loan novated from Coast to Capital Local Enterprise Partnership, held as a long-term debtor on the balance sheet. The subsequent sale of the asset by the administrator in February 2025 required the council to sign a deed of release with the buyer, which means that the debt owed by Brighton i360 will be written off. Alongside this, the council has entered into a revenue share agreement with the buyer.

Within the 2024/25 accounts, after applying provisions made against the long-term debtor, the council has, written off the net loss of £8.955 million with the loss being carried on the balance sheet within unusable reserves to be reduced annually by the original schedule of Minimum Revenue Provision (MRP) to 2041/42.

Explanation of Accounting Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2025. It comprises core and supplementary statements together with disclosure notes. The Statement of Accounts has been prepared and published in accordance with the Accounts and Audit Regulations 2015 and the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ("the Code") issued by the Chartered Institute of Public Finance and Accountancy. The Code is based on International Financial Reporting Standards, as adapted for the UK public sector under the oversight of the Financial Reporting Advisory Board.

The four core statements are:

- The **Comprehensive Income and Expenditure Statement (CIES)** which records the council's income and expenditure for the year. The top half of the statement provides an analysis by service area (operating segment). The bottom half of the statement deals with corporate transactions and funding.
- The **Movement in Reserves Statement (MiRS)** is a summary of the changes to the council's reserves over the course of the year. Reserves are divided into "usable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific legal or accounting purposes.
- The **Balance Sheet (BS)** is a "snapshot" of the council's assets, liabilities, cash balances and reserves at the year-end date.

- The **Cash Flow Statement** shows the reason for changes in the council's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).

The two supplementary financial statements are:

- The **Housing Revenue Account (HRA)** – this separately identifies the council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.
- The **Collection Fund**, which summarises the collection and redistribution of council tax and business rates income for the Brighton and Hove area.

The notes to these financial statements provide further detail about the council's accounting policies and individual transactions. A glossary of key terms can be found at the end of this publication.

Further Information

Further information about the financial statements is available from the Corporate Accounting team located in room 167, Hove Town Hall, Norton Road, Hove, BN3 4AH. In addition, interested members of the public have a statutory right to inspect the financial statements and their availability is advertised on the council's website, www.brighton-hove.gov.uk.

John Hooton ACA (ICAEW)
Interim Director, Property and Finance (Section 151 Officer)

Statement of Responsibilities

The Council's Responsibilities

The council is required to:

(i) make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this council that officer is the Acting Chief Finance Officer.

(ii) manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets.

(iii) approve the Statement of Accounts.

The S151 Chief Finance Officer Responsibilities

The council's appointed S151 Chief Finance Officer is responsible for the preparation of the council's Statement of Accounts in accordance with proper practices as set out in the CIPFA (Chartered Institute of Public Finance and Accountancy) Code of Practice on Local Authority Accounting in the United Kingdom. The S151 Chief Finance Officer is required to sign and date the Statement of Accounts, stating that it presents a true and fair view of the financial position of the council at the Balance Sheet date and its income and expenditure for the financial year.

In preparing this Statement of Accounts the S151 Chief Finance Officer has:

(i) selected suitable accounting policies and then applied them consistently

(ii) made judgements and estimates that were reasonable and prudent

(iii) complied with the local authority Code.

The S151 Chief Finance Officer has also:

(i) kept proper accounting records which were up to date

(ii) taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts presents a true and fair view of the financial position of Brighton & Hove City Council at 31 March 2025 and its income and expenditure for the financial year ended 31 March 2025.

John Hooton ACA (ICAEW) Interim Director, Property and Finance (Section 151 Officer)
Date: 25 November 2025

Certification by Chair

I confirm that this Statement of Accounts was approved (subject to final amendments and audit opinion post conclusion) by the Audit, Standards & General Purposes Committee at a meeting held on 25 November 2025.

Signed on behalf of Brighton & Hove City Council by
Councillor Pete West, Chair, Audit, Standards & General Purposes Committee,
Date: 25 November 2025

Brighton & Hove City Council

Core Financial Statements 2024/25

Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement (CIES) records the council's revenue income and expenditure for the year. Expenditure represents a combination of statutory duties and discretionary spend focused on local priorities and needs.

Note		Year Ended 31 March 2025			Year Ended 31 March 2024		
		Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
		£'000	£'000	£'000	£'000	£'000	£'000
	Families, Children & Wellbeing	394,790	(300,497)	94,293	370,489	(277,355)	93,134
	Homes & Adult Social Care	238,312	(88,914)	149,398	222,432	(83,538)	138,894
	City Operations	160,226	(81,469)	78,757	144,547	(76,624)	67,924
	Central Hub	54,988	(21,067)	33,921	56,918	(18,748)	38,170
	Centrally Held Budgets	117,627	(108,021)	9,606	133,015	(114,440)	18,576
	Housing Revenue Account	94,147	(79,125)	15,022	92,564	(71,309)	21,255
5	**Cost of services**	**1,060,089**	**(679,093)**	**380,996**	**1,019,965**	**(642,013)**	**377,952**
6	(Gain)/loss on the disposal of non-current assets			24,291			4,785
6	Precepts and levies			298			284
	Non-current asset charges to academy schools			172			(464)
	Other operating expenditure			**24,761**			**4,605**
6	Interest payable and premiums			16,055			18,678
25	Net interest on the net defined benefit pension liability			(3,333)			(3,567)
6	Interest receivable and similar income			(4,768)			(10,670)
	Income and expenditure in relation to investment properties			(3,149)			(3,102)
	De-recognition of Financial Asset			8,955			0
10	Changes in the fair value of investment properties			333			6,648
	Financing and investment income and expenditure			**14,093**			**7,987**
	Council tax income (including share of (surplus)/deficit)			(183,179)			(172,048)
	Share of non-domestic rates income (including share of (surplus)/deficit)			(52,771)			(49,422)
	Gain on Lessee Leases with Nil Consideration			(6,038)			0
16	Non ring-fenced government grants			(87,760)			(75,795)
16	Capital grants and contributions			(38,021)			(45,158)
	Taxation and non-specific grant Income and expenditure			**(367,769)**			**(342,423)**
	(Surplus)/deficit on the Provision of Services			**52,082**			**48,122**
9,10	(Surplus)/deficit on revaluation of non-current assets			(32,563)			(50,303)
25	Remeasurements of the net defined benefit liability			9,356			9,467
	Other comprehensive income and expenditure			**(23,206)**			**(40,835)**
	Comprehensive income and expenditure (surplus)/deficit			**28,876**			**7,288**

Movement in Reserves Statement

The Movement in Reserves Statement shows the movement in year on reserve balances held by the council. Further details can be found in Note 8 Usable Reserves and Note 9 Unusable Reserves.

2024/25	Balance 1 April £'000	Total Comprehensive Income and Expenditure £'000	Adjustments between accounting basis and funding basis under regulations £'000	Net (increase) / decrease £'000	Balance 31 March £'000
General Fund Reserves	(31,157)	34,876	(31,756)	3,120	(28,037)
Housing Revenue Account Reserves	(11,209)	17,206	(18,840)	(1,635)	(12,844)
Capital Receipts Reserve	(13,590)	0	1,295	1,295	(12,295)
Capital Grants Unapplied Reserve	(5,279)	0	2,355	2,355	(2,924)
Usable Reserves	**(61,235)**	**52,082**	**(46,947)**	**5,135**	**(56,099)**
Capital Adjustment Account	(1,165,262)	0	48,922	48,922	(1,116,340)
Revaluation Reserve	(630,585)	(32,563)	9,262	(23,301)	(653,885)
Deferred Capital Receipts Reserve	(6,105)	0	25	25	(6,080)
Pooled Investment Funds Adjustment Account	805	0	(89)	(89)	716
Accumulated Absences Account	5,045	0	105	105	5,150
Financial instruments Adjustment account	9,100	0	(219)	(219)	8,881
Collection Fund Adjustment Account	4,244	0	361	361	4,605
Dedicated Schools Grant Adjustment Account	0	0	680	680	680
Pensions Reserve	22,864	9,356	(12,100)	(2,744)	20,120
Unusable Reserves	**(1,759,896)**	**(23,206)**	**46,947**	**23,741**	**(1,736,153)**
Total Reserves	**(1,821,131)**	**28,876**	**0**	**28,876**	**(1,792,252)**

2023/24	Balance 1 April £'000	Total Comprehensive Income and Expenditure £'000	Adjustments between accounting basis and funding basis under regulations £'000	Net (increase) / decrease £'000	Balance 31 March £'000
General Fund Reserves	(36,981)	30,853	(25,029)	5,824	(31,157)
Housing Revenue Account Reserves	(12,307)	17,269	(16,171)	1,097	(11,209)
Capital Receipts Reserve	(16,209)	0	2,619	2,619	(13,590)
Capital Grants Unapplied Reserve	(5,677)	0	397	397	(5,279)
Usable Reserves	**(71,173)**	**48,122**	**(38,184)**	**9,938**	**(61,235)**
Capital Adjustment Account	(1,209,988)	0	44,725	44,725	(1,165,262)
Revaluation Reserve	(583,205)	(50,303)	2,922	(47,380)	(630,585)
Deferred Capital Receipts Reserve	(6,115)	0	9	9	(6,105)
l Investment Funds Adjustment Account	1,107	0	(302)	(302)	805
Accumulated Absences Account	4,871	0	174	174	5,045
nancial instruments Adjustment account	9,375	0	(275)	(275)	9,100
Collection Fund Adjustment Account	2,413	0	1,830	1,830	4,244
Pensions Reserve	24,296	9,467	(10,899)	(1,432)	22,864
Unusable Reserves	**(1,757,244)**	**(40,835)**	**38,184**	**(2,651)**	**(1,759,896)**
Total Reserves	**(1,828,417)**	**7,287**	**(0)**	**7,287**	**(1,821,131)**

Balance Sheet

The balance sheet shows the values of assets and liabilities held by the council. The net assets are matched by the reserves. The reserves are presented in two categories, usable and unusable. Usable reserves may be used to fund services subject to statutory limitations on their use and the need to maintain a prudent level of reserves for financial stability. Unusable reserves cannot be used to fund services. More details of the values shown in the balance sheet can be found in the notes to the accounts.

		31 March 2025	31 March 2024
	Note	£'000	£'000
Property, plant and equipment	10	2,022,799	1,972,714
Heritage assets	10	286,890	259,536
Investment property	10	49,592	49,796
Long term intangible assets	10	13,957	11,060
Long term investments	12	5,478	5,161
Long term debtors	13	14,131	22,486
Long Term Assets		**2,392,848**	**2,320,753**
Short term investments	12	(0)	23,768
Inventories		781	897
Short term debtors	13	79,461	79,086
Cash equivalents		27,670	59,748
Short term assets held for sale	10	0	340
Current Assets		**107,912**	**163,839**
Bank overdraft		(2,063)	(783)
Short term borrowing	12	(38,388)	(47,522)
Short term creditors	14	(124,989)	(105,246)
Revenue grants and contributions receipts in advance	16	(17,895)	(23,595)
Short term provisions	15	(806)	(1,081)
Current Liabilities		**(184,140)**	**(178,227)**
Long term provisions	15	(7,022)	(8,108)
Long term borrowing	12	(383,577)	(354,278)
Capital grants and contributions receipts in advance	16	(69,221)	(69,678)
Other long term liabilities		(44,426)	(30,306)
Pension Scheme Liabilities	25	(20,120)	(22,864)
Long Term Liabilities		**(524,365)**	**(485,234)**
Net Assets		**1,792,255**	**1,821,131**
Usable reserves	8	(56,100)	(61,235)
Unusable reserves	9	(1,736,155)	(1,759,896)
Total Reserves		**(1,792,255)**	**(1,821,131)**

Note: Revenue grants and contributions have been split out from short term creditors on the balance sheet; please refer to note 16 for further details on these grants and contributions.

The unaudited Statement of Accounts was authorised for issue on 25 November 2025 by the Interim Director, Property and Finance (Section 151 Officer) John Hooton ACA (ICAEW).

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 relating to operating, investing, or financing activities.

Note		2024/25 £'000	2023/24 £'000
5	**Net Surplus / (Deficit) on the provision of services**	**(58,120)**	**(48,122)**
7,9,10	Non-current asset charges - depreciation, amortisation, revaluation and impairment	111,635	105,019
14	Increase/(decrease) in creditors	(2,818)	(10,375)
13	(Increase)/decrease in debtors	(6,167)	(2,472)
25	Movement in the pension liability (element charged to the surplus/deficit on the provision of services)	(12,100)	(10,899)
	Carrying amount of non-current asset disposals	29,704	10,082
	Impairment Loss on Financial Asset	8,955	14,807
	Non-cash movements on investments	0	36,000
	Other non-cash items charged to the net surplus or deficit on the provision of services	(1,246)	677
	Adjustment to surplus/(deficit) on the provision of services for non-cash movements	**127,964**	**142,839**
	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,457)	(5,311)
16	Capital grants applied to the surplus/deficit on provision of services	(40,982)	(48,684)
	Adjustment for items included in the net surplus / (deficit) on the provision of services that are investing and financing activities	**(46,440)**	**(53,995)**
	Net Cash Flows from Operating Activities	**23,404**	**40,721**
10,11	Purchase of non-current assets	(134,083)	(138,447)
12	Purchase of short and long term investments	(5,440)	(82,500)
12	Proceeds from short and long term investments	28,000	104,000
	Proceeds from the disposal of non-current assets	5,457	5,232
	Capital grants received	48,407	47,000
	Other (payments) / receipts for investing activities	(1,474)	1,097
	Net Cash Flows from Investing Activities	**(59,132)**	**(63,618)**
	Cash receipts of short and long term borrowing	107,500	23,000
	Billing authorities - council tax and non-domestic rates adjustments	(1,687)	5,167
18	Reduction of outstanding PFI Liabilities	(19,232)	(3,515)
	Repayment of short term and long term borrowing	(84,210)	(27,439)
	Net Cash Flows from Financing Activities	**2,371**	**(2,787)**
	Net Increase/(Decrease) in Cash and Cash Equivalents	**(33,357)**	**(25,684)**
	Bank current accounts	(783)	(1,917)
	Short term deposits	59,748	86,566
	Cash and Cash Equivalents as at 1 April	**58,965**	**84,649**
	Bank current accounts	(2,063)	(783)
	Short term deposits	27,670	59,748
	Cash and Cash Equivalents as at 31 March	**25,608**	**58,965**
	Movement in cash and cash equivalents	**(33,357)**	**(25,684)**

Notes to the Financial Statements

1. Accounting Policies (summary)

General Principles

The Accounts and Audit Regulations 2015 (SI 2015 No 234 as amended) require the Council to prepare a Statement of Accounts for each financial year in accordance with proper accounting practices. For 2024/25, these proper accounting practices principally comprise:

- the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) supported by International Financial Reporting Standards (IFRS)
- the Service Reporting Code of Practice 2024/25 (SeRCoP).

The Statement of Accounts has been prepared on a 'going concern' basis. The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The **detailed accounting policies** are set out at the end of this document.

2. Accounting Standards issued but not yet Adopted

At the balance sheet date, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom and will be adopted in 2025/26:

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

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

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

It is likely there will be limited application by local authorities of items a) and b), therefore it is anticipated that this will have no impact on the council's financial statements.

Following the publication of the audited financial statements, the council will undertake work to implement c) above. The council currently values a significant proportion on its non-current assets annually; it is difficult without further work to quantify the impact of this change for the 2025/26 financial statements.

3. Critical Judgements and Assumptions Made

In preparing the financial statements, the council has had to make judgements, estimates and assumptions that affect the application of policies and reported levels of assets, liabilities, income, and expenses. The estimates and assumptions have been used to inform the basis for judgements about the carrying values of assets and liabilities, where these are not readily available from other sources. Estimates and underlying assumptions are regularly reviewed by the council.

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 that are considered to be reasonable. The assumptions and other sources of estimation uncertainty disclosed below relate to the estimates that require the council's most difficult, subjective, or complex judgements. As the number of variables and assumptions affecting the possible future resolution of the uncertainties increases, those judgements become more subjective and complex. As a result, balances cannot be determined with certainty and actual results could be materially different from the assumptions and estimates.

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

Critical judgements in applying accounting policies

Voluntary Aided Schools: The council has determined that the buildings relating to voluntary aided schools do not meet the definition criteria of control under IAS 16 Property, Plant and Equipment; properties are owned by the diocese and each school occupies the premises under a licence with no interest being passed to the council. The council does not have sufficient control over the property to meet the definition criteria of an asset and therefore does not recognise the assets on its balance sheet.

Brighton & Hove Seaside Community Homes Ltd: The council has exercised judgement over the existence of a group relationship / joint arrangement between the company and the council based on the definition of control and associated tests set out in the relevant reporting standards. The council's main exercise of judgement is in relation to these tests and whether the council has the power to control the company, its exposure or rights to variable returns and the ability to affect the company's returns. The council has concluded that the arrangement does not meet the financial reporting definition for group / joint arrangements.

Homes for the City of Brighton and Hove LLP: The council has exercised judgement over the existence of a group relationship / joint arrangement between the company and the council based on the definition of control and associated tests set out in the relevant reporting standards. The council has concluded that the arrangement does meet the financial reporting definition for group / joint arrangements as the interest is not considered material at the balance sheet date and therefore group accounts have not been produced.

Fixed Asset Accounting: The Code section 4.1.3.2 states that "*On a revalued asset, a transfer between the revaluation reserve and capital adjustment account shall be carried out that represents the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's historical cost.*" There have been some erroneous adjustments which have impaired/reduced the historic cost of certain assets in the council's fixed asset register. This has resulted in overstatement of the transfer between the Revaluation Reserve and Capital Adjustment Account for the difference between depreciation based on the revalued carrying amount of the asset and the depreciation based on the asset's historical cost. As it is unclear what has caused the error in the historic cost, this has resulted in there being a material uncertainty in the accuracy of the total adjustment between the Revaluation Reserve and the Capital Adjustment Account. The council is committed to developing a plan to resolve the estimation uncertainty issue; however, at this stage the time frame for doing so is unknown.

This adjustment impacts only the Revaluation Reserve and the Capital Adjustment account in the Unusable Reserves, meaning that the material uncertainty is limited to the value that these reserves are stated at within the Movement in Reserves Statement and Note 9 Unusable Reserves. This error in the historic cost does not impact the asset valuations, depreciation charge or depreciation written out on revaluation accounting entries, and therefore the issue is not considered to be pervasive or fundamental to the users' understanding of the financial statements.

Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

Item	Uncertainties	Effect if actual results differ from assumptions
Pensions liability (asset)	Estimation of the net pension liability (asset) depends on a number of complex judgements and estimates relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The council has engaged Barnett Waddingham as its consulting actuary to provide expert advice about the assumptions to be applied and the estimate of pension fund assets / liabilities including asset ceiling considerations. The underlying assumptions and the application of the asset ceiling are set out in Note 25 Defined Benefit Pensions Schemes. Changes in these assumptions can have a significant effect on the value of the council's retirement benefit obligation.	The effects on the net pension liability (asset) of changes in individual assumptions can be measured. The council's net liability for future pension payments, after the asset ceiling adjustment and as estimated by the pension fund actuary, is £20.120 million 31 March 2025 (compared to a £22.864 million net liability 31 March 2024). The sensitivities regarding the principal assumptions made by the actuaries are set out in Note 25 Defined Benefit Pensions Schemes.
Property, Plant and Equipment (PPE)	The balance sheet value is highly sensitive to estimates of value. The council engages appropriately qualified valuers to value land and property assets. Asset valuations are based on current value and are periodically reviewed to ensure that the council does not materially misstate its non-current assets. The council's external valuers provided	The net book value of other land and buildings operational assets subject to potential revaluation is £736.416 million as at 31 March 2025. A reduction in the estimated valuations of those assets would result in reductions to the

Item	Uncertainties	Effect if actual results differ from assumptions
	valuations at 31 March 2025 for approximately 75% of the value of its operational portfolio. The remaining balance of operational properties were also reviewed to ensure values reflect current values. The council's valuers use a combination of methodologies to value operational assets. This includes Depreciated Replacement Cost (DRC), Existing Use Value (EUV) and comparable methods. These methods can cause estimation uncertainty due to the indices and inputs (such as floor area) that must be used to apply valuations. Assets are depreciated over useful lives that are dependent on assumptions such as the repairs and maintenance that will be incurred in relation to the individual assets and the length of service potential of the asset. The current economic climate brings potential uncertainty about the level of spend on repairs and maintenance, bringing into doubt the useful lives assigned to assets. More details are set out in [Note 10 Non-Current Assets.]	Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement. Depreciation charges for operational buildings will change in direct relation to changes in estimated current value. The council depreciated its other land and building assets by £33.169 million during 2024/25. If significant revaluation increases or impairments were experienced there is a risk that the charge for depreciation to reflect the economic consumption of the asset may be over or under stated.
Valuation of HRA dwellings	The HRA residential portfolio is valued based on a beacon methodology, with a 33% EUV-SH (social housing) factor applied, which is the standardised Department for Levelling up, Housing and Communities rate for the South East. The current value of the stock (at 33%) is £1.050 billion. In order to value the whole portfolio, it was necessary to research a number of sources, including other agents and valuers' advice, the Land Registry, and other databases available to the council's valuers. In addition to this information the current economic overview is considered,	The net book value of council dwellings subject to potential revaluation is £1,028 million. A reduction in the estimate value of those assets would result in a reduction to the revaluation reserve or a loss in the CIES.

Item	Uncertainties	Effect if actual results differ from assumptions
	in particular taking into account inflation relating to residential properties.	
Impairment of Financial Assets	The council provides for the impairment of its receivables based on the age and type of each debt. The percentages applied reflect an assessment of the recoverability of debt. The total allowance for impairment of receivables (including the Collection Fund) provided for at 31 March 2025 is £54.690 million. It is not certain that this impairment allowance would be sufficient as the council cannot assess with certainty which debts will be collected or not. The economic impact of high inflation and cost of living crisis has made the estimation of debt impairment more difficult as there is more uncertainty about the economic viability of debtors and hence their ability to settle their debts. The council also reviews all other (non-service) debt and provides for Expected Credit Losses (ECL). The total ECL provided for at 31 March 2025 is £15.797 million. Please refer to Note 13 Debtors and Note 12 Financial Instruments for further details on short term and long term debtors	An understatement of doubtful debts would lead to a future adjustment and impairment to be reflected. The impairment allowances held are based on policies adapted to historic experience and success rates experienced in collection. The nature of the debt and service area have been considered. Any understatement of the ECL would need to be reflected in the impairment of the associated non-service debtors.

4. Events after the Reporting Period

There are no significant local post balance sheet events which might impact on the council's financial statements or financial status.

5. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the council has used available funding for the year (i.e. government grants, rents, council tax and business rates) in providing services, in comparison with those resources that the council has consumed or earned in accordance with generally accepted accounting practices. It also shows how the council has allocated this expenditure for decision making purposes between the council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented in detail in the Comprehensive Income and Expenditure Statement.

	2024/25				
	As reported for resource management	Adjustments to arrive at expenditure charged to GF and HRA balances	Expenditure chargeable to the GF and HRA balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
	£'000	£'000	£'000	£'000	£'000
Families, Children & Wellbeing	71,630	16,721	88,351	5,942	94,293
Homes & Adult Social Care	120,548	12,057	132,605	16,793	149,398
City Operations	37,017	1,289	38,306	40,451	78,757
Central Hub	30,470	(1,087)	29,383	4,538	33,921
Centrally Held Budgets	(55,373)	65,027	9,654	(48)	9,606
Housing Revenue Account	(24,849)	20,761	(4,088)	19,110	15,022
Net Cost of Services	**179,443**	**114,769**	**294,211**	**86,785**	**380,996**
Other Income and Expenditure/Financing	(179,443)	(113,283)	(292,726)	(36,189)	(328,915)
(Surplus)/Deficit on Provision of Services	**0**	**1,486**	**1,486**	**50,596**	**52,082**

Note: There was an organisational restructure in 2024/25 however the comparative figures for this note have not been restated. See Note 30 Organisation Restructure for further details.

	2023/24				
	As reported for resource management	Adjustments to arrive at expenditure charged to GF and HRA balances	Expenditure chargeable to the GF and HRA balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
	£'000	£'000	£'000	£'000	£'000
Families, Children & Learning	60,155	6,931	67,087	12,591	79,678
Health & Adult Social Care	103,692	22,665	126,357	187	126,544
Economy, Environment & Culture	34,133	4,411	38,545	37,381	75,926
Housing, Neighbourhoods & Communities	19,326	4,169	23,495	(793)	22,702
Governance, People & Resources	32,453	(1,369)	31,084	2,277	33,360
Corporately-held Budgets	(11,682)	29,846	18,163	412	18,576
Housing Revenue Account	(22,453)	26,261	3,808	17,447	21,255
Net Cost of Services	**215,624**	**92,914**	**308,539**	**69,502**	**378,041**
Other Income and Expenditure/Financing	(215,624)	(85,994)	(301,618)	(28,301)	(329,919)
(Surplus)/Deficit on Provision of Services	**0**	**6,921**	**6,921**	**41,201**	**48,122**

Note: the comparative figures for 2023/24 are based on the previous organisational structure for that year as the council did not start reporting its resources position in the new organisational format until 2025.

The column adjustments to arrive at the expenditure charged to the General Fund (GF) and Housing Revenue Account (HRA) shows the differences and adjustment between the outturn as reported for management accounting/performance monitoring purposes and the expenditure chargeable to the GF and HRA on the funding basis as stipulated by the Code.

	2024/25				2023/24			
	Opening Balance	(Surplus)/Deficit on Provision of Services	Closing Balance	Memorandum: Transfer (to)/from working balances per resource	Opening Balance	(Surplus)/Deficit on Provision of Services	Closing Balance	Memorandum: Transfer (to)/from working balances per resource
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Working Balance	(8,203)	(48)	(8,251)	(1,092)	(8,753)	550	(8,203)	(2,269)
General Fund Earmarked Reserves	(22,954)	3,168	(19,786)	0	(28,228)	5,274	(22,954)	0
Housing Revenue Account Working Balance	(4,120)	(7,537)	(11,657)	0	(4,169)	48	(4,120)	0
Housing Revenue Account Earmarked Reserves	(7,089)	5,902	(1,187)	0	(8,138)	1,049	(7,089)	0
Total Reserves	**(42,366)**	**1,486**	**(40,880)**	**(1,092)**	**(49,287)**	**6,921**	**(42,366)**	**(2,269)**

Adjustments from the General Fund/Housing Revenue Account to arrive at the Comprehensive Income and Expenditure Statement amounts.

	2024/25			
	Adjustments for Capital Purposes	Net Change for Pensions Adjustment	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Families, Children & Wellbeing	8,898	(3,070)	114	5,942
Homes & Adult Social Care	17,864	(1,101)	30	16,793
City Operations	41,925	(1,371)	(102)	40,451
Central Hub	5,431	(901)	8	4,538
Centrally Held Budgets	(48)	0	0	(48)
Housing Revenue Account	19,752	(615)	(27)	19,110
Net Cost of Services	**93,821**	**(7,059)**	**23**	**86,785**
Other Income and Expenditure/Financing	(31,963)	(5,041)	815	(36,189)
Difference between General Fund/HRA surplus/deficit and the CIES surplus/deficit on Provision of Services	**61,859**	**(12,100)**	**838**	**50,596**

	2023/24			
	Adjustments for Capital Purposes	Net Change for Pensions Adjustment	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Families, Children & Learning	14,706	(2,233)	118	12,591
Health & Adult Social Care	922	(786)	51	187
Economy, Environment & Culture	38,363	(987)	5	37,381
Housing, Neighbourhoods & Communities	(490)	(312)	9	(793)
Governance, People & Resources	2,979	(698)	(4)	2,277
Corporately-held Budgets	468	(56)	(0)	412
Housing Revenue Account	**18,026**	**(451)**	**(129)**	**17,447**
New Departments	0	0	0	0
Net Cost of Services	**74,974**	**(5,523)**	**50**	**69,502**
Other Income and Expenditure/Financing	(24,301)	(5,376)	1,376	(28,301)
Difference between General Fund/HRA surplus/deficit and the CIES	**50,673**	**(10,899)**	**1,426**	**41,201**

Note: the comparative figures for 2023/24 are based on the previous organisational structure for that year as the council did not start reporting its resources position in the new organisational format until 2025.

Explanatory Notes

Adjustments for Capital Purposes

This column adds in depreciation and impairment and revaluation gains and losses in the service line. For other operating expenditure, it adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. For financing and investment income and expenditure, it adjusts for the statutory charges for capital financing and investment i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices. For 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 which were receivable in the year to those which were 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.

Net change for the Pensions Adjustment

This column adjusts for the net change for the renewal of pension contributions and the addition of IAS19 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, this adjusts for the net interest on the defined benefit liability which is charged to the Comprehensive Income and Expenditure Statement.

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 services, this represents removal of the annual leave accrual adjustment. 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 and financial instruments. 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.

6. Expenditure and Income Analysed by Nature

The council's expenditure and income subjectively analysed as follows:

	2024/25	2023/24
	£'000	£'000
Employee expenses	344,497	331,231
Employee benefits of Voluntary Aided Schools	37,665	34,476
Other service expenses	536,382	551,857
Depreciation, amortisation and impairments	105,597	105,018
Interest payable	16,055	18,678
De-recognition of Financial Asset	35,481	0
Precepts and levies	298	284
Total Expenditure	**1,075,975**	**1,041,544**
Fees, charges and other service income	(262,754)	(246,553)
Rents - Investment Properties	(3,149)	(3,102)
Net Loss/(Gain) on disposal of non-current assets	24,291	4,785
Interest receivable	(4,768)	(10,670)
Income from Council Tax/Non-Domestic Rates	(235,950)	(221,470)
Government grants and contributions	(541,562)	(516,412)
Total Income	**(1,023,893)**	**(993,422)**
(Surplus)/Deficit on the Provision of Services	**52,082**	**48,122**

Note: Rents on Investment Properties have been split out from Fees, charges, and other service income

Fees, charges and other service income (income received from external customers) is analysed by directorate (service) area in the next table.

	£'000	£'000
Families, Children & Wellbeing	(26,419)	(22,273)
Homes & Adult Social Care	(66,802)	(61,656)
City Operations	(71,508)	(68,975)
Central Hub	(15,639)	(14,972)
Centrally Held Budgets	(3,293)	(7,560)
Housing Revenue Account	(79,094)	(71,117)
Total Income from External Customers	**(262,754)**	**(246,553)**

Note: the 2023/24 comparative figures have been restated based on the new organisational structure.

IFRS15 Revenue from contracts with customers

Of the £262.754 million of income from fees, charges, and other service income, £157.694 million of this is income from contracts with customers. The balance of £105.060 million is outside the scope of this reporting standard and includes, for example, housing rents, commercial rents and car parking penalties.

7. Adjustments between Accounting Basis and Funding Basis under Regulation

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

2024/25	General Fund £'000	HRA £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total £'000
Pension costs (transferred to/(from) the Pensions Reserve)	11,216	885	0	0	0	**12,100**
Financial instruments (transferred to/(from) the Financial Instruments Adjustment Account)	226	82	0	0	0	**308**
Council tax and NDR (transferred to/(from) the Collection Fund Adjustment Account)	(361)	0	0	0	0	**(361)**
Employees' paid absences (transferred to the Accumulated Absences Account)	(50)	(55)	0	0	0	**(105)**
Dedicated Schools Grant Deficits (transferred to/(from) the Dedicated Schools Grant Adjustment Account)	(680)	0	0	0	0	**(680)**
Reversals of entries included in the CIES in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(102,718)	(28,950)	0	(16,268)	0	**(147,936)**
Adjustments to Revenue Resources	**(92,367)**	**(28,038)**	**0**	**(16,268)**	**0**	**(136,674)**
Non-current asset sale proceeds	2,369	3,088	(5,457)	0	0	**0**
Statutory and voluntary provision for the repayment of debt (transfer from the Capital Adjustment Account)	29,718	0	0	0	0	**29,718**
Capital expenditure financed from revenue balances (transfer from the Capital Adjustment Account)	1,589	1,654	0	0	0	**3,242**
Gain on Lessee Leases with Nil Consideration	6,038	0	0	0	0	**6,038**
Loss on de-recognition of financial asset - i360	(8,955)	0	0	0	0	**(8,955)**
Use of capital receipts to fund voluntary severance costs	(6,649)	0	6,649	0	0	**0**
Adjustments between Revenue and Capital Resources	**24,110**	**4,742**	**1,191**	**0**	**0**	**30,043**
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	104	0	0	**104**
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	16,268	0	**16,268**
Application of capital grants to finance capital	36,526	4,456	0	0	2,355	**43,337**
Cash payments in relation to deferred capital receipts	(25)	(0)	0	0	0	**(25)**
Adjustments to Capital Resources	**36,502**	**4,456**	**104**	**16,268**	**2,355**	**59,684**
Total Adjustments	**(31,756)**	**(18,840)**	**1,295**	**0**	**2,355**	**(46,947)**

2023/24	General Fund £'000	HRA £'000	Capital Receipts Reserve £'000	Major Repairs Reserve £'000	Capital Grants Unapplied £'000	Total £'000
Pension costs (transferred to/(from) the Pensions Reserve)	10,158	741	0	0	0	**10,899**
Financial instruments (transferred to/(from) the Financial Instruments Adjustment Account)	454	124	0	0	0	**578**
Council tax and NDR (transferred to/(from) the Collection Fund Adjustment Account)	(1,830)	0	0	0	0	**(1,830)**
Employees' paid absences (transferred to the Accumulated Absences Account)	(179)	5	0	0	0	**(174)**
Impairment of Financial Assets	(14,807)	0	0	0	0	**(14,807)**
Reversals of entries included in the CIES in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(72,626)	(31,662)	0	(16,085)	0	**(120,373)**
djustments to Revenue Resources	**(78,831)**	**(30,792)**	**0**	**(16,085)**	**0**	**(125,707)**
Non-current asset sale proceeds	836	4,476	(5,311)	0	0	**0**
Statutory and voluntary provision for the repayment of debt (transfer from the Capital Adjustment Account)	12,616	0	0	0	0	**12,616**
Capital expenditure financed from revenue balances (transfer from the Capital Adjustment Account)	1,909	3,729	0	0	0	**5,638**
ipts to fund voluntary severance costs	(3,818)	0	3,818	0	0	**0**
Adjustments between Revenue and Capital Resources	**11,543**	**8,205**	**(1,494)**	**0**	**0**	**18,254**
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	4,113	0	0	**4,113**
Use of the Major Repairs Reserve to finance capital expenditure	0	0	0	16,085	0	**16,085**
Application of capital grants to finance capital expenditure	42,268	6,416	0	0	397	**49,081**
in relation to deferred capital receipts	(9)	(0)	0	0	0	**(9)**
Adjustments to Capital Resources	**42,259**	**6,416**	**4,113**	**16,085**	**397**	**69,269**
Total Adjustments	**(25,029)**	**(16,171)**	**2,619**	**0**	**397**	**(38,184)**

Note the comparative figure for Reversals of entries included in the CIES in relation to capital expenditure (these items are charged to the Capital Adjustment Account) has been restated to separate out impairment of Financial Assets as it was included incorrectly.

8. Usable Reserves (Earmarked Reserves)

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies.

	Balance 31 March 2023	Transfers To	Transfers From	Balance 31 March 2024	Transfers To	Transfers From	Balance 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
General Fund Reserves							
Collection Fund Section 31 Grants Adjustment Reserve	**(1,171)**	(163)	1,204	**(130)**	(1,156)	295	**(991)**
Brighton i360 Reserve	**0**	0	0	**0**	0	0	**0**
Local Management of Schools Reserves	**(4,541)**	0	4,259	**(282)**	0	2,905	**2,623**
PFI Reserves	**(8,172)**	(759)	330	**(8,601)**	(1,249)	178	**(9,671)**
Other General Fund earmarked reserves	**(5,314)**	(742)	629	**(5,428)**	(3,255)	2,036	**(6,646)**
City Deal New England House Development Reserve	**(108)**	0	108	**(0)**	0	0	**(0)**
Revenue Grants Carry Forward Reserve	**(5,596)**	(6,152)	5,595	**(6,152)**	(2,573)	6,152	**(2,574)**
Brighton Centre Redevelopment Reserve	**(852)**	(195)	1,042	**(5)**	(0)	5	**(0)**
Departmental Carry Forwards	**(2,317)**	(1,751)	2,317	**(1,751)**	(1,709)	1,751	**(1,709)**
Capital Reserves	**(129)**	(779)	350	**(558)**	(692)	559	**(691)**
Restructure Redundancy Reserve	**(28)**	(83)	57	**(54)**	(80)	8	**(126)**
General Fund Balance - held for specific future commitments	**(2,773)**	(913)	1,463	**(2,579)**	(1,761)	1,713	**(411)**
General Fund g Balance - General Reserves	**(5,980)**			**(5,624)**			**(7,840)**
Total General Fund Reserves	**(36,981)**	**(11,537)**	**17,355**	**(31,164)**	**(12,475)**	**15,602**	**(28,036)**
HRA Reserves							
Capital Reserves	**(680)**	0	680	**0**	0	0	**0**
Other HRA earmarked reserves	**(7,458)**	(65)	434	**(7,089)**	0	5,902	**(1,187)**
Housing Revenue Account Working Balance	**(4,169)**	0	48	**(4,121)**	0	(7,536)	**(11,657)**
Total HRA Reserves	**(12,307)**	**(65)**	**1,162**	**(11,210)**	**0**	**(1,634)**	**(12,844)**
Other Usable Reserves							
Capital Receipts Reserve	**(16,209)**	(6,281)	8,901	**(13,590)**	(14,312)	15,606	**(12,295)**
Capital Grants Unapplied Reserve	**(5,677)**	(587)	984	**(5,280)**	(3,835)	6,190	**(2,925)**
Total Usable Reserves	**(71,174)**	**(18,470)**	**28,402**	**(61,243)**	**(30,622)**	**35,764**	**(56,100)**

The single largest movement in the reserves (a decrease of £2.905 million) is for the Local Management of Schools; further details are provided below.

The Collection Fund Section 31 Grants Adjustment reserve which holds, at 31 March 2025, the balance of Section 31 compensation grants paid over by government to be utilised against the funded collection fund balance in 2025/26. This is a timing reserve. It is a combination of the final year funding of the 3-year spread of the 2020/21 deficit and additional grant due for a shortfall in business rates income both to be funded in 2025/26. It does not represent additional resources available to the council.

Local Management of Schools Reserve

The Local Management of Schools Reserve holds the school's balances under a scheme of delegation. These balances are used solely to provide education to the pupils of that school.

School balances at the end of 2024/25 are a net deficit of £2.623m, a reduction of £2.904m from the £0.281m net surplus balance at the end of 2023/24. Final school budget plans for

2025/26 are submitted during summer term 2025 and these will incorporate final balances from 2024/25. It is likely that due to the worsening financial position in schools the level of required licensed deficits will increase for 2025/26. The council is working very closely with schools to ensure appropriate measures and steps are being implemented to bring school budgets back to a balanced position in future years.

	Balance 1 April 2024 £'000	Unspent Balance £'000	Overspent Balance £'000	Balance 31 March 2025 £'000
Nursery schools	(24)	176	(13)	163
Primary schools	1,143	1,191	(3,856)	(2,665)
Secondary schools	(2,048)	2,516	(2,911)	(395)
Special schools	649	274	0	274
Total Reserves	**(281)**	**4,156**	**(6,779)**	**(2,623)**

9. Unusable Reserves

Unusable reserves are held to manage accounting processes and do not represent usable resources for the council.

	2024/25 £'000	2023/24 £'000	Change £'000
Revaluation Reserve	(653,886)	(630,585)	(23,301)
Capital Adjustment Account	(1,116,340)	(1,165,262)	48,922
Deferred Capital Receipts Reserve	(6,080)	(6,105)	25
Pooled Investment Funds Adjustment Account	715	805	(90)
Accumulated Absences Account	5,150	5,045	105
Financial Instruments Adjustment Account	8,881	9,100	(219)
Collection Fund Adjustment Account	4,604	4,244	360
Dedicated Schools Grant Adjustment Account	680	0	680
Pensions Reserve	20,120	22,864	(2,744)
Total Unusable Reserves	**(1,736,155)**	**(1,759,896)**	**23,741**

Revaluation Reserve

The Revaluation Reserve contains the gains arising from increases in the value of property, plant, and equipment. The balance on the reserve is reduced when assets with accumulated gains are revalued downwards or impaired (gains lost), used in the provision of services and (gains consumed via depreciation) or disposed of (gains realised). The reserve was created on 1 April 2007.

	2024/25 £'000	2023/24 £'000
Balance 1 April	**(630,585)**	**(583,205)**
Upward revaluation of non-current assets	(95,256)	(82,283)
Downward revaluation and impairment of non-current assets	62,693	31,980
Other Comprehensive Income and Expenditure	**(32,563)**	**(50,303)**
Difference between fair value and historic cost depreciation	12,521	8,250
Accumulated gains on non-current assets disposals	(3,260)	(5,327)
Adjustments between accounting basis and funding basis under regulation	**9,262**	**2,922**
Balance 31 March	**(653,886)**	**(630,585)**

Capital Adjustment Account

The Capital Adjustment Account (CAA) absorbs the timing differences arising from different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The CAA also contains accumulated gains and losses on property, plant, and equipment before 1 April 2007.

	2024/25	2023/24
	£'000	£'000
Balance 1 April	**(1,165,264)**	**(1,209,988)**
Charges for depreciation of non-current assets	73,114	64,569
Impairment (gain) / losses on Financial Assets	0	14,807
Revaluation losses on non-current assets	41,554	53,364
Upward revaluations reversing previous revaluation losses on non-current assets	(6,975)	(22,468)
Impairment losses on non-current assets	959	0
Amortisation of intangible assets	2,650	2,902
Revenue expenditure funded from capital under statute	6,597	5,274
Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the CIES	29,704	10,082
Adjusting amounts written out to the revaluation reserve	(9,261)	(2,922)
Use of the capital receipts reserve to finance new capital investment	(8,124)	(4,113)
Use of the HRA balance to finance new capital investment	(546)	0
Use of the major repairs reserve to finance new capital investment	(16,268)	(16,085)
Capital grants and contributions credited to the CIES that have been applied to capital funding	(40,184)	(48,259)
Application of grants to capital financing from the capital grants unapplied account	(3,153)	(822)
Statutory provision for the financing of capital investment charged against the GF and HRA balances	(21,560)	(5,843)
Voluntary provision for the financing of capital investment charged against the GF and HRA balances	(8,158)	(6,773)
Capital investment charged against the GF and HRA balances	(347)	(2,907)
Movements in the market value of investment properties debited/(credited) to the CIES	333	6,650
Gain on Lessee Leases with Nil Consideration	(6,038)	0
Loss on de-recognition of financial asset - i360	8,955	0
Transfer to Capital Receipts Reserve re assets transferred from General Fund to HRA	8,020	0
Use of earmarked reserves to finance new capital investment	(2,349)	(2,730)
Balance 31 March	**(1,116,340)**	**(1,165,264)**

Deferred Capital Receipts Reserve

The deferred capital receipts reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the council does not treat these as usable for financing new capital investment until the payments (capital receipts) are received. The balance of this reserve at 31 March 2025 is £6.080 million.

Pooled Investment Funds Adjustment Account

The pooled investment funds adjustment account is a mechanism that is required by the capital finance and accounting regulations in England and Wales to hold the fair value movements in those pooled investment funds specified by the regulations. The difference between the amount charged or credited in the year to surplus or deficit on the provision of services in accordance with the Code and the amount charged or credited to the General Fund in accordance with regulations should be debited or credited to the General Fund balance with the double entry going to the pooled investment funds adjustment account such that the General Fund is charged or credited with the amount that accords with the applicable regulations. The balance of this reserve at 31 March 2025 is £0.715 million.

Accumulated Absences Account

The accumulated absences account absorbs the differences that would otherwise arise from accruing for employees' paid absences earned but not taken in the financial year (e.g. the value of annual leave entitlement carried forward at 31 March). Statutory arrangements require that the impact is neutralised by transfers to/or from the accumulated absences account. The balance of this reserve at 31 March 2025 is £5.150 million.

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains in line with statutory provisions. The balance of this reserve at 31 March 2025 is £8.881 million.

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the CIES as it falls due from council taxpayers and business rate payers compared with the statutory arrangements for transferring amounts to the General Fund from the Collection Fund.

	2024/25	2023/24
	£'000	£'000
Balance 1 April	**4,244**	**2,413**
Amount by which council tax and non domestic rates income credited to the CIES is different from council tax and non domestic rates income calculated for the year in accordance with statutory requirements	361	1,830
Balance 31 March	**4,604**	**4,244**

Dedicated Schools Grant Adjustment Account

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2020 established that where a local authority has a deficit on its schools' budget, the authority must not charge any such deficit to its revenue account (including cumulative deficits incurred before the regulations were established). Instead, the regulations provide that a local authority must charge any such deficit to a separate account, established and usable solely for that purpose; this being the Dedicated Schools Grant Adjustment Account. The balance of this reserve at 31 March 2025 is £0.680 million. Note 16 – Grants and Contributions provides more detail on the Dedicated Schools Grant.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES. As the benefits are earned by employees, the assets/liabilities are updated to recognise inflation and the assumptions that change in light of investment returns. Statutory requirements are that benefits earned should be financed as the council makes employer's contributions to the pension funds or pays any pensions for which it is directly responsible. The 31 March 2025 balance on the Pensions Reserve shows a deficit in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements in place will ensure that pension fund funding will match pension fund liabilities by the time the benefits come to be paid.

	2024/25	2023/24
	£'000	£'000
Balance as at 1 April	**22,864**	**24,296**
Remeasurements of the net defined benefit liability	9,356	9,467
Reversal of items relating to retirement benefits charged to the surplus / deficit on the provision of services	32,180	29,524
Employer's pensions contributions payable	(44,280)	(40,423)
Balance as at 31 March	**20,120**	**22,864**

10. Non-Current Assets

The council holds various non-current assets which are categorised as property, plant, and equipment (PPE), heritage assets, investment property, assets held for sale or intangible assets. Operational PPE is analysed between council dwellings, other land and buildings, vehicles, plant, furniture and equipment, infrastructure assets and community assets. Non-operational PPE consists of assets under construction and surplus assets. Properties classed as heritage assets include the Royal Pavilion, the Volks Railway, West Blatchington Windmill and the Rottingdean Windmill. Non-property heritage assets include museum gallery collections, works of art and rare books.

The non-current assets leased in by the council have been brought on balance sheet as at 1 April 2025 under IFRS 16; these assets are classed as Right-of-Use assets. Note 17 Leases and Lease Type Arrangements provides more details.

The following tables set out the gross carrying amount, accumulated depreciation and the movements in value over the year for non-current assets (excluding infrastructure assets which are shown separately below).

2024/25	Council Dwellings	Right of Use Assets	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total PPE	Heritage Assets	Investment Property	Assets Held for Sale	Intangible Assets	Total non PPE	Grand Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2024														
Gross carrying amount	1,027,651	0	791,532	36,458	3,242	19,690	3,975	**1,882,549**	259,536	49,796	340	20,422	**330,094**	**2,212,643**
Accumulated depreciation	0	0	(30,081)	(17,464)	0	0	(0)	**(47,545)**	0	0	0	(9,361)	**(9,361)**	**(56,906)**
IFRS 16 Right of Use and PFI Assets Opening Balance Adjustment	0	38,381	13,596	0	0	0	0	**51,977**	0	0	0	0	**0**	**51,977**
Net Carrying Amount at 1 April 2024	**1,027,651**	**38,381**	**775,047**	**18,994**	**3,242**	**19,690**	**3,975**	**1,886,981**	**259,536**	**49,796**	**340**	**11,060**	**320,733**	**2,207,714**
Capital Additions														
Additions	66,630	2,509	26,886	7,757	2	6,372	0	**110,156**	0	682	0	5,944	**6,626**	**116,781**
Asset Disposals														
Derecognition - disposals	(1,563)	0	(28,393)	(383)	0	0	0	**(30,339)**	0	(553)	(340)	0	**(893)**	**(31,231)**
Derecognition - disposals (depreciation)	0	0	1,144	383	0	0	0	**1,527**	0	0	0	0	**0**	**1,527**
Transactions in respect of the Surplus on Revaluation of Non Current Assets within the Comprehensive Income and Expenditure Statement recognised in the Revaluation Reserve														
Revaluation increases	14,289	0	37,479	0	0	0	0	**51,768**	28,277	0	0	0	**28,277**	**80,045**
Depreciation written out	0	0	15,211	0	0	0	0	**15,211**	0	0	0	0	**0**	**15,211**
Revaluation (losses)	(22,687)	0	(39,239)	0	0	0	0	**(61,926)**	(923)	0	0	0	**(923)**	**(62,849)**
Transactions charged to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement														
Depreciation charge	(16,268)	(14,188)	(25,802)	(3,831)	0	0	(0)	**(60,089)**	0	0	0	(3,047)	**(3,047)**	**(63,136)**
Depreciation written out	0	0	24,345	0	0	0	0	**24,345**	0	0	0	0		**24,345**
Revaluation (losses)	(27,920)	0	(37,979)	0	0	0	0	**(65,899)**	0	(1,378)	0	0	**(1,378)**	**(67,277)**
Revaluation loss reversals	2,894	0	3,381	0	0	0	60	**6,336**	0	968	0	0	**968**	**7,303**
Impairment (losses)	(803)	0	0	0	0	0	0	**(803)**	0	0	0	0	**0**	**(803)**
Impairment loss reversals	0	0	640	0	0	0	0	**640**	0	77	0	0	**77**	**717**
Other Transactions														
Assets reclassified within Property, Plant and Equipment	7,975	8,984	(16,304)	0	0	(655)	0	**0**	0	0	0	0	**0**	**0**
Net Carrying Amount at 31 March 2025	**1,050,198**	**35,686**	**736,416**	**22,920**	**3,244**	**25,407**	**4,035**	**1,877,907**	**286,890**	**49,592**	**0**	**13,957**	**350,439**	**2,228,346**
Comprising														
Gross carrying amount	1,050,198	49,874	751,599	43,832	3,244	25,407	4,035	**1,928,190**	286,890	49,592	0	26,365	**362,847**	**2,291,037**
Accumulated depreciation	0	(14,188)	(15,183)	(20,911)	0	0	(0)	**(50,283)**	0	0	0	(12,408)	**(12,408)**	**(62,691)**
Net Carrying Amount at 31 March 2025	**1,050,198**	**35,686**	**736,416**	**22,920**	**3,244**	**25,407**	**4,035**	**1,877,907**	**286,890**	**49,592**	**0**	**13,957**	**350,439**	**2,228,346**

* Total excluding infrastructure assets which are shown below

2023/24	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total PPE *	Heritage Assets	Investment Property	Assets Held for Sale	Intangible Assets	Total non PPE	Grand Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 April 2023													
Gross carrying amount	981,160	786,921	52,666	2,725	39,919	5,077	**1,868,469**	226,143	56,357	451	25,060	**308,011**	**2,176,480**
Accumulated depreciation	0	(23,482)	(35,364)	0	0	(0)	**(58,846)**	0	0	0	(16,562)	**(16,562)**	**(75,407)**
Net Carrying Amount at 1 April 2023	**981,160**	**763,439**	**17,302**	**2,725**	**39,919**	**5,077**	**1,809,623**	**226,143**	**56,357**	**451**	**8,498**	**291,449**	**2,101,072**
Capital Additions													
Additions	64,072	26,177	5,266	517	5,755	0	**101,788**	0	429	2	5,465	**5,896**	**107,683**
Asset Disposals													
Derecognition - disposals	(1,569)	(8,220)	(21,474)	0	0	0	**(31,263)**	0	0	(453)	(10,103)	**(10,555)**	**(41,818)**
Derecognition - disposals (depreciation)	0	197	21,437	0	0	0	**21,634**	0	0	0	10,103	**10,103**	**31,737**
Transactions in respect of the Surplus on Revaluation of Non Current Assets within the Comprehensive Income and Expenditure Statement recognised in the Revaluation Reserve													
Revaluation increases	12,547	20,475	0	0	0	0	**33,022**	33,393	0	0	0	**33,393**	**66,415**
Depreciation written out	12,150	11,256	0	0	0	0	**23,406**	0	0	0	0	**0**	**23,406**
Revaluation (losses)	(20,394)	(18,560)	0	0	0	(647)	**(39,600)**	0	0	0	0	**0**	**(39,600)**
Transactions charged to the Surplus / Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement													
Depreciation charge	(16,085)	(33,169)	(3,536)	0	0	(0)	**(52,790)**	0	0	0	(2,902)	**(2,902)**	**(55,693)**
Depreciation written out	3,935	15,117	0	0	0	0	**19,052**	0	0	0	0	**0**	**19,052**
Revaluation (losses)	(35,179)	(20,428)	0	0	0	(456)	**(56,063)**	0	(6,655)	0	0	**(6,655)**	**(62,718)**
Revaluation loss reversals	1,029	4,947	0	0	0	0	**5,976**	0	0	0	0	**0**	**5,976**
Impairment (losses)	0	0	0	0	0	0	**0**	0	0	0	0	**0**	**0**
Impairment loss reversals	0	220	0	0	0	0	**220**	0	0	0	0	**0**	**220**
Other Transactions													
Assets reclassified (to) / from Assets Held for Sale, Investment Property and Heritage Assets	0	0	0	0	0	0	**0**	0	(340)	340	0	**0**	**0**
Assets reclassified within Property, Plant and Equipment	25,983	0	0	0	(25,983)	0	**0**	0	0	0	0	**0**	**0**
Other movements in gross carrying amount	0	0	0	0	0	0	**0**	0	0	0	0	**0**	**0**
Other movements in depreciation	0	0	0	0	0	0	**0**	0	0	0	0	**0**	**0**
Net Carrying Amount at 31 March 2024	**1,027,651**	**761,451**	**18,994**	**3,242**	**19,691**	**3,975**	**1,835,004**	**259,536**	**49,791**	**340**	**11,060**	**320,727**	**2,155,730**
Comprising													
Gross carrying amount	1,027,651	791,532	36,458	3,242	19,691	3,975	**1,882,547**	259,536	49,791	340	20,422	**330,089**	**2,212,637**
Accumulated depreciation	(0)	(30,081)	(17,463)	0	0	0	**(47,545)**	0	0	0	(9,362)	**(9,362)**	**(56,906)**
Net Carrying Amount at 31 March 2024	**1,027,651**	**761,451**	**18,994**	**3,242**	**19,691**	**3,975**	**1,835,003**	**259,536**	**49,791**	**340**	**11,060**	**320,727**	**2,155,730**

* Total excluding infrastructure assets which are shown below

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Infrastructure Assets

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 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.

The following table set out the gross carrying amount, and the movements in value over the year for infrastructure assets:

	31 March 2025 £'000	31 March 2024 £'000
Opening Net Book Value as at 1 April	137,709	118,724
Additions	19,810	30,763
Depreciation Charge	(12,628)	(11,778)
Closing Net Book Value as at 31 March	**144,891**	**137,709**

The following table set out the reconciliation of Total Property, Plant & Equipment:

	31 March 2025 £'000	31 March 2024 £'000
Closing Value of Property, Plant & Equipment (excluding Infrastructure Assets)	1,877,907	1,835,003
Closing Value of Infrastructure Assets	144,891	137,710
Total Property, Plant & Equipment as shown in the Balance Sheet	**2,022,798**	**1,972,713**

Heritage Assets

The following table shows the value of the council's heritage assets.

	2024/25 £'000	2023/24 £'000
Royal Pavilion	0	0
Collections	0	0
Rare Books	0	0
Volks Railway	0	0
West Blatchington Windmill	0	0
Rottingdean Windmill	0	0
Cost of Acquisitions	**0**	**0**
Royal Pavilion	10,199	30,768
Collections	15,940	0
Rare Books	0	0
Volks Railway	2,137	2,309
West Blatchington Windmill	(785)	231
Rottingdean Windmill	(138)	85
Revaluation Increases/(Losses)	**27,354**	**33,393**
Royal Pavilion	214,181	203,982
Collections	57,438	41,498
Rare Books	8,313	8,313
Volks Railway	5,888	3,750
West Blatchington Windmill	660	1,444
Rottingdean Windmill	410	548
Carrying Amount as at 31 March	**286,889**	**259,536**

Valuations

Land and building valuations were based upon valuation reports issued by valuers appointed by the council. The valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The council requires that all valuers are RICS qualified. Valuations are carried out by the council's internal valuers and by independent property managing companies contracted by the council: Avison Young, Savills UK Ltd and Montagu Evans. The valuation of the council's council dwellings is carried out annually by Savills UK Ltd.

The council carries out a rolling programme for revaluing its PPE assets that ensures that all PPE assets measured at current value are revalued at least every five years. HRA dwellings and garages and car park assets are valued annually. The following table shows the valuation split of non-current assets.

	Council Dwellings	Right of Use Assets	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Heritage Assets	Investment Property	Assets Held for Sale	Intangible Assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Valued at historical cost			543	43,832	3,244	25,407					26,365	**99,392**
Valued at insurance value (annually)								273,982				**273,982**
Valued at fair value:												
2024/25	1,050,198	49,874	520,944				2,585		49,592			**1,673,193**
2023/24			69,805				1,450					**71,255**
2022/23			85,466									**85,466**
2021/22			49,747									**49,747**
2020/21			21,822									**21,822**
2019/20			1,246									**1,246**
2018/19			56									**56**
Before 2018/19			1,987									**1,987**
Gross carrying amount	**1,050,198**	**49,874**	**751,616**	**43,832**	**3,244**	**25,407**	**4,035**	**273,982**	**49,592**	**0**	**26,365**	**2,278,146**
Accumulated depreciation	0	(14,188)	(15,183)	(20,911)	0	0	(0)	0	0	0	(12,408)	**(62,691)**
Net carrying amount	**1,050,198**	**35,686**	**736,432**	**22,920**	**3,244**	**25,407**	**4,035**	**273,982**	**49,592**	**0**	**13,957**	**2,215,455**

Please note that the above table excludes infrastructure assets due to historical reporting practices and resultant information deficits which means that the historic cost and accumulated depreciation cannot be faithfully represented. See infrastructure assets section above

Surplus Asset Valuations

The fair value of the council's surplus assets is determined using the market value methodology. This method includes the yield methodology and adjusted sales comparison approach or may include a development or residual appraisal if it is considered an alternative use provides the highest and best value. The approach is consistent with IFRS 13 Fair Value Measurement. The method involves a degree of judgement and uses data which is not widely publicly available. The fair value hierarchy for these assets is Level 3.

Heritage Asset Valuations

The valuations for all heritage assets are based on insurance valuations. The assets are insured by Zurich Municipal and Protector at a 1 April valuation date.

Investment Property Valuations

The fair value of the council's investment property is measured annually. Valuations are carried out by the council's internal valuers and by independent property managing companies contracted by the council: Avison Young, Montagu Evans, and Savills UK Ltd. The majority of the council's assets which are classified as investment properties are leased out under short term operating leases. These properties are used by the lessees for commercial purposes. The fair value of the council's investment property portfolio is determined using a variety of techniques depending on the property type and the terms of the lease. In estimating the fair value of the council's investment properties, the highest and best use of the properties is their current use. The fair value hierarchy for these assets is Level 3.

Quantitative information about Fair Value Measurement (Investment Property				
Property Type	Fair Value at 31 March 2025 £'000	Valuation techniques used to measure fair value	Unobservable Inputs	Range of unobservable inputs
Urban Commercial	49,592	Yield Methodology	Rental Values	Retail: £51.20 to £7,067.64 psm
				Office: £178.50 to £503.14 psm
				Car park: £1 to £3 per space per day
				Garden Centre: n/a
				Public House £236.33 to £255.58 psm
			Capitalisation rate	Retail: 4.5% to 10%
				Office: 5.5% to 8%
				Car Park: 8%
				Garden Centre: n/a
				Public House (Ground lease): 6.5%

Relationship of Unobservable Inputs to Fair Value (Investment Property)		
	Impact on Fair Value of Changes to Input	
Unobservable Input	Increase in Input	Decrease in Input
Adjusted comparable vacant possession values	Increase in fair value	Decrease in fair value
Rental values	Increase in fair value	Decrease in fair value
Capitalisation rates	Decrease in fair value	Increase in fair value

Useful Lives

Assets of the same type generally have the same life but there are exceptions for specific assets. Operational buildings and surplus assets are generally valued with a life of either 20 or 50 years as advised by the council's valuers. In respect of the assets valued using depreciated replacement cost valuation methodology at 31 March 2025 the majority of assets were deemed to have a total useful life of 60 years with a remaining useful life of between 2 and 58 years.

The asset life of council dwellings is set as appropriate for the relevant components. The structure of the dwellings has an asset life of 60 years, and the replaceable components vary as appropriate, for example, kitchens have a life of 25 years. Asset lives for vehicles, plant, furniture and equipment are generally set at between five and ten years depending on the nature of the asset. The asset life for infrastructure assets is set at 20 years. Asset lives for HRA garages and car parks are estimated to be 35 years.

All intangible assets have been assessed as having a finite useful life, based on assessments of the period that the intangible assets are expected to be of use to the council. The useful lives applied are generally between three and ten years depending on the nature of the intangible asset.

Impairment and Revaluation Losses

As part of the annual inspection and ongoing management of its property portfolio, the council assesses the impact of obsolescence, physical damage and changes of use which could affect asset values.

Contractual Commitments

At 31 March 2025, the council had entered into the following contractual commitments in respect of non-current assets (at 31 March 2024 £43.919 million).

Contractual Commitments		
Scheme Name	**Description**	**£'000**
Housing stock programme		11,227
Other Land and Buildings		
Adult Social Care	Knoll House building works and Relocation of Independence at Home	6,046
Education and Learning	Works at various schools	1,939
Place	Various regeneration projects across Brighton & Hove	12,878
Finance and Property	Works on various council properties	1,190
City Infrastructure	Brighton Marina to River Adur coastal works and Various highways schemes	11,697
Environmental Services	Public Conveniences and Hollingdean Depot works	125
Environment and Culture	Works on Royal Pavallion Estate, various Leisure facilities, Playgrounds Refurbishment	2,077
Homes & Investment	Warm Safe Homes	19
Family Help and Protection	Ireland Lodge project - building works	173
Vehicles, Plant, Furniture and Equipment		
Adult Social Care	Better Care Fund - equipment for disabled	134
Education and Learning	Furniture and equipment at various schools	18
Finance and Property	Water Efficiency Fund project	28
City Infrastructure	Bus service improvement project, Seafront Lighting renewal programme	1,280
Environmental Services	Various vehicle costs, new recycling bins and equipment at Hollingdean depot	983
Environment and Culture	Brighton Centre equipment and upgrades	25
Digital Innovation	Laptop Refresh programme	1,115
Family Help and Protection	Ireland Lodge project - equipment	6
Intangible Fixed Assets		
Schools	Upgrade of Impulse system	32
City Infrastructure	Bus service improvement project, Citywide Strategic Transport Model	156
Environment and Culture	Pavilion and Mess Room IT related services	6
Digital Innovation	Customer Digital Programme, Laptop Refresh implementation and Wide Area Network costs	1,897
Homes & Investment	Disabled facilities grants	52
Grand Total		**53,102**

Investment Property Income and Expenses

The council lets properties in its investment portfolio at the full market rent. The council received £3.149 million of net income from investment properties in 2024/25 (£3.102 million 2023/24).

11. Capital Investment and Capital Financing

The council made £151.649 million of capital investments in 2024/25. The council's Capital Financing Requirement is the value of historic capital investment funded from borrowing which will be repaid in future financial years. In 2024/25, £126.339 million of capital investment was financed through unsupported borrowing (i.e. not supported by the government) and increased the council's Capital Financing Requirement. Please see details of movements in the table below.

	£'000	£'000
Opening Capital Financing Requirement	**509,732**	**453,960**
Adjustment to opening balance for Right of Use Assets	45,939	0
Restated Opening Financing Requirement	**555,671**	**453,960**
Property, plant and equipment (incl. Right of Use Assets)	137,986	132,551
Intangible assets	5,944	5,465
Investment property	682	429
Assets held for sale	0	2
Revenue expenditure funded from capital under statute	6,597	5,274
Long term investments (which are part of the capital programme)	440	500
Capital Investment	**151,649**	**144,222**
Capital receipts	(8,124)	(4,113)
Capital grants and contributions	(43,337)	(49,081)
Major repairs reserve (Housing Revenue Account)	(16,268)	(16,085)
Reserves	(2,349)	(2,730)
Revenue contributions	(893)	(2,907)
Schools Funding Adjustment	(278)	(416)
Capital Financing (excluding borrowing)	**(71,249)**	**(75,333)**
Repayment of loans (Minimum Revenue Provision)	(29,719)	(12,616)
Repayment of long term debt (application of capital receipts)	0	(500)
Closing Capital Financing Requirement	**606,352**	**509,732**
Explanation of movements in capital financing requirement		
Increase in underlying need to borrow (unsupported by government)	126,339	68,888
Repayment of loans (Minimum Revenue Provision)	(29,719)	(12,616)
Repayment of long term debt (application of capital receipts)	0	(500)
Increase/(Decrease) in Capital Financing Requirement	**96,621**	**55,772**

Minimum Revenue Provision

The council is required by statute to set aside a prudent sum for the repayment of debt – the Minimum Revenue Provision (MRP). Guidance issued by the government requires full council to approve an annual statement on the amount of debt that will be repaid in a financial year. The council's annual statement was approved at Budget Council in February 2024. The following table shows the amount set aside from revenue to repay debt.

	2024/25	2023/24
	£'000	£'000
Supported Debt (debt where the Government provides revenue support)	2,328	2,328
Unsupported Debt (debt where no Government support is received)	8,158	6,773
Right of Use Assets	14,188	0
Charge equal to write down on PFI liabilities	5,045	3,515
Total Amount Set Aside from Revenue	**29,719**	**12,616**

12. Financial Instruments

Financial Assets	31 March 2025 Long Term £'000	31 March 2025 Short Term £'000	31 March 2025 Total £'000	31 March 2024 Long Term £'000	31 March 2024 Short Term £'000	31 March 2024 Total £'000
Fair value through profit or loss						
Investments	38	0	38	38	0	38
Cash Equivalents	0	21,060	21,060	0	16,661	16,661
Amortised Cost						
Investments	5,440	(0)	5,440	5,123	23,769	28,893
Cash Equivalents	111	6,498	6,610	0	43,085	43,085
Debtors	14,131	41,953	56,084	22,486	44,490	66,976
Total Financial Assets	**19,720**	**69,511**	**89,232**	**27,647**	**128,006**	**155,653**
Not Financial Assets	0	37,508	37,508	0	34,596	34,596
Total Assets	**19,720**	**107,020**	**126,740**	**27,647**	**162,602**	**190,249**

Financial assets are investments, cash equivalents and some debtors both long and short term. Please see also **Note 13 Debtors**.

Financial Liabilities	31 March 2025 Long Term £'000	31 March 2025 Short Term £'000	31 March 2025 Total £'000	31 March 2024 Long Term £'000	31 March 2024 Short Term £'000	31 March 2024 Total £'000
Fair value through profit or loss						
Borrowings and creditors	0	0	0	0	0	0
Amortised cost						
Borrowing	(383,577)	(40,450)	(424,027)	(354,278)	(48,305)	(402,583)
Creditors	(44,426)	(67,095)	(111,521)	(30,306)	(66,310)	(96,616)
Total Financial Liabilities	**(428,002)**	**(107,545)**	**(535,548)**	**(384,585)**	**(114,615)**	**(499,200)**
Not Financial Liabilities	0	(75,789)	(75,789)	0	(62,531)	(62,531)
Total Liabilities	**(428,002)**	**(183,334)**	**(611,336)**	**(384,585)**	**(177,146)**	**(561,731)**

Financial liabilities are borrowing, creditors and long-term liabilities (excluding the pension fund liability). Please see also **Note 14 Creditors** and **Note 16 Grants and Contributions.**

Financial instruments classified at fair value through profit or loss

The balance of financial assets classified at fair value through profit or loss at 31 March 2025 was £21.098 million. There were no financial liabilities designated at fair value through profit or loss.

Investments in equity instruments designated at fair value through other comprehensive income

No financial assets or liabilities were classed as fair value through other comprehensive income.

Reclassifications

No financial assets or liabilities were re-classified during the year.

Income, Expense, Gains and Losses

	2024/25		2023/24	
	Surplus or deficit on the provision of services	Other comprehensive income and expenditure	Surplus or deficit on the provision of services	Other comprehensive income and expenditure
	£'000	£'000	£'000	£'000
Financial assets measured at fair value through profit or loss - fair value	(90)	0	(302)	0
Financial assets measure at fair value through profit or loss - dividends	(2,193)	0	(2,577)	0
Total net (gains)/losses	**(2,283)**	**0**	**(2,879)**	**0**
Financial assets measured at amortised cost - **Interest Revenue**	(1,175)	0	(5,119)	0
Financial liabilities measured at amortised cost - **Interest Expenses**	11,146	0	11,812	0

Note: the comparative figure for financial liabilities measured at amortised cost – interest expenses have been updated as was incorrectly disclosed in the 2023/24 accounts

Fair Value

Basis for recurring fair value measurements

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

Fair value of financial assets

Financial Assets - Fair value through profit or loss	Input level in the fair value hierarchy	Valuation Technique used to measure Fair Value	31 March 2025	31 March 2024
			£'000	£'000
Money Market Funds (Low Volatility Net Asset Value Funds)	Level 1	Unadjusted quoted prices in active markets for identical	11,776	7,466
Pooled Funds (Variable Net Asset Value funds)	Level 1	Unadjusted quoted prices in active markets for identical	9,285	9,195
Municipal Bonds Agency Shareholding	Level 3		38	38

Transfer between levels of the fair value hierarchy

There were no transfers between levels 1 and 2 during the year.

Changes in valuation technique

There has been no change in the valuation technique used during the year for financial instruments.

Fair values of financial assets and financial liabilities that are not measured at fair value but for which fair value disclosures are required

All other financial liabilities and financial assets are carried on the balance sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments based on the following assumptions:

- For loans payable from the Public Works Loan Board (PWLB) - PWLB market rates.

- For non-PWLB loans payable - PWLB market rates.
- For loans receivable - benchmark market rates.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable fair value is carrying/billed value.
- For trade and other receivables fair value is the invoiced/billed value.

	31 March 2025		31 March 2024	
	Carrying Amount	Fair value	Carrying Amount	Fair value
	£'000	£'000	£'000	£'000
Long term investments	5,478	5,608	5,161	5,179
Long term debtors	14,131	14,131	22,486	22,486
Total Financial Assets	**19,609**	**19,740**	**27,647**	**27,665**

Long term debtors are carried at cost as this is a fair approximation of their value.

	31 March 2025		31 March 2024	
	Carrying Amount	Fair value	Carrying Amount	Fair value
	£'000	£'000	£'000	£'000
Long term borrowing	(383,577)	(270,879)	(354,278)	(229,246)
Total Financial Liabilities	**(383,577)**	**(270,879)**	**(354,278)**	**(229,246)**

The fair value of borrowings is lower than the carrying amount because the portfolio of loans includes fixed rate loans where the interest rate payable is lower than the prevailing rates at the balance sheet date. This shows a notional future loss arising from a commitment to pay interest to lenders above current market rates. The reverse is the case for PFI fair values.

As there is no market comparison data for lease liabilities the carrying amount is calculated using the council's incremental borrowing rate. Following the transition to IFRS 16 for PFI and lease liabilities, it is considered by the council that the carrying value of these liabilities now represents a reasonable estimation of the fair value.

Fair value hierarchy of financial assets and financial liabilities that are not measured at fair value

	31 March 2025			
Recurring fair value measurements using:	Quoted prices in active markets for identical assets (Level 1)	Other significant inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£'000	£'000	£'000	£'000
Long Term Investments at Amortised Cost	0	5,608	0	5,608
Long Term Debtors	0	14,131	0	14,131
Financial Assets	**0**	**19,740**	**0**	**19,740**
Long term borrowing	0	(270,879)	0	(270,879)
Financial Liabilities	**0**	**(270,879)**	**0**	**(270,879)**

Recurring fair value measurements using:	31 March 2024 Quoted prices in active markets for identical assets (Level 1) £'000	Other significant inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
Long Term Investments at Amortised Cost	0	5,179	0	5,179
Long Term Debtors	0	22,486	0	22,486
Financial Assets	**0**	**27,665**	**0**	**27,665**
Long term borrowing	0	(229,246)	0	(229,246)
Financial Liabilities	**0**	**(229,246)**	**0**	**(229,246)**

The fair value for financial liabilities and financial assets that are not measured at fair value included in levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant input being the discount rate. The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions.

Financial Assets

No early repayment or impairment is recognised, estimated ranges of interest rates at 31 March 2025 for loans receivable, based on new lending rates for equivalent loans at that date and the fair value of trade and other receivables is taken to be the invoiced or billed amount.

Financial Liabilities

No early repayment is recognised and estimated ranges of interest rates at 31 March 2025 for loans payable is based on new lending rates for equivalent.

Nature and extent of risks arising from financial instruments and how the council manages those risks

The council's activities expose it to a variety of financial risks. The key risks are credit risk (the possibility that other parties might fail to pay amounts due to the council), liquidity risk (the possibility that the council might not have funds available to meet its commitments to make payments), re-financing risk (the possibility that the council might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms) and 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. Risk management is carried out by a central treasury team, under policies approved by the council in the annual treasury management strategy. The council provides written principles for overall risk management as well as written policies (covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash).

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the council's customers. This risk is minimised through via the council's Annual Investment Strategy which is available on the council's website.

Credit risk management practices

The council's credit risk management practices are set out in the Annual Investment Strategy with particular regard to determining whether the credit risk of financial instruments has increased significantly since initial recognition. The Annual Investment Strategy 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 & Poor's credit rating services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each category. The council uses the creditworthiness service provided by Link Asset Services. This service uses a sophisticated modelling approach incorporating credit ratings from all three rating agencies. However, it does not rely solely on the current credit ratings of counterparties but also uses credit watches and credit outlooks from credit rating agencies, Credit Default Swap spreads to give early warning of likely changes in credit ratings and sovereign ratings to select counterparties from only the most creditworthy countries. The Investment Strategy for 2024/25 was approved by Budget Council in February 2024 and is available on the council's website. Customers for goods and services are assessed based on their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings in accordance with parameters set by the council.

The council's maximum exposure to credit risk in relation to its investments in financial institutions cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. There is a risk of not being able to recover all the council's deposits but there was no evidence at the 31 March 2025 that this was likely to occur.

Amounts arising from Expected Credit Losses (ECL)

The council has provision for bad debt across all services of £70.487 million at 31 March 2025 (£54.690 million short term and £15.797 million long term). Please see also Note 13 Debtors.

The council also reviews all other (non-service) debt and provides for Expected Credit Losses (ECL). The material changes in ECL for 2024/25 are in respect of the i360 seafront observation tower which has been decreased by £26.526 million to £nil million; this is as a result of the sale of the asset. See the Brighton i360 information within the Narrative report for further details.

Collateral

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

Liquidity risk

The council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports) as well as through a comprehensive cash flow management system, as required by the CIPFA Treasury Management Code of Practice. This seeks to ensure that cash is available when needed. The council has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the PWLB and money markets for access to longer term funds. The council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. The maturity analysis of financial assets which excludes sums due from customers is as follows:

	31 March 2025	31 March 2024
	£'000	£'000
Less than one year	44,979	98,145
Between one and two years	14,131	22,486
Between two and five years	5,440	5,123
Between five and ten years	38	38
Total Financial Assets	**64,588**	**125,792**

Refinancing and Maturity risk

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

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The council approved treasury and investment strategies address the main risks, and the central treasury team address the operational risks within the approved parameters. This includes monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and monitoring the maturity profile of investments to ensure sufficient liquidity is available for the council's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The value of the financial liabilities in the table below is based on the principal amounts owed to lenders rather than the carrying amount.

	31 March 2025	31 March 2024
	£'000	£'000
Less than one year	(91,743)	(89,196)
Between one and two years	(46,458)	(21,926)
Between two and five years	(36,675)	(11,101)
More than five years	(346,589)	(352,752)
Total Financial Liabilities	**(521,466)**	**(474,976)**

Market risk

Interest rate risk

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

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

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the provision of services or other comprehensive income and expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the surplus or deficit on the provision of services and affect the General Fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Comprehensive Income and Expenditure Statement.

The council has strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team monitors market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly, the drawing of long-term fixed rates borrowing would be postponed. The value of the risk if all interest rates had been +1% higher ('all other things being equal') is illustrated below.

Effect of +1% in interest rates	31 March 2025 £'000	31 March 2024 £'000
Increase in interest payable on variable rate borrowings	45	57
Increase in interest receivable on variable rate investments	(590)	(1,536)
Impact on Comprehensive Income and Expenditure	**(545)**	**(1,479)**

Price risk

The council has a total of £11.778 million invested in money market funds. The value (price) of shares in these funds will vary.

Foreign exchange risk

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

13. Debtors

	31 March 2025	31 March 2024
	£'000	£'000
Debtor System Control	22,244	25,946
Local Taxation	12,094	13,307
HRA & Temporary Accommodation	9,770	7,225
HMRC	8,047	8,417
Payments in Advance	4,006	4,081
Parking	965	1,120
Other	22,334	18,989
Total Short Term Debtors	**79,461**	**79,086**

£41.953 million (£44.490 million end March 2024) of the total of short-term debtors are classified as financial instruments and are included in Note 12 Financial Instruments. Debtors not classified as financial instruments are statutory debtors, grant debtors and payments in advance.

The following table shows an analysis of the council's long term debtors.

	31 March 2025	31 March 2024
	£'000	£'000
i360 development	0	8,955
Finance leases	5,772	5,796
Brighton Dome & Festival Limited	3,117	2,704
Royal Pavilion & Museums Trust	2,867	1,867
Other long term debtors	2,377	3,164
Total Long Term Debtors	**14,131**	**22,486**

All long-term debtors are classed as financial instruments and are included in Note 12 Financial Instruments.

14. Creditors

	31 March 2025	Restated 31 March 2024
	£'000	£'000
Receipts in Advance	(20,675)	(17,502)
Creditors Control Account	(15,793)	(16,958)
Lessee Lease Liability	(13,477)	0
Pensions	(6,636)	(6,263)
HMRC	(6,103)	(6,165)
PFI Finance Lease Liability	(5,409)	(3,790)
C2C Local Enterprise Partnership (LEP)	(5,131)	(4,980)
Local Taxation	(463)	0
Other	(51,302)	(49,586)
Total Short Term Creditors	**(124,989)**	**(105,244)**

Note: The 2023/24 comparative figures have been restated to remove Revenue Grants and contributions received in advance which are now included in the Grants note 16.

The lessee lease liability is the short-term liability in respect of the lease payments for leased in assets brought onto balance sheet under IFRS 16. Note 17 Leases and Lease Type Arrangements provides further details.

£67.095 million (£68.227 million 31 March 2024) of short-term creditors are classed as financial instruments and are included in Note 12 Financial Instruments. Creditors which are not classified as financial instruments are statutory creditors, grant creditors and receipts in advance.

15. Provisions

The council sets aside amounts as provisions for liabilities of uncertain timing or amount. The following table sets out the council's provisions at 31 March split between short term and long term. Short term provisions include best estimates of uncertain liabilities including uninsurable costs relating to potential Health & Safety Executive penalties, potential historic pay settlements for some staffing groups, and other estimated litigation costs where there is uncertainty over the recovery of costs.

	Balance 1 April 2024	Additional Provisions Made	Amounts Used	Unused Amounts Reversed	Balance 31 March 2025
	£'000	£'000	£'000	£'000	£'000
Other provisions	(1,081)	0	37	238	(806)
Short Term Provisions	**(1,081)**	**0**	**37**	**238**	**(806)**
Voluntary severance scheme provision	(2,339)	(3,082)	5,443	(1,368)	(1,346)
Insurance provision	(4,021)	0	0	0	(4,021)
Business rates appeals provision	(1,589)	(972)	1,094	0	(1,467)
Other provisions	(158)	942	(844)	(127)	(188)
Long Term Provisions	**(8,107)**	**(3,112)**	**5,693**	**(1,495)**	**(7,021)**
Total Provisions	**(9,188)**	**(3,112)**	**5,730**	**(1,257)**	**(7,827)**

Voluntary Severance Scheme Provision

Voluntary severance is just one of the mechanisms that can help the council to meet its financial targets whilst minimising the risk of compulsory redundancies. The council has therefore put in place a mechanism to incentivise voluntary severance in services required to deliver approved budget savings in 2025/26. The mechanism enables employees under retirement age to consider leaving their employment in return for an enhanced severance package. Each case is separately reviewed and only approved where pre-set business case parameters are met. This provision will meet the costs of approved severance packages, including those over retirement age, which had not been finalised at the Balance Sheet date

Insurance Provision

The insurance provision is used to cover liabilities under policy excesses and to finance any claims for small risks not insured externally. The council also self-insures financed from this provision. The level of the provision is informed by independent actuarial assessment of insurance risks.

Business Rates Appeals Provision

At the end of March 2025, the council had a number of appeals outstanding against the 2017 and 2023 rating lists. If successful, these appeals will result in a reduction in rateable value and refunds for prior financial years. This provision covers the council's share of the amount that the council anticipates having to repay if the appeals are successful.

16. Grants and Contributions

The council receives a number of grants (from government and non-government bodies) and contributions for revenue and capital purposes.

Government Revenue Grants

	2024/25 £'000	2023/24 £'000
Ministry of Housing, Communities and Local Government	(82,703)	(72,581)
Department of Health & Social Care	(3,430)	(2,100)
Department for Work and Pensions	(1,038)	(1,011)
Department for Environment, Food & Rural Affairs	(469)	0
Department for Education	(120)	(103)
Revenue government grants credited to taxation and non-specific grant income	**(87,760)**	**(75,795)**
Ring fenced revenue government grants credited to cost of services		
Department for Education	(240,508)	(223,372)
Department for Work and Pensions	(109,790)	(112,426)
Department of Health & Social Care	(35,591)	(33,115)
Ministry of Housing, Communities and Local Government	(14,995)	(14,354)
Department for Transport	(9,310)	(7,041)
Other government departments	(1,646)	(947)
Home Office	(1,092)	(447)
Department for Culture, Media and Sport	(269)	(24)
Department for Environment, Food & Rural Affairs	(74)	(252)
Department for Business, Energy & Industrial Strategy	(5)	(39)
Ring fenced revenue government grants credited to cost of services	**(413,280)**	**(392,015)**
Total Government Revenue Grants	**(501,041)**	**(467,810)**

Non-Government Revenue Grants and Contributions

	2024/25 £'000	2023/24 £'000
Contributions from health	(28,484)	(29,163)
Contributions from other local authorities	(2,638)	(2,043)
Contributions from other agencies and external bodies	(2,299)	(7,311)
Other contributions, donations and sponsorship	(1,822)	(1,307)
Non-government grants	(777)	(532)
Contributions from developers and stakeholders	(669)	(461)
Total Non-Government Revenue Grants and Contributions credited to cost of services	**(36,690)**	**(40,816)**

Revenue Grants and Contributions with Conditions Attached

The council has received a number of revenue grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the funds to be returned if the conditions are not met (shown as "Revenue grants receipts in advance" on the balance sheet).

	2024/25	2023/24
	£'000	£'000
Department for Transport	(8,116)	(11,578)
Department for Education	(2,340)	(2,165)
Ministry of Housing, Communities and Local Government	(2,175)	(4,865)
Contributions from developers	(1,710)	(1,913)
Department of Health and Social Care	(1,153)	(867)
Department for Digital, Culture, Media & Sport	(1,026)	(765)
Home Office	(650)	(305)
Other	(725)	(1,137)
Total Revenue Grants and Contributions Receipts in Advance	**(17,895)**	**(23,595)**

Note: Revenue Grants and Contributions Receipts in Advance were included in short term creditors on the balance sheet in the 2023/24 accounts.

Capital Grants and Contributions

The council has received a number of capital grants and external contributions which are used to fund capital investment.

	2024/25	2023/24
	£'000	£'000
Department for Transport	(11,440)	(8,604)
Department for Education	(9,851)	(11,112)
Ministry of Housing, Communities and Local Government	(6,868)	(12,202)
Contributions from developers and stakeholders	(5,362)	(7,600)
Other contributions	(2,666)	(1,965)
Other government departments	(774)	(147)
Department for Environment, Food and Rural Affairs	(748)	(3,427)
Heritage Lottery Fund	(311)	(102)
Capital grants and contributions credited to taxation and non-specific grant income	**(38,021)**	**(45,158)**
Department of Health & Social Care	(2,321)	(2,700)
Ministry of Housing, Communities and Local Government	0	(395)
Department for Transport	(51)	(260)
Department for Education	(129)	(89)
Other contributions	0	(51)
Capital grants and contributions credited to cost of services	**(2,501)**	**(3,495)**
Total Capital Grants and Contributions	**(40,522)**	**(48,654)**

Capital Grants and Contributions with Conditions Attached

The council has received a number of capital grants and contributions that are yet to be recognised as income as they have conditions attached to them that will require the funds to be returned if the conditions are not met (shown as “Capital grants receipts in advance” on the balance sheet).

	2024/25	2023/24
	£’000	£’000
Department for Education	(21,635)	(25,880)
Department for Transport	(18,770)	(14,684)
Contributions from developers and stakeholders	(14,728)	(19,222)
Ministry of Housing, Communities and Local Government	(6,367)	(7,078)
Other contributions	(3,332)	(2,461)
Department of Environment, Food and Rural Affairs	(2,473)	(80)
Homes England	(1,094)	0
Department of Health and Social Care	(822)	(273)
Total Capital Grants and Contributions Receipts in Advance	**(69,221)**	**(69,678)**

Dedicated Schools Grant

The Council’s expenditure on schools is funded primarily by Dedicated Schools Grant (DSG) received from the Education Funding Agency. DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School and Early Years Finance (England) Regulations 2020. The Schools Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools Budget (ISB) which is divided into a budget share for each maintained school.

Currently, the government is providing legislation known as the Statutory Override facility that means any deficit associated with the Central DSG is excluded from the council’s general fund financial position at the end of a financial year. The regulations require the negative balance (central DSG deficit of £0.680 million) be held in an unusable reserve which remains there for the lifetime of the regulations. The override facility is currently due to expire in March 2026, and an announcement is expected where the government will set out their future intentions relating to the Statutory Override.

2024/25	Central Expenditure	Individual Schools Budget (ISB)	Total
	£'000	£'000	£'000
Final DSG for 2024/25 before academy and high needs recoupment			(235,760)
Less academy and high needs figure recouped for 2024/25			26,769
Total DSG after academy and high needs recoupment for 2024/25			**(208,992)**
Plus: Brought forward from 2023/24			(1,275)
Less: Carry-forward to 2025/26 agreed in advance			0
Agreed initial budgeted distribution in 2024/25	**(38,804)**	**(171,462)**	**(210,267)**
In-year budget adjustments	(381)	256	(125)
Final budget distribution for 2024/25	**(39,185)**	**(171,206)**	**(210,391)**
Less actual central expenditure	39,865	0	39,865
Less actual ISB deployed to schools	0	171,206	171,206
Plus: Local authority contribution for 2024/25	0	0	0
Carry-forward to 2025/26	**680**	**0**	**680**
Plus/MInus: Carry-forward to 2025/26 agreed in advance			0
Carry-forward to 2025/26			0
DSG unusable reserve at the end of 2023/24			0
Addition to DSG unusable reserve at the end of 2024/25			680
Total of DSG unusable reserve at the end of 2024/25			0
Net DSG position at the end of 2024/25	**680**	**0**	**680**

17. Leases and Lease Type Arrangements

The council has adopted IRFS 16 (Leases) with effect from 1 April 2024.

The adoption of IFRS 16 means that the majority of leases where the council acts as lessee will come onto Balance Sheet and lessor accounting effectively remains unchanged.

The main impact of the new requirements is that, for lessee arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset and future rents as a liability), a right-of-use asset and a lease liability are now recognised on the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

As a lessee, the council has previously classified lessee leases as operating, or finance leases based on its assessment of whether the lease transferred significantly all the risks and rewards incidental to ownership of the underlying asset to the council. Under IFRS 16, the council recognises right-of-use assets and lease liabilities for most lessee leases.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised as at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

The council has decided to apply recognition exemptions to short term leases (and has elected not to recognise right-of-use assets and lease liabilities for short term leases i.e. exiting leases that expire on or before 31 March 2025 and new leases with a duration 12 months or less) and leases of low value assets (below £20,000 when new). The council recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term

This change in accounting policy is made in accordance with the transitional provisions in the Code for the adoption of IFRS 16.

Lease liabilities are measured at the present value of the remaining lease payments as at 1 April 2024, discounted by the Council's incremental borrowing rate at that date. The weighted average of the incremental borrowing rates used to discount liabilities was 5.12%.

Right-of-use assets are measured at the amount for the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024.

This has resulted in the following additions (after discounting) to the Balance Sheet as at 1 April 2024: £38.381 million Right-of-Use assets, £13.522 million non-current creditors (lease liabilities), £18.822 million current creditors (lease liabilities) and a gain of £6.038 million charged to the Capital Adjustment Accounts (CAA)

The lease liabilities recognised, under IFRS 16, in the balance sheet at 1 April 2024 of £35.691 million compare with the operating lease commitments, disclosed applying IAS 17 in the 2023/24 financial statements of £15.252 million as at 31 March 2024. When these are discounted to their present value of £32.344 million (using the incremental borrowing rate as at 1 April 2024), there is a difference of £17.092 million from the recognised lease liabilities. A full reconciliation of difference is included below:

	Total £'000
Operating lease commitments at 31 March 2024 as per the 2023/24 accounts	15,252
Adjustment due to miscalculation of lease commitments as at 31 March 2024	7,861
Service Contracts that were incorrectly categorised as embedded leases in 2023/24	(474)
Service Contracts categorised as embedded leases in 2023/24 that expired on 31 March 2024	(646)
Vehicle leases that had expired on 31/03/24 but vehicles still being utilised	2,389
Increase in rentals and lease term for temporary accommodation lease (note: this will also include properties that weren't disclosed in 2023/24 as they had been classified as expired but properties still being utilised)	12,525
Leases of schools that have been academised or have closed	(101)
Adjusted operating lease commitments at 31 March 2024 under IAS 17	**36,807**
Short term leases (i.e. end on or before 31 March 2025)	(494)
Low value leases	(622)
Revised operating lease commitments at 31 March 2024 under IFRS 16	**35,691**
Finance lease liability at 31 March 2024	0
Lease liabilities recognised on adoption of IFRS 16 as at 1 April 2024 before discounting	**35,691**
Effect of discounting	(3,347)
Lease liabilities recognised on adoption of IFRS 16 as at 1 April 2024	**32,344**

Council as Lessee

The council's lease contracts comprise leases of land and buildings, plant and equipment and motor vehicles. Material leases include:

- The council has acquired a number of properties on long term leases which are used by the council for office accommodation and providing education, social care and library services. The length of leases range from 60 to 150 years. In the majority of cases, the

council has paid a premium payment at the inception of the lease and pays a peppercorn rent over the lease term.
- The council has also acquired a number of other operational properties which are on shorter term leases typically range from five to 30 years.
- The council uses a number of properties for temporary accommodation for its clients; these properties are leased to the council under short-term operating leases typically ranging from two to ten years.
- The council leases in a number of vehicles on short-term leases. Most of these leases have formally expired however the council continues to use these assets.

Right of Use Assets

The following table shows the change in the value of the right-of-use assets held under lease by the council:

Right of Use Assets			
	Land & Buildings	Vehicles, Plant & Equipment	Total
	£'000	£'000	£'000
Balance as at 1 April 2024	**36,068**	**2,313**	**38,381**
Additions	2,100	409	2,509
Depreciation and amortisation	(13,003)	(1,185)	(14,188)
Transfer from other land and buildings (finance leases already on Balance Sheet as at 1 April 2024)	8,984	0	8,984
Balance as at 31 March 2025	**34,148**	**1,538**	**35,686**

Transactions under leases

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

	2024/25
	£'000
Interest expense on lease liabilities	1,785
Expense relating to short-term leases	495
Expense relating to exempt leases of low-value items	364
Gain on non commercial lessee leases	(6,038)
Minimum lease payments	14,188

The expenditure incurred by the council in 2023/24, in respect of lessee leases, was £8.656 million.

Maturity analysis of lease liabilities

The lease liabilities, excluding PFI liabilities, are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments). PFI liabilities can be found in Note 18 Private Finance Initiative Contracts:

	31 March 2025
	£'000
Less than one year	13,477
One to five years	6,113
More than five years	1,074
Total undiscounted liabilities	**20,665**

The Total Future Minimum Lease Payments, as at 31 March 2024 was £14,132 million.

Council as Lessor

The council has leased out a number of its properties and land under operating leases, these properties and land are used by the lessees for a variety of purposes such as offices, residential, commercial, agricultural, industrial and recreational. The term of these leases is typically one to 30 years.

The council has also leased out a number of its properties and land under finance leases which are used by the lessees for a range of purposes such as commercial, residential, industrial, and recreational purposes. The terms of these leases mainly range from 40 years to 125 years. There have been no new long term finance leases entered into during the reporting period. The council has a gross investment value in these leases being the minimum lease payments expected to be received over the remaining terms. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the council in future years.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the council in future years. The following table shows the future minimum lease payments owed to the council under non-cancellable operating leases in future financial years

Transactions under leases

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

Transactions under Leases		
	2024/25	2023/24
	£'000	£'000
Finance Leases		
Finance income on the net investment in the lease	(457)	(457)
Income relating to variable lease payments not included in the measurement of the net investment in the lease	(1,609)	(688)
Operating Leases		
Total lease income	(8,262)	(7,978)

Net investment in finance leases

Net Investment in Finance Leases		
	31 March 2025	31 March 2024
	£'000	£'000
Not later than one year	457	457
Later than one year and not later than five years	2,287	2,287
Later than five years	37,852	39,681
Net Investment at 31 March	**40,596**	**42,425**

Maturity analysis of lease receivables

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

Maturity Analysis of Lease Receivables				
	Finance Leases		Operating Leases	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£'000	£'000	£'000	£'000
Less than one year	11	9	8,827	8,262
Later than one year and not later than five years	68	54	26,384	20,926
Later than five years	5,999	6,053	99,938	107,285
Total undiscounted receivables	**6,077**	**6,116**	**135,149**	**136,473**

The lease receivables under operating leases do not include changes to future rental payments.

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

Maturity Analysis of Lease Receivables		
	31 March 2025	31 March 2024
	£'000	£'000
Total undiscounted lease receivables	6,077	6,116
Unearned finance income	34,519	36,310
Net investment in leases	**40,596**	**42,425**

18. Private Finance Initiative Contracts

Service Concession Agreements, such as PFI contracts, are accounted for in accordance with IFRIC 12 'Service Concession Arrangements'. The Standard recognises that the council is in control of services provided under the PFI contract. As ownership of the long-term assets will pass to the council at the end of the contract for no additional charge, the council carries the assets on the Balance Sheet.

With effect from 1 April 2024, IFRS 16 (Leases) also applies to service concession arrangements. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability is required to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments. The effect of this has been to increase balance sheet assets by £13.595 million, with an equal increase in finance lease liabilities as at 1 April 2024.

The council has three Private Finance Initiative (PFI) contracts which are:

- A 25-year contract for the expansion and refurbishment of four secondary schools with Brighton & Hove City Schools Services Limited which started in April 2003. In 2005 the contract was varied to reduce the number of schools to three. In March 2010 the council negotiated the removal of 'soft services' (such as caretaking, cleaning, catering, grounds maintenance) and utilities from the contract.
- A 25-year contract for the provision of an integrated waste management services with South Downs Waste Services Ltd (now trading as Veolia ES South Downs Limited) jointly

with East Sussex County Council. The agreement started in April 2003 and has been extended by five years to the end of 2033.

- A 25-year contract for the provision of a new library and library service with NU Library for Brighton Limited which started in November 2004.

The extent and level of service provided under the schools and library PFI contracts are consistent year-on-year with any major changes subject to contract variation procedures and periodic benchmarking. Payments under these contracts are unlikely to change significantly year-on-year. The service provided under the waste PFI contract is based on waste disposal volumes and changes to volumes will affect the amount payable by the council.

In all cases the council has the right to use the assets provided by the PFI contractor and is entitled to receive the services specified within each contract. Each of the PFI contracts contain a payment mechanism whereby the council only pays for the services it receives. If the PFI contractor fails to provide the service or meet the standards required, the council is entitled to make deductions from the payments due.

On expiry of the contracts the assets created under the PFI arrangements automatically revert to the council at nil consideration. Termination of the contracts prior to the expiry is permitted by either party but only in exceptional circumstances and only after a period of negotiation. There have been no material changes to any of the PFI contracts in 2024/25.

Liabilities - PFI Contracts

2024/25	Schools PFI Contract	Waste PFI Contract	Library PFI Contract	Total
	£'000	£'000	£'000	£'000
At 1 April 2024	**5,503**	**25,223**	**3,371**	**34,097**
Restatement of liability under IFRS 16	269	13,267	59	**13,595**
Lease Repayment	(1,250)	(3,317)	(478)	**(5,045)**
At 31 March 2025	**4,522**	**35,173**	**2,952**	**42,648**

2023/24	Schools PFI Contract	Waste PFI Contract	Library PFI Contract	Total
	£'000	£'000	£'000	£'000
At 1 April 2023	**6,549**	**27,266**	**3,797**	**37,612**
Lease Repayment	(1,046)	(2,043)	(427)	**(3,515)**
At 31 March 2024	**5,503**	**25,223**	**3,371**	**34,096**

Payments Due - PFI Contracts

The future payments for the library PFI contract are based upon a mix of projected inflation rates (retail price index, building maintenance and average earnings). The payment for services includes lifecycle payments towards the enhancement and maintenance of PFI assets and inflation.

The future payments for the waste PFI contracts are based on the Office for Budget Responsibility projected RPIX annual inflation rate to 2027/28, and 2.5% thereafter. The payment for services includes lifecycle payments towards the enhancement and maintenance of PFI assets and inflation.

The future payments for the schools and waste PFI contracts are based on a projected annual retail price inflation rate. The payment for services includes lifecycle payments towards the enhancement and maintenance of PFI assets and inflation.

2024/25	Repayment of Liability £'000	Interest Costs £'000	Payment For Services £'000	Total £'000
Within 1 year	1,366	378	2,133	**3,877**
Within 2 to 5 years	3,157	402	4,420	**7,979**
Total Payments Due - Schools	**4,523**	**780**	**6,553**	**11,856**
Within 1 year	3,527	1,934	11,042	**16,503**
Within 2 to 5 years	16,454	5,685	49,185	**71,324**
Within 6 to 10 years	15,192	1,714	41,573	**58,479**
Total Payments Due - Waste	**35,173**	**9,333**	**101,800**	**146,306**
Within 1 year	516	231	2,232	**2,979**
Within 2 to 5 years	2,436	490	9,751	**12,677**
Total Payments Due - Library	**2,952**	**721**	**11,983**	**15,656**
Within 1 year	5,409	2,543	15,407	**23,359**
Within 2 to 5 years	22,047	6,577	63,356	**91,980**
Within 6 to 10 years	15,192	1,714	41,573	**58,479**
Total Payments Due - All	**42,648**	**10,834**	**120,336**	**173,818**

2023/24	Repayment of Liability £'000	Interest Costs £'000	Payment For Services £'000	Total £'000
Within 1 year	1,153	579	2,073	**3,805**
Within 2 to 5 years	4,350	953	6,553	**11,856**
Total Payments Due - Schools	**5,503**	**1,532**	**8,626**	**15,661**
Within 1 year	2,174	1,386	10,956	**14,516**
Within 2 to 5 years	10,150	4,281	53,722	**68,153**
Within 6 to 10 years	12,898	1,835	60,555	**75,288**
Total Payments Due - Waste	**25,222**	**7,502**	**125,233**	**157,957**
Within 1 year	463	284	2,068	**2,815**
Within 2 to 5 years	2,249	710	9,004	**11,963**
Within 6 to 10 years	659	55	5,724	**6,438**
Total Payments Due - Library	**3,370**	**1,049**	**16,796**	**21,216**
Within 1 year	3,790	2,249	15,097	**21,136**
Within 2 to 5 years	16,749	5,944	69,279	**91,972**
Within 6 to 10 years	13,557	1,890	66,279	**81,726**
Total Payments Due - All	**34,095**	**10,083**	**150,655**	**194,834**

Assets - PFI Contracts

The assets held under the PFI arrangements are recognised on the council's balance sheet. The value of assets held under PFI contracts is £114.639 million at end March 2025 (£97.634 million March 2024).

2024/25	Schools PFI Contract £'000	Waste PFI Contract £'000	Library PFI Contract £'000	Total £'000
Balance as at 1 April 2024				
Gross carrying amount	52,007	34,869	14,613	**101,489**
Accumulated depreciation	(3,836)	(19)	0	**(3,855)**
Restatement of asset under IFRS 16	269	13,267	59	**13,595**
Net Carrying Amount at 1 April 2024	**48,440**	**48,117**	**14,672**	**111,229**
Additions	518	13,324	59	**13,901**
Derecognition - disposals	(61)	0	0	**(61)**
Derecognition - disposals (depreciation)	7,977	1,009	446	**9,432**
Transactions in respect of the surplus on revaluation of non current assets within the CIES recognised in the revaluation reserve				
Revaluation increases	4,528	0	0	**4,528**
Revaluation losses	(2,547)	(6,332)	(1,019)	**(9,898)**
Transactions charged to the surplus / deficit on the provision of services in the CIES				
Depreciation charge	(4,200)	(1,046)	(446)	**(5,692)**
Revaluation (losses)	(1,194)	(5,797)	0	**(6,991)**
Reversal of previous revaluation losses	(1,842)	0	0	**(1,842)**
Reversal of previous impairment losses	33	0	0	**33**
Net Carrying Amount at 31 March 2025	**51,652**	**49,275**	**13,712**	**114,639**
Gross carrying amount	51,712	49,331	13,712	**114,755**
Accumulated depreciation	(59)	(57)	0	**(116)**
Net Carrying Amount at 31 March 2025	**51,653**	**49,274**	**13,712**	**114,639**

2023/24	Schools PFI Contract £'000	Waste PFI Contract £'000	Library PFI Contract £'000	Total £'000
Balance as at 1 April 2023				
Gross carrying amount	51,054	42,705	15,124	**108,883**
Accumulated depreciation	(137)	(2,133)	0	**(2,270)**
Net Carrying Amount at 1 April 2023	**50,917**	**40,572**	**15,124**	**106,613**
Additions	426	23	235	**685**
Derecognition - disposals	(72)	(2,133)	0	**(2,205)**
Derecognition - disposals (depreciation)	72	2,133	0	**2,205**
Transactions in respect of the surplus on revaluation of non current assets within the CIES recognised in the revaluation reserve				
Revaluation increases	1,319	70	0	**1,389**
Revaluation losses	(460)	(5,147)	(363)	**(5,970)**
Transactions charged to the surplus / deficit on the provision of services in the CIES				
Depreciation charge	(4,426)	(1,260)	(353)	**(6,039)**
Revaluation (losses)	0	(154)	(31)	**(185)**
Reversal of previous impairment losses	395	746	0	**1,141**
Net Carrying Amount at 31 March 2024	**48,171**	**34,850**	**14,612**	**97,634**
Gross carrying amount	52,007	34,869	14,613	**101,489**
Accumulated depreciation	(3,836)	(19)	0	**(3,855)**
Net Carrying Amount at 31 March 2024	**48,171**	**34,850**	**14,613**	**97,634**

19. Contingent Assets and Contingent Liabilities

Contingent Assets

Vehicle Procurement

The council is part of a class action, led by the Local Government Association (LGA), against a group of vehicle manufacturers whom, it is alleged, have price fixed across Europe. The council has bought many of its vehicles outright over many years. The council is not able to quantify any potential financial compensation and is indemnified and insured against any material costs should the claim fail.

Credit Card Commission

The council is part of a class action, led by the Local Government Association, against Mastercard and Visa in relation to alleged fixing of interchange card fees. This action has been brought forward by a range of private and public sector organisations. The claim has succeeded in court and the council received an interim settlement of £120,382. A further compensation settlement is possible but is not quantifiable at this time.

Contingent Liabilities

General Legal and Litigation Claims

The council has some general legal claims or litigation cases which had not been resolved at the Balance Sheet date. None of these are quantifiable and nor are they material in value and the claims may be successfully defended.

Insurance Claims

The council is unable to identify with any accuracy which insurance claims will become payable in the future. Each individual claim is allocated a reserve at the time the claim is first brought against the council in accordance with common practice within the insurance industry. Actual payments can differ from initial estimates due to a range of factors including, but not limited to, the ability to successfully defend claims, the proportion of outstanding claims that become litigated, the level of legal fees and the judge presiding over trials.

Hove Station Footbridge Maintenance/Replacement Liability

The footbridge at Hove Station is a Grade 2 listed structure that provides pedestrian access over the railway between Hove Park Villas and Goldstone Villas. The footbridge is over 120 years old and engineering experience and judgement indicate that it is likely to be nearing the end of its economically maintainable life. An agreement dated 28 September 1889 outlines the responsibilities for ownership and maintenance of the footbridge. In summary, the footbridge remains in the ownership of the railway company (now Network Rail), but the cost of maintenance is recharged to the local council (now Brighton & Hove City Council). This historic agreement does not clarify what the financial responsibilities would be if the footbridge had to be replaced and/or restructured, for example, to improve access. The council therefore has a potential but unquantifiable financial liability dependent on when the footbridge needs remedial works and/or full replacement and on the final agreed interpretation of the responsibilities as set out in the historic legal agreement. The council believes it would be the responsibility of the owner of the structure (Network Rail) to fund the removal and replacement of any new footbridge.

HRA Disrepair Claims

Due to the nature of disrepair claims the council is unable to identify with any accuracy which disrepair claims will become payable in the future. Each individual claim is met from within HRA revenue resources in year as claims are settled, actual payments arising are subject to legal review meaning that the level at which a claim is settled can vary from the initial estimation made.

Large Panel System Blocks (LPS)

As part of the council's responsibilities under the Building Safety Act 2022 and Social Housing (Regulation) Act 2023, it commissioned detailed structural surveys on buildings within its housing stock. Structural engineers carried out investigations into each of the blocks. It was reported that the LPS eight blocks do not meet the current safety standards, in relation to their ability to resist a disproportionate collapse in the event of an explosion or large fire.

Interim works to the blocks together with a number of management measures, have been implemented to ensure that the buildings remain safe to occupy whilst longer-term decisions are taken on the future of the blocks. A technical options appraisal of the eight blocks is underway, and a paper was taken to July 2025 Cabinet outlining recommendations for the future of the blocks. The outcome was that Cabinet agreed that in principle the preferred option for addressing the structural and strengthening issues identified in respect of the LPS Blocks is the demolition and replacement of the LPS Blocks with new homes in keeping with the housing needs of the city, and regeneration of the site.

Equal Pay Claims

The council has received 1063 equal pay claims citing a number of areas of potential gender pay inequality. The council has a longstanding job evaluation scheme (Haye/Korn Ferry) against which all jobs are evaluated and keeps under review its pay and allowances structure. The council considers that the claims are defensible and has commissioned external legal advice to undertake the detailed analysis and advise the council on potential defences or any potential risks they may pose. This process is likely to take at least two years. Due to the uncertainty of the claims as well as not currently having any reliable data upon which to estimate the potential liability, the council cannot therefore make any financial assessment or judgement for inclusion in the statement of accounts.

Virgin Media

The council is aware of the "Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)" case. There is a potential for the outcome of the case to have an impact on the UK pension scheme. The case affects defined benefit schemes that provided contracted-out benefits before 2016.

In June 2023, the High Court found that changes to member benefits in contracted out defined benefit pension schemes between 1996 and 2016 required an actuarial certificate in line with section 37 of the Pension Schemes Act 1993 and that changes without this certification are to be considered void. The case was taken to the Court of Appeal in June 2024, and the original ruling was upheld.

As a result of this judgement, there may be a further liability to be incurred by the Council for benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation). However, it is not possible at present to estimate the potential impact, if any, on the Local Government Pension Scheme or the Fund and consequently on the figures within the Council's accounts

20. Related Parties

The council has the following material related party transactions.

Central Government

Central government has significant influence over the general operations of the council, provides the statutory framework within which the council operates, provides 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, housing benefits and business rates). Details of the general grants and specific grants received from government departments in 2024/25 can be found in Note 16 Grants and Contributions**.**

Levying Authorities

Other public bodies may levy the council by making a demand on the council tax requirement. In 2024/25, the council paid levies of £0.242 million (£0.229 million 2023/24) to the Environment Agency, the Sussex Inshore Fisheries & Conservation Authority and various enclosure committees. These costs are included in other operating expenditure.

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 22 Member’s Allowances and Expenses. Details of the entities with whom members are involved are recorded in the Register of Members' Interests which can be found on the council’s website.

Some members have relationships or hold positions with other public bodies, schools, charities, voluntary organisations, and trusts with which the council interacts but does not have a financially material relationship.

Officers

During 2024/25, the council provided Chief Finance Officer (S151), financial and other services to the South Downs National Park Authority (SDNPA) on a contractual basis. During 2024/25, the council received £0.323 million (£0.317 million 2023/24) in respect of these services. The council also had a short-term investment with the SDNPA of £0.907 million as at 31 March 2025 (£4.587 million short-term borrowing at 31 March 2024) in accordance with the service contract and the SDNPA Annual Investment Strategy. The officers involved in providing S151 and other financial services to SDNPA could not influence these financial transactions as they were paid in accordance with the agreed contract terms and were not party to the procurement process for these services.

Other Public Bodies (subject to common control by central government)

The council has various Section 75 arrangements with NHS partners for the provision of personal social services and community health care for adults. Transactions in respect of these Section 75 arrangements are detailed in Note 28 Partnership and Section 75 Arrangements.

Entities which are not controlled / significantly influenced by the council

The Sussex Innovation Centre acts as a business incubator and innovation support unit for Sussex and the South East. The council was a minority shareholder in this company but had no control or influence over the centre. The council surrendered to the company its shareholding in 2008/09. The share surrender was conditional upon Sussex University and the company undertaking that the premises and land would not be sold or transferred to a third party, nor a change be made for its usage regarding the purpose for which it was built without consent of the council and also that there would be no change, amendment or alteration made to the company's objects. Under the surrender agreement the university is obliged, until 2034, to indemnify the council, as the accountable body to the South East England Development Agency (or successor entity), for any repayment of grant in the event of a breach of the obligations as set out in the grant determination and terms of the surrender agreement.

The Brighton Dome & Museum Development Company Ltd is a special purpose vehicle set up for the redevelopment of the Brighton Dome and Museum. The council is a minority (19%) shareholder in this company; Brighton Dome & Festival Ltd is the majority shareholder. The council was one of the funding partners for the Brighton Dome & Museum Development Company Ltd, however the redevelopment is now complete and this company has fulfilled its original purpose. The company will remain in existence for future years but is dormant. The council nominates two members to sit on the board of trustees of Brighton Dome & Festival Ltd. The trustees are also company members and their liability is limited to £1.

Brighton & Hove Seaside Community Homes Ltd is a not for profit charitable company set up and funded by a third party independent to the council as a local delivery vehicle to raise investment for improvements to council dwellings. The company was incorporated in March 2009 and has leased 499 empty properties from the council. The primary objectives of the company are not confined solely to the dwellings leased from the council and the company is able, within its charitable objectives and with the approval of its primary funder, to undertake new ventures. The properties are let to homeless households and people with particular needs nominated by the council. The company's board membership comprises twelve directors of which the council may nominate up to four members to serve as directors.

The Brighton Open Market Company was formed in March 2011 for the redevelopment of the Open Market site. The council has a limited representation of no more than 19% of the member voting rights or Board Directors to avoid controlled company issues and the members have a limited liability of £1 each. The company is a not for profit company and was converted into a Community Interest Company (CIC) in June 2011.

The council has supported the creation of a **Local Government Municipal Bond Agency** which will seek to raise capital funding for local authorities at preferential rates. On 29 September 2014, the council invested £0.025 million to buy a shareholding in the company, UK Municipal Bonds Agency plc, and a further £0.025 million was invested in the shareholding on 13 October 2015. This investment is shown at 75% of the purchase price on the balance sheet.

The council provided financial support to the **East Sussex Credit Union Ltd** (trading as Wave Community Bank) in April 2016 with a membership deposit of £0.028 million and a subordinated loan of £0.250 million for the purpose of providing safe, affordable and accessible financial products to some of the city's most financially excluded and at-risk residents. The loan is interest free and was extended to 2036 at a Policy & Resources committee meeting on 16 March 2023

Better Brighton & Hove is a board (under review) initiated by a local charity, The Pebble Trust, to create an independent think tank to generate ideas and propose solutions to meet the challenges facing the city of Brighton & Hove. The Trust has a board of ten Trustees including the council as a corporate Trustee. The council has committed to provide the Trust with £0.250 million of in kind services. The Council will be able to control and/or influence the work of the trust with at least 40% of the funding going exclusively to identified Council priorities and having a say on how the rest is used.

The Royal Pavilion and Museums Trust is a charitable organisation that took over the management and operation of the Royal Pavilion and Museums' buildings and collections from Brighton & Hove City Council on the 1 October 2020. The buildings are leased to the Trust with a 25-year contract whereby the council is responsible for maintaining the buildings and provides a service fee to the Trust to run services. The Trust Board has 14 trustees of which three are Brighton & Hove City councillors. The transfer to the Trust aims to support the financial sustainability and resilience of the services provided, allowing for the potential to access grants not available to the Council and the freedom to develop and improve services. The Trust drew down on a £2 million loan facility with the council in 2021/22. A further £1m from their loan facility was drawn down in July 2024.

The **coroner jurisdictions for West Sussex and Brighton & Hove** were merged in April 2023 to form one jurisdiction and a shared service. West Sussex County Council are the lead authority, and the majority of the staff are employed through them. The council still operates a legacy administrative team and runs a mortuary used for post-mortems for deaths within Brighton & Hove. West Sussex County Council (WSCC) recharge the council for their proportion of costs including software applications and salaries of coroners and their staff. The costs recharged to the council by WSCC in 2024/25 amounted to £0.439 million.

Entities which are significantly influenced by the council

The **Homes for the City of Brighton & Hove Limited Liability Partnership (LLP)** was formed in November 2017. The council has 50% of the Management Board voting rights through three members appointed as Designated Members of the company, however, neither partner of the LLP has a casting vote, and any disputes require specific resolution as set out in the signed agreement. The aim of the company is to deliver 1,000 affordable homes, through social rent and shared ownership tenures. The LLP's Business Plan sets out the mechanism to deliver these homes, via a development company model whereby all homes are sold to the council or Hyde Housing Association upon completion. The company's strategic financial model still requires the council as defined by the original agreement signed in 2017 to provide finances to the LLP during the development of homes where a cash shortfall in the LLP is identified. This financing will be repaid before any surplus crystalizes from the sale of the properties to the councils' Housing Revenue Account.

Work during 2024/25 centred around identifying new sites for development, a business case for the development of 306 homes at Sackville Trading estate was approved in June 2024. This business case set out the council's financial liabilities form the General Fund and HRA. During the year the council provided £0.440m in loan funding which will be repaid over the course of construction of the new homes.

The council also provide Corporate & Financial Services to the LLP under a separate service contract.

Orbis is a partnership between Brighton & Hove City Council, Surrey County Council and East Sussex County Council that aims to provide Internal Audit & Counter Fraud, Insurance, Treasury Management, Procurement, and IT & Digital services to the partners as well as selling services externally to the public sector. Various services are currently provided to South Downs National Park Authority, Tandridge District Council, Adur & Worthing District Councils, East Sussex Fire & Rescue Authority, Sussex Police, and the Coast to Capital Local Enterprise Partnership. For 2022/23 the inter-authority agreement, which governs the partnership, was updated to reflect revised agreed contribution ratios which recognised that significantly more of the IT&D budget should be treated as sovereign expenditure and therefore be regarded as expenditure 'managed on behalf of' (MOBO) each partner authority. MOBO budgets are therefore under the direct control of each partner but are managed by the Orbis IT&D service on their behalf. The 2022/23 contribution ratios were still applicable in 2024/25 and remain in force until varied by agreement or until cessation of the Inter Authority Agreement. Member oversight of the partnership is provided by the Orbis Partnership Oversight Board which retains two members from each partner but is not a formal or public committee.

21. Officers' Remuneration

The remuneration paid to senior officers reporting directly to the Chief Executive, holding statutory posts or earning more than £150,000 per annum is detailed below.

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		2024/25			
	Note	Salary (including Fees & Allowances)	Compensation for loss of office	Pension Contributions	Total Remuneration including Pension Contributions
Chief Executive - Jessica Gibbons	1	£213,935	£0	£38,561	**£252,495**
Corporate Director Families, Children & Learning	2	£109,147	£0	£21,356	**£130,502**
Corporate Director Families, Children & Wellbeing	3	£35,952	£0	£7,119	**£43,071**
Corporate Director Economy, Environment & Culture	4	£126,725	£142,388	£23,426	**£292,538**
Interim Corporate Director City Operations	5	£18,778	£0	£3,718	**£22,496**
Acting Executive Director Health & Adult Social Care	6	£94,003	£0	£18,613	**£112,616**
Acting Executive Director Housing, Neighbourhoods & Communities	7	£73,114	£0	£14,477	**£87,590**
Corporate Director Housing, Care & Wellbeing	8	£27,333	£0	£5,412	**£32,745**
Corporate Director Homes & Adult Social Care	9	£41,000	£0	£8,118	**£49,118**
Corporate Director Corporate Services and Monitoring Officer	10	£105,374	£0	£12,440	**£117,814**
Acting Corporate Director Corporate Services	11	£89,383	£0	£17,698	**£107,081**
Chief Finance Officer	12	£87,723	£0	£17,200	**£104,922**
Director Finance & Property	13	£29,812	£0	£5,903	**£35,715**
Director of Human Resources & Organisational Development	14	£83,367	£0	£16,507	**£99,874**
Director - People and Innovation	15	£19,656	£0	£3,892	**£23,548**
Director - Governance and Law	16	£30,000	£0	£5,940	**£35,940**
	Total	**£1,185,301**	**£142,388**	**£220,377**	**£1,548,066**

		2023/24			
		Salary (including Fees & Allowances)	Compensation for loss of office	Pension Contributions	Total Remuneration including Pension Contributions
Chief Executive - Geoff Raw		£26,023	£0	£3,486	**£29,510**
Interim Chief Executive		£147,314	£0	£27,572	**£174,886**
Chief Executive		£7,151	£0	£1,416	**£8,566**
Executive Director Families, Children & Learning		£133,736	£0	£26,480	**£160,216**
Executive Director Economy, Environment & Culture		£127,832	£0	£25,311	**£153,143**
Executive Director Health & Adult Social Care		£125,156	£307,392	£24,273	**£456,821**
Acting Executive Director Health & Adult Social Care		£6,348	£0	£1,257	**£7,605**
Executive Director Housing, Neighbourhoods & Communities		£136,397	£127,660	£25,483	**£289,541**
Acting Executive Director Housing, Neighbourhoods & Communites		£4,343	£0	£860	**£5,203**
Executive Director Governance, People & Resources		£133,736	£0	£26,480	**£160,216**
Chief Finance Officer		£113,368	£0	£22,374	**£135,742**
Director of Human Resources & Organisational Development		£113,235	£0	£22,374	**£135,609**
	Total	**£1,074,641**	**£435,052**	**£207,364**	**£1,717,058**

Notes

1. The Chief Executive's total remuneration included payments totalling £19,185 for returning officer duties and this payment was fully funded by central government.
2. Due to the organisational redesign, this post was deleted on 31 December 2024. The total remuneration includes a payment of £1,290 for election duties and this payment was fully funded by central government.
3. Due to the organisational redesign, this post was created on 1 January 2025.
4. Due to the organisational redesign, this post was deleted and the postholder left the council on 10 February 2025.
5. Due to the organisational redesign, this post was created on 1 January and was covered on an interim basis from 10 February 2025.
6. The Acting Executive Director Health & Adult Social Care post was deleted on 31 December 2024.
7. The Acting Executive Director of Housing, Neighbourhoods & Communities post was deleted on 31 October 2024.

8. Due to the organisational redesign, this post was deleted on 31 December 2024.
9. Due to the organisational redesign, this post was created on 1 January 2025.
10. The postholder left the council 15 September 2024 due to ill health.
11. This post was covered by interim arrangements from 8 May 2024 until the deletion of the post due to the organisational redesign on 31 December 2024.
12. Due to the organisational redesign, this post was deleted on 31 December 2024. The total remuneration includes a payment of £428 for election duties and this payment was fully funded by central government.
13. Due to the organisational redesign, this post was created on 1 January 2025.
14. Due to the organisational redesign, this post was deleted on 31 December 2024.
15. Due to the organisational redesign, this post was created on 1 January 2025.
16. Due to the organisational redesign, this post was created on 1 January 2025.

No expense allowances were paid in either 2024/25 or 2023/24.

Other Employee Remuneration

The following table sets out the numbers of employees in each total remuneration band for all those employees receiving more than £50,000 per annum (excluding employer's pension contributions).

Other Officer Remuneration		
Remuneration Band	2024/25 Employees	2023/24 Employees
£50,000 - £54,999	345	231
£55,000 - £59,999	194	194
£60,000 - £64,999	146	63
£65,000 - £69,999	78	60
£70,000 - £74,999	53	35
£75,000 - £79,999	24	12
£80,000 - £84,999	11	14
£85,000 - £89,999	14	7
£90,000 - £94,999	10	7
£95,000 - £99,999	7	7
£100,000 - £104,999	7	10
£105,000 - £109,999	5	3
£110,000 - £114,999	0	2
£115,000 - £119,999	3	3
£120,000 - £124,999	4	0
£125,000 - £129,999	1	0
£130,000 - £134,999	2	0
£135,000 - £139,999	1	0
£140,000 - £144,999	0	0
£145,000 - £149,999	3	0
£150,000 - £154,999	1	0
£155,000 - £159,999	1	0
TOTAL	910	648

22. Members' allowances and expenses

In 2024/25 the council paid £1.017 million (£0.891 million 2023/24) of allowances to members. There was £0.002 million of expenses for travel/subsistence on approved duties outside the Brighton and Hove City area claimed by members during 2024/25 (£0.001 million 2023/24). In 2024/25 members contributed £0.009 million towards travel and parking costs (£0.007 million 2023/24). Full details of allowances and expenses paid in 2024/25 can be found on the council's website Members' allowances (brighton-hove.gov.uk)

23. Termination benefits (including exit packages)

The council terminated the contracts of a number of employees during 2024/25 at a cost of £4.696 million (2023/24 £1.409 million). This includes £4.439 million for exit packages and £0.257 million for associated costs.

The council had a provision of £1.347 million at 31 March 2025 for committed payments for agreed voluntary redundancy packages. Please see Note 15 Provisions.

The following table shows the numbers and cost ranges for exit packages for compulsory and other redundancies agreed in the financial year.

Cost Band	Number of Compulsory Redundancies		Number of Other Departures		Total Number of Exit Packages		Total Cost of Exit Packages	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	No.	No.	No.	No.	No.	No.	£'000	£'000
£0 - £20,000	0	0	71	29	71	29	542	170
£20,001 - £40,000	0	0	15	12	15	12	415	353
£40,001 - £60,000	0	0	10	3	10	3	502	143
£60,001 - £80,000	0	0	6	0	6	0	426	0
£80,001 - £100,000	0	0	2	2	2	2	174	185
£100,001 - £150,000	0	0	4	2	4	2	522	251
£150,001 - £200,000	0	0	2	0	2	0	326	0
£200,001 - £250,000	0	0	2	0	2	0	442	0
£250,001 - £300,000	0	0	1	0	1	0	291	0
£300,001 - £400,000	0	0	3	1	3	1	1,057	307
Total	**0**	**0**	**116**	**49**	**116**	**49**	**4,696**	**1,409**

This includes voluntary redundancy costs, early retirement pension costs and pay in lieu of notice.

24. Pension Schemes accounted for as Defined Contribution Schemes

Teacher’s Pensions Scheme

Teachers employed by the council are members of the Teachers’ Pension Scheme administered by the Department for Education. The scheme provides teachers with specified benefits upon their retirement and the council contributes towards the cost by making contributions based on a percentage of scheme members’ pensionable salaries. The scheme itself is a defined benefit scheme but however is unfunded. The Department for Education uses a notional fund as the basis for calculating the employers’ contribution rate paid by local authorities. The council accounts for the scheme on the same basis as a defined contribution scheme. In 2024/25 the council paid £20.688 million (2023/24 £16.873 million) to the Teachers Pensions Agency in respect of employees’ retirement benefits.

NHS Staff Pension Scheme

Former NHS employees that work for the council can choose to maintain their membership of the NHS Pension Scheme. The scheme provides these employees with specified benefits upon their retirement and the council contributes towards the costs by making contributions based on a percentage of members’ pensionable salaries. The scheme is an unfunded defined benefit scheme. The council accounts for the scheme on the same basis as a defined contribution scheme. In 2024/25 the council paid £0.037 million (2023/24 £0.038 million) to the NHS Business Service Authority in respect of employees’ retirement benefits.

The council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the schemes. These costs are also accounted for on a defined benefit basis.

25. Defined Benefit Pension Schemes

Employees of the council are entitled to become members of one of three separate pension schemes according to the terms of their employment. These are:

- the Local Government Pensions Scheme (LGPS) administered by East Sussex County Council.
- the Teachers' Pension Scheme administered by Teachers' Pensions on behalf of the Department for Education.
- the National Health Service (NHS) Pension Scheme administered by the NHS Business Service Authority.

Employees contribute to these schemes, and the council also makes contributions towards the cost of post-employment benefits as part of the terms and conditions of employment of its employees. Although these benefits will not actually be payable until employees retire, the council is required to disclose the commitment in respect of the future payment of these benefits at the time that the employees earn their future entitlement.

East Sussex County Council acts as the scheme administrator of the East Sussex Pension Fund and is responsible for the management and administration of the Fund in line with the scheme regulations. Within the responsibilities of the scheme administrator is the requirement to liaise and communicate with employing authorities that participate in the fund, ensure adequate record keeping in respect of each member of the fund, to calculate and pay appropriate benefits to members and to produce the required information to comply with disclosure requirements.

The scheme is a funded defined benefit scheme, meaning that the employees and council pay contributions into a Fund, calculated at a level intended to balance the pension liabilities with investment assets. In addition, the council has arrangements for the award of discretionary post-retirement benefits upon early retirement. This arrangement 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 the council has to generate cash, for example, through savings on staffing costs to meet actual pension payments as they fall due.

Barnett Waddingham LLP, an independent firm of actuaries, provides the financial assessment of the council's Pension Fund. The calculations and advice given by Barnett Waddingham LLP in their actuarial report has been carried out in compliance with Technical Actuarial Standard 100: General Actuarial Standards (TAS 100) as issued by the Financial Reporting Council (FRC).

Transactions relating to Post-Employment Benefits

The cost of post-employment benefits in the reported cost of services is recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the council is required to make to its General Fund and HRA is based on the cash payable in the financial year rather than the earned post-employment benefits, so the real cost of post-employment benefits is reversed out of the General Fund and HRA balances to the pensions reserve via the MiRS. The following transactions have been made in the CIES and MiRS during the financial year in relation to the scheme:

	2024/25 £'000	2023/24 £'000
Comprehensive Income & Expenditure Statement (CIES)		
Cost of Services		
Service Cost Comprising:		
Current service cost	33,264	31,571
Administrative expenses	1,259	1,155
Past service costs	990	365
Financing and Investment Income and Expenditure		
Net interest expense	(3,333)	(3,567)
Total Post Employment Benefits charged to the Surplus / Deficit on the Provision of Services	**32,180**	**29,524**
Other Post Employment Benefits charged to the CIES		
Remeasurement of the Net Defined Benefit Liability comprising:		
Return on scheme assets	50,169	(38,423)
Change in demographic assumptions	(3,109)	(13,857)
Change in financial assumptions	(179,981)	(7,002)
Experience adjustments	(3,598)	3,850
Impact of asset ceiling	146,801	64,886
Remeasurement of the net assets / (defined benefit liability) before adjustment	**10,282**	**9,454**
Adjustment re remeasurements of the pension scheme	(926)	13
Post Employment Benefits charged to Other Income and Expenditure in the CIES	**9,356**	**9,467**
Other amounts charged against the General Fund for pensions in the reporting period		
Employers Contributions	(42,123)	(38,249)
Past Service Costs / Non Funded Pensions	(2,157)	(2,174)
Other amounts charged against the General Fund for pensions in the reporting period	**(44,280)**	**(40,423)**
Net Adjustment to the Pension Reserve (balance sheet)	**(2,744)**	**(1,432)**
Movement in Reserves Statement		
Reversal of IAS 19 charges made to the surplus / deficit for the provision of services for post employment benefits	32,180	29,524

Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included on the Balance Sheet in respect of the scheme is shown in the following table:

	2024/25 £'000	2023/24 £'000
Present value of the scheme liabilities	1,124,101	1,253,851
Fair value of scheme assets	1,499,360	1,467,298
Net (Asset) / Liability (unadjusted)	**(375,259)**	**(213,447)**
Asset ceiling adjustment for economic benefit	395,379	236,311
Net (Asset) / Liability	**20,120**	**22,864**

Pension Scheme Liabilities

The present value of liabilities shows the underlying commitments that the council has in the long run to pay post-employment benefits. The council is only required to fund the defined benefits when the pensions are due to be paid. The actuary will assess the need to increase contributions over the working life of scheme employees (i.e. before payments fall due) to make good the deficit on the fund as part of the triannual actuarial valuation.

	2024/25 £'000	2023/24 £'000
Opening defined benefit obligation	**1,253,851**	**1,210,159**
Current service cost	33,303	31,571
Interest cost	60,745	58,115
Change in financial assumptions	(179,981)	(7,002)
Change in demographic assumptions	(3,109)	(13,857)
Experience gain / (loss) on defined benefit obligations	(3,598)	3,850
Liabilities assumed / (extinguished) on settlements	(2,152)	0
Estimated benefits paid net of transfers in	(46,744)	(40,645)
Past service costs including curtailments	990	365
Contributions by scheme participants and other employers	13,046	13,493
Unfunded pension costs	(2,250)	(2,198)
Closing defined benefit obligation	**1,124,101**	**1,253,851**

Pension Scheme Assets

	2024/25 £'000	2023/24 £'000
Opening fair value of fund assets	**1,467,298**	**1,348,849**
Interest on assets	76,345	70,121
Return on assets less interest	(50,169)	38,423
Administration expenses	(1,259)	(1,155)
Contribution by employer including unfunded	45,206	40,410
Contributions by scheme participants and other employers	13,046	13,493
Estimated benefits paid plus unfunded net of transfers in	(48,994)	(42,843)
Settlement prices received / (paid)	(2,113)	0
Closing fair value of fund assets	**1,499,360**	**1,467,298**

Asset Ceiling

The asset ceiling is the present value of any economic benefit available to the Employer in the form of refunds or reduced future employer contributions.

The closing position at 31 March 2025 is a net asset of £375.259 million (net asset of £213.447 million at 31 March 2024) before any adjustment for the asset ceiling. The council's chosen methodology, as advised to the actuary, assumes that it has no unconditional right to a refund from the Fund and therefore there is no economic benefit available in this form. The methodology assumes that economic benefit is available to the council as a reduction in future contributions; the asset ceiling therefore reflects the economic benefit that may be achieved through future contributions and has been calculated on this basis. The economic benefit available as a reduction in future contributions cannot be negative and is therefore restricted to the size of the net asset.

The impact of the asset ceiling is shown in the table below:

	2024/25 £'000	2023/24 £'000
Opening impact of asset ceiling	236,311	162986
Interest on impact of asset ceiling	12,267	8439
Actuarial losses / (gains)	146,801	64,886
Closing impact of asset ceiling	**395,379**	**236,311**

The actuary's calculation of the asset ceiling has followed their interpretation of IFRIC4 and assumes that:

- The Employer does not have a right to a refund of surplus at the level required by the accounting standard. Any surplus recognised is based on the economic benefit from a reduction in contributions.
- The Employer is a scheduled body and assumed to participate indefinitely
- The requirement for the employer to make contributions to the Fund may be considered to be a minimum funding requirement (MFR). However, the employer has chosen to interpret FRS102 such than an MFR does not apply.

Local Government Pension Scheme assets comprised

The scheme assets are broken down into categories that accurately reflect the risks that are faced by the scheme, splitting the assets into two types, those that have a quoted market price in an active market and those that do not. The pension scheme assets comprised:

	31 March 2025	
	Quoted	Unquoted
Index Linked Government Securities - UK	0%	7%
Index Linked Government Securities - Overseas	0%	0%
Corporate Bonds - UK	0%	0%
Corporate Bonds - Overseas	0%	10%
Equities - UK	0%	0%
Equities - Overseas	8%	35%
Property	0%	6%
Absolute return portfolio	0%	15%
Private Equity	0%	7%
Infrastructure	0%	8%
Private Debt	0%	1%
Cash/Temporary Investments	2%	0%
Subtotal	**11%**	**89%**
	Total	**100.0%**

Basis for Estimating Assets and Liabilities

The scheme's assets and liabilities have been estimated by the actuary based on the latest full valuation of the scheme at 31 March 2022. Liabilities for the scheme have been assessed on an actuarial basis using the projected unit credit method (i.e. an estimate of the pensions that will be payable in future financial years dependent on assumptions about mortality rates, salary levels etc.).

Actuarial assumptions are used by the actuary to calculate the valuation of the scheme. Risks and uncertainties are inherently associated with the assumptions that are adopted. The assumptions are in effect projections of future investment returns and demographic trends many years into the future and there is inevitably a great deal of uncertainty inherent in what constitutes the 'best estimate' with such projections as required by IAS 19 Employee Benefits. The actuary has interpreted 'best estimate' to mean that the proposed assumptions are 'neutral' and has advised that there is an equal chance of actual experience being better or worse than the assumptions used. The following table shows the principal assumptions used by the actuary at 31 March 2025.

	31 March 2025	31 March 2024
Assumed life expectation at 65 retiring today - men	20.9	20.9
Assumed life expectation at 65 retiring today - women	23.9	23.8
Assumed life expectation at 65 retiring in 20 years - men	21.9	21.9
Assumed life expectation at 65 retiring in 20 years - women	25.4	25.4
Discount/return on assets rate	5.80%	4.90%
Pension increases	2.90%	2.95%
RPI inflation	3.20%	3.25%
Salary increases	2.90%	2.95%

IAS 19 requires the discount rate to be set with reference to the yields on high quality corporate bonds irrespective of the actual investment strategy of the Fund. As such, the figures prepared by the actuary in their actuarial report are unlikely to reflect either the actual eventual cost of providing the benefits or the likely level of contributions to fund the council's obligations to the Fund. The net liability position may change significantly due to relative changes in the equity and bond markets at the reporting date.

Sensitivity to Assumptions

The estimation of the defined benefit obligation is also sensitive to the actuarial assumptions used by the actuary.

	£'000	£'000	£'000	£'000	£'000
Adjustment to discount rate	**+0.5%**	**+0.1%**	**0.0%**	**-0.1%**	**-0.5%**
Present value of total obligation	1,045,069	1,107,535	1,124,101	1,141,071	1,213,248
Projected service cost	22,320	25,683	26,591	27,528	31,589
Adjustment to long term salary increase	**+0.5%**	**+0.1%**	**0.0%**	**-0.1%**	**-0.5%**
Present value of total obligation	1,129,142	1,125,095	1,124,101	1,123,113	1,119,232
Projected service cost	26,591	26,591	26,591	26,591	26,591
Adjustment to pension increases and deferred revaluation	**+0.5%**	**+0.1%**	**0.0%**	**-0.1%**	**-0.5%**
Present value of total obligation	1,210,409	1,140,543	1,124,101	1,108,044	1,047,470
Projected service cost	31,792	27,567	26,591	25,645	22,136
Adjustment to life expectancy assumptions	**+1 Year**	**None**	**-1 Year**		
Present value of total obligation	1,163,780	1,124,101	1,085,921		
Projected service cost	27,622	26,591	25,586		

Asset and Liability Matching Strategy

East Sussex County Council as the scheme administrator of the East Sussex Pension Fund has agreed a diversified investment strategy with the aim of limiting risk.

Approach to Investment Portfolio

The strategic investment benchmark is heavily weighted towards equities as the asset class expected to provide the highest return over the medium to long term. There is also a significant exposure to property and infrastructure (i.e. 'real' assets with a different performance cycle to equities) and a small exposure to bonds (which more closely 'match' the Fund's liabilities). The allocation to absolute return mandates provides further diversification. Uniquely within those mandates the Fund managers have the flexibility to alter allocations between asset classes. Within equities, diversification is achieved by investing in different markets across the world, which provides exposure to many different stocks and sectors. The Fund also holds private equity which is expected to lead to higher returns over the longer term without adding significantly to overall risk.

Approach to Fund Managers

The Fund employs several fund managers with differing styles and management approaches. This is a deliberate policy to spread the risk by avoiding over dependence on the expertise of a single manager. All managers are expected to maintain well diversified portfolios. The investment strategy is monitored annually or more frequently if necessary.

Impact on the Council's Cash Flows

The objectives of the scheme are set out in East Sussex Pension Fund's Funding Strategy Statement (FSS), dated February 2017. In summary, these are to ensure the long term solvency of the Fund, to ensure that employer contribution rates are reasonably stable where appropriate, to minimise the long term cash contributions which employers need to pay to the Fund, to reflect the different characteristics of different employers in determining contribution rates and to use reasonable measures to reduce the risk from an employer defaulting on its pension obligations. The fund has agreed a strategy with its actuary to achieve a funding level of 100% over the next 20 years. The funding level for the Fund is monitored on a regular basis. The last triennial valuation was completed on 31 March 2022 and reported a surplus of funds (estimated funding level of 123%).

The contributions paid by the council are set by the Fund actuary at each triennial actuarial valuation or at any other time as instructed to do so by the Fund. The contributions payable over the period to 31 March 2025 are set out in the Rates and Adjustments certificate. For further details on the approach adopted to set contribution rates for the council please refer to the 31 March 2022 actuarial valuation report which can be found on East Sussex County Council's website, www.eastsussex.gov.uk.

Projected pension expense for the year to 31 March 2026

The following table is the projected amount to be charged to the CIES for the financial year to 31 March 2026 and the expected employer contributions in 2025/26:

	31 March 2026 £'000
Service cost	26,591
Net interest on the defined liability / (asset)	(22,947)
Administration expenses	1,268
Total loss/(profit)	**4,912**
Employer contributions	**39,082**

Note that these figures exclude the capitalised cost of any early retirements or augmentations which may occur after 31 March 2025.

26. External Audit Costs

In 2024/25 the council incurred the following costs in relation to the audit of the financial statements and the certification of grant claims and returns.

	2024/25 £'000	2023/24 £'000
Fees payable to the external auditors for audit services	450	443
Fees payable to the external auditors for certification of grant claims and returns	47	47
Total External Audit Costs	**497**	**490**

27. Agency Services

Under various statutory powers, the council may have arrangements with other local authorities and government departments to do work on their behalf. The council has the following significant agency arrangements.

Council Tax

The council is a billing authority for council tax and acts as an agent on behalf of the Sussex Police & Crime Commissioner and the East Sussex Fire Authority. The council has included a debtor of £1.178 million (£1.085 million 2023/24) for council tax income collected as an agent which has been overpaid to the two preceptors at end March 2025.

Non-Domestic Rates (NDR)

The council is a billing authority for non-domestic rates and acts as an agent on behalf of central government and the East Sussex Fire Authority. The cash collected by the council from non-domestic rates taxpayers belongs proportionately to the council, central government and the precepting authority. The council has recognised a creditor of £0.463 million (debtor of £1.317 million 2023/24) for cash collected from non-domestic rates taxpayers as an agent for central government and the precepting authority, but which has been overpaid at end March 2025.

The Collection Fund Statement and Notes provide more details of the income and expenditure relating to these agency arrangements.

28. Partnership and Section 75 Arrangements

Under Section 75 (S75) of the National Health Service Act 2006, National Health Service (NHS) bodies and local authorities can form partnership arrangements for lead commissioning, integrated provision of services or pooled budgets. During 2024/25, the council was party to the following S75 arrangements:

Adult Social Care

With effect from 1 April 2002, some adult social care services have been provided within the geographical area covered by the council under a partnership arrangement between the council and the Brighton and Hove Clinical Commissioning Group (CCG) (from 1 April 2013), the Sussex Community Trust (SCT) and the Sussex Partnership Foundation Trust (SPFT). The CCG act as lead commissioner for short term services, mental health and dementia services and the council was the lead for the community equipment store up to 30 September 2015 when this service transferred under the Better Care Fund.

The gross income to the partnership in 2024/25 is £31.563 million (2023/24 £27.123 million) including CCG commissioning contributions. The council's share of the expenditure and income is included in the Homes & Adult Social Care Cost of Services within the CIES. This share equates to £22.204m in 2024/25 (£18.551m 2023/24)

	2024/25	2023/24
	£'000	£'000
Sussex Partnership Foundation Trust	676	518
Brighton & Hove City Council	22,204	18,551
Brighton & Hove Integrated Care Board	8,683	8,054
Total Section 75 Contributions	**31,563**	**27,123**

Better Care Fund (Adult Social Care)

The Better Care Fund has been established by the government to provide funds to local areas to support the integration of health and social care and to seek to achieve national conditions and local objectives. It is a requirement of the Better Care Fund that the council and the Brighton & Hove Clinical Commissioning Group (CCG) establish a pooled fund for this purpose. The CCG is the host partner for the pooled fund arrangement.

With effect from 1 April 2015, some adult social care services, covering the geographical area of the council, have been provided under the Better Care Fund partnership arrangement. The

CCG acts as the lead commissioner for proactive care services, integrated primary care teams, homeless projects, and dementia services. The council is the lead commissioner for the community equipment store (from 1 October 2015), the protecting social care function, carers and keeping people well services. Although there are lead commissioners for services, all decisions are made jointly by both organisations and signed off within the Better Care governance framework, therefore the council accounts for the transactions on a net accounting basis. The gross income to the partnership in 2024/25 was £37.838 million (2023/24 £36.264 million). The council's share of the expenditure and income is included in the Homes & Adult Social Care Cost of Services within the CIES. This share equates to £12.470m in 2024/25 (£12.254m 2023/24)

	2024/25	2023/24
	£'000	£'000
Brighton & Hove City Council	(12,470)	(12,254)
Brighton & Hove Integrated Care Board	(25,368)	(24,010)
Total Better Care Fund	**(37,838)**	**(36,264)**

2024/25	ICB £'000	Council £'000	Total £'000
Income and Expenditure			
Contribution to the Pooled Budget - Cash or Kind	(25,368)	(12,470)	(37,838)
Net Expenditure from the Pooled Budget	15,695	22,164	37,859
Surplus/(Deficit) to be shared across parties to the pooled budget			**21**
Balance Sheet			
Contribution to the pooled budget	(25,368)	(12,470)	(37,838)
Total Spend	**(25,368)**	**(12,470)**	**(37,838)**
Cash	25,311	12,548	37,859
Debtors	0	(67)	(67)
Creditors	67	0	67
Cumulative Surplus/Deficit	**10**	**11**	**21**

ORBIS Joint Operating Budget

Orbis is a shared back-office services partnership between Brighton and Hove City Council, East Sussex County Council, and Surrey County Council. Funding provided to the pooled budget in 2024/25 was £12.678 million (2023/24 was £12.858 million). The funding included: Surrey County Council £6.263 million (2023/24 £5.883 million), East Sussex County Council £4.739million (2023/24 £5.166 million) and Brighton and Hove City Council £1.677 million (2023/24 £1.809 million). The expenditure met from the pooled budget in 2024/25 was £12.678 million (2023/24 £12.858 million) resulting in a net surplus / deficit on the pooled budget of £nil in both 2024/25 and 2023/24.

29. Trust Funds

The council acts as trustee for various trust funds and holds funds on their behalf. The table below sets out the balances held on behalf of each trust fund.

Capital Market Value £'000		Balance 1 April 2024 £'000	Expenditure £'000	Income £'000	Balance 31 March 2025 £'000
2,034	Brighton Fund	(210)	62	(67)	(215)
5,732	Gorham's Gift	22	91	(92)	21
1,103	Hedgcock Bequest	(141)	44	(44)	(140)
28	Music Trust	(12)	21	(1)	7
234	Various library and museum bequests	(242)	4	(20)	(258)
9,131	**Total Trust Fund Accounts**	**(583)**	**222**	**(224)**	**(585)**

The capital market value shows the valuation of Charities Official Investment Fund shares and other investments at the mid-market prices at 31 March 2025. The council acts as the sole trustee in respect of all funds listed with the exception of Gorham's Gift.

Brighton Fund

The objectives of the Brighton Fund are to help the relief of persons in the Brighton and Hove area who are in need, hardship or distress. 70% of grants given are to those over 60 years of age.

Gorham's Gift

The Gorham's Gift Trust was set up by a wealthy landowner to help maintain the village of Telscombe and the neighbouring area.

Hedgcock Bequest

The Hedgcock Bequest awards small grants to formally constituted not for profit organisations, the majority of which are small community groups.

Music Trust

The purpose of the Music Trust is to advance education by promoting the study and practice of music among students of all ages within the Brighton & Hove area.

Various library and museum bequests

These relate to various small bequests made to Brighton & Hove libraries and museums with conditions attached to their use.

30. Organisation Restructure

The council restructured in 2024/25 and the prior year directorate spend, and income in the CIES has been restated to reflect this so that the two years are comparable. The prior years original directorates with spending and income detail can be found in the council's 2023/24 Statement of Accounts on the council's website. The net expenditure movement to the new structure is set out below:

	Cost of Services as per 2023/24 Accounts	Families, Children & Wellbeing	Home & Adult Social Care	City Operations	Central Hub	Centrally Held Budgets	Housing Revenue Account (HRA)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Families Children & Learning	80,807	80,339		132	335		
Dedicated Schools Grant	(1,129)	(1,129)					
Health & Adult Social Care	128,447	2,548	125,564	(275)	610		
Economy Environment & Culture	73,934	510	(451)	55,787	18,088		
Neighbourhood Comms & Housing	22,702	10,866	13,781	1,299	(3,243)		
Governance People Resources	33,360			10,980	22,381		
Centrally Held Budgets	18,576					18,576	
Housing Revenue Account	21,255						21,255
	377,952	**93,134**	**138,894**	**67,924**	**38,170**	**18,576**	**21,255**

Housing Revenue Account and Notes

Housing Revenue Account Income and Expenditure Statement

This account shows the cost of financing, managing, and maintaining the council's housing stock. The total cost is met by income from rents, charges, and other income such as commercial rents.

	Year ending 31 March 2025	Year ending 31 March 2024
	£'000	£'000
Expenditure		
Repairs and maintenance	15,865	13,990
Supervision and management	31,881	28,694
Rents, rates, taxes and other charges	2,271	2,150
Non-current asset charges	43,633	47,154
Debt management costs	73	49
Movement in allowance for bad debts	533	571
Total Expenditure	**94,254**	**92,608**
Income		
Dwelling rents	(69,003)	(61,337)
Non-dwelling rents	(1,886)	(1,766)
Charges for services and facilities	(7,734)	(7,574)
Other income	(876)	(933)
Total Income	**(79,498)**	**(71,611)**
Net (Income)/Expenditure	**14,756**	**20,997**
Share of corporate and democratic core	266	258
Net (Income)/Expenditure included in CIES	**15,022**	**21,255**
Gain on disposal of non-current assets	(1,550)	(2,930)
Changes in the fair value of investment properties	(2)	4
Investment property income	(31)	(34)
Interest payable	5,955	6,011
Interest receivable	2,566	708
Capital grants and contributions	(4,456)	(6,416)
Net interest on the net defined benefit liability	(270)	(291)
Non Ringfenced Government Grants	(28)	(53)
Share of Operating Income and Expenditure	**2,184**	**(3,002)**
(Surplus)/Deficit on the Provision of Services	**17,206**	**18,253**

Movement on the HRA statement

	31 March 2025	31 March 2024
	£'000	£'000
Balance on the HRA at the end of the previous year	**4,120**	**4,169**
Surplus/(deficit) for the year per income and expenditure statement	(17,206)	(17,761)
Adjustments between accounting basis and funding basis under statute	18,840	17,249
Net increase/(decrease) before transfers to or from earmarked reserves and HRA balance	**1,635**	**(512)**
Transfers to/(from) earmarked reserves	7,089	(28)
Total increase/(decrease) in year	**8,723**	**(540)**
Balance on the HRA at the end of the year	**12,844**	**3,628**
Working balance	11,657	4,120
Earmarked reserves	1,187	7,089
Total HRA Reserves	**12,844**	**11,209**

More details of the movements on HRA reserves are provided in Note 8 Usable Reserves.

Notes to the Housing Revenue Account

1. HRA Asset Value

	31 March 2025	31 March 2024
	£'000	£'000
Council dwellings	1,050,198	1,056,657
Other land and buildings	18,058	17,136
Assets Under Construction	19,985	17,250
Investment properties	285	283
Intangible assets	2,104	2,188
Vehicles, plant and equipment	288	430
Total	**1,090,917**	**1,093,944**

The vacant possession value of HRA tenanted dwellings is £3,182 million at 31 March 2025 (£3,202 million at 31 March 2024). The difference between the vacant possession value and the balance sheet value of council dwellings is an estimation of the economic cost of providing housing at below market rents. This cost is determined by applying the central government prescribed discount rate of 33% to the vacant possession value.

There are no impairment charges for land, dwellings and other property within the HRA in 2024/25 (£nil million 2023/24).

2. HRA in-year depreciation

	31 March 2025	31 March 2024
	£'000	£'000
Council dwellings	16,268	16,085
Other land and buildings	297	259
Assets Under Construction	0	0
Intangible assets	803	468
Vehicles, plant and equipment	277	127
Total	**17,645**	**16,939**

3. HRA Rent Arrears and Bad Debt Provision

At 31 March 2025, arrears of dwellings rent (excluding housing benefit overpayments) amounted to £5.438 million (£4.619 million 31 March 2024). This represents an increase in arrears as a proportion of gross rental income from 7.41% to 7.77%. The provision for bad debts is detailed in the below table:

	2024/25	2023/24
	£’000	£’000
Impairment 1 April 2024	**3,083**	**2,662**
Change in impairment charged to the HRA	534	571
Rent arrears and other bad debts written off	30	(150)
Impairment 31 March 2025	**3,648**	**3,083**

The following table shows the debts past their due date, but which have not been impaired:

	31 March 2025	31 March 2024
	£'000	£'000
Less than 3 months	177	151
Between 3 and 6 months	430	343
Between 6 and 12 months	402	401
More than 12 months	3,711	3,117
Total	**4,720**	**4,012**

4. HRA Stock/Dwellings

The council managed 12,181 dwellings at the end March 2025 (12,039 end March 2024).

	0 Bed	1 Bed	2 Bed	3 Bed	4+ Bed	Total
2024/25	No.	No.	No.	No.	No.	No.
Bedsits	569	28	0	0	0	597
Bungalows	25	172	28	24	2	251
Flats	14	3,716	3,104	258	1	7,093
Houses	0	20	1,400	2,345	298	4,063
Maisonettes	0	5	101	65	6	177
Total Dwellings	**608**	**3,941**	**4,633**	**2,692**	**307**	**12,181**

2023/24	0 Bed No.	1 Bed No.	2 Bed No.	3 Bed No.	4+ Bed No.	Total No.
Bedsits	569	28	0	0	0	597
Bungalows	25	172	28	24	1	250
Flats	12	3,666	3,050	241	1	6,970
Houses	0	21	1,397	2,333	294	4,045
Maisonettes	0	5	101	65	6	177
Total Dwellings	**606**	**3,892**	**4,576**	**2,663**	**302**	**12,039**

This movement in council dwellings is as follows:

	2024/25 No.	2023/24 No.
Stock 1 April 2024	**12,039**	**11,818**
Sales	(19)	(18)
Conversions/new homes	161	239
Stock 31 March 2025	**12,181**	**12,039**

5. HRA Capital Investment and Financing

The council made £70.954 million of capital investment in the Housing Revenue Account (HRA) in 2024/25. The following table sets out the resources that have been used to finance that investment.

	2024/25 £'000	2023/24 £'000
Total Capital Investment	**70,954**	**70,739**
Major Repairs Reserve	(16,268)	(16,085)
Revenue contributions	0	(2,652)
Reserves	(1,828)	(1,257)
Capital receipts	(4,595)	(2,563)
Capital grants and contributions	(5,090)	(10,589)
HRA Borrowing Requirement	(43,173)	(37,594)
Total Funding	**(70,954)**	**(70,739)**

6. Housing Capital Receipts

Receipts from the sale of HRA assets in 2024/25.

	2024/25 £'000	2023/24 £'000
Right to buy sales of houses and flats	2,950	3,689
Sale of land and other property	163	810
Total	**3,113**	**4,499**

Collection Fund Statement and Notes

The Collection Fund shows the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from local taxpayers, and its subsequent distribution to local authorities and the Government. There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies concerned (i.e. major preceptors, the billing authority and the Government).

Year Ended 31 March 2024		Year Ended 31 March 2025		
		Council Tax	Non Domestic Rates	Total
£'000		£'000	£'000	£'000
(205,952)	Council tax	(219,417)		**(219,417)**
(94,962)	Non-domestic rates		(106,934)	**(106,934)**
(300,914)		**(219,417)**	**(106,934)**	**(326,351)**
(6,691)	Transitional protection payments non-domestic rates		(1,713)	**(1,713)**
	Contributions towards previous year's Collection Fund deficit			
0	Central Government	0	(1,853)	**(1,853)**
(3,043)	Brighton & Hove City Council	(1,174)	(1,816)	**(2,989)**
(374)	Sussex Police & Crime Commissioner	(149)	0	**(149)**
(172)	East Sussex Fire Authority	(65)	(37)	**(102)**
(3,589)	**Contributions towards previous year's Collection Fund deficit**	**(1,388)**	**(3,705)**	**(5,093)**
(311,193)	**Total amount required by statute to be credited to the Collection Fund**	**(220,805)**	**(112,352)**	**(333,157)**
	Precepts and demands from major preceptors and the council - council tax			
173,352	Brighton & Hove City Council	185,148		**185,148**
22,068	Sussex Police & Crime Commissioner	23,666		**23,666**
9,601	East Sussex Fire Authority	10,058		**10,058**
205,021		**218,872**		**218,872**
	Shares of non-domestic rates income to major preceptors and the council			
52,579	Brighton & Hove City Council		54,152	**54,152**
1,073	East Sussex Fire Authority		1,105	**1,105**
53,652			**55,257**	**55,257**
53,652	Payment with respect to central share (including allowable deductions) of the non-domestic rates income to be paid to central government		**55,257**	**55,257**
	Impairment of debts / appeals for council tax			
321	Write off of uncollectable amounts	8		**8**
2,152	Allowance for impairment	2,864		**2,864**
2,473		**2,873**		**2,873**
	Impairment of debts / appeals for non-domestic rates			
77	Write off of uncollectable amounts		293	**293**
817	Allowance for impairment		468	**468**
894			**761**	**761**
(542)	Movement in the provision for business rates appeals		(250)	**(250)**
441	Charge to General Fund for allowable collection fund costs for non-domestic rates		439	439
(101)			**189**	**189**
	Contributions towards previous year's Collection Fund surplus			
420	Central Government	0	0	**0**
412	Brighton & Hove City Council	0	0	**0**
0	Sussex Police & Crime Commissioner	0	0	**0**
8	East Sussex Fire Authority	0	0	**0**
840		**0**	**0**	**0**
316,431	**Total amount required by statute to be debited to the Collection Fund**	**221,745**	**111,465**	**333,210**
5,237	**Movement on the Collection Fund Balance**	**939**	**(887)**	**53**
2,309	**Opening Collection Fund Balance**	**1,536**	**6,011**	**7,546**
7,546	**Closing Collection Fund Balance**	**2,475**	**5,124**	**7,599**

Notes to the Collection Fund Account

1. Collection Fund - Council Tax

Council tax income derives from charges raised according to the value of residential properties, which have been divided into eight valuation bands using 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Sussex Police & Crime Commissioner, the East Sussex Fire Authority and the council for the forthcoming reporting period and dividing this by the council tax base. The council's tax base was calculated as follows:

Band	Estimated number of Chargeable Dwellings	Estimated number of Chargeable Dwellings after Discounts	Band Ratio	Band D Equivalent Dwellings
	No.	No.		No.
Band A*	23	19.50	5/9	10.80
Band A	26,793	18,192.00	6/9	12,128.00
Band B	29,021	22,325.25	7/9	17,364.10
Band C	32,464	27,336.00	8/9	24,298.70
Band D	19,075	17,101.00	9/9	17,101.00
Band E	11,354	10,490.00	11/9	12,821.10
Band F	4,704	4,404.00	13/9	6,361.30
Band G	2,740	2,602.75	15/9	4,337.90
Band H	179	167.50	18/9	335.00
				94,757.90
Less provision for losses on collection				(1,183.50)
Tax Base for 2024/25				**93,574.40**
Tax Base for 2023/24				**91,986.30**

* Entitled to disabled relief reduction.

The estimated gross council tax yield (before the provision for losses in collection) for 2024/25 of £221.641 million was based on Band D equivalent dwellings of 94,757.9 multiplied by the average Band D council tax charge £2,339.02. The actual gross council tax yield for 2024/25 was £220.861 million is equivalent to a decrease of 333 Band D dwellings. The estimated and actual tax base amounts will vary due to a number of factors; these include the effects of banding appeals, new properties and entitlements to exemptions and discounts. The year end deficit of £2.475 million includes a combination of increased costs from council tax reduction discounts, students and severely mentally impaired exemptions. In addition, there was a shortfall in ultimate collection linked to challenging economic conditions and cost of living pressures.

2. Collection Fund – Non-Domestic Rates

The council is responsible for collecting non-domestic rates in Brighton and Hove. Under the Business Rates Retention Scheme, the council retains 49% of the non-domestic rates income it collects. Of the remainder 50% is paid over to central government and 1% to the East Sussex Fire Authority. Non-domestic rates are charged based on the rateable value for business premises multiplied by the non-domestic multiplier. The total non-domestic rateable value at 31 March 2025 was £317.690 million (£313.984 million at 31 March 2024). The non-domestic multiplier for 2024/25 was 54.6p and the small business non-domestic multiplier was 49.9p.

Accounting Policies

General Principles

The statement of accounts summarises the council's transactions for the reported financial year and its position at the year end. The council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 (as amended) which require the financial statements to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) underpinned by International Financial Reporting Standards (IFRS). The accounting convention adopted in the financial statements is principally historical cost modified by the revaluation of certain categories of non-current assets and financial instruments. It is not the council's policy to adjust for immaterial cross-casting differences between the main statements and the disclosure notes.

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

Prior period adjustments may arise due to a change in accounting policies or to correct a material error. Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts and fraud. Changes in accounting estimates are accounted for prospectively (i.e. in the current and future financial 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 where the change provides more reliable or relevant information about the effect of transactions, events and conditions on the council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

Accounting Concepts

The Code specifies many of the accounting policies and estimation techniques to be adopted for material items within the financial statements. In preparing information for the financial statements, the council has regard to the following underlying assumptions and qualitative characteristics:

- **Relevance:** the financial statements are prepared with the objective of providing information about the council's financial performance and position that is useful for assessing the stewardship of public funds and for making financial decisions.
- **Materiality:** the concept of materiality has been utilised in preparing the financial statements (i.e. if omitting or misstating information would affect the interpretation of the financial statements and influence decisions that users make).
- **Faithful Representation:** the financial information included in the financial statements is complete within the boundaries of materiality, free from material error and free from deliberate or systematic bias.
- **Comparability:** the financial statements are prepared in accordance with the requirements of the Code which establishes proper practice in relation to consistent financial reporting and aids comparability with other local authorities.

- **Verifiability:** the financial information included in the financial statements faithfully represents the financial position, performance, and cash flows of the council. The council includes explanations and disclosures of the judgements, assumptions, methodology and other factors and circumstances in preparing its financial statements.
- **Timeliness:** the information included in the financial statements is available to decision makers in time to be capable of influencing their decisions.
- **Understandability:** the financial statements are based on accounting concepts and terminology which require reasonable knowledge of accounting and local government. Every effort has been made to ensure that the financial information included in the financial statements is presented clearly and concisely and notes and commentaries are provided that explain and interpret the key elements of the financial statements for the user.
- **Going Concern:** the financial statements are prepared on the assumption that the functions of the council will continue in operational existence for the foreseeable future. As Local Authorities cannot be created or dissolved without statutory prescription, the council must prepare its financial statements on a going concern basis.

Fair Value Measurement

The council measures some of its non-financial assets and financial instruments at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place in either the principal market for the assets or liability or, in the absence of a principal market, the most advantageous market for the asset or liability. The council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy: Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the council can access at the measurement date; Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly and Level 3 – unobservable inputs for the asset or liability.

School Transactions

The council accounts for transactions relating to schools in accordance with the Code which confirms that the balance of control for local authority-maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves, and cash flows are recognised in the local authority's financial statements (and not group accounts). Schools' transactions, cash flows and balances are recognised in each of the financial statements of the council as if they were the transactions, cash flows and balances of the council.

Grants and Contributions

Whether paid on account, by instalments or in arrears, grants and contributions are recognised as due to the council when there is reasonable assurance that the council will comply with the conditions attached to the payments and the grants or contributions received. Amounts recognised as due to the council are not credited to the Comprehensive Income Expenditure Statement (CIES) until conditions attached to the grant or condition have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or condition are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Revenue grants or contributions received for which conditions have not been satisfied are carried on the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service (in respect of attributable revenue grants and contributions) or taxation and non-specific grant income and expenditure (in respect of non-ringfenced revenue grants) within the CIES. Revenue grants or contributions with no conditions attached are recognised as income within the CIES at the point of receipt.

Capital grants or contributions received for which conditions have not been satisfied are carried on the Balance Sheet as capital grants receipts in advance. When the conditions are satisfied, the grant or contribution is credited to taxation and non-specific grant within the CIES. Where capital grants or contributions are credited to the CIES, they are reversed out of the General Fund/Housing Revenue Account (HRA) balance in the Movement in Reserves Statement (MiRS). Where the grant or contribution has yet to be used to finance capital expenditure it is posted to the capital grants unapplied reserve; where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the capital grants unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Revenue Recognition

Revenue is recognised in accordance with International Financial Reporting Standard (IFRS)15 Revenue Recognition from Contracts with Customers and International Public Sector Accounting Standard (IPSAS) 23 Revenue from Non-Exchange Transactions (Taxes and Transfers). Which of the two standards is applicable depends on determining whether the transaction is an exchange (IFRS 15) or non-exchange transaction (IPSAS 23). With non-exchange transactions there is no or only nominal consideration in return. The obligating extent is often determined by statutory prescription (e.g. council tax, VAT or a fine for breach of law) or may be a donation or bequest. For exchange transactions, assets or services and liabilities of approximately equal value are exchanged (e.g. fees and charges for services and the sale of goods provided). There is a contract which creates both right and obligations. Under IFRS15, the performance obligations in the contract have to be measured and the transaction price allocated to these obligations. Revenue is recognised when the performance obligations are satisfied.

Charges to Revenue for Non-Current Assets

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

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

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution – the Minimum Revenue Provision (MRP) - from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP in the General Fund/HRA balance via the Capital Adjustment Account in the MiRS for the difference between the two.

Tax Income (Council Tax and Non-Domestic Rates)

Council Tax

As a billing authority, the council collects council tax under what is in substance an agency arrangement; the cash collected by the council from council tax belongs proportionately to the council and the major preceptors. There will therefore be a debtor or creditor position between the council and each major preceptor to be recognised since the net cash paid to each major preceptor in the financial year will not be its share of cash collected from council taxpayers. If the net cash paid to a major preceptor is more than its proportionate share of net cash collected from council tax debtors / creditors, the council recognises a debit adjustment for the amount overpaid to the major preceptor. Similarly, if the cash paid to a major preceptor is less than its proportionate share of net cash collected in the financial year from council tax debtors or creditors, the council recognises a credit adjustment for the amount underpaid to the major preceptor.

The Cash Flow Statement includes within operating activities only the council's own share of council tax net cash collected from council tax debtors; and the amount included for precepts paid excludes amounts paid to major preceptors. The difference between the major preceptors' share of the net cash collected from council tax debtors and net cash paid to major preceptors as precepts and settlement of the previous financial year's surplus or deficit on the Collection Fund is included as financing activities within the Cash Flow Statement. Council tax income is included within the CIES and represents the council's share of accrued income for the financial year. However, regulations determine the amount of council tax that must be included in the council's General Fund. Therefore, the difference between the income included within the CIES and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and reported in the MiRS. The Balance Sheet includes the council's share of the end of year balances in respect of council tax relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Non-Domestic Rates

The council collects non-domestic rates income under an agency arrangement. The cash collected by the council from non-domestic rates taxpayers belongs proportionately to the council, central government, and its major preceptor. There will therefore be a debtor or creditor position between the council, central government, and the major preceptor to be recognised since the net cash paid to central government and the major preceptor will not be its share of cash collected from non-domestic rates taxpayers. If the net cash paid to central government or the major preceptor is more than its proportionate share of net cash collected from non-domestic rates taxpayers, the council recognises a debit adjustment for the amount overpaid to central government or the major preceptor in the financial year. If the cash paid to central government or the major preceptor is less than its proportionate share of net cash collected from non-domestic rates taxpayers, the council recognises a credit adjustment for the amount underpaid to central government or the major preceptor in the financial year. Non-domestic rates income is included within the CIES and represents the accrued income for the financial year. The allowance for the cost of collection is included within the CIES. However, regulations determine the amount of non-domestic rates that must be included in the council's General Fund. Therefore, the difference between the non-domestic rates income included within the CIES and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and reported in the MiRS.

The Cash Flow Statement includes within operating activities only the council's share of non-domestic rates income, net cash collected from non-domestic rates debtors and the amount paid excludes amounts paid to central government and the major preceptor. The difference between central government's and the major preceptor's share of the net cash collected from non-domestic rates debtors and net cash paid to central government and the major preceptor as precepts and settlement of the previous financial year's surplus or deficit on the Collection Fund for non-domestic rates income is reported as financing activities within the Cash Flow Statement. Non-Domestic Rates top up/tariff payments are recognised within the CIES on an accruals basis under taxation and non-specific grant income. The Balance Sheet includes the council's share of the end of year balances in respect of non-domestic rates relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Value Added Tax (VAT)

The CIES excludes amounts relating to VAT and VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs (HMRC). VAT receivable is excluded from income within the CIES. The net amount due to or from HMRC in respect of VAT is included as a creditor or debtor on the Balance Sheet.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on demand. The council defines cash equivalents as highly liquid investments which are no longer than three months and represent the investment of cash surpluses lent to cover cash shortages. They are readily convertible to known amounts of cash with insignificant risk of change in value. In terms of cash flow and treasury management, the council collectively manages its bank accounts under one umbrella, therefore the net cash position is shown either as cash, as part of cash and cash equivalents or bank overdraft on the Balance Sheet.

Within the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the council's cash management strategy. The council uses the indirect method to present its revenue activities cash flows, whereby the net surplus or deficit on the provision of services is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of revenue or expense associated with investing or financing cash flows.

Employee Benefits

Benefits Payable during Employment

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits for current employees. They are recognised as an expense for services in the financial year in which employees render service to the council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by the employees but not taken before the year end which employees can carry forward in the next financial year, being the year in which the employee takes the benefit. The accrual is charged to services within the CIES but then reversed out through the MiRS to the accumulated absences account so that holiday entitlements are charged to revenue in the year in which the leave absence occurs.

Termination Benefits

When the council is demonstrably committed to the termination of the employment of an employee or making an offer to encourage voluntary redundancy, the costs of termination benefits are charged on an accruals basis to the respective service within the CIES. This is 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/HRA balance to be charged with the amount payable by the council to the pension fund or pensioner in the financial year, not the amount calculated according to the relevant accounting standards. In the MiRS, transfers 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

Pension schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the council. However, arrangements for the Teachers' and NHS pension schemes mean that liabilities for these benefits cannot ordinarily be identified specifically for the council and are therefore accounted for as if they were defined contributions schemes and no liability for future payments of benefits is recognised on the balance sheet. Within the CIES the relevant services are charged respectively with the employer's contributions payable to Teachers' Pension and NHS Pensions in the financial year. The council does not recognise any liability for future payment of benefits on its balance sheet; it recognises a creditor on the balance sheet for deductions made in March which are not paid over to the scheme until the new financial year.

The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme. The liabilities of the pension scheme attributable to the council are included on the balance sheet on an actuarial basis. The basis of calculation is the projected unit method (i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees). Liabilities are discounted to their present value, using a discount rate (determined in reference to market yields at the balance sheet date of high-quality bonds). The assets of the pension scheme attributable to the council are included on the balance sheet at their fair value and are quoted securities (current bid price), unquoted securities (professional estimate), unitised securities (current bid price) and property (market value). The change in the net pension liability of the council is analysed into:

- **Service cost** comprising **current service cost** (the increase in liabilities as a result of years of service earned in the current financial year). This cost is allocated within the CIES to the services for which the employees worked and **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 financial years). This cost is debited to non-distributed costs within the CIES.
- **Net interest on the net defined benefit liability** (i.e. net interest expense for the council) (the change during the financial year in the net defined benefit liability that arises from the passage of time calculated by multiplying the net defined benefit liability by the discount rate both as determined at the start of the financial year taking into account any changes in the net defined benefit liability during the year as a result of contribution and benefit

payments). This is charged to financing and investment income and expenditure within the CIES.

- **Re-measurements** comprising **the return on plan assets** (excluding amounts included in net interest on the net defined benefit liability). These are charged to other comprehensive income and expenditure within the CIES and to the pensions reserve. **Actuarial gains and losses** (changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions). These are charged to other comprehensive income and expenditure within the CIES and to the pensions reserve. **Contributions paid to the pension scheme** (cash paid as employer's contributions to the scheme in settlement of liabilities). These are charged to the General Fund and HRA.

In relation to retirement benefits, statutory provisions require the General Fund/HRA balance to be charged with the amount payable by the council to the pension scheme or directly to pensioners in the financial year, not the amount calculated according to the relevant accounting standards. Transfers are made through the MiRS to and from the pensions reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension scheme and pensioners and any such amounts payable but unpaid at year end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund/HRA balance of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

The council 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 employee (including teachers) are accrued in the financial year of the decision to make the award and accounted for using the same accounting policies as are applied to the Local Government Pension Scheme.

Provisions

Provisions are made where an event has taken place whereby the council has a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential to settle the obligation, and a reliable estimate can be made of the amount of the obligation. For example, the council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation. Provisions are charged as an expense to the appropriate service within the CIES in the year that the council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried on the Balance Sheet. Estimated settlements are reviewed at the year end. Where it becomes less than probable that a transfer of economic benefits will now be required or a lower settlement than anticipated is made, the provision is reversed and credited back to the relevant service within the CIES.

Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover general contingencies and cash flow management. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the CIES. The reserve is then transferred back to the General Fund/HRA balance in the MiRS so that there is no net charge against council tax for the expenditure. The category of unusable reserves includes those reserves which are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the council; these reserves are covered in the relevant accounting policies and explained in the relevant notes. The council carries out at least an annual review of the reserves to ensure they are still required and are set at the appropriate level.

Contingent Liabilities and Contingent Assets

Contingent Liabilities

The council recognises a contingent liability where an event has taken place that gives the council a possible obligation which has arisen from past events whose existence has been confirmed by the occurrence of one or otherwise of uncertain future events not wholly within the council's control. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised on the balance sheet but are disclosed as a note to the financial statements.

Contingent Assets

The council recognises a contingent asset when 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 council's control. Contingent assets are not recognised on the balance sheet but are disclosed as a note to the financial statements.

Overheads and Support Services

The costs of central and departmental overheads (i.e. management and administration costs) and support services are charged to those services that benefit from the supply or service in accordance with the council's arrangements for accountability and financial performance. Where the cost of support services is included within a service segment as part of management reporting arrangements, they are not permitted to be apportioned across service segments within the CIES.

Property, Plant and Equipment (PPE)

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

Recognition

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis provided that it is probable that the future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense to the relevant service within the CIES as it is incurred. The council has a de minimis level of £50,000 for land and buildings and vehicles, plant, and equipment. Items of expenditure below this de minimis level are charged to the relevant service within the CIES in the year they are incurred. In certain cases, the council capitalises particular items of expenditure that is below its de minimis level (e.g. expenditure funded by grant where the conditions state that the grant should only be applied to capital items of expenditure). The council has no de minimis level for enhancement expenditure and therefore all enhancement expenditure is capitalised.

Measurement

PPE assets are initially measured at cost comprising 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 the council, and the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. The council does not capitalise borrowing costs incurred whilst assets are under construction. The costs of assets acquired other than by purchase is deemed to be its fair value unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the council). Assets are then carried on the balance sheet using the following measurement bases:

- **Community assets and assets under construction** - historical cost.
- **Infrastructure assets** - depreciated historical cost.
- **Council dwellings** - current value determined using the basis of existing use value for social housing) (EUV-SH).
- **Assets where there is no market-based evidence of fair value because of their specialist nature and the asset is rarely sold** (e.g. schools) – depreciated replacement cost is used as an estimate of current value.
- **Surplus assets** – current value measurement base is fair value estimated at highest and best use from a market participant’s perspective.
- **Non-property assets that have short useful lives or low values (or both)** (i.e. vehicles, plant and equipment) – depreciated historical cost is used as a proxy for current value.
- **All other assets** (i.e. other land and buildings) – current value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Assets included on the balance sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the end of the financial year, but as a minimum every five years. Where, following revaluation of an individual land and / or building asset, the value drops below the de-minimis level, the de-minimis value of the asset is revalued downwards to nil. Increases in valuation are matched by credits to the revaluation reserve to recognise unrealised gains, unless the increase is reversing a previous revaluation decrease or impairment loss charged to services within the CIES in respect of the asset in which case the revaluation increase may be credited to the CIES.

Decreases in valuations are accounted for by where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains) and 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 within the CIES.

Revaluation gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance therefore they are reversed out of the General Fund balance in the MiRS and posted to the Capital AA. The revaluation reserve contains revaluation gains recognised since 1 April 2007 only, being the date of its formal implementation. Gains arising before that date have been consolidated into the CAA.

Impairment

At the end of each financial year, assets are assessed as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount is estimated, and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. The council recognises impairment on assets carried at a revalued amount and historical cost. Where impairment losses are identified, where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of accumulated gains) and where there is no balance for the asset in the revaluation reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service within the CIES.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service within the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised. Impairment losses and reversals are not permitted by statute to have an impact on the General Fund/HRA balances therefore they are reversed out of the General Fund balance in the MiRS and posted to the Capital Adjustment Account.

Depreciation

Depreciation is applied to all PPE assets, except for assets without a determinable finite useful life (i.e. freehold land and community assets) and assets that are not yet available for use (i.e. assets under construction). The depreciation charge is based on the depreciable amount allocated over the useful life of the asset, using a straight-line allocation method, and is charged to the relevant services within the CIES.

General Fund depreciation charges are not permitted by statute to have an impact on the General Fund balance therefore they are reversed out of the General Fund balance in the MiRS and posted to the CAA.

HRA depreciation is a proper charge to the HRA however the impact on balances is mirrored by an equal increase in the Major Repairs Reserve (effectively a transfer from revenue to capital). The council does not charge depreciation in the year of acquisition but does charge a full year's depreciation in the year of disposal. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and 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, the council reclassifies the asset as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to other operating income and expenditure within the CIES. Gains in fair value are recognised only up to the amount of any previous losses recognised within the CIES. Depreciation is not charged on assets held for sale.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset on the balance sheet (whether PPE or assets held for sale) is written off to other operating income and expenditure within the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line within the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £20,000 are categorised as capital receipts. A proportion of capital receipts relating to housing disposals is payable to the government. The receipts are required to be credited to the capital receipts reserve and can then only be used for new capital investment or set aside to reduce the council's underlying need to borrow (the capital financing requirement). Receipts are credited to the CIES and subsequently transferred to the capital receipts reserve from the General Fund/HRA balance in the MiRS. Amounts received for a disposal below £20,000 are credited to the CIES. 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/HRA balance in the MiRS.

Asset Componentisation

The council only considers assets for componentisation in the financial year the assets are valued and / or in the year following capital investment being incurred on the asset. As the council does not depreciate assets in the year of acquisition, capital additions are not considered for componentisation until the following financial year. The componentisation of the council's housing stock is considered separately on an annual basis.

Componentisation is only applied to building elements of assets categorised as PPE and that are subject to depreciation. Vehicles, plant and equipment assets are not componentised as they do not have separately identifiable components of significant value or a significant difference in asset life. Community assets are unlikely to be componentised as they are held at either cost or nil value. Assets under construction are not considered for componentisation until they become operational. The council does not currently consider infrastructure assets for componentisation.

In respect of components, the carrying amount of a replaced part of the asset is derecognised, with the carrying amount of the new component being recognised subject to the recognition principles being met. Where it is not practicable to determine the carrying amount of the replaced part, the council uses the cost of the new part as an indication of what the cost of the replaced part was at the time it was acquired or constructed (adjusted for depreciation and impairment, if required). Where an item of PPE asset has a major component, whose cost is significant in relation to the total cost of the item, the component is depreciated separately. Where there is more than one significant part of the same asset which has the same useful life and depreciation method, the council groups these parts in determining the depreciation charge.

Heritage Assets

The majority of the council's heritage assets are reported on the balance sheet at current insurance valuations. These insurance valuations are updated on an annual basis. Acquisitions are recognised at cost. As heritage assets are deemed to have indeterminable lives and high residual value, the council does not charge depreciation for these assets. Revaluations, disposals, and impairments are accounted for in accordance with the respective policies for PPE. The council has a de minimis level of £20,000 for heritage assets. Items of expenditure below this de minimis level are charged to the relevant service within the CIES in the financial year it is incurred.

Interests in Companies and Other Entities

An assessment of the council's interest in companies and other entities has been carried out during the year in accordance with the Code to determine the group relationships that exist. Group accounts are required where the council has interest in subsidiaries, associates and/or joint ventures, subject to consideration of materiality. The council has no material interest in companies and other entries which require it to prepare group accounting alongside its own financial statements.

Leases and Lease Type Arrangements

The council as lessee

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

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

Initial measurement

Leases are recognised as Right-of-Use (ROU) assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods more than 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.

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

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

Subsequent measurement

The ROU asset is subsequently measured using the fair value model. The council considers the dismantling to be a reasonable proxy except for assets held under non-commercial leases. For these leases, the asset is carried at a revalued amount.

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

The lease liability is subsequently measured using amortised cost principles (i.e. increased by interest on the lease liability and reduced by lease payments made).

The liability is remeasured when:

- there is a change in future lease payments arising from a change in 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 CIES.

Low value and short lease exemption

As permitted by the Code, the council excludes leases:

- for low-value items that cost less than £20,000 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 CIES includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

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

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 or item of plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

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

As lessor, the council recognises assets held under a finance lease as a receivable at an amount equal to the net investment in the lease. Lease rental receivables are apportioned between a charge for the acquisition of the interest in the property, applied to write down the lease debtor (together with any premiums received), and finance income (credited to financing and investment income and expenditure within the CIES). The finance income is calculated so as to produce a constant periodic rate of return on the net investment; the council uses approximation to allocate lease payments between the repayment of principal and finance income.

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund/HRA 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/HRA balance to the capital receipts reserve in the MiRS. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund/HRA balance to the deferred capital receipts reserve. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve. The written off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund/HRA balance.

Operating leases

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained on the Balance Sheet. As lessor, the assets are accounted for in accordance with the council's PPE policy. Costs, including depreciation, incurred in earning the lease income are recognised as an expense. Rental income from operating leases is recognised over the lease term and is credited to the other operating income and expenditure line in the CIES. Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Private Finance Initiative (PFI)

PFI contracts are contractual arrangements between the council and an operator where responsibility for providing public services, using assets provided either by the operator or the council, passes to the operator for a specified period. As the council is deemed to control or regulate the services that are provided under its PFI schemes, and as ownership of the assets will pass to the council at the end of the contracts for no additional charge, the council carries the assets used under the contracts on its Balance Sheet as part of PPE.

Recognition

The PPE asset and related liability are recognised at the same time being the point that it is probable that future economic or service benefits associated with the asset will flow to the council and at the point that the cost of the asset can be measured reliably. This is when the asset is made available for use unless the council bears an element of the construction risk. Where this is the case, the council recognises an asset under construction prior to the asset being made available for use where it is probable that the expected future benefits attributable to the asset will flow to the council. Separate assets are recognised in respect of land and buildings where appropriate. PPE assets in relation to PFI arrangements recognised on the balance sheet are accounted for using the policies applied generally to other PPE owned by the council.

Measurement

For assets owned by the council prior to the PFI contract and then transferred to the operator as part of the contract, the asset is recognised at the fair value at the time the asset was transferred. For assets acquired or constructed by the operator under the contract, the asset is recognised at the cost of purchase or construction. This value is also used as the basis for calculating the liability for amounts due to the operator to pay for the assets. Where a PFI arrangement can be separated into a service element and a construction element, the service element is expensed as incurred and the construction element is accounted for as if it were a finance lease and allocated into an element relating to the repayment of the liability and an interest element in accordance with the arrangements for a finance lease. The interest element is charged as incurred to financing and investment income and expenditure within the CIES, with the balance of the payment used to reduce the outstanding liability on the balance sheet. After initial recognition, the asset is measured following the council's principles for assets acquired under a finance lease. The liability is measured in a similar manner to the liability resulting from a finance lease. The liability is reported as a financial liability but is measured under the *leases* accounting policy.

Where a PFI arrangement cannot be separated into a service element and a construction element, the asset and related liability are measured initially at the fair value of the asset. In this case, after initial recognition, the asset is measured following the council's principles for assets purchased or constructed by the council. The amounts payable to the operator each year (i.e. the unitary payment) are analysed into three elements:

- **the service charge element** – the fair value of the services received during the financial year – charged to the relevant service within the CIES.
- **repayment of the liability** – applied to write down the Balance Sheet liability to the PFI operator.
- **interest element** – an interest charge (using the interest rate implicit in the contract) on the outstanding Balance Sheet liability, charged to financing and investment income within the

CIES. Where it is not possible to determine the rate implicit in the contract, the council uses its cost of capital rate (including inflation).

The liability is measured as a financial instrument based on the repayment of the liability element and the imputed finance charge element of the scheduled payments above, using the same actuarial method used for finance leases.

Prepayments/Capital Contributions/Income Received

Where PFI contracts are structured to require payments to be made (either as part of a unitary payment or as a lump sum contribution) before the related asset is recognised as an asset on the Balance Sheet, these payments are recognised as prepayments. The prepayments are applied to reduce the outstanding liability. Any prepayments and contributions are taken into account when estimating the fair value of the asset and liability and the separation of payments into the liability, interest and service charge elements. The council recognises any income received as a result of a revenue sharing clause with a PFI arrangement as it is earned. The council also recognises any income due from the operator under a PFI arrangement as it is earned over the life of the agreement.

Investment Property

The council only accounts for property that is used solely to earn rentals and/or for capital appreciation as investment property. Property that is used in any way to facilitate the delivery of services or production of goods or is held for sale is not classified as investment property.

Investment property is measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment property is measured at the highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to financing and investment income and expenditure within the CIES. The same treatment is applied to gains and losses on disposal.

General Fund revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance therefore they are reversed out of the General Fund balance in the MiRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £20,000) the Capital Receipts Reserve. The council considers investment property for componentisation purposes under the componentisation policy for PPE. Rentals received in relation to investment properties are credited to financing and investment income and expenditure within the CIES.

Intangible Assets

Expenditure on intangible assets is capitalised when it is probable that the expected future economic benefits or service potential attributable to the asset will flow to and from the intangible asset to the council. Intangible assets are measured initially at cost. Expenditure incurred on an intangible asset after it has been recognised is charged to services within the CIES as it is incurred. Where the council acquires (either in full or in part) an intangible asset by the way of a government grant, both the asset and the grant or contribution are recognised initially at fair value. As there is no active market for the council’s intangible assets, they are carried at amortised cost.

The council amortises intangible assets with a finite useful life over their expected useful life, using a straight-line allocation method. The provision of amortisation is charged to the relevant service within the CIES. The amortisation charge is not permitted to have an impact on the General Fund/HRA balance and therefore is reversed of the General Fund / HRA balance in the MiRS and posted to the CAA. The council does not charge amortisation in the year of acquisition but does charge a full year's amortisation in the year of disposal.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from the asset. The gain or loss is recognised as other operating income and expenditure within the CIES. The gain or loss is not a proper charge to the General Fund / HRA balance therefore the amount of disposal proceeds (i.e. capital receipt) is credited to the capital receipts reserve with the write out of the asset being debited to the CAA. The cost of disposal in relation to the General Fund remains as a charge to the CIES against the General Fund balance; however, HRA disposal costs are met from capital receipts.

Revenue Expenditure Funded from Capital under Statute

Legislation allows some expenditure (e.g. grants and expenditure on property not owned by the council) incurred by the council to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset; this is to enable the expenditure to be funded from capital resources rather than be charged to the General Fund/HRA balance and impact on council tax. Such expenditure is charged to the relevant service within the CIES. The council accounts for this statutory provision that allows capital resources to meet the expenditure by debiting the Capital Adjustment Account and crediting the General Fund/HRA balance with the transfer being reported in the MiRS.

Financial Assets and Liabilities - Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the balance sheet when the council becomes party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges for interest payable are charged to financing and investment income and expenditure within the CIES and are based on the carrying amount of the liability, multiplied by the effective interest rate for the instrument; for most cases this means that the amount presented on the balance sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the loan agreement in the financial year. The council derecognises a financial liability when it is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled, or expires).

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

Where premiums and discounts have been charged or debited to the CIES, regulations allow the impact on the General Fund/HRA balance to be spread over future years. The council has a policy of spreading the gain and loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The difference between amounts charged to the CIES and the net charge required against the General Fund/HRA balance is managed by a transfer to or from the financial instruments adjustment account with the adjustment reported in the MiRS.

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

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 CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the council, this means that the amount presented in the balance sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the MiRS. Any gains and losses that arise on the de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

Financial assets that are measured at FVPL are recognised on the balance sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. The fair value measurements of the financial assets are based on the following techniques - instruments with quoted market prices, the market price and other instruments with fixed and determinable payments and discounted cash flow analysis. The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

For pooled investment funds (i.e. money market fund, collective investment scheme as defined in section 235 (1) of the Financial Services and Markets Act 2000, investment scheme approved by the Treasury under section 11(1) of the Trustee Investments Act 1961 (local authority schemes)) regulations allow a statutory override (for a period of five years from 1 April 2018). Any unrealised gains or losses can be transferred via the MiRS to a Pooled Investment Funds Adjustment Account in the balance sheet. Any gains and losses that arise on de-recognition of the asset are debited or credited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Losses (ECL)

The council recognises expected credit losses (impairments) on financial assets held at amortised cost or FVOCI either on a 12 month or lifetime basis. Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12 month expected losses. The expected credit loss model applies to financial assets measured at amortised cost and FVOCI, trade receivables, lease debtors, third party loans and financial guarantees.

A simplified approach is applied to trade receivables and lease debtors whereby consideration of changes in credit risk since initial recognition are not required and losses are automatically recognised on a lifetime basis. A collective assessment is made for groups of instruments where reasonable and supportable information is not available for individual instruments without undue cost or effort. The aim will be to approximate the result of recognising lifetime expected credit losses if significant increases in credit risk since recognition had been measurable for the individual instruments. Loans are grouped into three types for assessing loss allowances:

- **Group 1** – loans made to individual organisations. Loss allowances for these loans can be assessed on an individual basis.
- **Group 2** – loans supported by government funding. As the loan repayments are recycled and the contract allows for a level of default then no additional impairment loss is required.
- **Group 3** - car loans to employees. Loss allowances are based on a collective assessment.

Impairment losses are debited to the Financing and Investment Income and Expenditure line in the CIES. For assets carried at amortised cost, the credit entry is made against the carrying amount in the balance sheet. For assets carried at FVOCI, the credit entry is recognised in Other Comprehensive Income against the Financial Instruments Revaluation Reserve. For loan commitments and financial guarantee contracts, the loss allowance is recognised as a provision. Impairment losses are not applicable to FVPL assets as the future contractual cash flows are of lesser significance and instead current market prices are considered to be an appropriate reflection of credit risk, with all movements in fair value, including those relating to credit risk, impacting on the carrying amount and being posted to the Surplus or Deficit on the Provision of Services as they arise. Impairment losses on loans supporting capital purposes, lease debtors and share capital are not a proper charge to the General Fund balance and any gains or losses can be reversed out through the MiRS to the Capital Adjustment Account.

Debt Repayment/Redemption

The council sets aside a statutory amount each year from its General Fund for debt redemption, in the form of the Minimum Revenue Provision (MRP), as required by the Local Authority (Capital Finance and Accounting) regulations. Guidance issued by the Secretary of State requires Full Council to approve an annual statement on the amount of debt that will be repaid in a financial year. The guidance identifies four options for calculating the MRP and the council determines which option it will adopt.

For debt where the government provides revenue support, the council sets aside a sum of 2% of the notional debt relating to capital investment but excluding capital investment on the HRA housing stock because there is no housing subsidy payable on these repayments. For debt where no government support is received, the council sets aside a sum equivalent to repaying debt over the life of the asset in equal annual instalments.

For finance leases and on balance sheet PFI contracts, the MRP requirement is regarded as met by a charge equal to the element of the lease payment or unitary charge that is applied to write down the balance sheet liability in the financial year. In addition, the council may pay off or replace loans earlier than originally planned as part of its debt management strategy, dependent upon prevailing market conditions, risk and financial benefits that may accrue to the council.

Events after the Reporting Period

Events after the end of the reporting period are those events, both favourable and unfavourable, that occur between the end of the financial year and the date when the financial statements are authorised for issue. The two types of events are:

- **adjusting events** - those events that provide evidence of conditions that existed at the end of the financial year. In this instance, the financial statements are adjusted to reflect such events.
- **non adjusting events** - those events that are indicative of conditions that arose after the year end. In this instance, the financial statements are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the financial statements.

Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to use 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 the assets and resources of those joint operators rather than the establishment of a separate entity. All parties have joint control with decisions of the activities of the arrangement requiring unanimous consent from all parties. The council recognises on its balance sheet only its share of the jointly controlled assets and related liabilities. Within the CIES, the council only recognises those expenses it incurs on its behalf or jointly with others in respect of its interest in the joint operation and income that it earns from the activity of the operation.

Glossary of Terms

Accounting Estimates are monetary amounts in financial statements that are subject to measurement uncertainty.

Accounting policies are the specific principles, bases, conventions, rules, and practices applied by the council in preparing and presenting its financial statements.

The **Accruals basis** is the recognition of items as assets, liabilities, income, and expenses when they satisfy the definitions and recognition criteria. The accruals basis of accounting requires the non-cash effects of transactions to be reflected in the financial statements for the year in which those effects are experienced and not necessarily in the period in which any cash is received or paid.

Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund /Housing Revenue Account balance from accruing for employees' paid absences earned but not taken in the year (e.g. annual leave entitlement carried forward at 31 March).

Actuarial Gains and Losses (Pensions) are changes in the present value of the defined benefit obligation resulting from experience adjustments and the effects of changes in actuarial assumptions.

Amortisation is a method of allocating the cost of an intangible asset over its useful life.

Amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method (i.e. a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period) of any difference between that initial amount and the maturity amount, and minus any reduction or impairment or uncollectability.

An **asset** is a resource controlled by the council as a result of past events and from which future economic or service potential is expected to flow to the council.

The **Asset Ceiling (Pensions)** is the present value of any economic benefit available to the Employer in the form of refunds from the plan or reduced future employer contributions to the plan.

Assets Held for Sale are non-current assets that meets the following criteria. The asset is available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets. The sale is highly probable; the appropriate level of management is committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan has been initiated. The asset is being actively marketed for a sale at a price that is reasonable in relation to its current fair value. The sale is expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan indicates that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Audit of financial statements is an examination by an independent expert of the council's financial affairs to check that the relevant legal obligations and codes of practice have been followed.

Available for sale financial asset is a non-derivative financial asset that is not classified as loans and receivables, held to maturity investments, or held for trading.

Available for Sale Financial Instruments Reserve records the unrealised revaluation gains arising from increases in the value of investments that have quoted market prices or otherwise do not have fixed or determinable payments.

Balance sheet shows the value of the assets and liabilities recognised by the council at the Balance Sheet date.

Benefits Payable during Employment covers short term employee benefits, such as wages and salaries, paid annual leave and paid sick leave and non-monetary benefits for current employees and benefits earned by current employees but not expected to be settled wholly before 12 months after the year end in which the employees render the related service, such as long service leave and long term disability benefits.

Budget expresses the council's service delivery plans and capital investment programmes in monetary terms.

The **Capital Adjustment Account (CAA)** absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions.

The **Capital Financing Requirement** is the capital investment funded from borrowing which has yet to be repaid.

The **Capital Grants Unapplied Account (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 reserve also holds grants and contributions received towards capital projects for which there are no conditions for repayment attached where expenditure has yet to be incurred.

Capital Investment is expenditure on the acquisition of an asset that will be used to provide services beyond the financial year or expenditure which adds to and not merely maintains the value of an existing non-current asset.

The **Capital Investment Programme** is a financial summary of the capital projects that the council intends to carry out over a specified period of time.

A **Capital Receipt** is the proceeds from the sale of an asset.

The **Capital Receipts Reserve** holds the proceeds from the disposal of non-current assets, which are restricted by statute from being used other than to fund new capital investment or to be set aside to finance historical capital investment.

Capital Reserves represent resources earmarked to fund capital schemes as part of the council's capital investment strategy.

The **Carbon Reduction Commitment (CRC) Energy Efficiency Scheme** obligates the council to purchase and surrender CRC allowances in relation to carbon dioxide emissions.

The **Carrying Amount** is the amount at which an asset is recognised on the Balance Sheet after deducting any accumulated depreciation (or accumulated amortisation) and accumulated impairment losses.

Cash comprises cash in hand and demand deposits.

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

Cash Flows are the inflows and outflows of cash and cash equivalents.

The **Cash Flow Statement** shows the changes in cash and cash equivalents of the council during the financial year.

The **Collection Fund** is a separate fund recording the expenditure and income relating to council tax and non-domestic rates.

The **Collection Fund Adjustment Account** is used specifically to manage the accounting processes for council tax and non-domestic rates.

The **Commencement of the Lease Term** is the date from which the lessee is entitled to exercise its right to use the leased asset. It is the date of initial recognition of the lease (i.e. the recognition of the assets, liabilities, income, or expenses resulting from the lease).

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

The **Comprehensive Income and Expenditure Statement (CIES)** shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

The **cost model** is the cost of an asset less any accumulated depreciation or any accumulated impairment.

A **Contingent Asset** is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the council.

A **Contingent Liability** is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the council, or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Cost is the amount of cash or cash equivalents paid, or the fair value of the other consideration given to acquire an asset at the time of acquisition or construction.

Council Tax is the main source of local taxation to local authorities and is levied on households within its area by the billing authority.

Costs to Sell are the incremental costs directly attributable to the disposal of an asset, excluding finance costs.

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

A **Current Asset** is an asset that is intended to be sold within the normal operating cycle; the asset is held primarily for the purpose of trading, or the council expects to realise the asset within 12 months after the reporting date.

A **Current Liability** is an amount which will become payable or could be called in within the next financial year; examples are creditors and bank overdraft.

Current Replacement Cost is the cost the council would incur to acquire the asset on the reporting date.

Current Service Cost (Pensions) is the increase in the present value of a defined benefit obligation resulting from employee service in the current period.

Current Value is the amount that reflects the economic environment prevailing for the service or function the asset is supporting.

Curtailment (Pensions) occurs when the council significantly reduces the number of employees covered by the plan.

Customer and Client Receipts include rental income and income from fees and charges.

Debtors are financial assets not traded in an active market with fixed or determinable payments that are contractual rights to receive cash or cash equivalents.

The **Deferred Capital Receipts Reserve** holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place.

A **Deferred Liability** is a sum of money that is either not payable until some point after the next financial year or is paid off over a number of years.

The **Deficit (Pensions)** is the present value of the defined benefit obligation less the fair value of scheme assets.

A **Defined Benefit Scheme** is a pension scheme where the benefits to employees are based on their salaries, and where employers' contributions have to be adjusted to match estimates of future liabilities.

A **Defined Contribution Scheme** is a post-employment benefit scheme where the employer's liability is restricted to the amount that they contribute.

Depreciated Replacement Cost (DRC) is a method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation.

Depreciation is a method of allocating the cost of a tangible asset over its useful life.

The **Discount Rate (Pensions)** is the rate used to discount post-employment benefit obligations and is determined by reference to market yields at the end of the reporting period on high quality corporate bonds.

Dismantling / removal / restoration costs are an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

The **Effective Interest Rate** is the rate that exactly discounts estimated future cash payments or receipts over the life of the instrument to the amount at which it was originally recognised.

Employee Benefits are all forms of consideration given by the council in exchange for service rendered by employees or for the termination of employment.

Employee Expenses include total salaries, employers' national insurance contributions, employers' pension contributions and indirect employee expenses including redundancy costs and pension accounting adjustments.

Estimation Techniques are the methods adopted to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Events after the Reporting Period are those events, both favourable and unfavourable, that occur between the end of the financial year and the date when the financial statements are authorised for issue.

Exceptional Items are material items which derive from events or transactions that fall within the ordinary activities of the council, and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the financial statements.

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

Existing Use Value – Social Housing (EUV-SH) is the estimated amount for which a property should exchange, on the date of valuation, between a willing buyer and a willing seller, in an arm's length transaction, after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion, subject to the following further assumptions that the property will continue to be let by a body and used for social housing, at the valuation date, any regulatory body, in applying its criteria for approval, would not unreasonably fetter the vendor's ability to dispose of the property to organisations intending to manage their housing stock in accordance with that regulatory body's requirements, properties temporarily vacant pending reletting should be valued, if there is a letting demand, on the basis that the prospective purchaser intends to relet them, rather than with vacant possession and any subsequent sale would be subject to all of the above assumptions.

Exit Packages are departure costs paid to former employees who negotiate a package as part of their terms of leaving the council.

The **Expenditure and Funding Analysis** shows how the available funding (i.e. government grants, rents, council tax and non-domestic rates) has been used in providing services in comparison with those resources consumed or in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the service directorates.

Expenses are decreases in economic benefits or service potential during the year in the form of outflows or consumption of assets or increases of liabilities that result in decreases in reserves.

Experience Adjustments (Pensions) are the effects of differences between the previous actuarial assumptions and what has actually occurred.

Fair Value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participates at the measurement date.

Fees, Charges and Other Service Income includes customer and client receipts including, for example rents and other fees and charges and grants received from non-government bodies and other contributions received by the council.

Fee Expense (Financial Instruments) represents the cost of managing the council's debt and investment portfolios, including internal costs and external brokerage.

Fee Income (Financial Instruments) represents the contribution received from external bodies in respect of the management of that bodies' cash portfolio.

A **Finance Lease** is a lease that transfers substantially all the risks and rewards incidental to ownership of an asset. Title may or may not eventually be transferred.

A **Financial Asset** is any asset that is cash, an equity instrument of another entity or a contractual right to receive cash or another financial asset from another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A **Financial Liability** is any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the entity.

A **Financial Instrument** is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity and includes trade payables and other payables, borrowings, bank deposits, trade receivables, loans receivable, other receivables and advances and investments.

The **Financial Instruments Adjustment Account** provides a specific accounting mechanism to reconcile the different rates at which gains and losses are recognised under proper accounting practices for borrowing and investments and are required by statute to be met from the General Fund balance.

Financing Activities are activities that result in changes in the size and composition of the principal received from or repaid to external providers of finance.

The **General Fund** is the statutory fund into which all the receipts of the council are required to be paid and out of which all liabilities of the council are to be met, except to the extent that statutory rules might provide otherwise.

The **General Fund Balance** summarises the resources that the council is statutorily empowered to spend on its General Fund services or on capital investment (or the deficit of resources that the council is required to recover) at the year end.

Going Concern defines that the functions of the council will continue in operational existence for the foreseeable future.

Government Grants are grants made by the Government towards either revenue expenditure or capital investment to support the cost of the provision of the council's services.

Grants and Contributions are assistance in the form of transfers of resources to the council in return for past or future compliance with certain conditions relating to the operation of activities.

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

Historical Cost is the carrying amount of an asset at 1 April 2007 (i.e. brought forward from 31 March 2007) or at the date of acquisition, whichever date is the later and adjusted for subsequent depreciation or impairment (if applicable).

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

An **Impairment Loss** is the amount by which the carrying amount of an asset exceeds its recoverable amount.

The **Implicit interest rate** is the rate of interest that causes the present value of (a) the lease payments and (b) the unguaranteed residual value to equal the sum of (i) the fair value of the underlying asset and (ii) any initial direct costs of the lessor.

The **Inception of the Lease** is the earlier of the date of the lease agreement and the date of commitment by the parties to the principal provisions of the lease.

Income is the gross inflow of economic benefits or service potential during the year when those inflows or enhancements of assets or decreases of liabilities result in an increase in reserves.

The **Incremental Borrowing Rate** is the rate of interest that a lessee would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of- use asset in a similar economic environment. This will be the PWLB annuity certainty rate for the period equal to the outstanding lease term at transition

Initial direct costs are incremental costs of obtaining a lease that would not have been incurred if the lease had not been obtained

An **Intangible Asset** is an identifiable non-monetary asset without physical substance (e.g. computer software).

The **Interest Cost (Pensions)** is the expected increase in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Interest Income (Pensions) is a component of the return on plan assets and is determined by multiplying the fair value of the plan assets by the discount rate.

International Accounting Standards (IAS) for the preparation and presentation of financial statements.

International Financial Reporting Standards (IFRS) advise the accounting treatment and disclosure requirements of transactions so that the council's accounts present fairly the financial position of the council.

Inventories are assets in the form of materials or supplies to be consumed in the production process to be consumed or distributed in the rendering of services, held for sale or distribution in the ordinary course of operations and/or in the process of production for sale or distribution.

Investing activities are activities relating to the acquisition and disposal of non-current assets and other investments not included in cash equivalents.

Investment Property is property (land or a building, or part of a building, or both) held solely to earn rentals or for capital appreciation or both, rather than for use in the production or supply of goods or services or for administrative purposes or for sale in the ordinary course of operations.

A **Lease** is an agreement whereby the lessor conveys to the lessee in return for a payment or series of payments the right to use an asset for an agreed time period.

The **Lease Term** is the non-cancellable period for which the lessee has contracted to lease the asset together with any further terms for which the lessee has the option to continue to lease the asset, with or without further payments, when at the inception of the lease it is reasonably certain that the lessee will exercise the option.

A **Liability** is a present obligation of the council arising from past events, the settlement of which is expected to result in an outflow from the council of resources embodying economic benefits or service potential.

Lifecycle Payments are the element of the unitary charge which reflects expenditure incurred by the PFI provider in the financial year to enhance, renew and maintain PFI assets.

Loans and Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the entity intends to sell immediately or in the near term (held for trading); or those for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration (available for sale).

Long Term Borrowing is loans raised to finance capital investment which have to be repaid over a period in excess of 12 months from the year end.

The **Major Repairs Reserve** holds an element of the capital resources required to be used on HRA assets or for capital financing purposes.

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.

Minimum Revenue Provision (MRP) is the minimum amount which must be charged each year in order to provide for the repayment of loans and other amounts borrowed by the council.

The **Movement in Reserves Statement (MiRS)** shows the movement in the year on the different reserves held by the council, analysed into usable reserves and other reserves.

The **Net Defined Benefit Liability (Pensions)** is the deficit, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling.

The **Net Interest on the Net Defined Benefit Liability (Pensions)** is the change during the period in the net defined benefit liability that arises from the passage of time.

The **Net Realisable Value** is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution.

A **Non-Current Asset** is an asset that does not meet the definition of a current asset and has a long-term benefit to the council.

Non-Domestic Rates (NDR) is a scheme for collecting contributions from businesses towards the cost of local government services.

Non-Ring-Fenced Government Grants are revenue grants distributed by central government that do not relate to the performance of a specific service.

An **Operating Lease** is a type of lease (e.g. computer equipment, office equipment, furniture) where the balance of risks and rewards of holding the asset remains with the lessor.

Operating Activities are the activities of the council that are not investing or financing activities.

Other Comprehensive Income and Expenditure comprises items of expense and income (including reclassification adjustments) that are not recognised in the surplus or deficit on the provision of services as required or permitted by the Code. Examples include changes in revaluation surplus; actuarial gains and losses on defined benefit schemes; and gains and losses on remeasuring available for sale financial assets.

Other Service Expenses include premises expenses including all running costs, expenditure on goods, services and contractors directly related to property and land, transport expenses including all costs connected with the provision, hire or use of transport for employees and clients, supplies and services covering all direct supplies and services expenditure incurred, third party payments including, for example, payments to third party providers of local authority services (e.g. payments to government departments, voluntary associations, private contractors and other agencies), transfer payments including, for example, education awards paid to school pupils and students in further education, housing benefits and capital financing costs including costs of unsupported borrowing.

Owner Occupied Property is property held (by the owner or by the lessee under a finance lease) for use in the delivery of services or production of goods or for administrative purposes.

The **Past Service Cost (Pensions)** is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction of, or withdrawal of, or changes to, a defined benefit scheme) or a curtailment (a significant reduction by the council in the number of employees covered by a scheme).

The **Pension Reserve** is a specific accounting mechanism used to reconcile the payments made for the year to various statutory pension schemes in accordance with those schemes' requirements and the net charge in the council's recognised liability under IAS 19 "Employee Benefits", for the same period.

Pooled Budgets are formal arrangements under Section 75 of the National Health Service Act 2006, between local authorities and primary care trusts, to share the costs of various services which overlap in terms of the responsibilities of the various authorities. One council hosts the entire activity for the partnership, and the other parties contribute towards the total costs on an agreed basis.

The **Pooled Investment Funds Adjustment Account** is a mechanism that is required by the capital finance and accounting regulations in England and Wales to hold the fair value movements in those pooled investment funds specified by the regulations. The difference between the amount charged or credited in the year to surplus or deficit on the provision of services in accordance with the Code and the amount charged or credited to the General Fund in accordance with regulations should be debited or credited to the General Fund balance with the double entry going to the pooled investment funds adjustment account such that the General Fund is charged or credited with the amount that accords with the applicable regulations.

Post-Employment Benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Post-Employment Benefit Plans (Schemes) are formal (or informal) arrangements under which the council provides post-employment benefits for one or more employees.

A **Precept** is a levy made by precepting authorities on billing authorities, requiring the latter to collect income from council taxpayers on their behalf, such as the Sussex Police & Crime Commissioner and the East Sussex Fire Authority.

The **Present Value of a Defined Benefit Obligation (Pension)** is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

A **Private Finance Initiative (PFI)** is a long term contractual public private partnership, under which the private sector takes on the risks associated with the delivery of public services in exchange for payments tied to agreed standards of performance.

Property, Plant and Equipment (PPE) are tangible assets (i.e. assets with physical substance) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and which are expected to be used during more than one period.

A **Provision** is a liability of uncertain timing or amount.

The **Public Works Loan Board (PWLB)** is a central government agency which provides loans for one year and above to local authorities at interest rates only slightly higher than those at which the Government itself can borrow.

A **Qualified Valuer** is a person conducting the valuations who holds a recognised and relevant professional qualification and having sufficient current local and national knowledge of the particular market, and the skills and understanding to undertake the valuation competently.

The **Recoverable Amount (in respect of assets)** is the higher of fair value less costs to sell (i.e. not selling price) and its value in use.

Related Party - parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related party entity and another entity are subject to common control.

A **Related Party Transaction** is a transfer of resources or obligations between related parties, regardless of whether a price is charged.

Reserves are the residual interest in the assets of the council after deducting all its liabilities.

The **Residual Value** is the estimated amount that the council would currently obtain from the disposal of an asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

The **Revaluation Reserve** contains the unrealised revaluation gains arising from increases in the value of its revalued non-current assets (excluding investment property which is posted to the CAA).

Revenue is the gross inflow of economic benefits or service potential during the year when those inflows result in an increase in the council’s net assets.

Revenue Expenditure is the day to day running costs relating to the financial year irrespective of whether or not the amounts due have been paid. Examples are salaries, wages, materials, supplies and services.

Revenue Expenditure Funded from Capital under Statute is revenue expenditure incurred that may be funded from capital resources under statutory provisions but does not result in the creation of non-current assets.

The **Return on Scheme Assets (Pensions)** is dividends and other income derived from the plan assets, together with realised and unrealised gains or losses on the plan assets less any costs of managing plan assets and any tax payable by the plan itself, other than tax included in the actuarial assumptions used to measure the present value of the defined benefit obligation.

Ring Fenced Government Grants are revenue grants distributed by central government that relate to a specific service.

A **Scheme Amendment (Pensions)** occurs when the council introduces or withdraws a defined benefit scheme or changes the benefits payable under an existing defined benefit scheme.

Scheme Assets (Pensions) comprise assets held by a long-term employee benefit scheme.

Scheme Liabilities (Pensions) comprise liabilities in relation to a long-term employee benefit scheme.

Settlements (Pensions) is a transaction that eliminates all further legal or constructive obligations for part, or all of the benefits provided under a defined benefit plan, other than a payment of benefits to, or on behalf of, employees that is set out in the terms of the plan and included in the actuarial assumptions.

Short Term Borrowing is a sum of money borrowed for a period of less than one year.

Short Term Paid Absences are periods during which an employee does not provide services to the council, but benefits continue to be paid.

Short Term Employee Benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the year end in which the employees render the related service.

Surplus Assets are those assets that are surplus to service needs but do not meet the definition of either an investment property or assets held for sale.

The **Surplus / Deficit on the Provision of Services** is the total of income less expenses, excluding the components of other comprehensive income and expenditure.

A **Tangible Asset** is an asset that has a physical form.

Termination Benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the council's decision to terminate an employee's employment before the normal retirement date, or the council's decision to accept an offer of benefits in exchange for the termination of employment.

The **Third Sector** includes a range of organisations e.g. voluntary and community organisations.

Total Comprehensive Income and Expenditure comprises all components of surplus or deficit on the provision of services and of other comprehensive income and expenditure.

Trust Funds are funds administered by the council for such purposes as prizes, charities and specific projects.

The **Unitary Charge** is the amount payable to the PFI contractor, by the council, for the provision of works and services as defined in each PFI contract.

Unsupported Borrowing is borrowing for which no financial support is provided by central government.

Unusable Reserves are those reserves that the council is not able to use to provide services and includes reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the MiRS as adjustments between accounting basis and funding basis under regulations.

Usable Reserves are those reserves that can be used to provide services and / or reduce local taxation, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

Useful life is the period which a non-current asset is expected to be available for use by the council.

Value Added Tax (VAT) is an indirect tax levied on most business transactions and on many goods and some services.

Independent Auditor's Report to the Members of Brighton & Hove City Council

To follow

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