

# Statement of Accounts 2024/25

Unaudited Draft figures approved  
30<sup>th</sup> June 2025





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# Narrative Foreword

**by the Assistant Chief Executive, Finance, Traded and Resources**

The information contained within the Council's Statement of Accounts is presented in line with the requirements of accounting standards. However, the accounts of such a large and diverse organisation as Leeds City Council are by their nature both technical and complex and so this foreword explains some of the statements and provides a summary of the council's financial performance for 2024/25 and its financial outlook. The foreword also aims to set this financial performance in the context of the council's overall strategic objectives and its performance in delivering its services.

## 1 Looking forward

The 2024/25 statement of accounts are issued at a time when the council, together with the local government sector across the country as a whole, continues to face the most severe financial challenge it has seen in recent times. The impact of the cost of living crisis on the Council and the wider Leeds community has led to increases in the cost of delivering all of the council's services, and this has been combined with increased demand for council services, particularly for both childrens' and adults' social care. The council's income from government grants, local taxation and other sources has not kept pace with these cost increases, and thus the council has had to make cuts to other services and draw on its reserves in order to maintain a balanced budget position.

Whilst inflation has now stabilised to a large extent, the impact of the high inflation seen in recent years is an ongoing one. The current more stable inflation environment simply means a slower increase in costs and does not reverse the significant increases in the cost base of delivering the council's services which were experienced in the 2022/23 and 2023/24. In addition to this, the demand for social care services continues to increase.

The council's budget for 2025/26 identifies £107.4m of planned savings needed to achieve a balanced budget position, and the delivery of the action plans required to realise these savings will be monitored closely throughout the year. The potential for further demand pressures in children's social care and in adults social care will also be kept under close review during the year, so that mitigating action can be taken promptly if further cost pressures emerge.

Looking ahead to 2026/27 and beyond, the outcome of the government's Fair Funding Review will be critical to the council's financial position. This review is re-assessing how the total amount of funding available for local government is allocated between councils, to ensure that it is distributed in line with the relative needs of each area, taking into account local cost factors. The outcomes of this review and any overall increases in funding for local government will not be known until December 2025. However at this stage we anticipate needing to make further savings over the next three years. Work is underway to ensure that the council can identify and deliver the required level of savings in a planned and managed way, informed by the priorities set out in our Best City Ambition, as well as by an understanding of the statutory minimum requirements for each service. The council remains committed to shaping the delivery of frontline services in a way which is financially sustainable for the future.

To summarise, the council faces a severe and ongoing financial challenge, where both costs and the demand for its services are elevated but there is considerable uncertainty over the extent to which its available income will rise in response to these rising costs.

As regards this statement of accounts, it should be noted that the financial challenge which the council is facing does not impact on the going concern basis for the production of the accounts. The Code of Practice on Local Authority Accounting in the United Kingdom requires that all councils should produce their accounts on a going concern basis. This is a reflection of the statutory position, that local councils do not have the power to cease their operations (as would be the case for a private sector body) and that local councils will continue to exist and to deliver local services for the foreseeable future.

## 2 The Council's vision and ambitions for Leeds

The Council's vision for Leeds is expressed in the Best City Ambition, which sets out the outcomes we want to see for the city, and recognises that these cannot be achieved by the Council alone and that everyone has a part to play – the Council, city partners across sectors, citizens, communities, and the government too.

The Ambition is centred on the city's mission to tackle poverty and inequality and improve quality of life for everyone. It is driven by a focus on our three pillars, which identify the things that will make the biggest difference to improving people's lives in Leeds - health and wellbeing, inclusive growth and zero carbon. For each of the three pillars, the Ambition sets out our aspirations :

- Health and wellbeing – In 2030 Leeds will be a healthy and caring city for everyone: where those who are most likely to experience poverty improve their mental and physical health the fastest, people are living healthy lives for longer, and are supported to thrive from early years to later life
- Inclusive growth - In 2030 Leeds will have an economy that works for everyone, where we work to tackle poverty and ensure that the benefits of economic growth are distributed fairly across the city, creating opportunities for all
- Zero carbon - In 2030 Leeds will have made rapid progress towards carbon neutrality, reducing our impact on the planet and doing so in a fair way which improves standards of living in all the city's communities

The Ambition also seeks to better reflect the importance of partnership working and a renewed relationship with the citizens of Leeds in order to achieve the city's shared goals. It aims to help partner organisations and local communities in every part of Leeds to understand and support the valuable contribution everyone can offer – no matter how big or small – to making Leeds the Best City in the UK. We aim to achieve our Ambition with the help of Team Leeds – everyone who lives or works here, and those who champion the city nationally and internationally. The full Best City Ambition which sets out the areas of focus as we work towards these goals can be viewed on the council's website (<http://www.leeds.gov.uk><sup>1</sup>).

The overall aims set out in the Best City Ambition feed into the council's planning and budget setting processes, ensuring that the available resources are aligned to best meet the council's strategic objectives.

### 2.1 Where to find more information about the council

The council's Statement of Accounts concentrates on clear and accurate reporting of the financial position of the council in relation to a particular year. This foreword provides an overview on how the financial performance relates to the council's strategic objectives and performance. However, more detailed information on the council's priorities, strategy and performance for the services it delivers can be found in documents such as the Best City Ambition, available on the council's website (<http://www.leeds.gov.uk><sup>1</sup>).

## 3 The council's organisation and governance

### 3.1 Organisation

The main decision making body of the council is the Executive Board. This is chaired by the Leader of the Council, and for 2024/25 included eight other Executive Members with portfolio responsibilities, plus the leader of the largest opposition party.

Operationally, the council is divided into five directorates, covering particular areas of service provision. For 2024/25 these were Adults and Health, Children and Families, Strategy and Resources, City Development, and Communities, Housing and Environment. The council's senior management team, known as Corporate Leadership Team, is made up of the Chief Executive, the Deputy Chief Executive (the Director of Strategy and Resources), the four other departmental directors, the Director of Public Health, the Assistant Chief Executive Finance Traded and Resources (the Section 151 officer), the Assistant Chief Executive People, Digital and Change, and the City Solicitor (the Monitoring Officer).

### 3.2 Corporate governance

Like any organisation, the council's corporate governance arrangements are a key factor in ensuring that it can achieve its strategic objectives and secure economy, efficiency and effectiveness in delivering its services. Councils are required to carry out an annual review of the effectiveness of their corporate governance arrangements. The result of this review, the Annual Governance Statement, is published on the council's website alongside this statement of accounts.

## 4 The audit and public inspection of councils' accounts

Local authorities are governed by a rigorous structure of controls to provide stakeholders with the confidence that public money has been properly accounted for. As part of this process of accountability the council is required to produce a set of accounts in order to inform you, as a stakeholder of the council that we have properly accounted for all of the public money we have received and spent, and that the financial standing of the council is on a secure basis. In order to provide assurance that the final published accounts can be relied upon, they must be audited by independent auditors who report on their conclusions. The council's auditors for 2024/25 are Grant Thornton UK LLP.

Local electors and taxpayers have statutory rights to inspect the draft accounts before the audit is completed and to question the auditors. A period of thirty working days is designated by each council as their public inspection period once the draft accounts have been approved by the Responsible Financial Officer. To make the accounts as widely available as possible we publish both the draft and final versions on the internet at <https://www.leeds.gov.uk/performance-and-spending/our-financial-performance> (Leeds residents have free internet access at their local libraries). From the same internet page you can also read the National Audit Office publication *Council accounts – a guide to your rights* and the external audit reports, e-mail the council's finance team with any comments or questions you have about the accounts, or click through to the other documents mentioned above.

## 5 The council's financial performance and position

### 5.1 What is included in the Statement of Accounts

The Statement of Accounts features four main statements reporting on Leeds City Council's core activities:

- The Comprehensive Income and Expenditure Statement,
- the Movement in Reserves Statement,
- the Balance Sheet, and
- the Cash Flow Statement.

The Comprehensive Income and Expenditure Statement summarises the council's financial performance for the year, and shows the annual income and expenditure on the basis of proper accounting standards and practice. However, there are statutory arrangements in place which mean that the amount which is chargeable to a council's general reserves for the year is different from its net income or expenditure for the year. These statutory arrangements are largely designed to change the timing over which items of income or expenditure must be paid for through council tax or rents, to ensure greater fairness for local taxpayers and council tenants. The Movement in Reserves Statement shows how the impact of the council's net comprehensive income and expenditure for the year is distributed across its usable and unusable reserves. The Balance Sheet gives the council's financial position at the end of the year, showing the value of the assets and liabilities which make up the council's overall reserves, sometimes known as its net worth. Finally the Cash Flow Statement summarises how the council's income and expenditure for the year has been reflected in cash flows to and from the council.

Each of the main statements is preceded by a short note describing its purpose, and they are followed by notes which give more information on some of the figures included in the statements. These include a note called the expenditure and funding analysis, which aims to show the differences at a directorate level between the net expenditure chargeable to general reserves and the net expenditure on a proper accounting basis as it appears in the income and expenditure account.

The main statements are supplemented by two further sections:

- the Housing Revenue Account reports on the council's activities as a social landlord, which are consolidated into the main statements; and
- the Collection Fund statement reports on the collection of council tax and business rates, and on how these taxes have been distributed to the council, the government and to other local public services;

These too are preceded by notes explaining their purpose and have explanatory notes.

The following summary of the financial performance of the council covers:

- The council's overall financial performance for the year;
- Its financial position at the end of the year; and
- The performance of the statutory ring fenced accounts for the Housing Revenue Account and the Collection Fund;

## 5.2 The council's financial performance for the year

As noted in section 4.1 above, the council is required to produce its Comprehensive Income and Expenditure Statement on the basis of accounting standards, but the net income or expenditure

which affects its general fund and HRA reserves is then adjusted by statutory items. The council sets its budget for the year on the basis of the amounts chargeable to the general fund reserve and to HRA reserves. The council's financial performance against its budget for the year was reported to the Executive Board on 18<sup>th</sup> June 2025 (a copy of the report is available on the council's website). The overall outturn position for the general fund was balanced by one off funding sources and by the use of corporate earmarked reserves. The level of the general fund reserve was unchanged, as the £3m contribution originally budgeted for was not made due to pressures on directorate budgets.

The 2024/25 Comprehensive Income and Expenditure Statement takes a wider and more long term view of the financial performance of the council, and shows a deficit for the year of £263.3m (in comparison to a £45.3m surplus in 2023/24). This deficit represents the amount that the council's net worth has decreased over the year. This is shown on the Balance Sheet as a decrease in assets net of liabilities between 31st March 2024 and 31st March 2025.

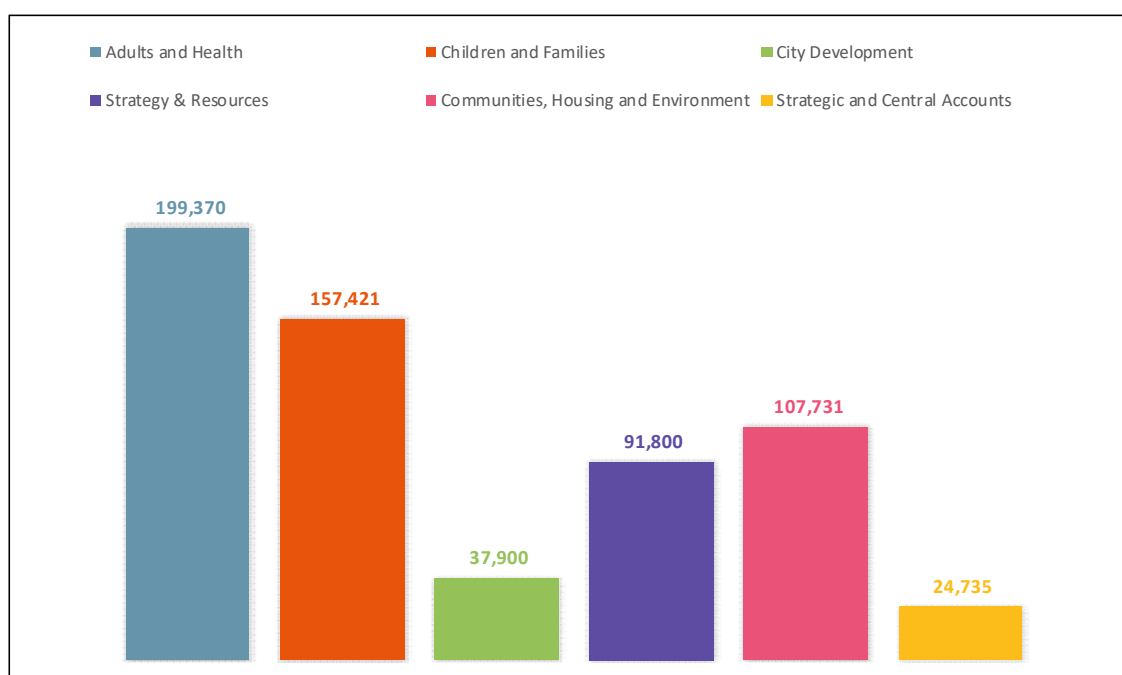
#### **a The 2024/25 budget**

The 2024/25 budget was set in the context of the ongoing cost of living crisis including higher than average inflation and interest rates. The additional costs arising from providing services resulted in the council needing to identify further significant savings. The Council's settlement funding assessment for 2024/25 was £9.9m higher than for 2023/24, and the net budget was set at £622.0m, an increase of £8.6m. The 2023/24 budget also incorporated £63.9m of planned savings.

The ongoing need to make additional savings over successive years meant that the council has had to make some difficult decisions around the level and quality of services. The impact of the cost of living crisis on the council and on the wider economy means that this is expected to continue into the future.

The chart below shows the breakdown of the council's budgeted net managed expenditure between directorates for 2024/25. Net managed expenditure represents the budgets under the control of individual directorates and excludes items such as capital charges and pensions adjustments. In 2024/25 the council budgeted to spend 58% of its resources on Children's Services and Adult Social Care, which reflects our priority of supporting the most vulnerable across the city.





#### b Performance against budget for the year

Whilst recognising that the Comprehensive Income and Expenditure Statement provides a number of important indicators of the financial health of the council, it is the unbudgeted use of corporate earmarked reserves which has the immediate impact on local taxpayers and dictates the level of spendable General Fund reserves. As noted above the council experienced ongoing cost pressures and rising demand for its services during 2024/25, resulting in overspends in some services. The most significant overspends were £23.8m in the Childrens and Families directorate, and £18.8m in Adults and Health, reflecting national trends for the costs of social care. The remaining three directorates recorded small underspends against budget, and corporate reserves and other one-off funding sources were applied to

#### c Other factors affecting comprehensive income and expenditure

In addition to the in-year use of corporate earmarked reserves, the other main factors which have contributed to the increase in the net worth of the council are:

- i) The Comprehensive Income and Expenditure Statement receives impairment charges, which reflect where the value of assets has fallen either because of falls in prices or because of deterioration in the assets. Any reversals of impairments recognised in previous years are credited to the account. For 2024/25, impairments amounted to £124m (in comparison to impairments of £143m in 2023/24).
- ii) The Comprehensive Income and Expenditure Statement also receives a charge for the depreciation of fixed assets. This charge is an indication of the cost the council will have to incur, through borrowing or its repairs and maintenance budgets, in order to maintain the standard of our buildings and other assets. For 2024/25 this amounted to a cost of £155m (£153m in 2023/24).
- iii) For 2024/25 the council's net pensions liability has increased, resulting in a £196m net debit to the reported bottom line of the Comprehensive Income and Expenditure Statement.



However this movement is after taking account of a surplus restriction of £1,132m which reflects the extent to which it is expected that the council can derive future benefit from the estimated surplus in its pension position via future reductions in its contribution levels. The overall position for the present value of the council's pension liabilities in the year to 31<sup>st</sup> March 2024 has moved from a net asset to a net liability. This is largely due to the surplus restriction on the West Yorkshire Pension Fund's assets. Gross pension liabilities have reduced due to changes to the financial assumptions for estimating liabilities, where there has been a significant increase in the discount rate which is used for estimating the current value of the future liabilities, and a small reduction in the assumed rate of inflation. The position for the Council's mainstream Local Government Pension Scheme funded pensions is net nil after taking account of the £1,132m surplus restriction. This situation is extremely unusual, and it should be noted that the net asset pensions position reflects the way in which it is required to be measured at the balance sheet date, and does not directly affect the Council's expected future pension contributions. For consideration of how the net pensions liability compares with the latest actuarial review of the pension fund see section 5.2 (Financial Position as at 31st March 2025) below.

- iv) The Comprehensive Income and Expenditure Statement also records changes in the valuations of fixed assets. In 2024/25 these amounted to losses of £12.6m (losses of £11.9m in 2023/24).
- v) Under International Financial Reporting Standards (IFRS) any grants for which any conditions imposed by the granting body have already been met, or where there is a reasonable expectation that the conditions will be met, must be recognised in the CI&E account. This means that capital grants received are recognised as income in the CI&E account, but due to statutory restrictions on how they can be spent they are then carried forward on the balance sheet as earmarked capital reserves to meet planned expenditure in future years. For 2024/25, £191.8m of income from capital grants was recognised, in comparison to £205.2m in 2023/24.
- vi) The Comprehensive Income and Expenditure Statement also recognises any gains or losses on the disposal of fixed assets. For 2024/25 this amounted to a net loss of £12.4m (in comparison to a gain of £15.1m in 2023/24). The loss on disposals for 2024/25 is net of a loss of £35.5m on the transfer of further schools to academies during the year. The council has no choice in whether to transfer these assets and does not receive any consideration for their transfer, and thus in previous years, losses on the transfer to academies have more than outweighed gains on the disposal of other assets.
- vii) Whilst the precepts relating to council tax and business rates credited to the General Fund each year are fixed when the budget is set, the Comprehensive Income and Expenditure Statement reflects the actual council tax and business rates income received during the year. For 2024/25, the income recognised from business rates was £0.9m higher than the precept set for the year, and council tax income recognised was £5.9m lower than the level of the precept. Further information on the performance of the Collection Fund for the year is given in section 5.5 (ii) below.

Whilst financial reporting under IFRS provides an important indication as to the financial health of the council, the amounts actually chargeable to a local authority's council tax and its General Fund reserves are controlled by legislation, and include a number of statutory and accounting adjustments. Of the above factors the pension losses, the depreciation and impairment charges and the losses on disposal of fixed assets are reversed under statute. The reason for these statutory overrides is that the gains and losses will be realised over a number of years, if at all, and the Government feels that it would not be reasonable for the costs to fall only on current taxpayers. However depreciation charges are replaced by a requirement to set aside a prudent amount for the repayment of debt, known as the Minimum Revenue Provision.

### 5.3 Financial position as at 31st March 2025

As identified in the CI&E a/c, the council's assets net of liabilities have decreased in value by £263.3m and now stand at £3,875.1m. Whilst section (c) above identifies the main reasons for this increase, the council's balance sheet also contains other transactions, mainly relating to capital, which impact on the council's financial standing. The following section analyses the main issues impacting on the council's balance sheet as at 31st March 2025:

- The council's overall net pensions liabilities have increased by £196m, to become net liabilities of £84m, with a net nil position for its mainstream LGPS funded pensions. The overall net liability relates to the difference between the value of the council's pension fund assets at 31st March 2025 and the estimated present value of the future pension payments to which it was committed at that date, including unfunded liabilities. The net nil position for the funded scheme recognised on the balance sheet is after taking account of a £1,132m surplus restriction, which recognises the limits on the extent of the potential benefit realisable in practice by the Council in the form of reduced future pension contributions. The pension liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding them. The extent to which the expected future returns on assets are sufficient to cover the estimated net liabilities was considered by the actuaries in their full actuarial review of the pension fund, carried out as at 31st March 2022. Whilst the actuarial review is done on a forward looking basis, in contrast to the net asset in the annual accounts which does not take into account expected future earnings from assets, it does provide a better indication of the future standing of the pension fund based on the fund's position at 31<sup>st</sup> March 2022. That actuarial review concluded that the pension fund was 108.5% funded, with a predicted surplus for the whole of the West Yorkshire Pension Fund of £1,407m. Based on the actuarial review, the council has established appropriate employer contribution rates in order to move the fund towards a 100% funded position over a 22 year period.
- Overall the value of the council's tangible and intangible fixed assets have risen by £124m. There are a number of factors affecting the value of our assets but as outlined in section a (ii), (iv) and (vi) above the largest impacts are due to the depreciation, revaluations and the disposal of assets. The other major factor impacting on the carrying value of our assets is additional capital expenditure in year of £306m.

It is also worth noting that the overall market value of the council's assets is considerably higher than the balance sheet value, which reflects existing use for operational assets. In particular the market value of our housing stock is around £5.8bn (current social value £2.4bn) and our infrastructure assets are currently only recognised at depreciated historic cost (£1.43bn) when their current value would run into billions of pounds.

- Creditors have increased by £49.6m. This included an increase of £19.4m in receipts in advance, a £17.4m increase in sundry creditors, and an £11.6m increase in amounts owed to other local authorities and public bodies.
- Debtors net of provisions have increased by £11.9m, with the biggest factor in this being an increase of £7.2m in amounts due from the Ministry of Housing Communities and Local Government. There was also a £3.1m increase in Council Tax debtors and a £2.0m increase in business rates debtors.
  - Overall the council's usable reserves have increased from £410m in 2023/24 to £436m in 2024/25, an increase of £26m. The majority of these £436m of useable reserves are ring fenced (£379m) and are not available to support general expenditure. The main ring fenced reserves as at 31st March 2025 are:
  - School based reserves £18m;

- Revenue and capital grants received in advance of planned expenditure £244m;
- Housing Revenue Account reserves £19m, statutorily ring fenced to the provision of local authority housing;
- Major repairs reserve £38m, ring fenced to major repairs to council houses;
- Useable Capital Receipts reserve £59m, to finance capital expenditure, partly ring fenced to council houses.

The remaining £57m of reserves is made up of the £36m General Fund reserve and £21m of earmarked reserves.

- Overall debt net of treasury management investments stands at £3,108m (£2,981m in 2023/24) made up of long term borrowing £2,228m (£2,305m in 2023/24), borrowing repayable on demand or within one year of £413m (£235m in 2023/24), credit arrangements under Private Finance Initiative (PFI) schemes of £530m (£446m in 2023/24) and lease liabilities of £54m (£40m in 2023/24). The increases in PFI and lease liabilities arose due to remeasurement and recognitions under IFRS16, rather than any new PFI or lease arrangements. The council held no treasury management investments maturing between 3 months and 1 year at the end of the financial year (none in 2023/24), and cash equivalents (consisting of deposits in instant access bank accounts and investments with less than three months to maturity) of £116.5m (£43.2m in 2023/24).

The council's level of external borrowing is primarily determined by its need to finance capital expenditure, but the council seeks to minimise its actual external borrowing by offsetting the revenue balances it holds against its capital financing requirement.

The level of overall net debt has increased by £126m in comparison 2023/24. The main movements in respect of this debt position are:

- An increase of £28m in borrowing net of investments. The borrowing element of the council's capital financing requirement increased by £111m, however robust levels of reserves and balances meant that its net external borrowing position saw a lower increase than the increase in the CFR;
- An increase of £84m in PFI liabilities, reflecting remeasurement of £127m as a result of the introduction of IFRS16, net of £43m repayments during the year.

## 5.4 Cash flows during the year

The cash flow statement shows how the above financial position has been reflected in cash movements during the year. Overall, there has been an increase in the level of cash and cash equivalents held by the authority during the year, largely represented by cash equivalent investments held at the year end. In terms of treasury management and financing activities, the cashflows for short term treasury loans during the year showed a relatively high level of turnover reflecting the council's current treasury strategy, which is to borrow primarily short term for its needs until interest rates have passed their peak, whilst looking to take advantage of any temporary reductions in long term rates. However long term borrowing of £20m was taken out during the year, to partly fund the increase in the capital financing requirement.

## 5.5 Ring-fenced accounts

The following is a summary of the financial performance of the statutory ring fenced accounts managed by the council. The Housing Revenue Account (HRA) shows the council's financial performance in its provision of social housing. The HRA is consolidated into the council's overall

financial statements. The Collection Fund account reflects the statutory requirement to establish and maintain a separate fund for the collection and distribution of amounts due in respect of Council Tax and Business Rates, and this account is not consolidated into the council's accounts. However the council's Comprehensive Income and Expenditure Account receives a share of the collected Council Tax and Business Rates.

#### i The Housing Revenue Account (HRA)

The HRA Income & Expenditure Account shows a surplus for the year of £39.3m. This surplus is then adjusted to reflect any statutory overrides to accounting practice in order to produce a reported financial position which directly impacts on council house rent payers. For 2024/25 the statutory overrides amounted to a debit to the HRA of £37.5m, resulting in a net increase to revenue reserves for the HRA of £1.8m (compared to an decrease of £1.3m in 2023/24). This position represents an underspend of £1.9m in comparison to the 23/24 budget. Further details can be found in the outturn report presented to Executive Board on 18<sup>th</sup> June 2025.

Included within the difference between the accounting surplus of £39.3m shown on the HRA for 2024/25 and the increase in revenue reserves of £1.8m is a transfer of £36.5m to the Major Repairs Reserve, setting aside money to fund future capital expenditure on council house repairs and to repay debt. The HRA Income and Expenditure account also includes a £29.8m charge for impairment which reflects reductions in the value of dwellings. This charge is transferred to statutory capital reserves and does not impact on HRA reserves, as impairment on dwellings is not required to be funded by tenants.

Overall the HRA reserves stand at £19.3m as at 31st March 2024 (£17.4m as at 31st March 2024). £9.5m of this sum represents the HRA general reserve; this is deemed to be a prudent level based on the council's risk based reserves strategy. The remaining £9.8m HRA reserve represents amounts identified as necessary to fund specific future costs, £8.3m of which is being held to fund the future costs of Housing PFI schemes. Full details of the purpose of the remaining balance of the HRA reserve are shown in the explanatory note H4.

#### ii Collection Fund

The Collection Fund for 2024/25 shows a total surplus for the year of £3.7m (in comparison to a surplus of £17.3m in 2023/24). This leaves the Collection Fund with negative balances of £6.4m as at 31st March 2025 (as at the 31st March 2024 the fund had negative balances of £10.1m). The deficit at 31<sup>st</sup> March 2024 is made up of an £10.3m deficit on council tax (in comparison to a deficit of £5.6m at 31<sup>st</sup> March 2024) and a £3.9m surplus on business rates (a £4.9m deficit at 31<sup>st</sup> March 2024).

In respect of council tax the share of the deficit attributable to the council is £8.7m. The council has budgeted to repay £8.1m of the deficit during 2025/26. The increase in the deficit will feed into the estimate of the Collection Fund position that is made in January 2026, and the estimated balance at that point in time will be taken into account when determining the council tax for the 2026/27.

The net position for business rates for the year was a surplus of £8.4m. The in-year surplus has arisen largely due to increases in the total rateable value of properties in Leeds. The council's share of the closing business rates surplus is £1.9m. The 2025/26 precept was set to recover a projected surplus at the end of 2024/25 of £1.7m, and the improvement of £0.2m in the council's share of the surplus will be taken into account when setting the 2026/27 budget.

The percentage of local taxation collected in year was 93.7% for council tax (93.9% in 2023/24) and 97.0% for business rates (97.0% in 2023/24).

## 5.6 Leeds City Council's group

Although the council has a number of subsidiaries and associates, these are small organisations and so do not give rise to a requirement to produce group accounts. The most significant group entity is the Leeds District Heating PipeCo Ltd, a wholly owned company which was established in February 2020. The Council has established a further wholly owned subsidiary company called LMG Exhibitions Limited, and it also has one subsidiary charitable company, the Craft Centre and Design Gallery Limited, and four associates - Leeds Grand Theatre and Opera House Ltd, Belle Isle Tenant Management Organisation Ltd, Green Leeds Ltd (now dormant), and Groundwork Yorkshire Ltd. There have been no financial issues affecting any of these organisations which materially impact on the council's financial position in 2024/25.

The council also has two joint ventures, NPS Leeds Ltd and Merrion House LLP. NPS Leeds Ltd is not material to the council's financial position, and Merrion House LLP is fully included in its single entity financial statements at fair value and does not give rise to a requirement for group accounts as, due to the nature of the entity, there would be no significant differences from its treatment in the single entity accounts.

The Code requires local authority maintained schools to be treated as part of a local authority's group, but to be included within its single entity financial statements. This means that the council is required to recognise on its balance sheet any school properties which are deemed to be assets of the individual school governing bodies, as well as those which are its own assets. This requirement has led to the council recognising £347m of assets owned by school governing bodies on its balance sheet at 31<sup>st</sup> March 2025. However it should be noted that these assets are the assets of the school governing bodies, and are not available to the council for any other purpose than providing a school.

## 6 The council's strategic objectives and performance

### 6.1 The Best City Ambition for Leeds

The Council's current strategic objectives are set out in the Best City Ambition, which can be accessed via the council's website at <http://www.leeds.gov.uk/>. The budget was developed in conjunction with the Best City Ambition, ensuring that the council's strategic objectives and its allocation of resources both inform and are informed by each other. This means that the annual budget and medium-term financial strategy represent the financial expression of the council's ambitions, policies and priorities. Any future updates to our strategic plans and objectives will also be published on the council's website.

### 6.2 Key performance indicators

The Best City Ambition is supported by a range of other plans and strategies. A number of key performance indicators are linked to each plan or strategy and progress against these is published throughout the year as part of the relevant Executive Board, Scrutiny Board or partnership board papers.

An annual retrospective report on the council's performance in delivering its strategic objectives is presented to Executive Board. This report provides the KPI results, and other key achievements made during the year, and also highlights where we need to redouble our efforts in the future.

### 6.3 Risk Management

The most significant risks to achieving the council's strategic objectives are housed on our corporate risk register and are reported to the council's leadership team each quarter. The risks

are published quarterly in the form of a Corporate Risk Map, a diagram which shows the ratings of the corporate risks based on a combined assessment of their probability and their potential impact. A copy of the corporate risk map showing how each corporate risk has been rated (based on its probability and impact) is published on the council's website [www.leeds.gov.uk](http://www.leeds.gov.uk)

Corporate risks can be roughly split into two types - those that could principally affect the city and people of Leeds and others that relate more to the way we run our organisation internally. Examples of risks to the city as a whole include major flooding or a breach in the safeguarding arrangements that help protect vulnerable people; these are often managed in partnership with a range of other organisations. An example of a more internal organisational risk to the Council is a major, prolonged failure of the Council's ICT network.

Each of the corporate risks has one or more named risk owner(s) who are members of the Corporate Leadership Team (the Chief Executive and directors) and Executive Board portfolio holders who, together, are accountable for their management. The Executive Board as a whole retains ultimate responsibility.

Risk registers are also maintained at directorate, service, and programme and project levels, with significant risks escalated to appropriate boards and management teams as required.

## **7 Current accounting practice and new developments**

The 2024/25 accounts are the first to be prepared by the council after the application of IFRS16 on lease accounting became mandatory, and the implementation of this standard resulted in some significant changes to the council's liabilities, and to a lesser extent its assets.

Looking ahead, the 2025/26 Code will include changes to the measurement of non-investment assets, incorporating the indexation of property plant and equipment assets.

# Statement of Responsibilities

## 1 The City Council's responsibilities

The City Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In Leeds City Council, that officer is known as the Chief Finance Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.

## 2 The Chief Finance Officer's responsibilities

The Chief Finance Officer is responsible for the preparation of the City Council's Statement of Accounts. In preparing the statement, the Chief Finance Officer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting in the United Kingdom;

The Chief Finance Officer has also:

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

## 3 Certification of the accounts

I certify that the Statement of Accounts gives a true and fair view of the position of Leeds City Council at 31st March 2025 and its income and expenditure for the year ended 31st March 2025.

## 4 Status of the draft accounts

The status of these draft accounts is unaudited, and they are therefore subject to change. The council's final audited Statement of Accounts will be published following completion of the audit process. Under current Regulations, if this is later than 27<sup>th</sup> February 2026 then a notice will be published on the council's website to explain the delay.

This draft Statement of Accounts will be made available for public inspection for thirty working days as required under the Accounts and Audit Regulations 2015.



Victoria Bradshaw FCCA  
Chief Finance Officer  
30<sup>th</sup> June 2025



# Statement of Accounting Concepts and Policies

The accounts follow the appropriate accounting standards as required by the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code). The Code constitutes a “proper accounting practice” under the terms of section 21(2) of the Local Government Act 2003. The Code is based on approved accounting standards, except where these conflict with specific statutory accounting requirements, so that the authority’s accounts present a ‘true and fair’ view of the financial position and transactions of the authority.

The accounting concepts and policies which have a material impact on the accounts are as follows:

## 1 Fundamental accounting concepts

### 1.1 Qualitative characteristics of financial information

#### a Relevance

The accounts have been prepared with the objective of providing information about the authority’s financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.

#### b Reliability

The financial information is a faithful representation, as it

- has been prepared so as to reflect the reality or substance of the transactions and activities underlying them, rather than their formal legal character;
- includes all information necessary for a user to understand the authority’s financial performance and position
- is free from deliberate or systematic bias;
- is free from material error; and
- has been prudently prepared.

#### c Comparability, verifiability, timeliness and understandability

These accounts are based on accounting concepts, treatments and terminology which require reasonable knowledge of accounting and local government. However, every effort has been made to use plain language and where technical terms are unavoidable they have been explained as they occur. Any estimates required are based on the best information available at the balance sheet date. The accounts are produced in compliance with the Code and in line with statutory timescales, enabling comparison with the financial position of other local authorities.

### 1.2 Materiality

As allowed under the Code, the concept of materiality has been utilised in preparing these accounts. Information is material if omitting or misstating it could influence the decisions that users may make on the basis of the accounts. In other words, materiality is specific to both the magnitude and the nature of the item to which the information relates, when considered in the context of the individual organisation’s financial statements. The Code permits authorities not to comply with specific disclosure requirements or accounting principles where the information is not material to the ‘true and fair’ view of the financial position, financial performance and cash flows of the authority, and to the understanding of users.

### 1.3 Pervasive accounting concepts

#### a Accruals

The financial statements, other than the cash flow information, are prepared on an accruals basis. This means that expenditure and income are recognised in the accounts in the period in which they are incurred or earned, not as money is paid or received. Similarly, assets and liabilities are recognised when they meet the relevant recognition criteria set out in the Code.

#### b Going concern

The accounts have been prepared on the assumption that the authority will continue in operational existence for the foreseeable future. This is a requirement of the Code, which reflects the fact that since the management of a statutory local authority does not have the power to cease operations and wind up the entity, a statutory local authority will always be a going concern as defined by IAS1 (Presentation of Financial Statements).

#### c Fair value

The concept of fair value is used throughout the Code. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. IFRS 13 Fair Value Measurement specifies three levels of inputs to valuation techniques used for determining the fair value of assets and liabilities. These are :

- Level 1 – quoted prices in active markets for identical assets or liabilities
- Level 2 – inputs other than Level 1 quoted prices which are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

Where assets and liabilities are measured at fair value, in accordance with the requirements of the Code the authority has disclosed the level of the inputs used to carry out the valuations.

#### d Primacy of legislative requirements

In accordance with the Code, where an accounting treatment is prescribed by law then it has been applied, even if it contradicts accounting standards or generally accepted accounting concepts. The following legislative accounting requirements have been applied when compiling these accounts:

- i Capital receipts from the disposal of assets are treated in accordance with the provisions of the Local Government Act 2003.
- ii The Local Government Act 2003 requires the authority to set aside a minimum revenue provision (MRP) for repayment of debt. This should be at a prudent level, having regard to statutory guidance. The MRP is charged to the general fund as a transfer in the Statement of Movement in Reserves. This adjustment is made by way of an appropriation to or from the capital adjustment account.
- iii The Collection Fund account reflects the statutory requirement of section 89 of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992).
- iv The Housing Revenue Account is compiled following proper practice as defined in section 74(1) of the Local Government and Housing Act 1989 and section 21 of the 2003 Act.

None of the above legislative requirements impacts on the authority's accounts to the extent that they no longer present a true and fair view of the financial position of the authority.

## **Accounting policies and estimation techniques**

The accounting policies are the principles, bases, conventions, rules and practices that specify how the effects of transactions and other events are reflected in the financial statements of the authority. Consistent accounting policies have been applied both within the year and between years. Where accounting policies are changed, the reason and effect have been separately disclosed.

Where estimation techniques are required to enable the accounting practices adopted to be applied, then the techniques which have been used are, in the authority's view, appropriate and consistently applied. Where the effect of a change to an estimation technique is material, a description of the change and, if practicable, the effect on the results for the current period is separately disclosed.

## **2 Accruals of income and expenditure**

- a Employee costs are charged to the accounts of the period within which the employees worked. Accruals have been made for wages earned but unpaid at the year-end.
- b Interest payable on external borrowings and interest income is accrued and accounted for in the period to which it relates on a basis which reflects the overall economic effect of the borrowings. In accordance with the accounting requirements for financial instruments, accrued interest is added to the balance of the instrument to which it relates rather than being shown within short term debtors and creditors.
- c Expenditure on supplies and services is accrued and accounted for in the period during which they are consumed or received. Accruals have been made for all material sums unpaid at the year end for goods or services received or work completed.
- d Revenue from contracts is recognised when the authority satisfies a performance obligation under a contract, at the transaction price relating to that performance obligation. This means that revenue from the sale of goods is recognised when the purchaser obtains control of the goods from the authority. Similarly, revenue from the provision of one-off services is recognised when the service has been provided. Revenue from on-going services provided over time is recognised over time by measuring the progress towards complete satisfaction of a performance obligation, to the extent that the authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the authority.
- e Income from non-exchange transactions is recognised when the obligating event that triggers the payment to the authority has taken place and it is probable that the authority will receive the flow of economic benefits from the transaction, provided that the amount of revenue due can be measured reliably. Accruals are raised where such income should be recognised but has not yet been received.
- f For non-exchange transaction debtors, which are not financial instruments, the carrying amount has been adjusted by an impairment provision for doubtful debts, which should be provided for, and known uncollectable debts have been written off in full. For financial instrument debtors, the carrying amount is adjusted by an allowance for expected credit losses.

### **3 Provisions and contingencies**

- a Provisions have only been recognised in the accounts when there is a legal or constructive obligation to transfer economic benefits as a result of a past event, and where such an amount can be reliably estimated. Provisions are charged to the revenue account and are included in either long term or short term liabilities on the Balance Sheet as appropriate. When expenditure is incurred to which the provision relates, it is charged directly to the provision.
- b Where a material contingent loss cannot be accurately estimated or an event is not considered sufficiently certain, it has not been included within the financial statements but is disclosed in explanatory note 4.
- c Where a material contingent gain is identified it is not accrued for within the accounting statements but is disclosed in section 13 of the explanatory notes.
- d The authority accounts for the estimated cost of settling self-insured risk by way of an insurance provision.

### **4 Other comprehensive income and expenditure reclassifiable to the surplus or deficit on provision of services**

The Code requires the items within Other comprehensive income and expenditure to be separately grouped into those items which are reclassifiable to the Surplus or deficit on provision of services and those which are not, where this split is material.

The only item which the council currently has within Other comprehensive income and expenditure which is reclassifiable to the Surplus or deficit on provision of services is Gains or losses on the revaluation of financial assets held at fair value in other comprehensive income. This is not currently sufficiently material to require a separate grouping.

### **5 Revenue expenditure funded from capital under statute**

Local authorities are permitted by statute to treat as capital some items of expenditure that do not generate an asset or lasting economic benefit, and thus would not be capital expenditure under Generally Accepted Accounting Practice (GAAP). Such expenditure is referred to as revenue expenditure funded from capital under statute (REFCUS), and is charged to the relevant service heading within the Comprehensive Income and Expenditure Account. Any external capital funding used to finance the expenditure is credited to the Comprehensive Income and Expenditure statement. However, in order to ensure that the net expenditure is funded from capital funding sources rather than from Council Tax payers, the transactions are reversed out of the General Fund revenue account via the Movement in Reserves Statement.

### **6 Grants and contributions**

Government grants and other contributions are recognised as due to the authority when the conditions of their receipt have been complied with and there is reasonable assurance that the grant or contribution will be received.

Grants and contributions are credited to income when there is reasonable assurance that any conditions attached to the grant or contribution will be met. Any grants received where conditions have not been met are carried in the balance sheet as creditors. When all conditions are satisfied, the grant is credited to the relevant service line, except for non-ringfenced grants and

capital grants, which are credited to General government grants in the Comprehensive Income and Expenditure Statement.

Capital grants are reversed out of the general fund balance in the Movement in Reserves Statement to the Capital Grants Unapplied Account. When the grant has been applied to fund capital expenditure it is posted to the Capital Adjustment Account.

Where the council has received grants to distribute to third parties, and the ultimate beneficiaries of the grant are determined by the grant giving body (either directly or by the specification of eligibility conditions), the council is acting as an agent in distributing the grant and thus such transactions are not included as income and expenditure within the council's financial statements.

## **7 Employee Benefits**

Accruals for 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 pay for current employees and are recognised as an expense for services in the year which employees render service to the authority.

Paragraph 10 below covers accounting for pensions.

Potential liabilities arising in relation to unequal pay claims have been treated in accordance with the authority's policies on provisions and contingencies (see 3 above).

## **8 Financial instruments – financial assets**

Financial assets are classified as held at amortised cost, fair value through other comprehensive income, or fair value through profit or loss.

Financial assets in the classification 'amortised cost' are valued on recognition at fair value (usually the cost of acquisition), and are subsequently valued at amortised cost less an allowance for expected credit losses. No allowance for expected credit losses is recognised where the counterparty is the government or another local authority. Assets held at amortised cost are included in the Balance Sheet within either long term debtors, long term investments, current debtors or current investments. Interest receivable on financial assets is credited to the income and expenditure account at the effective interest rate arising from the amortised cost calculation. Any accrual of interest at the balance sheet date is included within the value of the relevant financial assets rather than being shown as a separate debtor.

Where the authority makes a loan at less than the prevailing market interest rate (a 'soft loan'), the fair value on recognition is taken to be the estimated present value of all future cash receipts discounted using the prevailing market rate. The amount by which the value lent exceeds the fair value of the loan on recognition is charged immediately to the Comprehensive Income and Expenditure Account. In accordance with legislation, this amount is then reversed within the Movement in Reserves Statement and does not impact on council tax. In subsequent years, transactions are made in the Movement in Reserves Statement to ensure that the amounts credited to the general fund balance are equal to the interest received rather than the effective interest rate of the loan.

The authority has elected to present a number of equity instruments which would otherwise be classed as fair value through profit or loss as assets held at fair value through other comprehensive income. These assets are described as being designated to fair value through other comprehensive income.

Financial assets classified or designated as held at fair value through other comprehensive income are valued in the Balance Sheet at fair value, and are included in the long term investments category. Where such assets are quoted in an active market, the quoted market price is taken as fair value. If no market price is available, then fair value is estimated using the best available information. Unrealised gains and losses arising as a result of changes to the fair value of assets held at fair value through other comprehensive income are recognised in the Comprehensive Income and Expenditure Account but are transferred to the Financial Instruments Revaluation reserve and so do not impact on usable reserves. Impairments to the value of assets held at fair value through other comprehensive income recognised in the Comprehensive Income and Expenditure Account are also transferred to the Financial Instruments Restatement reserve where a balance is available, or are otherwise charged to usable reserves.

The authority currently has no assets classed as fair value through profit or loss.

## **9 Leases**

### **9.1 Leases in**

Leases in are accounted for as the acquisition of a right-of-use asset, with a corresponding liability, measured initially at the net present value of the council's incremental borrowing rate where the interest rate implicit in the lease cannot be determined. For leases on commercial terms, the right of use asset is initially measured at the amount of the lease liability, adjusted for any prepayments and other associated costs. However for peppercorn or other nominal or nil value leases, the right-of-use asset is measured initially at fair value.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The liability is re-measured when the future lease payments change as a result of an indexation change, or where other circumstances such as the likelihood of exercising options within the lease have changed. After recognition, right-of-use assets are subsequently valued on the same basis as the underlying asset would be valued if it were owned by the council, unless the characteristics of the lease are such that the cost model is a reliable proxy for value.

As permitted by the Code, the council excludes from recognition leases for terms of 12 months or less, and leases of low value items that cost less than £5,000 when new.

### **9.2 Leases out**

Leases out are classified as either finance leases or operating leases.

### **9.3 Finance leases out**

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee.

Rentals payable under finance leases are apportioned between the finance charge and the reduction of the outstanding obligation, with the finance charge being allocated and charged to revenue over the term of the lease. The amount of outstanding principal has been recognised on the balance sheet as a deferred liability with a corresponding entry into the appropriate category of long term assets to recognise the asset acquired under the lease. Assets recognised under finance leases are subsequently accounted for in accordance with the accounting policies of the relevant class of assets to which they belong – please see paragraphs 18 – 21 below.

The amount due from a lessee under a finance lease is recorded as a long-term debtor at the amount of the net investment. The lease payments under a finance lease are allocated to

accounting periods to give a constant periodic rate of return to the net investment in the lease in each period. Assets which are subject to finance leases out are treated as disposals and derecognised from the balance sheet.

#### **9.4 Operating leases out**

Rentals payable under operating leases are charged to revenue on a straight-line basis over the term of the lease. In addition operating lease rentals payable are accounted for net of benefits received or receivable.

Rental income from operating leases is recognised on a straight-line basis over the period of the lease. Assets held for use in operating leases are recorded as property plant and equipment or investment property on the balance sheet. Any initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight line basis over the lease term.

### **10 Overheads**

Under the Code, reporting in the income and expenditure account is required to be by directorate on the basis on which financial performance is reported to management during the year. In its internal reporting, the council reports the costs of central and support services within those directorates where the costs arise. Only apportionments or recharges between the general fund and the housing revenue account, and recharges of any applicable amounts to capital schemes, are reported to management. Therefore the income and expenditure account does not take into account any apportionment of overheads between general fund directorates.

### **11 Reserves**

Any amounts set aside for purposes falling outside the definition of provisions have been accounted for as reserves, and transfers to and from reserves are shown in the Movement in Reserves Statement and not within service expenditure. Expenditure is charged to the Comprehensive Income and Expenditure Statement and not directly to any reserve (other than the Major Repairs Reserve - see note a below).

The exceptions allowed by the code and by statute are:

- a The Major Repairs Reserve, which is a statutory reserve for Housing Revenue Accounts in England and Wales. Statute allows authorities to charge defined capital expenditure on assets directly to this reserve, along with sums voluntarily set aside to repay debt.
- b The Usable Capital Receipts Reserve is required under the Local Government Act 2003 and is credited with income from the disposal of fixed assets and other receipts defined by statute as capital receipts. In the year in which the capital receipts are used to finance capital expenditure, to fund credit arrangements or to repay debt, they are applied to the Capital Adjustment Account. Any reserved element of receipts from Right to Buy sales of council dwellings is paid over to the government.

### **12 Pensions**

The authority has accounted for its pension costs arising from the Local Government Pension Scheme, and for all unfunded discretionary benefits which it has granted, as defined benefit schemes. Pension costs relating to the national teachers' pension scheme have been treated as defined contribution schemes, in accordance with the Code. The NHS pensions scheme is also accounted for as a defined contribution scheme.



## 12.1 Defined benefit schemes

For those schemes treated as defined benefit schemes, pension fund assets are accounted for at fair value (that is, market value for investments and properties). Where the fair value of the assets is such that the council is unlikely to be able to recover the full economic benefit from them in the form of reduced future pension contributions, the value of the assets recognised on the balance sheet is limited to the estimated recoverable amount. Pension liabilities are measured on an actuarial basis using the projected unit method. This requires the use of various assumptions about future events. Details of the assumptions used can be found in explanatory note 8.

Within the Comprehensive Income and Expenditure Statement, service revenue accounts and trading services have been charged with their current service cost, which represents the extent to which pensions liabilities have increased as a result of employee service during the year. Past service costs, settlements and curtailments are included within the Central Accounts line in net cost of services. The net interest cost on the net pension liability has been included in financing and investment income and expenditure, and the remeasurement of the net pension liability is included within other comprehensive income and expenditure.

As required by legislation, an appropriation to the Pensions Reserve has been made, which reverses out the IAS 19 based pension costs in the Comprehensive Income and Expenditure Statement and replaces them with the actual pensions related payments made in year. This ensures that the amount to be funded from Council Tax for the year is equal to the employer's pension contributions payable and payments made directly to pensioners.

The pension costs shown within the Housing Revenue Account (HRA) reflect the current service costs relating to HRA staff. The HRA's apportioned share of the net interest cost has been included in net operating expenditure. The impact of these adjustments is reversed by an appropriation to the Pensions Reserve, so that the pension cost fundable from rents equates to the actual pensions related payments for the year.

## 12.2 Defined contribution schemes

For defined contribution schemes, the pension cost to be accounted for is equal to the pension contributions payable for the year. These costs are recognised within Net Cost of Services. No assets or liabilities are required to be recognised other than accruals relating to these contributions.

## 13 Cash and cash equivalents

The authority's Cash Flow Statement reflects the movements in cash and cash equivalents during the year. Cash is represented by cash in hand and the net balances on the authority's operational bank accounts, including any overdrawn balances. The authority has defined cash equivalents as those investments that are held for treasury management purposes and which can be realised within 1 month or which have a lifetime of 3 months or less.

## 14 Inventories

Inventories are valued at cost less an allowance for loss in value. The allowance for loss in value is assessed annually to ensure there is no material impact on the carrying value of the assets. Work in progress is included with inventories in the Balance Sheet at cost less any foreseeable losses.

## **15 Value Added Tax (VAT)**

Value Added Tax is included within the accounts only to the extent that it is irrecoverable and therefore charged to service expenditure or capital expenditure as appropriate.

## **16 Associated and subsidiary companies and joint ventures; group accounts**

The local authority group has been determined by reference to the definitions of subsidiaries, associates and joint ventures in the Code (see the preamble to this statement). These definitions are consistent with International Financial Reporting Standards. At the balance sheet date, the entities within the council's group are either not sufficiently material to require it to produce separate group accounts, or would show no material differences if shown on a group accounts basis.

Where the authority's interests in these entities represent a financial instrument, these are included within its financial statements in the same way as any other financial instrument.

## **17 Intangible assets**

### **17.1 Recognition and Measurement**

Intangible assets where the authority has control of the asset through either custody or legal protection are capitalised at cost. Such intangible assets held by the authority are not revalued.

The authority undertakes no research and development, nor has it acquired or is it holding any goodwill (as defined in IAS 38).

## **18 Property, plant and equipment**

### **18.1 Recognition**

All expenditure on the acquisition, construction or enhancement of property, plant and equipment, as defined by the Accounting Code of Practice, has been capitalised and classified as a long-term asset, where the asset brings benefit to the authority for a period of more than one year. This includes both economic benefit and benefits derived from service potential.

### **18.2 Measurement**

Operational land and properties are valued on the basis of current value in existing use, unless there is no market based evidence of their current value due to their specialist nature, in which case their current value is estimated on a depreciated replacement cost basis. In particular, and in accordance with Department for Levelling Up, Housing and Communities guidance, council house valuations have been reduced by a regional adjustment factor in recognition of their status as social housing. Consequently council dwellings are included in the balance sheet at 41% of current value. Given the volume of properties in this class of asset the council has determined it is most efficient to value such properties by reference to a series of beacon properties. New build or newly acquired properties are assigned to a beacon group once they become operational.

The value of infrastructure assets, such as highways, in existence at 1st April 1994 is included in the Balance Sheet at the equivalent of any net loan debt outstanding less subsequent depreciation. Since the 1st April 1994 any new infrastructure assets and enhancements are included at construction cost, net of depreciation where appropriate. From 2020/21 onwards, the council has adopted the option given in statutory regulations to determine the carrying value to be derecognised for any components of infrastructure assets which are replaced as nil.

The value of community assets in existence at 1st April 1994 is included in the Balance Sheet at nominal value. Since 1st April 1994 all new community assets and enhancements to existing assets have been included at historic cost, net of depreciation where appropriate.

Vehicles, plant and equipment are held at historic cost less depreciation.

Capital spend on land and property assets is included in the carrying value of an asset until such time as it is revalued. Where material capital spend has occurred on an asset, a revaluation is carried out in the year in which work is completed. Where construction or major enhancement work to an asset spans more than one year, any financing costs incurred during the construction period are included in the capital cost of the acquisition or enhancement.

At revaluation, any gains are credited to the revaluation reserve. Any revaluation losses are firstly written down against any previous revaluation gains or where there are no previous revaluation gains, such losses are charged to the Comprehensive Income and Expenditure Account in accordance with the Accounting Code of Practice. Where revaluation losses which have been charged to the income and expenditure account are reversed by subsequent events, the reversing revaluation gains are credited to the Comprehensive Income and Expenditure Statement.

### 18.3 **Estimation**

In accordance with the Code, all valuations are subject to regular review, over a period of at most five years. The authority revalues all of its council houses and all of its assets held at depreciated replacement cost on an annual basis. The remaining assets are revalued under a five year rolling programme.

Valuations of assets held at depreciated replacement cost are done annually on a desktop basis, with physical inspections being carried out on a five year rolling programme, or when major works are completed.

The information on council houses is derived from the number of properties included in the Housing Rents system. The summary totals have been adjusted to reflect all known disposals during the year. Full valuations of the authority's housing stock are carried out on a five-yearly cycle, with an annual desktop exercise during the five years.

For practical reasons, valuations are carried out as at 1<sup>st</sup> January and are reviewed at the balance sheet date to confirm that they are still appropriate.

New developments from the authority's capital programme are included in the register at construction cost from completion until they are subject to valuation.

### 18.4 **Basis of charge for use of property, plant and equipment assets**

Capital charges are made to the users of fixed assets and are calculated on the basis of the opening balance sheet value of the asset and comprise –

- i A depreciation charge for all property, plant and equipment other than non-depreciable land.

Depreciation is calculated by writing off the cost or revalued amount, less estimated residual value, over the remaining useful life of the asset. All assets have been depreciated on a straight line basis with no residual value. Individual remaining asset lives are assessed having regard to the structural condition of the building, to age and state of repair, condition of the mechanical and electrical services, compliance with current

legislation and suitability for its existing use. Once completed, depreciation is calculated based on the individual remaining asset life. However, where remaining lives are not available for individual assets, a range for remaining asset lives has been determined for a variety of asset categories. The midpoint has then been used as the estimated remaining asset life. The categories and ranges of remaining asset lives used in the estimation are as follows:

- vehicles, plant and equipment between 3 and 10 years
  - listed buildings 100 years
  - schools 60 years
  - libraries, administration offices and council houses 60 years
  - car parks 60 years
  - farms, golf clubs, cemeteries and markets 60 years
  - all other significant properties 60 years
  - infrastructure assets 30 years
  - Garages/Garage Plots 25 years
- ii Assets have been reviewed for any impairment loss in respect of consumption of economic benefit. Where an impairment loss has occurred, it has been firstly written down against any previous revaluation gains. Where there are no previous revaluation gains, such losses are charged to the service revenue account.
- iii The basis for charging the external cost of capital financing to the Housing Revenue Account (HRA) is the Item 8 determination made under Part 6 of the Local Government and Housing Act 1989. This requires long term loans to be allocated between the HRA and the General Fund, and for the HRA to receive an appropriate share of overall short term borrowing costs.
- Authorities are also required, by the Accounts and Audit Regulations 2015, to establish and maintain the Major Repairs Reserve (MRR). The main credit to the MRR is an amount equivalent to the total depreciation charges for all HRA assets. The Item 8 determination allows that where depreciation charges for HRA dwellings are greater than or less than the specified amount deemed necessary to carry out major repairs to the properties for the year, an amount equal to the difference may be transferred between the HRA and the Major Repairs Reserve.
- iv Repairs and maintenance expenditure is charged to the appropriate service revenue account.

## 18.5 Componentisation of property assets

The land and building elements of all properties are valued separately and treated as two separate assets for accounting purposes.

In addition to this, and subject to an appropriate materiality threshold, the Code requires that any individual components within buildings which have a cost that is significant in relation to the total cost of the host building should be separately accounted for, unless they have a useful life similar to that of the host building.

In considering assets for potential componentisation, the authority has included all general fund buildings with a carrying value of above £1m, and any buildings below this value which are considered to have unique characteristics. Within each building, the authority has set its threshold for the recognition of components as 20% of the cost of the building. Buildings considered to be unique in nature have been separately reviewed, but sample reviews have been undertaken for groups of similar assets. The overall population of HRA assets has been

reviewed on a sample basis, using the same threshold for the recognition of individual components. All reviews were carried out by professional quantity surveyors.

Components have been separately recognised only where their cost is 20% or more of the cost of the host asset and their useful life is sufficiently different from the useful life of the host building to mean that the potential impact on depreciation would be material.

## **18.6 Derecognition of property, plant and equipment assets**

Property, plant and equipment assets are derecognised on disposal or when no further economic or service benefits are expected from them. This includes disposals made via finance leases – please see paragraph 9.1 above.

The gain or loss on disposal of an asset is recognised in the Surplus or Deficit on Provision of Services within the Income and Expenditure Statement. Entries within the Statement of Movement in Reserves then transfer the disposal proceeds to the usable capital receipts reserve and transfer the carrying value of the asset disposed of to unusable capital reserves, as required by the statutory capital framework.

## **19 Investment Property**

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

Investment properties are measured initially at cost and subsequently at fair value. As non-financial assets, investment properties are measured at highest and best use. Properties are not depreciated but are reviewed annually for any changes in value. All gains and losses on revaluation are posted to gain or loss on investment properties line in the Comprehensive Income and Expenditure Account, and are then transferred to statutory capital reserves within the Movement in Reserves Statement. Rentals received in relation to investment properties are also credited to the gain or loss on investment properties line.

## **20 Assets held for sale**

When it becomes highly probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through continuing use, it is reclassified as an asset held for sale. Assets held for sale are carried at the lower of carrying value and fair value less costs to sell.

Subsequent decreases in fair value less costs to sell are charged directly to the Comprehensive Income and Expenditure Account. Gains in fair value are only recognised to the extent that they reverse a loss previously recognised in the surplus or deficit on provision of services. No depreciation is charged on assets held for sale.

When an asset no longer meets the criteria to be classified as held for sale, it is reclassified back to the appropriate class of long-term assets and valued at the lower of the carrying value before it was classified as held for sale (adjusted for any depreciation, amortisation or revaluations that would have been recognised had it not been classified as held for sale) and its recoverable amount.

## 21 **Heritage assets**

Heritage assets are those assets with historical, artistic, cultural, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, and are intended to be preserved for future generations.

Where it is practicable to obtain a valuation, heritage assets are held at their latest valuation. Valuation methods used by the authority include professional valuations and insurance valuations. Where a valuation is not practicable at a reasonable cost, heritage assets are held at historic cost, if this is known. If neither valuation nor historic cost is available then heritage assets are not recognised on the balance sheet. The authority discloses information about the nature and scale of its collections of heritage assets, whether or not these have been identified on the balance sheet.

Heritage assets are assumed to be held in perpetuity, and are therefore not depreciated. However, heritage assets are reviewed for impairment in the same way as any other tangible or intangible assets.

Operational heritage assets, i.e. those assets which have heritage characteristics but which are also used for operational purposes, are classified and accounted for as operational assets in accordance with accounting policy 17 or 18 as appropriate.

## 22 **Capital receipts**

Capital receipts from the disposal of assets are treated in accordance with the provisions of the Local Government Act 2003. Capital receipts must be used to fund capital expenditure, to repay debt, or to fund credit arrangements, subject to the de minimis level set out in the relevant regulations (currently £10k).

Capital receipts realised from the sale of non-housing land and buildings are fully usable. Under current legislation, housing receipts are split between those that can be used by the authority for any purpose, those which must be paid over to the government, and those which the council can keep subject to certain conditions on their use.

## 23 **Financial instruments – financial liabilities**

All of the authority's financial liabilities are valued at amortised cost, calculated using the effective interest rate method. Transaction costs are only included in the calculation of the amortised cost of a financial liability where they are considered to be material. Interest is charged to the income and expenditure account on the basis of the effective interest rate. Any accrual of interest at the balance sheet date is included within the value of the relevant financial liabilities rather than being shown as a separate creditor.

Financial liabilities are only recognised once the authority becomes party to the contractual provisions of the instrument, i.e. once one of the parties has performed its obligations.

Where the repurchase or early settlement of borrowing leads to the derecognition of the debt instrument, any premium or discount arising is recognised immediately in the income and expenditure account. However, where the original debt instrument is modified or replaced with a new debt instrument from the same lender, and the terms of the new/modified debt instrument are not substantially different, the transaction is accounted for as a modification of existing debt and any premium or discount is included in the amortised cost calculation of the new debt instrument.



## **24 Exceptional items and prior year adjustments**

Any material exceptional items are included within the cost of the relevant individual service or, if a degree of prominence is necessary in order to give a fair presentation of the accounts, separately identified on the face of the comprehensive income and expenditure account. Details of any such exceptional items are given in the explanatory notes.

Material prior period adjustments arising from changes in accounting policies or from the correction of material errors have been accounted for by restating the comparative figures in the financial statements and notes, along with the cumulative effect on reserves. Any effect of material prior period adjustments is disclosed separately as a note to the accounts.

## **25 Events after the reporting date**

Any material events after the balance sheet date which provide additional evidence relating to conditions existing at the balance sheet date have been included in the accounts. In the rare circumstance of events which could indicate that application of the going concern concept may not be appropriate, such events would also be included in the accounts.

Any material events after the balance sheet date which concern conditions which did not exist at the balance sheet date have been disclosed as a separate note to the accounts.

Events after the balance sheet date are included in the accounts up to the date when the Statement of Accounts is authorised for issue. The Code defines three 'authorised for issue' dates within the process of producing a local authority's accounts – the date on which the draft accounts are certified by the responsible financial officer, the date on which the final accounts are authorised for publication, and the date on which an audit certificate is issued (if later).

## **26 Private Finance Initiatives (PFI)**

In accordance with the Code, the authority accounts for its Private Finance Initiative contracts in accordance with IFRIC 12 Service Concession Agreements (as adapted for the public sector), which sets out control tests that determine whether or not assets provided under PFI schemes are recognised on an entity's balance sheet.

Where the authority concludes that assets provided under PFI schemes should be recognised on its balance sheet, a corresponding deferred liability to pay for those assets is recognised. The asset provided and the corresponding liability are measured initially at the estimated cost which will be payable for the asset over the life of the PFI contract. Throughout the life of the scheme, an element of the unitary charge paid to the contractor is applied to write down the value of the deferred liability, and a further element of the unitary charge is treated as being interest payable on the outstanding deferred liability balance. Where unitary charge payments are subject to indexation, the carrying value of the deferred liability is remeasured in accordance with IFRS16 to take account of the changes to the element of future unitary charge payments which is deemed to relate to the acquisition of the asset. For General Fund schemes, a Minimum Revenue Provision (MRP) charge is made to the General Fund Reserve, calculated on an annuity basis over the expected useful life of the assets acquired, allowing for the element of this debt repayment which has been funded by capital receipts. For HRA schemes, a statutory charge is made to the HRA revenue account equal to the repayment of the deferred liability.

Assets provided under PFI schemes which are recognised on the authority's balance sheet are subsequently accounted for in the same way as all other property, plant and equipment assets. Please see paragraphs 18.2 – 18.6 above.



## 27 Local Taxation

- i The authority is a Council Tax billing authority, collecting Council Tax on behalf of the West Yorkshire Police and the West Yorkshire Fire and Rescue Service as well as itself. The collection of Council Tax on behalf of other authorities is treated as being on an agency basis, and thus only the elements of Council Tax collection that relate to the authority's own income are included in its main financial statements.
- ii The authority is a Non Domestic Rates billing authority, collecting Non Domestic Rates on behalf of itself, the government and the West Yorkshire Fire and Rescue Service. The collection of Non Domestic Rates on behalf of these other bodies is treated as being on an agency basis, and thus only the elements of Non Domestic collection that relate to the authority's own income are included in its main financial statements.
- iii The Collection Fund account covers all local taxation collected by the authority on behalf of itself, other local authorities and the government.

# Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure Statement summarises the authority's financial performance for the year on the basis of International Financial Reporting standards. However, the amounts chargeable to a local authority's council tax and its General Fund reserves for the year are controlled by legislation, and include a number of statutory adjustments and transfers to specific reserves. The effect of these statutory transactions is shown in explanatory note 7.2.

2023/24				2024/25			notes
gross expenditure	gross income	net expenditure		gross expenditure	gross income	net expenditure	
			£000s				
166,133	73,459	92,674	City Development	187,642	68,755	118,887	
937,182	676,848	260,334	Children and Families	1,066,128	743,874	322,254	
448,412	209,126	239,286	Adults and Health	490,885	214,359	276,526	
105,421	14,696	90,725	Strategy and Resources	116,101	15,172	100,929	
329,462	266,440	63,022	Housing Revenue Account	222,151	284,799	(62,648)	7.6
420,410	297,941	122,469	Communities, Housing and Environment	442,599	306,166	136,433	
50,215	5,822	44,393	Central Accounts	81,789	10,702	71,087	
2,457,235	1,544,332	912,903	Net cost of services	2,607,295	1,643,827	963,468	
		15,101	(Gain) / loss on disposal of fixed assets			12,383	7.7
		(320)	(Gain) / loss on disposal of financial assets			(139)	
		2,389	Parish Council precepts			2,573	
		19	Amounts payable to the Housing Capital Receipts Pool			3	
		17,189	Other Operating Expenditure			14,820	
		930,092	Net Operating Expenditure			978,288	
		119,285	Interest payable and similar charges			132,743	
		(2,069)	Net accrued interest on the net pension liability			(7,862)	3
		(3,221)	(Gain) or loss on investment properties			(30)	
		(3,794)	Interest and investment income			(5,549)	
		110,201	Financing and Investment Income and Expenditure			119,302	
		1,040,293	Net Expenditure after financing and investment			1,097,590	
		(391,461)	Council Tax Income			(415,579)	
		(159,719)	Non-Domestic Rates Income and Expenditure			(171,483)	
		(432,545)	Non-Ringfenced Government Grants			(461,710)	8
		(983,725)	Taxation and general government grant income and expenditure			(1,048,772)	
		56,568	(Surplus) / deficit on provision of services			48,818	
		11,891	(Surplus) / deficit on revaluation of fixed assets			12,589	
		3,595	(Surplus) / deficit on revaluation of financial assets			(418)	
		(117,345)	Remeasurements of the net pension liability			202,303	
		(101,859)	Other Comprehensive Income and Expenditure			214,474	
		(45,291)	Total Comprehensive Income and Expenditure			263,292	

# Movement in Reserves Statement

This statement shows the movements in the year on the different reserves held by the authority, analysed between usable reserves and unusable reserves. The statement shows how the movement in the authority's reserves is broken down between gains and losses recognised on an accounting basis and the statutory adjustments required to control the amounts chargeable to council tax for the year.

## 2024/25

	Usable reserves								Unusable reserves		Total reserves	notes
	General Fund Reserve	Earmarked GF revenue reserves	Sub-Total General Fund Revenue Balances	HRA Reserve	Usable Capital Receipts Reserve	Capital Grant Unapplied	Major Repairs Reserve	Total usable reserves	Statutory revenue reserves	Capital accounting balances		
£000s												
Balance as at 31st March 2024	36,248	113,737	149,985	17,437	64,102	172,188	6,686	410,398	31,802	3,696,145	4,138,345	
Surplus / (deficit) on provision of services	(88,146)		(88,146)	39,328				(48,818)			(48,818)	
Other comprehensive income and expenditure			-					-	(202,303)	(12,171)	(214,474)	13.1
Total comprehensive income and expenditure	(88,146)	-	(88,146)	39,328	-	-	-	(48,818)	(202,303)	(12,171)	(263,292)	
Statutory adjustments between accounting basis and funding basis	34,344	-	34,344	(37,515)	62,031	191,816	36,523	287,199	7,745	(294,944)	-	13.2
Statutory capital adjustments	-	-	-	-	933	-	38,427	39,360	-	(39,360)	-	13.3
Statutory Transfers to fund capital expenditure	-	-	-	-	(68,490)	(151,421)	(43,594)	(263,505)	-	263,505	-	13.4
Increase / (decrease) before transfers	(53,802)	-	(53,802)	1,813	(5,526)	40,395	31,356	14,236	(194,558)	(82,970)	(263,292)	
Transfers to/(from) earmarked reserves	53,802	(42,582)	11,220	-	-	-	-	11,220	(11,220)	-	-	
Increase / (decrease) during year	-	(42,582)	(42,582)	1,813	(5,526)	40,395	31,356	25,456	(205,778)	(82,970)	(263,292)	
Balance carried forward 31st March 2025	36,248	71,155	107,403	19,250	58,576	212,583	38,042	435,854	(173,976)	3,613,175	3,875,053	

## 2023/24

	Usable reserves								Unusable reserves		Total reserves	notes
	General Fund Reserve	Earmarked GF revenue reserves	Sub-Total General Fund Revenue Balances	HRA Reserve	Usable Capital Receipts Reserve	Capital Grant Unapplied	Major Repairs Reserve	Total usable reserves	Statutory revenue reserves	Capital accounting balances		
£000s												
Balance as at 31st March 2023	33,248	163,171	196,419	18,689	82,221	129,753	3,199	430,281	(97,885)	3,760,658	4,093,054	
Surplus / (deficit) on provision of services	22,869		22,869	(79,437)				(56,568)			(56,568)	
Other comprehensive income and expenditure			-					-	117,345	(15,486)	101,859	13.1
Total comprehensive income and expenditure	22,869	-	22,869	(79,437)	-	-	-	(56,568)	117,345	(15,486)	45,291	
Statutory adjustments between accounting basis and funding basis	(69,303)	-	(69,303)	78,185	48,409	205,173	23,172	285,636	12,342	(297,978)	-	13.2
Statutory capital adjustments	-	-	-	-	2,995	-	38,466	41,461	-	(41,461)	-	13.3
Statutory Transfers to fund capital expenditure	-	-	-	-	(69,523)	(162,738)	(58,151)	(290,412)	-	290,412	-	13.4
Increase / (decrease) before transfers	(46,434)	-	(46,434)	(1,252)	(18,119)	42,435	3,487	(19,883)	129,687	(64,513)	45,291	
Transfers to/(from) earmarked reserves	49,434	(49,434)	-	-	-	-	-	-	-	-	-	
Increase / (decrease) during year	3,000	(49,434)	(46,434)	(1,252)	(18,119)	42,435	3,487	(19,883)	129,687	(64,513)	45,291	
Balance carried forward 31st March 2024	36,248	113,737	149,985	17,437	64,102	172,188	6,686	410,398	31,802	3,696,145	4,138,345	

# Balance Sheet

The balance sheet is the key statement of an authority's financial position at the year-end. It shows its balances and reserves, and the values of its long term and current assets and liabilities.

31 March 2024	£000s	31 March 2025	notes
	<i>Long-term assets</i>		
6,672,528	Property, plant and equipment	6,671,869	1, 15.1
71,756	Investment property	58,325	1, 15.2
149,402	Heritage assets	156,697	1, 15.3
103,752	Long-term debtors	61,255	15.4
208,026	Long-term investments - net pensions assets	-	3, 10
5,366	Long-term investments in Joint Ventures	5,411	15.5
6,910	Long-term investments - other	7,283	15.5
1,150	Intangible assets	1,026	
7,218,890		6,961,866	
	<i>Current assets</i>		
293,802	Debtors	305,685	16.1
11	Investments	26	2
4,580	Inventories	7,141	
85,029	Assets held for sale	215,525	16.2
46,974	Cash and cash equivalents	120,560	16.3
430,396		648,937	
	<i>Current liabilities</i>		
(336,819)	Creditors	(381,261)	17.1
(254,846)	Borrowing repayable on demand or within one year	(423,334)	2, 18
(26,319)	Provisions for current liabilities	(30,482)	4
(2,962)	Grants received in advance	(1,611)	
(620,946)		(836,688)	
7,028,340	Total assets less current liabilities	6,774,115	
	<i>Long-term liabilities</i>		
(2,304,673)	Long-term borrowing	(2,241,106)	2, 18
(96,889)	Net pensions liabilities	(84,491)	3, 10
(482,257)	Deferred liabilities	(567,567)	19.1
(5,829)	Provisions for long term liabilities	(5,344)	4
(347)	Capital grants receipts in advance	(554)	
(2,889,995)		(2,899,062)	
4,138,345	Total assets less liabilities	3,875,053	
	Financed by		
	<i>Unusable statutory revenue reserves</i>		
111,137	Pensions Reserve	(84,491)	3
(58,537)	Financial Instruments Adjustment Account	(56,566)	22.1
(11,885)	Accumulated Absences Account	(12,926)	22.2
(6,911)	Collection Fund Adjustment Account	(6,771)	22.3
(2,002)	DSG Unusable reserve	(13,222)	
31,802		(173,976)	
	<i>Unusable capital accounting balances</i>		
1,593,320	Revaluation Reserve	1,540,148	20.1
2,056,539	Capital Adjustment Account	2,024,360	20.2
41,144	Deferred Capital Receipts	43,107	20.3
5,142	Financial Instruments Revaluation Reserve	5,560	20.4
3,696,145		3,613,175	
3,727,947	Total unusable reserves	3,439,199	
	<i>Usable capital funding reserves</i>		
64,102	Usable Capital Receipts Reserve	58,576	20.5
172,188	Capital grants unapplied	212,583	20.6
6,686	Major Repairs Reserve	38,042	H7
242,976		309,201	
	<i>Usable revenue reserves</i>		
36,248	General Fund Reserve	36,248	
17,437	Housing Revenue Account Reserve	19,250	H4
113,737	Other earmarked reserves	71,155	14
167,422		126,653	
410,398	Total usable reserves	435,854	
4,138,345	Total reserves and balances	3,875,053	

# Cash Flow Statement

This statement summarises the inflows and outflows of cash and cash equivalents arising from transactions with third parties. For the purposes of this statement, cash and cash equivalents are defined as cash in hand, plus deposits repayable on demand, less overdrafts repayable on demand, plus short term investments held for the purposes of cash flow management.

2023/24	£000s	2024/25	notes
(56,568)	Surplus / (deficit) on provision of services	(48,818)	
322,735	Adjustment for non cash movements	162,995	23
(256,596)	Items included in investment and financing activities below	-	23
9,571	Net cash flow from operating activities	114,177	
Analysis of cash flows from operating activities :			
<i>Cash outflows</i>			
(982,584)	Cash paid to and on behalf of employees	(1,024,254)	
(1,020,076)	Other operating cash payments	(1,110,186)	
(100,079)	Housing Benefit paid out	(101,154)	
(19)	Payments to the Capital Receipts Pool	(3)	
(46,819)	Revenue expenditure funded by capital under statute	(55,843)	
(2,390)	Precepts paid	(2,573)	
(82,245)	Interest paid	(86,087)	
(37,345)	Finance lease and PFI scheme interest paid	(44,083)	
(2,271,557)		(2,424,183)	
<i>Cash inflows</i>			
1,200,184	Government revenue grants	1,362,160	
375,589	Income from council tax	419,688	
163,135	Income from Business Rates collected	179,068	
230,801	Cash received for goods and services	259,207	
251,178	Rents (after rebates)	269,770	
56,445	Other operating cash receipts	43,921	
3,796	Interest and dividends received	4,546	
2,281,128		2,538,360	
9,571	Net cash flow from operating activities	114,177	
Capital and financial investment activities:			
<i>Cash outflows</i>			
(354,072)	Purchase of fixed assets	(468,375)	
-	Purchase of treasury investments	(20,000)	
(6,005)	Purchase of service loans and investments	(1,477)	
<i>Cash inflows</i>			
212,124	Capital grants received	154,279	
50,093	Disposal of fixed assets	61,668	
1,330	Disposal of service loans and investments	1,638	
-	Disposal of treasury investments	20,000	
26,880	Other capital cash receipts	40,483	
(69,650)	Net cash flow from investing activities	(211,784)	
(60,079)	Net cash inflow / (outflow) before financing	(97,607)	
Financing:			
<i>Cash outflows</i>			
(757,500)	Short term loans repaid	(559,000)	
(53,672)	Loans repaid	(76,900)	
(33,514)	Finance lease and PFI scheme principal repayments	72,308	
<i>Cash inflows</i>			
760,500	New short term loans raised	717,000	
140,752	New loans raised	20,000	
(2,688)	Agency activities	(2,215)	
53,878		171,193	
(6,201)	Increase / (decrease) in cash and cash equivalents	73,586	
53,175	Balance of cash and cash equivalents brought forward	46,974	
(6,201)	Increase / (decrease) for the year	73,586	
46,974	Balance of cash and cash equivalents carried forward	120,560	16.3



## List of Explanatory Notes to the Main Financial Statements

1. Tangible and intangible fixed assets
2. Borrowing and investments undertaken for capital and treasury management purposes
3. Pensions liabilities
4. Provisions and contingent liabilities
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# Explanatory notes - Key Assets and Liabilities Affecting the Council's Financial Standing

The key assets and liabilities which have a material effect on the council's financial standing at the balance sheet date are:

- Tangible fixed assets (i.e. land, buildings and equipment) which are subdivided into several categories on the balance sheet, and intangible assets.
- Borrowing and investments undertaken for capital and treasury management purposes
- Pensions liabilities
- Provisions and contingent liabilities

This section of the explanatory notes to the statement of accounts gives an overview of each of these issues.

## 1 Tangible and intangible fixed assets

The council holds a wide variety of land, buildings, equipment and other fixed assets reflecting the diversity of the services it provides.

Under IFRS accounting, the council's fixed assets are shown within several different headings on the balance sheet. These are :

- Property, plant and equipment – land, buildings and equipment which is used to provide services, or which is under construction and will be used to provide services once completed.
- Heritage assets – assets which are held and maintained principally for their contribution to knowledge and culture, and which are intended to be preserved for future generations. These include historic buildings, and art gallery and museum exhibits.
- Investment property - land and buildings that the council holds to earn rentals, or for capital appreciation. This includes surplus assets which the council intends to sell, but which are unlikely to be disposed of within the next 12 months.
- Assets held for sale - land and buildings that it is probable the council will sell in the next 12 months. This includes council dwellings that are to be sold under the Right to Buy scheme.
- Intangible fixed assets – assets such as software, patents or copyrights, which have no physical substance but which are owned or controlled by the council and generate economic benefit or service potential.

The following table shows the total value of the council's tangible and intangible fixed assets :

31/03/2024	£000s	31/03/2025
6,672,528	Property, plant and equipment	6,671,868
149,402	Heritage assets	156,697
71,756	Investment property	58,325
85,029	Assets held for sale	215,525
6,978,715	Total land, buildings and equipment	7,102,415
1,150	Intangible fixed assets	1,026
6,979,865		7,103,441

Within the above table, Investment properties are measured at their fair value and the remaining assets are measured at their current value. The fair values for investment properties have been derived from market values for similar properties in the same area and therefore fall within Level 2 of the fair value hierarchy, i.e. they are based on observable data. Further information on the valuation basis for property, plant and equipment is given in Accounting Policy 18.2.

The following table gives a breakdown of the movement in the value of fixed assets during the year, and shows how the gains and losses impact on the Income and Expenditure statement and the Movement in Reserves statement. However these gains and losses do not represent the bottom line impact on the General Fund and HRA reserves, as statute requires that the accounting entries are replaced by charges to fund capital expenditure.

31/03/2024	£000s	31/03/2025
7,015,293	1 April	6,979,865
334,921	Capital expenditure on acquisitions	305,851
	PFI- IFRS 16 Remeasurement	127,994
	Finance and Operating Leases IFRS 16- Remeasurement	58,072
	<i>Gains / (losses) recognised in Surplus/(Deficit) on the provision of services</i>	
(152,880)	Depreciation and amortisation	(155,344)
(3,698)	Impairment	(6,693)
(139,334)	Revaluations	(117,702)
-	Donations	-
(62,544)	Disposals	(76,013)
(358,456)		(355,752)
	<i>Gains / (losses) recognised in Other Comprehensive Income and Expenditure</i>	
(10,685)	Revaluations	(9,715)
(1,208)	Impairments charged to revaluation reserve	(2,874)
(11,893)		(12,589)
6,979,865	31 March	7,103,441

More detailed information on Property, plant and equipment and on Heritage assets and Investment property is given in Notes 15.1 to 15.3, and information on Assets held for sale is given in Note 16.2. A breakdown of gains and losses on disposals of these assets is given in Note 7.7.

## 2 Borrowing and investments undertaken for capital and treasury management purposes

The Prudential Framework for Capital Finance in Local Authorities allows councils to finance some of their capital expenditure by borrowing, provided this is at a level that is prudent and affordable. The extent to which a council has decided to finance its capital expenditure by borrowing is reflected in the borrowing element of its Capital Financing Requirement (see note 21.2). In order to repay past borrowing used to fund capital expenditure on General Fund assets, each year councils are required to set aside an amount known as the Minimum Revenue Provision (MRP). The council's policy is to set its MRP in order to repay new borrowing over the life of the asset which the borrowing has funded, taking into account borrowing which has been repaid by the use of capital receipts.

The actual amount which the council needs to borrow for its long term funding needs will depend on the extent to which its borrowing requirement to fund capital can be offset by the other balances which it holds. Also, in addition to its borrowing requirement to finance capital expenditure, the council manages its day-to-day cashflow situation in the most cost-efficient way possible by making use of short term borrowing and investments.

The council's total debt also includes the acquisition of assets via Private Finance Initiative (PFI) schemes, and via finance leases. Further details of the council's PFI schemes can be found in Note 11, and information on finance lease liabilities can be found in Note 19.

The following table shows the council's borrowing and investments held for capital funding and treasury management purposes at the balance sheet date. The figures shown are for the principal amounts outstanding and do not include any accrued interest which is shown within current borrowing and current investments in the balance sheet :

31/03/2024	£000s	31/03/2025
	Borrowing	
(2,304,673)	Long term borrowing	(2,227,745)
(234,900)	Borrowing repayable on demand or within one year	(412,928)
	Investments made for treasury purposes	
-	Long term investments	-
-	Investments maturing on demand or within one year	-
43,214	Cash equivalents	116,525
(2,496,359)	Net borrowing	(2,524,148)
	Other debt financing of fixed assets	
(445,868)	Deferred liabilities - PFI schemes	(529,594)
(39,638)	Deferred liabilities - leases	(54,046)
(2,981,865)	Net debt	(3,107,788)

The council seeks to manage the most significant risks associated with its treasury management activities by limiting the value of deposits which can be placed with any one institution and by managing the maturity profile of its borrowing to limit its exposure to interest rate changes in any one year. These limits are set out in its Treasury Management Policy.

Further information on the council's borrowing and investing activities, the financial instruments it holds for service reasons, and the management of risks associated with all of these can be found in Note 18.

### 3 Pensions liabilities

The council is required to account for its pension costs under IAS19 – Employee Benefits. This means that it is the expenditure and income relating to IAS19 based pensions assets and liabilities that is shown in the accounts, rather than the actual payments made in relation to pensions during the year. The objective of IAS19 is to ensure that the council's financial statements reflect at fair value the future pension liabilities which have been incurred, and the extent to which assets have already been set aside to fund them.

The council's employees include members of three different pension schemes. The majority of non-teaching staff are members of the West Yorkshire Pension Fund (WYPF), and teachers are members of the national Teachers Pension Scheme (TPS). There are also a very small number of former NHS staff who are members of the NHS Pension Scheme. The WYPF is a funded scheme, meaning that it holds assets which are invested to generate income in order to help to pay for future pensions. The assets and liabilities held in the fund can be separately identified to individual employers, and so the fair value of all of its assets and liabilities relating to WYPF pensions can be estimated and included in the council's accounts. The TPS and NHS schemes are unfunded multi-employer schemes and the liabilities relating to individual employers for mainstream pensions cannot be separately identified, and so these pensions are accounted for on a defined contribution basis with expenditure only recorded when payments are due. However, any discretionary pensions awarded to teachers can be separately identified, and so liabilities in respect of these are included in the council's accounts. No discretionary pensions have been awarded to former NHS staff.

The following table gives a breakdown of the council's net pensions liabilities between the two pension schemes.

31/03/2024	£000s	31/03/2025
	<i>Schemes with net pension assets</i>	
208,026	WYPF mainstream pensions	-
	<i>Schemes with net pension liabilities</i>	
(40,752)	WYPF discretionary pensions	(35,591)
(56,137)	Teachers discretionary pensions	(48,900)
(96,889)	Total Schemes with net liabilities	(84,491)
111,137	Total Net pensions asset / (liability)	(84,491)

The net nil position relating to mainstream funded WYPF pensions included in the balance sheet is after taking account of a surplus restriction of £1,132m which reflects the extent to which it is estimated that the council can derive future benefit from the estimated surplus in its pension position via future reductions in its contribution levels.

The fair value at the balance sheet date of the council's WYPF net pension asset was £1,132m, which represents the difference between the value of the council's pension fund assets at 31st March 2025 and the estimated present value of the future pension payments to which it was committed at that date. The pensions liabilities relating to discretionary WYPF and teachers pensions represent the estimated present value of these unfunded liabilities. The pensions liabilities will be paid out over a period of many years, during which time the assets will continue to generate returns towards funding the mainstream WYPF pensions. Any significant changes in global equity markets after 1st April 2025 would also have an impact on the capital value of the pension fund assets. The extent to which the expected future returns on assets are sufficient to cover the estimated net liabilities was considered by the actuaries in their most recent full actuarial review of the Pension Fund, carried out as at 31st March 2022. This concluded that the WYPF was 108.5% funded, and set contribution rates for the next three years which are designed to move the fund towards a 100% funded position. There has been a further reduction in the present value of the council's pension liabilities in the year to 31<sup>st</sup> March 2025. This is primarily due changes to the financial assumptions for estimating liabilities, where there has been a significant increase in the discount rate which is used for estimating the current value of the future liabilities, and a small reduction in the assumed rate of inflation.

Under statute, local authorities are required to charge to their revenue accounts their actual pension contributions payable for the year, rather than their pensions expenditure on an IAS19 basis. As a result a statutory Pensions Reserve is maintained to reflect the difference between the accounting requirements and the statutory requirements for pensions accounting. The net pensions liabilities and the corresponding pensions reserve in the Balance Sheet represent a decrease in the overall level of reserves. However, this does not represent a decrease in the cash reserves held by the council, and does not impact on council tax levels. Under the Local Authorities (Capital Finance) (Amendment No2) (England) Regulations, local authorities are not required to fund expenditure relating to an IAS 19 based pensions reserve from council tax.

The following table shows the movements in the balance on the Pensions Reserve, indicating where these items appear within the Movement in Reserves Statement:

2023/24			£000s	2024/25		
WYPF	Teachers	Total		WYPF	Teachers	Total
53,802	(61,261)	(7,459)	1 April	167,274	(56,137)	111,137
			<i>Statutory adjustments between accounting &amp; funding basis (from Surplus/(Deficit) on provision of services)</i>			
(6,820)	6,002	(818)	Adjustment for IAS19 based service expenditure	(7,247)	6,059	(1,188)
4,809	(2,740)	2,069	Net accrued interest on the pension liability	10,414	(2,551)	7,863
			<i>Other Comprehensive Income and Expenditure</i>			
115,483	1,862	117,345	Remeasurement of the net pension liability	(206,032)	3,729	(202,303)
167,274	(56,137)	111,137	31 March	(35,591)	(48,900)	(84,491)

Further information on pensions assets and liabilities, including the assumptions used by the council's actuaries in carrying out their valuations, can be found in Note 10.

#### 4 Provisions and contingent liabilities

Provisions and contingent liabilities relate to potential future costs which the council may face, but where there is a degree of uncertainty over the extent of the liability. Provisions are raised and charged to expenditure where a liability is known to exist but where its amount or timing are uncertain. Cases where there is a possible liability whose existence is unconfirmed, or where no reliable estimate can be made of the cost of a known liability, are not recorded in the accounting statements but are disclosed below where they have the potential to be material.

##### 4.1 Provisions for current and long term liabilities

The council has a number of provisions in its accounts for liabilities which are expected to be settled either within the next financial year or over a longer period of time. The table below analyses how the balance on each of these types of provision has changed during the year.

Total provisions

£000s	31/03/2024	Provisions raised	Provisions used	Other Movements	31/03/2025	notes
Insurance liabilities	15,253	6,881	(5,952)	-	16,182	i
Business rates appeals	11,213	3,001	(7,310)	-	6,904	ii
Other	5,682	7,036	-	22	12,740	
	32,148	16,918	(13,262)	22	35,826	
Short term provisions	26,319				30,482	
Long term provisions	5,829				5,344	
	32,148				35,826	

- i The insurance provision covers the value of insurance claims for which the council estimates that it has a potential legal liability. Employee, public liability and motor third party liability claims are covered by external insurance policies which limit the council's maximum liability on individual claims to £0.5m (£0.15m for motor third party liability claims). The council is also limited to a maximum total liability across all employee and public liability claims of £15.0m per year for claims relating to incidents between 1<sup>st</sup> April

2021 and 31<sup>st</sup> March 2025. For earlier years the council's maximum total liability for each individual year varies between £10m and £15.6m. Included within the provision is £4.8m (£3.6m at 31<sup>st</sup> March 2024) in respect of housing disrepair claims.

It is expected that some insurance claims will be settled within the next financial year and others over a longer period of time, but it is not possible to say on a claim-by-claim basis when particular claims will be settled. Based on previous experience, the value of claims expected to be settled after more than a year has been estimated as £5,344k (£5,829k at 31<sup>st</sup> March 2024) and this amount has been shown in the balance sheet as a provision for long term liabilities.

Details of contingent liabilities relating to insurance appear in section 4.2 below, and information on how the council has estimated the value of its insurance provision for claims which it will probably have to settle can be found in note 5c.

- ii Under the arrangements for local retention of business rates, councils receive a fixed proportion of the business rates they collect, rather than collecting the business rates on behalf of the government in return for a share of the national business rates pool. This means that the council is required to include in its accounts its own share of the assets and liabilities arising from the collection of business rates. For both 2023/24 and 2024/25 the council was part of a regional pool for business rates which retained 50% of business rates collected, with 49% being attributable to the council. The council's share of the provision for the estimated cost of appeals is £6,904k (£11,213k at 31<sup>st</sup> March 2024).

#### 4.2 Contingent liabilities

Contingent liabilities are required to be disclosed but they are not included within financial statements. They include cases where there is the potential that the council may incur future costs but the possible obligation is dependent on future events, and cases where the council has a present obligation but the cost of settling it cannot be estimated with sufficient reliability to justify the raising of a provision.

The council had the following contingent liabilities at 31<sup>st</sup> March 2025:

##### a General

The council has a number of general litigious matters ongoing which could result in payments totalling £0.50m (£0.5m at 31<sup>st</sup> March 2024).

##### b Specific

- i Insurance claims. The council has been advised by its actuaries that the value of outstanding legal liability claims against it is £26.0m, in comparison to the position at 31<sup>st</sup> March 2024 of £26.4m. It is estimated that if successful £4.0m of the outstanding claims will be met by the Council's external insurers (£2.3m at 31<sup>st</sup> March 2024) leaving a balance of £22.0m where any liabilities would be met by the council. A provision has been set aside on the Balance Sheet to the value of £12.2m (excluding housing disrepair claims, see note 4.1 above) for the estimated future settlement cost of these £22.0m of claims. The contingent liability value for insurance claims representing the total value of claims over and above the expected settlement cost therefore stood at £9.8m at 31<sup>st</sup> March 2025 (£8.8m at 31<sup>st</sup> March 2024).
- ii Prior to 1992, the council's public liability and employer's liability insurance were supplied by Municipal Mutual Insurance Ltd. In 1992 the company ceased to accept new business and entered a run off period. In 1994, a Scheme of Arrangement under the Companies Act 1985 was put in place, under which if the company became at risk of insolvency, it would be able to claw back the necessary percentage of the claims it had paid out since the commencement of the Scheme of Agreement. Under this scheme the council has made payments totalling £1.2m and there is potential for further claims in the future. The council's maximum remaining exposure is £4.9m.

- iii In 1988 the council issued an undertaking regarding a potential structural defect to a number of former council houses. The undertaking given related to properties of a particular construction on one estate, and applied only if the specified defects became apparent. A small number of claims have been received, but to date there is no indication that the council is likely to incur a significant liability in relation to this undertaking.
- iv The council has received a number of equal pay claims, for which the legal basis is not yet clear. It is also possible that further such claims could be received. Due to the uncertainty around the legal grounds for the claims, the council is unable to quantify the possible liability which could arise until that uncertainty is resolved.

## 5 Assumptions and major sources of estimation uncertainty

The Code requires authorities to disclose those estimates and assumptions which it has made in the preparation of its accounts for which there is the potential for a material adjustment within the next financial year.

### a Net pensions liabilities

In arriving at the figures for assets and liabilities relating to its obligations under defined benefit pension schemes, the council has to make assumptions about future events over a long period of time. Note 10 details the assumptions made, and the impact on the assets and liabilities of changes in the key assumptions. During 2024/25, the council accounted for a reduction of £53.4m in its net pensions assets as a result of estimates being corrected as a result of experience, and a reduction of £755.3m in pensions liabilities due to the updating of assumptions.

### b Values of property assets

The council carries out annual valuations for assets valued at depreciated replacement cost and material commercial investment properties. All other investment properties are reviewed for a change in value. The council carries out a 5 year rolling programme to revalue its remaining fixed assets.

The carrying value of property assets which are held at current value or fair value (i.e. investment properties, dwellings and other land and buildings within property, plant and equipment, and assets held for sale) is £5,310m. To give an indication of the sensitivity, an average increase of 1% in the value of buildings would result in an increase in the value of property assets of £37.5m, and an average increase of 1% in the value per acre of land would increase the value of property assets by £15.6m.

## 6 Judgements made by management

In preparing its accounts, the council is required to make judgements in applying its accounting policies. The following judgements made have a significant effect on the amounts recognised in the financial statements:

### a Private finance initiative (PFI) schemes

The council has evaluated its thirteen current PFI schemes under the requirements of the Code and concluded that all but one of the assets provided under them should be recognised on its balance sheet as its assets. Please see note 11 for details of this judgement.

### b Inclusion in the investment properties classification

The council has reviewed its portfolio of tangible fixed assets in order to determine which should be classified as investment properties. In the case of those properties for which it receives rental income, the council has had to judge whether its primary reason for holding the property is to generate income, or whether its main purpose is to achieve a policy objective such as economic development. The council has concluded that its portfolios of markets, light



industrial units, farms and shops located within housing estates are held to achieve policy objectives and has therefore excluded these from the investment properties classification. The carrying value of the assets affected by this judgement is £62.6m.

c Inclusion of school property assets

The Code requires that any property which is deemed to be an asset of maintained school governing bodies is included as an asset in the council's balance sheet. In determining which assets are required to be recognised, the council has established details of the property titles for each maintained school asset and applied its accounting policy for the recognition of property, plant and equipment. It has judged that where title has transferred but the council has retained residual rights which restrict the future use of the property to the provision of education or provide for ownership of the asset to revert to the council in the event of it no longer being required to provide education, such properties should be consolidated within the balance sheet.

# Further explanatory notes to the main financial statements

These notes provide information that supports, and helps in interpreting, the main financial statements.

## 7 Additional information on reported income and expenditure

### 7.1 Leeds City Council outturn position and organisational structure

The Comprehensive Income and Expenditure Account included in local authorities' Statement of Accounts shows its income and expenditure on the basis of IFRS (International Financial Reporting Standards), and is therefore comparable to other types of organisations both within the public sector and beyond. However, this accounting basis for reporting overall results does not reflect how the council manages its finances in practice.

In governance terms, the council is accountable to council tax payers for the outturn position on the General Fund reserve and to its domestic tenants for the outturn position on the HRA reserve. The amounts chargeable to a local authority's council tax payers and to HRA tenants for the year show significant differences from the net expenditure position on an accounting basis. They are controlled by legislation, and include a number of statutory adjustments and transfers to specific reserves. These are designed to ensure that the amounts chargeable to council tax payers and tenants for the year are a fair reflection of the services provided to them during that year. All of the council's internal reporting of its financial position is therefore focussed on the outturn position on its General Fund and HRA reserves.

The table below reflects the actual reporting within the council of the outturn positions for the General Fund and the Housing Revenue Account, in terms of the council's organisational structure.

#### Outturn position – Leeds City Council organisational units

2023/24		2024/25			
<i>net</i>		<i>gross</i>	<i>gross</i>	<i>transfer to</i>	<i>net</i>
<i>outturn</i>	£000s	<i>expenditure</i>	<i>income</i>	<i>reserves</i>	<i>outturn</i>
36,597	City Development	182,102	(148,315)	48	33,835
179,547	Children and Families	474,490	(289,683)	(3,461)	181,346
-	Schools	679,569	(651,603)	(27,967)	(1)
198,739	Adults and Health	496,231	(272,172)	(6,222)	217,837
87,692	Resources	304,588	(215,507)	(3,242)	85,839
97,636	Communities, Housing and Environment	474,663	(363,838)	133	110,958
(30,704)	Central Accounts	140,958	(134,800)	(12,729)	(6,571)
569,507		2,752,601	(2,075,918)	(53,440)	623,243
(572,507)	RSG, Business Rates & Local Taxation	-	(623,243)	-	(623,243)
(3,000)	Total General Fund	2,752,601	(2,699,161)	(53,440)	-
1,252	Housing Revenue Account	254,084	(292,420)	36,523	(1,813)

## 7.2 Reconciliation between reported outturn position and total comprehensive income and expenditure

The following table analyses the differences between the council's reported outturn position on its General Fund and HRA reserves and its total comprehensive income and expenditure shown in the Comprehensive Income and Expenditure Account.

2023/24	£000s	2024/25
(3,000)	General fund outturn (surplus) / deficit	-
1,252	HRA outturn (surplus) / deficit	(1,813)
(1,748)	Overall outturn position	(1,813)
<i>Amounts not included in the Comprehensive Income and Expenditure Account - Transfers to other usable revenue reserves</i>		
49,434	Transfers (to) / from earmarked reserves	53,802
<i>Amounts not included in the Comprehensive Income and Expenditure Account - Statutory items relating to capital accounting and financing</i>		
342,733	Transfer impact of capital charges to capital reserves	335,581
(205,173)	Transfer capital grants received to usable capital reserves	(191,816)
(57,528)	General Fund Minimum Revenue Provision for debt redemption	(62,078)
(8,247)	HRA transfers to capital reserves for repayment of debt	(10,556)
(3,724)	Transfers to capital reserves to fund capital expenditure	(4,192)
-	Transfers to capital reserves for donated or exchanged assets	-
14,782	Transfer net (gain) / loss on disposal of assets to capital reserves	12,244
19	Transfer from capital reserves to fund pooling of HRA capital receipts	4
-	Transfer from capital reserves to fund disposal costs	337
(61,638)	Transfer HRA major repairs allowance to major repairs reserve	(74,950)
21,224		4,574
<i>Amounts not included in the Comprehensive Income and Expenditure Account - Other statutory items</i>		
(1,251)	Transfer to / (from) Pensions reserve	(6,675)
(1,977)	Transfer to / (from) Financial instruments adjustment account	(1,971)
(9,673)	Transfer to / (from) Collection Fund adjustment account	(140)
559	Transfer to / (from) Accumulated absences account	1,041
(12,342)		(7,745)
<i>Unrealised items of income and expenditure not affecting usable reserves and not reported within Outturn</i>		
11,891	(Surplus) / deficit on revaluation of fixed assets	12,589
3,595	(Surplus) / deficit on revaluation of financial assets	(418)
(117,345)	Remeasurements of the net defined benefit liability / (asset)	202,303
(101,859)		214,474
(45,291)	Total comprehensive income and expenditure	263,292

## 7.3 Expenditure and Funding Analysis

The following tables show how the items identified in the reconciliation above impact on the reported position for each directorate, breaking down the differences between the council's outturn on a directorate basis and the net expenditure shown for each directorate in the comprehensive income and expenditure statement. The adjustments required have been grouped as follows :

- Capital accounting adjustments are those transactions required to reflect capital activities on an accounting basis, but which are not proper charges to the revenue account. They include depreciation, impairment, and the recognition of capital grants received.

- Capital financing transactions are entries which are charged or credited to the revenue account to reflect the financing of capital expenditure, but which do not represent income or expenditure to the authority and are therefore not included in the comprehensive income and expenditure statement.
- Pensions accounting adjustments are the entries required to reflect the differences between pensions expenditure for the year on an accounting basis and the actual pension contributions payable by the council for the year. Further details are given in explanatory notes 3 and 10.
- Other statutory adjustments include transfers to or from the collection fund adjustment account, the financial instruments adjustment account and the accumulated absences account, all of which are used to affect the timing of amounts being debited or credited to the revenue account in line with statutory requirements. Transfers to or from earmarked reserves are also included here as, although these are included in the reported outturn position, they do not represent income or expenditure for the council. Internal recharges between directorates are also included within these figures.

The table also identifies amounts relating to items which the Code requires to be shown outside of directorate net cost of services within the comprehensive income and expenditure statement.

	2024/25						
	<i>net charged to General Fund &amp; HRA reserves</i>	<i>capital accounting adjustments</i>	<i>capital financing transactions</i>	<i>pensions accounting adjustments</i>	<i>other statutory adjustments</i>	<i>amounts outside net cost of services</i>	
<i>£000s</i>							
City Development	33,787	81,679	-	46	73	3,302	118,887
Children and Families	212,773	93,149	-	(2,711)	750	18,293	322,254
Adults and Health	224,059	10,473	-	337	89	41,568	276,526
Resources	89,081	21,635	-	(1,156)	39	(8,670)	100,929
Housing Revenue Account	(1,813)		(89,693)	(936)	(202)	29,995	(62,649)
Communities, Housing and Environment	110,825	35,209	(5)	(110)	73	(9,559)	136,433
Central Accounts	6,158	24,962	(56,769)	2,146	2,190	92,400	71,087
Transfers to earmarked reserves	(53,440)		-	-	53,440		-
Net cost of services	621,430	267,107	(146,467)	(2,384)	56,452	167,329	963,467
Other operating expenditure	-	12,244	4	-	-	2,572	14,820
Financing and investment net expenditure	-	-	-	-	-	119,302	119,302
Taxation and general grant income	(623,243)	(191,816)	-	-	(140)	(233,572)	(1,048,771)
(Surplus) / deficit on provision of services	(1,813)	87,535	(146,463)	(2,384)	56,312	55,631	48,818

	General Fund				
	<i>General Fund</i>	<i>Earmarked</i>	<i>Sub Total</i>	<i>HRA</i>	
Reserve Balance brought forward	36,248	113,737	149,985	17,437	167,422
(Increase) / decrease for the year	-	(53,440)	(53,440)	1,813	(51,627)
Reserve Balance carried forward	36,248	60,297	96,545	19,250	115,795

The following table shows the same analysis for the 2023/24 financial year :

£000s	2023/24						net reportable expenditure
	net charged to General Fund & HRA reserves	capital accounting adjustments	capital financing transactions	pensions accounting adjustments	other statutory adjustments	amounts outside net cost of services	
City Development	38,181	57,737	-	1,008	15	(4,267)	92,674
Children and Families	193,287	53,579	(150)	234	420	12,964	260,334
Adults and Health	206,239	(77)	-	1,041	36	32,047	239,286
Resources	92,196	12,152	-	(237)	50	(7,874)	96,287
Housing Revenue Account	1,252	172,304	(73,453)	(424)	(198)	(36,459)	63,022
Communities, Housing and Environment	94,960	24,666	(5)	1,406	16	(4,136)	116,907
Central Accounts	(5,922)	22,372	(57,528)	(4,279)	(1,757)	91,507	44,393
Transfers to earmarked reserves	(49,434)	-	-	-	49,434	-	-
Net cost of services	570,759	342,733	(131,136)	(1,251)	48,016	83,782	912,903
Other operating expenditure	-	14,781	19	-	-	2,389	17,189
Financing and investment net expenditure	-	-	-	-	-	110,201	110,201
Taxation and general grant income	(572,507)	(205,175)	-	-	(9,671)	(196,372)	(983,725)
(Surplus) / deficit on provision of services	(1,748)	152,339	(131,117)	(1,251)	38,345	-	56,568

	General Fund				
	General Fund	Earmarked	SubTotal	HRA	Total
Reserve Balance brought forward	33,248	163,171	196,419	18,689	215,108
(Increase) / decrease for the year	3,000	(49,434)	(46,434)	(1,252)	(47,686)
Reserve Balance carried forward	36,248	113,737	149,985	17,437	167,422

## 7.4 Non-grant income

The following table provides a breakdown of the non-grant income included for each directorate in the reported outturn position shown in the first column of the expenditure and funding analysis (note 7.3) shown above. Further information on government grant income is shown in explanatory note 8 below. The figures in the table below include internal income, i.e. income from transactions with other services within the council, as this income is included in the basis on which the outturn position for each service is reported. However internal income is not included in the gross income figures for directorates reported in the income and expenditure account.

2023/24			2024/25		
other external income	internal income	£000s	other external income	internal income	
(66,106)	(55,424)	City Development	(66,707)	(50,640)	
(34,248)	(37,137)	Children & Families	(35,715)	(45,076)	
(31,388)	(77,311)	Schools	(33,418)	(92,024)	
(111,810)	(7,258)	Adults & Health	(109,459)	(8,771)	
(13,843)	(187,450)	Resources	(14,576)	(197,738)	
(61,525)	(61,882)	Communities, Housing & Environment	(68,070)	(62,945)	
(9,510)	(36,013)	Central Accounts	(16,180)	(35,145)	
(328,430)	(462,475)		(344,125)	(492,339)	
(244,300)	(8,203)	Housing Revenue Account	(263,007)	(7,855)	
(572,730)	(470,678)	Total	(607,132)	(500,194)	

The majority of the authority's external income is non-contractual in nature, i.e. government grants and local taxation. The figures for Other external income given above exclude these amounts, but do include smaller areas of non-contractual income such as contributions from

local health and other public bodies to joint initiatives, developer contributions under planning agreements, court costs and parking fines.

Although contractual income is not the council's primary source of funds, it does play an important part in helping to fund the delivery of services. The most significant element of contractual income that the council receives is its council house rental income, which amounted to £246.2m in 2024/25 (£229.2m in 2023/24). Other significant sources of funding include rentals from other properties and markets, income from services provided to academies and trust schools, income from social care service users, income from sports facilities, venue hire, and the sale of food and drink at council venues. As the table above shows, there have been significant reductions in income for some areas of the council as a result of the temporary closure of facilities during the pandemic. All such income is recognised once the council becomes contractually entitled to receive it (i.e. when the service has been provided or the goods have been transferred to the purchaser).

The Code incorporates IFRS 15 Revenue Recognition, which introduced new rules for the timing of income recognition, primarily affecting more complicated contractual arrangements. The council did not identify any change to the timing of recognition for any of its income streams as a result of this accounting change.

## 7.5 Subjective analysis of comprehensive income and expenditure

The following table gives a breakdown by type of the external income and expenditure within the council's overall results for the year.

2023/24	£000s	2024/25
	<i>Income</i>	
(578,631)	Fees, charges and other service income	(798,847)
(3,794)	Interest and investment income	(5,548)
(204,564)	Expected return on pension assets	(213,409)
(391,460)	Income from council tax	(415,579)
(170,229)	Non domestic rates income	(184,384)
(5,059)	Income from investment properties	(4,860)
(1,397,597)	Government Grants	(1,306,744)
(2,751,334)	Total Income	(2,929,371)
	<i>Expenditure</i>	
984,317	Employee expenses	1,032,776
1,188,542	Other service expenses	1,312,346
294,236	Depreciation, amortisation and impairment	275,127
119,285	Interest payments	132,743
2,389	Precepts and levies	2,573
19	Payments to Housing Capital Receipts Pool	3
14,781	(Gain) / loss on disposal of non-current assets	12,244
1,839	(Gain) / loss and expenditure on investment properties	4,831
202,495	Pension interest costs	205,546
2,807,902	Total Expenditure	2,978,189
56,568	(Surplus)/ deficit	48,818

## 7.6 Housing Revenue Account (HRA)

The HRA Income and Expenditure Account and other movements on the HRA reserve have been consolidated into the council's Comprehensive Income and Expenditure Account on a line by line basis. The components making up the net increase on HRA reserves of £1.8m (a

net decrease of £1.3m in 2023/24) are shown as a separate column in the Movement in Reserves Statement.

There is a section reporting in detail on the Housing Revenue Account later in this Statement of Accounts (please see page 91).

## 7.7 Gains or losses on the disposal of fixed assets

The figures shown in the Comprehensive Income and Expenditure account for gains or losses on the disposal of fixed assets represents the difference between the carrying value of assets which have been disposed of and the proceeds of any sale, less any administrative costs of disposal. As well as the sale of surplus assets, the figure includes assets which the council has been required to transfer to other bodies at nil consideration. The most significant element of the loss recorded in the 2024/25 financial year relates to the value of school buildings which have been handed over to other organisations to run them as academies. Transfers of schools led to a loss being recognised of £35.5m in 2024/25 (schools valued at £22.1m transferred to academies during 2023/24). The table below gives a breakdown of the figures.

2023/24	£000s	2024/25
	<i>Proceeds of disposals</i>	
(47,443)	Receipts from sale of fixed assets	(60,734)
-	Finance lease debtors recognised	(2,896)
-	Less : disposal costs funded from receipts	-
(47,443)		(63,630)
	<i>Value of fixed assets disposed of</i>	
22,122	Schools transferred to an Academy	35,536
40,422	Other fixed assets	40,477
62,544		76,013
15,101	Total (gain) or loss on disposal of fixed assets	12,383

## 8 General Government grants

The table below analyses the grants included within the General Government Grants figure in the Comprehensive Income and Expenditure Account. These are grants which do not relate to any specific service. The table also gives the value of government grants included in each individual service line within the Net cost of services section of the Comprehensive Income & Expenditure Account.



2023/24	£000s	2024/25
	General Government Grants	
(33,389)	Revenue Support Grant (RSG)	(38,893)
(53,630)	Private Finance Initiative (PFI) grant	(53,625)
(205,173)	Capital Grants	(191,816)
(140,353)	Non-Ringfenced Government Grants	(177,376)
(432,545)		(461,710)
Government Grants included in Net cost of services		
(12,273)	City Development	(7,138)
(518,733)	Children & Families - DSG	(569,965)
(21,507)	Children & Families - Other	(25,493)
(70,982)	Schools	(79,290)
(95,644)	Adults & Health	(102,937)
(853)	Resources	(598)
(21,545)	Housing Revenue Account	(21,558)
(161,134)	Communities, Housing & Environment - Benefits subsidy	(158,337)
(62,284)	Communities, Housing & Environment - Other	(64,663)
(97)	Central Accounts	(63)
(965,052)		(1,030,042)

## 9 Trading with other public bodies under the Local Authorities (Goods and Services) Act 1970

The Local Authority (Goods and Services) Act 1970 allows local authorities to provide goods and services to various other public bodies, and requires that the income and expenditure under such contracts is disclosed in an authority's statement of accounts. For 2024/25, the council generated £3,552k of income under such contracts, and incurred costs of £3,588k. The comparative figures for 2023/24 were £1,998k of income and £1,996k of costs.

## 10 Pensions

An overview of the impact of pensions within the council's accounts is given in Note 3 on pages 24 to 26. This note gives further information on the pensions assets and liabilities included in the council's accounts, and details the actuarial assumptions used in estimating them.

### 10.1 West Yorkshire Pension Fund (WYPF)

The West Yorkshire Pension Fund is treated as a defined benefit scheme under IAS 19, since the council's liabilities to its current and former employees can be identified within the fund, and the council will be liable to meet these irrespective of the future performance of the fund. The figures relating to West Yorkshire Pension Fund assets and liabilities given below include both mainstream pensions and discretionary increases to pensions.

The West Yorkshire Pension Fund is part of the Local Government Pension Scheme (LGPS) and is subject to statutory Local Government Pension Scheme Regulations, which specify the benefits earned, the contribution rates for employees, and the framework for calculating employers' contribution rates, which are determined by triennial actuarial valuations. Benefits earned by employees before 31<sup>st</sup> March 2014 are on a final salary basis, and benefits earned since that date are based on career average earnings.

The fund's assets are allocated across employers on a notional basis, rather than individual assets being allocated to specific employers. The fund holds a significant proportion of its assets in liquid investments and thus does not anticipate any difficulty in being able to realise

sufficient assets in the event of a large payment being required in relation to an individual employer's liabilities. Employers which leave the fund (or their guarantor) would be expected to make an exit payment in circumstances where there is a shortfall in assets against their pension liabilities. In the event that an exiting employer or their guarantor were unable to meet this exit payment, the liability may in some circumstances fall on other employers in the fund.

a WYPF – Actuarial assumptions

The last full actuarial valuation to be completed for the WYPF was carried out as at 31st March 2022. In calculating the council's assets and liabilities, the fund's actuaries had to make a number of assumptions about events and circumstances in the future, meaning that the results of actuarial calculations are subject to uncertainties within a range of possible values. The average duration of funded pension liabilities has been calculated as 16.2 years. The following actuarial assumptions were made:

WYPF – actuarial assumptions and other uncertainties

31/03/2024		31/03/2025	
	Financial assumptions		
2.6%	Rate of inflation (CPI)	2.5%	(i)
3.85%	Rate of increase in salaries	3.75%	(ii)
2.6%	Rate of increase in pensions	2.5%	(ii)
4.8%	Discount rate	5.8%	(iii)
	Mortality assumptions (years)		
21.0	Longevity at 65 for current male pensioners	20.9	
24.2	Longevity at 65 for current female pensioners	24.1	
22.3	Longevity at 65 for future male pensioners	21.8	
25.2	Longevity at 65 for future female pensioners	24.8	

- i Assumptions on inflation feed into the assumptions on future increases in salaries and pensions. Since 2010, the inflation index used to derive salary and statutory pension increases has changed from RPI (Retail Prices Index) to CPI (Consumer Prices Index).
- ii Rates of salary and pension increases are linked to inflation assumptions. Higher inflation assumptions would lead to an increase in the value of liabilities on the balance sheet.
- iii The discount rate is based on corporate bond yields. A decrease in corporate bond yields will increase the value of liabilities at the balance sheet date, although this would be marginally offset by an increase in the value of assets, which form an element of the fund's assets.

Any change in these assumptions would have an impact on the present value of the defined benefit obligation. The sensitivity analysis below shows the impact on the liability if each assumption changes by 0.1% (or 1 year for mortality assumptions). In each case all other assumptions remain constant. (Changes in the assumption on CPI are not included separately in the table below, as this is a subsidiary assumption which has an impact only via its impact on the assumed increases in salaries and pensions.)

## WYPF – sensitivity analysis of actuarial assumptions

31/03/2024			31/03/2025		
Impact on defined benefit obligation (funded)			Impact on defined benefit obligation (funded)		
%	£000s	Change in assumption	%	£000s	
0.2	8,540	Rate of increase in salaries (increase or decrease by 0.1%)	0.2	7,331	
1.6	66,188	Rate of increase in pensions (increase or decrease by 0.1%)	1.4	51,318	
1.8	74,729	Discount rate assumption (increase or decrease by 0.1%)	1.6	58,649	
2.6	108,890	Mortality assumption (increase or decrease by 1 year)	2.2	80,643	

### b WYPF – assets and liabilities

At 31st March 2025, the fund's actuaries estimated that the council had the following assets and liabilities relating to pensions payable through the West Yorkshire Pension Fund:

#### WYPF – assets and liabilities

31/03/2024	£000s	31/03/2025
(4,270,200)	Estimated present value of liabilities (funded)	(3,665,585)
4,695,078	Fair value of assets	4,797,704
424,878	Funded status	1,132,119
(216,852)	Unrecognised asset	(1,132,119)
208,026	Funded scheme net pension asset	-
(40,752)	Estimated present value of liabilities (unfunded)	(35,591)
167,274	WYPF Total net asset / (liability)	(35,591)

For both 2023/24 and 2024/25, the net pensions asset included in the balance sheet for WYPF is lower than the estimated funded status of the scheme. The net nil position included in the balance sheet for the funded scheme is after taking account of a surplus restriction of £1,132m which reflects the extent to which it is estimated that the council can derive future benefit from the estimated surplus in its pension position via future reductions in its contribution levels. As there is no right of offset between the unfunded and funded elements of the liability, the £35.6m WYPF unfunded pension liabilities for 2023/24 are included within long term liabilities on the balance sheet.

The following table shows the movements in the pension fund assets and liabilities during the year. Amounts relating to service expenditure shown below appear within the Net Cost of Service in the Comprehensive Income and Expenditure Account, finance gains and losses appear within Financing and Investment Income and Expenditure, and actuarial gains and losses are shown within Other comprehensive income and expenditure.

## WYPF – movement in pension assets and liabilities

2023/24				2024/25			
<i>present value of defined benefit obligation</i>	<i>plan assets</i>	<i>net</i>	£000s	<i>present value of defined benefit obligation</i>	<i>plan assets</i>	<i>net</i>	
(4,320,528)	4,374,330	53,802	1 April	(4,310,952)	4,478,226	167,274	
			<i>Actuarial gains and losses</i>				
148,120			- change in financial assumptions	721,651			
(47,097)			- experience gains and losses	759			
68,866			- change in demographic assumptions	29,812			
	162,446		Gain / (loss) on plan assets		(53,396)		
	(216,852)		Restriction of surplus recognised		(904,858)		
169,889	(54,406)	115,483		752,222	(958,254)	(206,032)	
			<i>Service expenditure</i>				
(101,825)			Current service cost	(97,000)			
(3,120)			Past Service Cost	(10,776)			
(104,945)	-	(104,945)		(107,776)	-	(107,776)	
	204,564		<i>Finance gains and losses</i>				
(199,755)			Interest income		223,818		
			Interest on pension liabilities	(202,995)			
			Interest on unrecognised asset		(10,409)		
(199,755)	204,564	4,809		(202,995)	213,409	10,414	
			<i>Other movements</i>				
	98,125		Employer contributions		100,529		
177,847	(177,847)		Benefits paid	202,885	(202,885)		
(33,460)	33,460		Employee contributions	(34,560)	34,560		
-	-		Net transfers in/out	-	-		
144,387	(46,262)	98,125		168,325	(67,796)	100,529	
(4,310,952)	4,478,226	167,274	31 March	(3,701,176)	3,665,585	(35,591)	
			<i>Memo</i>				
1,972			Administration expenses	2,622			
			(included within Current service cost)				

The council's net pensions position in relation to WYPF pensions has reduced by £203m since 31st March 2024. This is largely as a result of the recognition of a surplus restriction in relation to funded pension assets. Although the fair value of pension fund assets increased due to better than expected performance from the pension fund's assets during the year, the effect of the surplus restriction more than outweighed this gain. There was also a reduction in the current value of the pension liabilities as a result of revisions to the actuarial assumptions, most significantly an increase in the discount rate which is used for determining the current value of the future liabilities, combined with a smaller reduction in the inflation assumption and reduced longevity in the demographic assumptions.

### c WYPF – further information on assets

The following table shows the percentage of the total value of scheme assets made up by different categories of asset.

31/03/2024		31/03/2025		
		<i>quoted</i>	<i>unquoted</i>	<i>total</i>
79.0%	Equities	64.4%	14.9%	79.3%
8.6%	Government bonds	9.0%	0.0%	9.0%
4.2%	Other bonds	4.0%	0.0%	4.0%
2.9%	Property	0.8%	2.0%	2.8%
4.0%	Cash/liquidity	0.0%	2.6%	2.6%
1.3%	Other	0.1%	2.2%	2.3%

Whilst the majority of the pension fund's assets are quoted in financial markets and therefore have observable prices, it should be noted that this is not the case for property and unquoted equities.

Further details on the nature and risks of these assets, and the investment policies of the fund can be found in the West Yorkshire Pension Fund Statement and Explanatory Notes in Bradford Council's Statement of Accounts, which is available from Bradford MDC's website, and the West Yorkshire Pension Fund Report and Accounts, which is available from the West Yorkshire Pension Fund website.

d Expected contributions to the scheme for 2024/25

The council (including maintained schools) expects to make normal employer contributions of approximately £91.9m and strain payments of £7.5m to WYPF in 2025/26. Budgeted unfunded pension payments for 2025/26 are £6.7m.

## 10.2 Teachers' pensions

Teachers employed by the council are members of the national Teachers' Pension Scheme (England and Wales). The scheme provides teachers with specified benefits upon their retirement, and the council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The employer's contribution rate is set by the government.

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the government uses a notional fund as the basis for calculating the employers' contribution rate. Valuations of the notional fund are undertaken every four years. The scheme has in excess of 10,100 participating employers and consequently the council is not able to identify its share of the liabilities, therefore it is accounted for as a defined contribution scheme. The council's contributions into the Teachers' Pension Scheme during 2023/24 equated to approximately 0.6% of the total contributions for the year.

The employer's contribution rate for the teachers' pension scheme during 2024/25 was 28.68%. The actual amount payable to the teachers' pension scheme by the council for 2024/25 was £48,990k. The council's contributions for 2025/26 are expected to be £50m.

In addition the council has granted discretionary additional pensions to some of its former teachers, for which it is directly responsible. Under IAS 19 guidelines, these discretionary pensions are required to be treated as a defined benefit scheme, with an IAS 19 liability being disclosed. As the council funds these pensions on a 'pay as you go' basis, there are no pensions assets for this scheme.

In calculating the pension liability for discretionary teachers pensions, the council's actuaries have used the following assumptions:

### Teachers' discretionary pensions – actuarial assumptions

31/03/2024		31/03/2025
	Financial assumptions	
2.6%	Rate of inflation (CPI)	2.5%
2.6%	Rate of increase in pensions	2.5%
4.8%	Discount rate	5.8%
	Mortality assumptions (years)	
21.0	Longevity at 65 for current male pensioners	20.9
24.2	Longevity at 65 for current female pensioners	24.1

The council's IAS 19 pensions liability in respect of teachers' discretionary pensions has been calculated as:

#### Teachers' discretionary pensions – assets and liabilities

31/03/2024	£000s	31/03/2025
(56,137)	Estimated present value of liabilities	(48,900)

The movement in the pension liability during the year is broken down in the following table. Amounts relating to service expenditure shown below appear within the Net Cost of Service in the Comprehensive Income and Expenditure Account, finance gains and losses appear within Net Operating Expenditure, and actuarial gains and losses are shown under Other Comprehensive Income and Expenditure.

2023/24 defined benefit obligation	£000s	2024/25 defined benefit obligation
(61,261)	1 April	(56,137)
	<i>Service expenditure</i>	
-	Past service cost / curtailment cost / settlements	-
		-
	<i>Finance gains and losses</i>	
(2,740)	Interest on pension liabilities	(2,551)
(2,740)		(2,551)
	<i>Actuarial gains and losses</i>	
722	Change in financial assumptions	3,484
1,558	Change in demographic assumptions	347
(418)	Experience gain / (loss)	(102)
	<i>Other movements</i>	
6,002	Employer contributions	6,059
6,002		6,059
1,862		3,729
(56,137)	31 March	(48,900)

The council expects to make payments of approximately £6,220k in relation to teachers discretionary pensions in 2024/25.

### 10.3 NHS pensions

Council employees who transferred from the NHS are members of the NHS Pension Scheme, administered on behalf of the government. The scheme provides specified benefits upon retirement, and the council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The employer's contribution rate is set by the government.

In 2024/25 the council made contributions of £173k into the scheme (£173k in 2023/24) at a contribution rate of 14.38%. Contributions for 2024/25 are expected to be £175k.

Details on the pension fund's assets and its investment policies can be found in the NHS Pension Fund Report and Accounts, which are available on the website of the NHS Business Services Authority.

## 11 Private Finance Initiative (PFI)

The council has thirteen PFI schemes where service delivery has commenced, all but one of which have resulted in all of the assets and corresponding liabilities being recognised on its balance sheet. The exception is the contract to provide two Joint Service Centres (see paragraph (j) below for further details).

For all of these schemes, the annual amount payable under the contract is subject to both indexation factors and the contractor's performance in meeting service standards. The council also receives government grant in support of its expenditure on each of the schemes (see note 8). The notes below give more information on the nature of each scheme:

### a Leeds Seven Schools PFI Project

On 31st October 2001 the council entered into a 29-year contract under the Private Finance Initiative for the provision and maintenance of five primary schools and two secondary schools in Leeds. Service commenced between June 2002 and August 2003 and the contract will finish on 31st July 2030. Since the contract started, two of the schools have transferred to academy status and are therefore no longer included in the council's balance sheet.

### b Leeds Primary Schools PFI Project

The council entered into a long term contract on 31st March 2004 for the provision and operation of ten primary schools in Leeds. Service for the first school started on 30th March 2005 and commencement for the remaining nine schools took place between July and September 2005. The contract will finish on 31st July 2031. Since the contract started three of the schools have transferred to academy status and are therefore no longer included in the council's balance sheet.

### c Leeds Combined Secondary Schools PFI Project

The council entered into a long term contract for the provision and operation of five secondary schools and one primary school in Leeds on 31st March 2005. The first four schools commenced service in September 2006 and the other two became operational in September 2007. The contract will run until 2033/34. Since the contract started, three of the secondary schools have transferred to academy status. These schools are therefore no longer included as assets in the council's balance sheet.

### d Swarcliffe PFI Project

On 16th March 2005 the council entered into a 30-year contract for the refurbishment and maintenance of 1,781 council houses. Service commencement took place in June 2005 and the contract expires on 31st March 2035.

### e Street Lighting PFI Project

The council entered into a long term contract on 31st March 2006 for the renewal of 80% of the lighting columns in Leeds over a five year period. The contract includes the operation of the street lighting service in Leeds from July 2006 through to the completion of the contract in June 2032. During 2016/17, the council was approached by investors in the main subcontractor with a request for its permission under the contract for them to sell their shareholdings. Following negotiations the council received £2.78m in return for giving its permission. The terms of the contract itself for the provision of services are unchanged as a result of the change in ownership of the subcontractor.

### f Building Schools for the Future (BSF) Scheme (1)

On 3rd April 2007, Leeds City Council entered into a long term partnership contract with Leeds LEP Ltd, the Local Education Partner ("LEP") in which it is a shareholder, to procure the rebuilding or refurbishment of 14 high schools in Leeds. On the same date the council also



entered into a PFI contract for the rebuilding of 4 high schools; service commenced for 3 of these schools in September 2008, and the fourth opened in September 2009. Since the contract started, one of the schools has become an academy. This school is therefore no longer included as an asset in the council's balance sheet. The contract will run until 2034/35.

g Independent Living

In June 2008 the council entered into a 28-year contract for the provision of purpose-built properties on 39 sites enabling people with a learning disability or mental health needs to live in communities of their choosing and to take greater control of their lives. The first of these sites came into service in March 2009, and the remaining sites have become operational on a phased basis. A portion of the income received by the contractor will be received directly by them from tenants as rental. In accordance with the Code the council accounts for this as income to itself, with a matching increase in the annual unitary charge. The council has opted to recognise this income as it falls due rather than to recognise a deferred income balance at the start of the contract.

h Building Schools for the Future (BSF) Scheme (2)

On 13th March 2008, the council entered into a further contract with Leeds LEP Ltd for the building of a new school for West Leeds and Wortley, which opened during 2009/10. The school has subsequently become an academy and is therefore no longer recognised on the council's balance sheet. The contract will run until 2034/35.

i New Leaf Leisure Centres

In 2008 the council entered into a PFI contract for the rebuilding of two "New Leaf" Leisure Centres at Armley and Morley. The two leisure centres became operational in 2010/11, and will be run by the contractor until 2035/36.

j Harehills and Chapeltown Joint Service Centres

In April 2009 the council entered into a contract for the provision of two Joint Service Centres (JSCs) in Chapeltown and Harehills, where the council and National Health Service bodies provide face to face customer services. Both of these buildings became operational during 2010/11. At the conclusion of the contract in 2035/36 the council will have the option to lease the Harehills JSC for the rest of its expected useful life, but it will have no further rights in relation to the Chapeltown JSC. The council has therefore recognised the Harehills JSC as its asset, and is treating expenditure in relation to Chapeltown JSC as a revenue contract which includes an operating lease.

k Holt Park Wellbeing Centre

The council has entered into a contract for the provision of a Wellbeing Centre in the Holt Park area of the city, which provides sports and other community facilities. The centre opened to the public in autumn 2013, and the contract will run until the 2038/39 financial year. At the conclusion of the contract the centre will be owned outright by the council. The council has therefore recognised the centre as an asset on its balance sheet.

l Little London, Beeston and Holbeck Housing Project

The council has entered into a contract for the provision of council dwellings within the Little London, Beeston and Holbeck areas of the city. The scheme involves partly new-built properties and partly major renovations of existing council dwellings. The contract will be for a 20 year period, during which the contractor will maintain the assets and provide a facilities management service.

#### m Residual Waste Treatment scheme

The council has entered into a contract for the provision of a treatment plant for the processing of residual waste. Following a commissioning period during 2015/16, full service delivery commenced on 31<sup>st</sup> March 2016. The contract comprises a core period of 25 years during which the council will send all of its waste to the facility and will pay fees as determined under the contract. This will be followed by a further period of 15 years during which the council is not committed to sending its waste to the facility, and will pay at open market rates if it does so. The facility will revert to the council's ownership after this secondary period. Throughout the full 40 years of the contract the facility will generate income towards its operating costs from the sale of recyclable materials and the generation of electricity. During the core 25 year period the contractor will be able to generate further income by processing waste from third parties to utilise spare capacity left after processing the council's waste. During the final 15 years the contractor will be free to operate the facility on a commercial basis. The council has recognised the waste treatment plant as an asset on its balance sheet. Since the contractor will be compensated for the cost of providing the facility partly by the council and partly by third parties, the council has recognised two distinct liabilities on its balance sheet – one to reflect its own liability to pay the contractor and one to reflect the value of the right to earn income from the facility which has been granted to the contractor. The contract contains an option, exercisable up to year 23 of the contract, for the council to buy out the final 15 year period of commercial operation on payment of compensation for the expected loss of income to the contractor. A further option allows the council to extend the core contract term by 2 years and reduce the commercial operation period by 2 years.

The following table analyses the movement in the value of assets recognised under PFI schemes during the year :

£000s	01/04/2024	Re-measurement	Acquisitions, lifecycle costs	Disposals	Reval'ns, depreciation, impairment	31/03/2025
Seven Schools	69,800	9,878	1,091	(2,530)	(13,080)	65,159
Primary Schools	30,994	8,504	830	-	(8,481)	31,847
Combined Secondary Schools	40,619	17,823	2,651	-	(22,607)	38,486
Swarcliffe Housing	-	16,726	2,269	-	(18,995)	-
Street Lighting	53,923	14,856	1,421	-	(3,370)	66,830
Building Schools for the Future (1)	78,815	20,771	1,337	-	(32,004)	68,919
Independent Living	25,069	5,835	2,171	-	(7,993)	25,082
Building Schools for the Future (2)	-	5,757	264	-	(6,021)	-
New Leaf Leisure Centres	24,573	2,945	304	-	(3,794)	24,028
Harehills JSC	1,430	2,859	102	-	(2,989)	1,402
Holt Park Wellbeing Centre	7,547	1,853	188	-	(2,209)	7,379
Little London, Beeston & Holbeck Housing	17,029	7,779	470	-	(8,695)	16,583
Residual Waste Treatment Facility	131,165	12,408	-	-	(12,939)	130,634
	480,964	127,994	13,098	(2,530)	(143,177)	476,349

The following table breaks down the movement in the council's recognised PFI liabilities during the year :

£000s	01/04/2024	Re-measurement of liabilities	Amounts repaid	31/03/2025
Seven Schools	15,381	9,878	(3,263)	21,996
Primary Schools	17,719	8,504	(2,441)	23,782
Combined Secondary Schools	58,402	17,823	(4,793)	71,432
Swarcliffe Housing	26,422	16,726	(2,548)	40,600
Street Lighting	46,713	14,856	(5,344)	56,225
Building Schools for the Future (1)	64,400	20,771	(6,026)	79,145
Independent Living	38,077	5,835	(1,332)	42,580
Building Schools for the Future (2)	20,603	5,757	(1,961)	24,399
New Leaf Leisure Centres	17,843	2,945	(1,233)	19,555
Harehills JSC	3,378	2,859	(381)	5,856
Holt Park Wellbeing Centre	12,490	1,853	(547)	13,796
Little London, Beeston & Holbeck Housing	72,954	7,779	(8,008)	72,725
Residual Waste - Council's Liability	51,485	12,408	(6,391)	57,502
Residual Waste - 3rd Party Deferred Income	26,221			26,221
	472,088	127,994	(44,268)	555,814

The following table analyses the council's PFI liabilities at the balance sheet date over the years in which they will be written down from unitary charge payments :

£000s	Payable in 1 Year	Payable in 2-5 Years	Payable in 6-10 Years	Payable in 11-15 Years	Payable in 16-20 Years	Total
Seven Schools	3,914	16,737	1,345	-	-	21,996
Primary Schools	2,685	14,399	6,698	-	-	23,782
Combined Secondary Schools	4,589	30,209	36,634	-	-	71,432
Swarcliffe	2,618	12,104	25,878	-	-	40,600
Street Lighting	6,218	36,128	13,879	-	-	56,225
Building Schools for the Future (1)	6,206	29,593	43,346	-	-	79,145
Independent Living	1,813	10,755	22,293	7,719	-	42,580
Building Schools for the Future (2)	1,960	9,046	13,393	-	-	24,399
New Leaf Leisure Centres	1,340	6,432	11,268	515	-	19,555
Harehills JSC	398	1,982	3,229	247	-	5,856
Holt Park Wellbeing Centre	567	2,905	5,134	5,190	-	13,796
Little London, Beeston & Holbeck Housing	7,348	29,432	35,945	-	-	72,725
Residual Waste - Council's Liability	7,061	19,587	25,755	3,502	1,597	57,502
Total Liabilities	46,717	219,309	244,797	17,173	1,597	529,593

The following table shows the future interest costs expected to be incurred in relation to the above liabilities over the life of the schemes. The figures shown for the Waste Treatment Facility are those costs which will be incurred directly by the council, and do not include costs to be recovered by the contractor from third parties.

£000s	Payable in 1 Year	Payable in 2-5 Years	Payable in 6-10 Years	Payable in 11-15 Years	Payable in 16-20 Years	Total
Seven Schools	1,370	2,403	-	-	-	3,773
Primary Schools	1,639	3,894	155	-	-	5,688
Combined Secondary Schools	4,927	14,409	3,413	-	-	22,749
Swarcliffe	3,154	10,332	4,753	-	-	18,239
Street Lighting	4,107	9,317	232	-	-	13,656
Building Schools for the Future (1)	4,798	14,534	5,096	-	-	24,428
Independent Living	3,052	9,981	6,739	126	-	19,898
Building Schools for the Future (2)	1,393	4,221	1,526	-	-	7,140
New Leaf Leisure Centres	1,442	4,530	2,214	-	-	8,186
Harehills JSC	308	963	447	-	-	1,718
Holt Park Wellbeing Centre	1,034	3,595	2,898	529	-	8,056
Little London, Beeston & Holbeck Housing	5,332	15,457	4,104	-	-	24,893
Residual Waste Treatment Facility	1,031	6,760	4,159	6,588	706	19,244
Total	33,587	100,396	35,736	7,243	706	177,668

Under PFI contracts, the operator provides annual revenue services in addition to providing the asset or assets. In future years, the council will pay the contractor for the services it provides during each year in accordance with the terms set out in the contract. The Code recommends the disclosure of an estimate of the level of the revenue costs that have not yet been incurred under the contracts. However it should be noted that by the nature and duration of these schemes and the number of factors which will affect both the services provided and their cost, this can only be a broad estimate. The figures below represent an indication of the potential future costs, and do not represent a contractual commitment by the council to pay the specific amounts disclosed. Future PFI scheme revenue costs represent a very small percentage of the Council's annual revenue expenditure over the 25 year period. The figures shown for the operational costs of the Waste Treatment Facility are those which will be incurred directly by the council, and do not include costs to be recovered by the contractor from third parties. Lifecycle costs relating to the schemes are accounted for as capital expenditure.

£000s	Payable in 1 Year	Payable in 2-5 Years	Payable in 6-10 Years	Payable in 11-15 Years	Payable in 16-20 Years	Total
<i>Operational costs</i>						
Schools	14,318	57,708	39,894			111,920
Housing schemes	7,964	32,031	36,941			76,936
Waste plant	1,677	14,061	22,931	44,507	5,215	88,391
Other buildings	2,771	11,299	14,749	3,840		32,659
Infrastructure	3,912	15,603	4,965			24,480
Total	30,642	130,702	119,480	48,347	5,215	334,386
<i>Lifecycle costs</i>						
Schools	6,437	19,770	9,421			35,628
Housing schemes	3,209	19,143	13,477			35,829
Waste plant	-	7,998	-	8,569	-	16,567
Other buildings	2,401	8,197	7,139	994		18,731
Infrastructure	1,069	178	58			1,305
Total	13,116	55,286	30,095	9,563	0	108,060

## 12 Additional notes to the comprehensive income and expenditure account

This section brings together notes about spending in particular areas and on transactions with related parties. Councils are required to disclose information on these areas, and the transactions covered are included within the Comprehensive Income and Expenditure Account but are not sufficiently material to appear as individual figures within it.

### 12.1 Dedicated Schools Grant

Expenditure on schools is funded primarily by grant funding provided by the Department for Education (DfE), as a separate Dedicated Schools Grant (DSG). An element of the DSG is recouped by the DfE to fund academy schools within the authority area. The use of the DSG is restricted by statutory regulations, and the Accounts and Audit Regulations 2015 require local authorities to include a note to their accounts disclosing how the DSG has been used. The DSG must be allocated between the Individual Schools Budget and the Central Schools Budget, and overspends or underspends on the two elements must be accounted for separately. The amount of DSG received by an authority is dependent on pupil numbers, and thus the total grant for the year is not finalised until after the expenditure budget has been allocated.

For 2024/25 the total available DSG funding including the balance brought forward from 2023/24 was £580.6m. However it was agreed that £4.5m would be carried forward to be recouped in 2025/26, leaving £576.1m available to be allocated in 2024/25.

Calculation of available DSG

2023/24	£000s	2024/25
861,316	Final DSG before Academy recoupment	948,773
(340,951)	Academy figure recouped in year	(376,673)
520,365	Total DSG after Academy recoupment	572,100
11,012	Brought Forward	8,457
(10,512)	Carry forward agreed in advance	(4,457)
520,865	Total for distribution	576,100

The allocation between Individual Schools and Central Schools budgets is shown in the table below:

#### Allocation of Schools Budget and Dedicated Schools Grant

2023/24			2024/25		
Central schools budget	Individual schools' budget	Total	Central schools budget	Individual schools' budget	Total
116,477	404,388	520,865	131,994	444,106	576,100
-	(1,632)	(1,632)	-	(7,131)	(7,131)
116,477	402,756	519,233	131,994	436,975	568,969
120,675	-	120,675	144,985	-	144,985
-	401,572	401,572	-	441,443	441,443
-	960	960	-	1,782	1,782
(4,198)	2,144	(2,054)	(12,991)	(2,686)	(15,677)
		10,512			4,457
		8,458			
		(2,002)			(2,002)
		-			(11,220)
		(2,002)			(13,222)
		6,456			(13,222)

The £15.6m overspend to be carried forward from 2024/25 will be deducted from the 2023/24 carried forward in the spendable reserve, giving a total spendable reserve of £4.5m DSG funding brought forward into 2025/26. Under current statutory regulations the £13.2m DSG unusable deficit reserve which arose in 2020/21 does not yet need to be funded. Any underspends on the element of DSG funding allocated to schools will be carried forward within schools reserves (see explanatory note 14).

## 12.2 Pooled budgets

Section 75 of the NHS Act 2006 allows partnership arrangements between National Health Service bodies, local authorities and other agencies in order to improve and co-ordinate services. Each partner makes a contribution to a pooled budget, with the aim of focussing services and activities for a client group. Funds contributed are those normally used for the services represented in the pooled budget and allow the organisations involved to act in a more cohesive way.

### a Joint Commissioning Board for People with Learning Disabilities

The council has a Section 75 Pooled Budget Agreement (previously Section 31 of the 1999 Health Act) with NHS West Yorkshire Integrated Care Board, which has been in place since 1st April 2006. The pooled budget fund is summarised below:

2023/24	£000s	2024/25
<i>Funding</i>		
116,686	Leeds City Council	128,593
51,435	Integrated Care Board	58,039
<u>168,121</u>		<u>186,632</u>
<i>Expenditure on services provided by</i>		
158,947	Independent sector	175,425
9,174	Leeds City Council	11,207
<u>168,121</u>		<u>186,632</u>

### b Leeds Community Equipment Services

This is an integrated service managed jointly by NHS Leeds and the council. It holds, delivers, collects and refurbishes a wide range of equipment. Some of the equipment issued by the store is purchased by a pooled equipment fund, which is made up of contributions by the managing agencies, and is provided following assessment and recommendation by a range of health and social care staff. The pooled budget fund is summarised below:

#### Leeds Community Equipment Services

2023/24	£000s	2024/25
<i>Funding</i>		
2,980	Leeds City Council	2,878
2,983	Integrated Care Board	3,210
<u>5,963</u>		<u>6,088</u>
<i>Expenditure on services provided by</i>		
4,677	Leeds City Council	4,589
1,686	NHS Leeds	1,669
<u>6,363</u>		<u>6,258</u>
400	Contribution From Reserves	170

c Better Care Fund

The council has a Section 75 Pooled Budget Agreement with NHS West Yorkshire Integrated Care Board, which has been effective since 1st April 2015. The pooled budget fund is summarised below:

Better Care Fund

2023/24	£000s	2024/25
	<i>Funding</i>	
46,973	Leeds City Council	51,052
72,778	Integrated Care Board	79,208
119,751		130,260
	<i>Expenditure</i>	
41,561	Social Care and Community Health	51,325
58,998	Social Care	60,633
10,187	Third Sector	7,257
9,005	Acute	11,045
119,751		130,260

### 12.3 Employee remuneration

Under the Accounts and Audit Regulations 2015, local authorities are required to disclose information on their employees' remuneration in three sections. Full details are required for senior employees who have a role in the overall management of the council or who occupy certain statutory posts, and whose annual salary is above £50,000. Those senior officers whose salary is above £150,000 are required to be named.

In addition two summary disclosures are required, covering the numbers of other staff whose total remuneration (i.e. salary plus pension etc.) is above £50,000, and the number and value of all exit packages agreed during the year.

a Senior employees

The following table gives details of the remuneration for senior officers (as defined above) with an annual salary of above £50,000:

Senior employees remuneration

£s		Employment period	Salary, Fees and Allowances	Employers Pension Contribution	Total Remuneration
2023/24					
	Chief Executive (Tom Riordan )	1 April 2023 to 31 March 2024	197,946	28,776	226,722
	Director of Communities, Housing & Environment (James Rogers)	1 April 2023 to 31 March 2024	169,522	26,784	196,306
	Director of Strategy & Resources (Mariana Pexton)	1 April 2023 to 31 March 2024	157,978	24,961	182,939
	Director of Adults & Health (Caroline Baria)	1 April 2023 to 31 March 2024	158,079	24,976	183,055
	Director of City Development (Martin Farrington)	1 April 2023 to 31 March 2024	169,522	26,425	195,947
	Director of Children & Families (Julie Longworth)	1 April 2023 to 31 March 2024	159,306	25,170	184,476
	Director of Public Health (Victoria Eaton)	1 April 2023 to 31 March 2024	127,629	18,353	145,982
	Chief Finance Officer (Victoria Bradshaw)	1 April 2023 to 31 March 2024	118,696	19,121	137,817
	City Solicitor (Catherine Witham)	1 April 2023 to 31 March 2024	116,652	18,431	135,083
2024/25					
	Chief Executive (Tom Riordan )	iii 1 April 2024 to 22 September 2024	94,833	14,943	109,776
	Chief Executive (Ed Whiting)	7 January 2025 to 31 March 2025	47,996	7,583	55,579
	Director of Strategy & Resources (Mariana Pexton)	i 1 April 2024 to 31 March 2025	182,457	28,829	211,286
	Director of Communities, Housing & Environment (James Rogers)	iv 1 April 2024 to 31 March 2025	173,760	27,454	201,214
	Director of Adults & Health (Caroline Baria)	1 April 2024 to 31 March 2025	166,779	26,351	193,130
	Director of City Development (Martin Farrington)	1 April 2024 to 30 September 2024	86,880	13,727	100,607
	Director of City Development (Angela Barnicle)	1 October 2024 to 31 March 2025	94,401	14,915	109,316
	Director of Children & Families (Julie Longworth)	1 April 2024 to 31 March 2025	166,779	26,351	193,130
	Director of Public Health (Victoria Eaton)	1 April 2024 to 31 March 2025	130,820	18,812	149,632
	Chief Finance Officer (Victoria Bradshaw)	ii 1 April 2024 to 31 March 2025	130,730	20,655	151,385
	City Solicitor (Catherine Witham)	1 April 2024 to 31 March 2025	119,568	18,892	138,460

- i Between 23<sup>rd</sup> September 2024 and 6<sup>th</sup> January 2025, the Director of Strategy and Resources held the post of Acting Chief Executive. The remuneration shown above reflects both of these roles.
- ii From 23<sup>rd</sup> September 2024, the Chief Finance Officer held the post of Interim Assistant Chief Executive, Finance Traded and Resources. The remuneration shown above reflects both of these roles.
- iii In addition to his remuneration disclosed above, during 2024/25 the Chief Executive received £38.3k in relation to his role as Returning Officer during national elections. No national elections were held during 2023/24.
- iv In addition to his remuneration disclosed above, the Director of Communities, Housing & Environment received £11.0k in 2024/25 in relation to his role as Deputy Returning Officer during national elections. No national elections were held during 2023/24.

#### General notes

- No bonuses were paid during 2023/24 and 2024/25.
- No expense allowances were paid during 2023/24 and 2024/25.
- No additional benefits, either in cash or otherwise, were paid during 2023/24 and 2024/25.
- Any officer who acts as an Elections officer does so in a personal capacity and not as an employee of Leeds City Council. Any fees received in this capacity are therefore not included in the above figures.

#### b Other employees

The following table gives the numbers of employees whose total remuneration is above £50,000 but who are not included in the detailed disclosure for senior employees given above.



## Other employee remuneration in excess of £50,000

2023/24			Number of employees	2024/25		
Teachers	Other Staff	Total		Teachers	Other Staff	Total
178	531	709	£50,000 to £54,999	269	599	868
96	156	252	£55,000 to £59,999	112	175	287
70	132	202	£60,000 to £64,999	78	144	222
33	41	74	£65,000 to £69,999	55	59	114
27	51	78	£70,000 to £74,999	35	59	94
23	19	42	£75,000 to £79,999	32	21	53
25	29	54	£80,000 to £84,999	16	13	29
10	15	25	£85,000 to £89,999	14	28	42
9	5	14	£90,000 to £94,999	9	9	18
4	6	10	£95,000 to £99,999	8	7	15
4	1	5	£100,000 to £104,999	5	2	7
2	7	9	£105,000 to £109,999	3	3	6
1	2	3	£110,000 to £114,999	2	6	8
2	4	6	£115,000 to £119,999	3	6	9
3	3	6	£120,000 to £159,999	3	2	5
		-	£160,000 to £164,999	-	-	-
487	1,002	1,489		644	1,133	1,777

During 2024/25 a number of employees, who are normally paid less than £50k, have left the council under an Early Leavers Initiative and received a lump sum payment. For 2024/25, 1 teacher and 8 other staff have been added to this disclosure due to these one off payments. The equivalent figures for 2023/24 were 4 teachers and 8 other staff.

### c Costs of compulsory redundancies and other leavers

The Code requires councils to disclose any costs it has incurred as a result of compulsory redundancies and of staff who have left for other reasons such as voluntary early retirement. The costs shown represent the total cost to the council rather than the amounts actually received by the employee. This includes pension strain payments paid to the West Yorkshire Pension Fund to cover the impact of voluntary early retirements. For many years the council has adopted a policy of encouraging voluntary early retirements as the most cost effective means of reducing the size of its workforce. Staff have been allowed to retire early in cases where the additional pension cost will be recovered by the resulting salary savings within 5 years or less. During 2024/25 the council incurred £9.2m of pension strain costs, which are estimated to have resulted in an £27.6m salary saving over 5 years. The comparable figures for 2023/24 were £0.6m of pension strain costs, resulting in a £5.4m salary saving over 5 years.

The following table shows the number and value of exit packages agreed during the year, analysed between compulsory redundancies and other departures, shown in bands of £20k up to £100k, and bands of £50k thereafter. As required by the Code, bands have been combined where this is necessary to ensure that individual exit packages cannot be identified.

## Costs of leavers

2023/24			2024/25		
<i>Number of packages</i>	<i>Total cost</i>		<i>Number of packages</i>	<i>Total cost</i>	
	£			£	
		<i>Compulsory redundancies</i>			
14	106,940	Up to £199,999	16	611,727	
14	106,940		16	611,727	
		<i>Other leavers</i>			
31	373,552	Up to £19,999	109	1,227,480	
8	279,635	£20,000 to £99,999	48	2,418,052	
3	426,164	£100,000 to £299,999	50	8,115,339	
42	1,079,351		207	11,760,871	

### 12.4 Related parties

Related parties are organisations or individuals with whom the council may potentially enter into transactions other than on an arms-length commercial basis, because of a relationship that exists between the council and the related party. Related parties are individuals or organisations who:

- have the potential either to influence or control the council's activities (for example the UK Government can exercise significant influence over local authorities via legislation or conditions attached to grant funding), or
- those who can be influenced or controlled by the council (for example its subsidiary companies), or
- those who are subject to a common influence from the same source (for example the National Health Service which is also subject to government control)

The Code requires the disclosure of significant related party relationships irrespective of whether any transactions have taken place, and of any material transactions between the council and its related parties to ensure that stakeholders are aware that these transactions have taken place and the amount and implications of such transactions.

Information on the council's related parties is given below:

#### a Council members

The council maintains a register of all members' disclosable pecuniary interests. Within 28 days of election, Councillors are legally required to inform the council's Monitoring Officer of any pecuniary interests they have. If a Councillor is present at a meeting of the authority, or any committee, subcommittee, joint committee or joint subcommittee of the authority, and has a disclosable pecuniary interest then, if that interest is not registered, they must disclose that interest to the meeting and notify the Council's Monitoring officer to have that interest added to the register of interests.

The register of member's interests is open to public inspection as required by Section 29 of the Localism Act 2011. A copy of the register of members' interests is also available to view on the council's website. Where a member has a disclosable pecuniary interest they are precluded

from taking any part in meetings or decisions related to their previously disclosed interest, unless an appropriate dispensation has been granted.

The existence of the procedures described above ensure that the council is able to both identify where a member has an interest, and take action to ensure that there is no participation in any decisions relevant to their interest. All major decisions are available for public scrutiny and challenge as part of the council's constitutional arrangements.

In respect of the 2024/25 financial year a number of council members had a controlling interest in a company, partnership, trust or other entity. The controlling interest was by way of ownership, or as a director, trustee, governor or partner of an organisation. These entities included some voluntary organisations which would be considered as related parties of the council even without the involvement of specific members, and details of transactions with such organisations are included in section c below. For the remaining organisations which are considered to be related parties of the council due to the involvement of council members, transactions amounted to £10,895k of expenditure during the year.

**b Senior officers**

Officers falling within the definition of related parties for Leeds City Council are its Corporate Leadership Team and other statutory officers, comprising the Chief Executive, departmental directors, the Director of Public Health, the City Solicitor and the Chief Finance Officer. The definition also covers members of those officers' close families or households.

As in the case of members, there is a code of conduct governing the disclosure of interests held by officers. Under s117 of the Local Government Act 1972, senior officers are required to disclose any pecuniary interests they hold. Furthermore the employee code of conduct precludes an officer from making any decision which is not in the best interests of the council and does not represent value for money.

All key and significant decisions are published on the council's website and are available for public inspection. This framework ensures that both the scope for related party transactions is minimal, and that disclosure is provided where any such transactions may have occurred.

In respect of the 2024/25 financial year a number of senior officers declared interests which give rise to related parties, with associated expenditure amounting to £37k.

**c Other significant related parties**

The United Kingdom government and other bodies within the UK public sector which fall within its control are related parties of the council. Apart from the government itself, the most significant of these for the council's activities are National Health Service bodies, with whom the council co-operates in the delivery of various areas of health and social care, and the West Yorkshire Combined Authority (WYCA), who are responsible for public transport and economic development in the region.

Related party transactions with National Health Service bodies amounted to income to the council of £42.9m in 2024/25 (£45.3m in 2023/24), including £8.1m accrued at 31st March 2024. This is mainly made up of the increased ICBs contribution for social care expenditure. An additional £1.7m is held as receipts in advance at 31st March 2025. This income relates to various schemes and includes funded nursing care for local authority funded residents, under Section 49 of the Health and Social Care Act 2001. Payments to NHS bodies amounted to £22.8m in 2024/25 (£21.5m in 2023/24), including £5.6m accrued at 31st March 2025. These payments mainly relate to services commissioned by the Public Health service, which transferred to the council on 1st April 2013.

Related party transactions with WYCA (the West Yorkshire Combined Authority) amounted to expenditure by the council of £34.7m in 2024/25 (£18.6m in 2023/24). £33.5m relates to the transport levy paid by the council, and the remainder is payments for transport services provided by the WYCA such as home to school transport, including £13.5m accrued at 31<sup>st</sup>

March 2025. The council borrowed a total of £15.7m from WYCA during the year through a mixture of bonds and temporary fixed loans.

The following related party transactions with other entities within the UK public sector are disclosed elsewhere in the accounts:

- Precepting authorities (see the Income and Expenditure and Collection Fund Accounts)
- Local Authority (Goods and Services) Act 1970 (see explanatory note 9)
- West Yorkshire Pension Fund (see explanatory note 3)
- Pooled services (see explanatory note 12.2)
- Government grants (see explanatory note 8)

A number of voluntary organisations fall within the scope of related parties due to the nature of their financial relationships with the Council. These include some voluntary organisations in which elected Council members also have a controlling interest or significant influence by way of trustee or board memberships. Agency payments by way of grants made to voluntary organisations for undertaking certain statutory duties on behalf of the council amounted to £39.1m in 2024/25 (£34.5m in 2023/24).

The Council has a small number of subsidiaries, associates and joint ventures which fall within the definition of related parties. Further details of these relationships and of any material related party transactions with them are given in Explanatory Note 24.

## 12.5 Audit fees

The Code requires a summary of the fees payable to the council's appointed auditors in relation to the financial year. The appointed auditor is no longer required to certify any grant claims as part of their role, and has not been contracted for any work of this nature during the year. The following table breaks down fees payable to the appointed auditors by the nature of the work done.

### Audit fees

2023/24	£000s	2024/25
579	General audit	617
-	Certification of grant claims and returns	-
579		617
-	Other services	-
579		617

## 12.6 Leases in

The council leases in several properties for a number of different service reasons. Since the introduction of IFRS16 the assets recognised under leases are treated as right-of-use assets.

The most material of these relate to the north/south stand at Headingley Stadium and a TV and film studio on Whitehall Road, both of which commenced in 2019/20. Both of these relate to sub-lease arrangements whereby the council leases the properties in from one party and then leases the properties out again to another party for a similar duration (see note 12.9 for further information). Financing costs of £1,157k have been included in the Comprehensive Income and Expenditure Statement and the principal element of £1,277k used to write down

the deferred liability on the balance sheet. These assets are classified as other operation land and buildings on the balance sheet.

All assets acquired under a finance lease are carried in the balance sheet as property, plant and equipment. Details of the carrying values of these assets are given in note 15.1b.

At 31<sup>st</sup> March 2025 the council was committed to making minimum payments under these agreements of £70.7m made up of the following amounts:

#### Breakdown of minimum lease payments

31/03/2024	£000s	31/03/2025
	Finance Lease Liability	
870	Current	1,391
39,318	Non Current	53,205
11,560	Finance costs payable in future years	16,066
51,748	Minimum lease payments	70,662

The minimum lease payments will be payable over the following periods:

31/03/2024	£000s	31/03/2025
1,603	Payable not later than one year	2,581
6,541	Payable later than one year and not later than 5 years	10,339
43,604	Payable later than 5 years	57,742
51,748		70,662

The present value of these minimum lease payments is as follows:

31/03/2024	£000s	31/03/2025
1,603	Not later than one year	2,581
6,131	Later than one year and not later than 5 years	9,550
32,454	Later than 5 years	42,451
40,188		54,582

## 12.7 Operating leases out

In year rent received from operating leases out amounted to £10,834k.

£000s	Receivable in 1 Year	Receivable in 2-5 Years	Receivable in > 5 Years	Total
Commercial	3,642	11,841	14,462	29,945
Car park	2,042	8,167	37,638	47,847
Entertainment venue	2,165	8,661	21,651	32,477
Other	2,769	8,628	20,808	32,205
	10,618	37,297	94,559	142,474

## 12.8 Finance leases out

The council has disposed of a number of commercial properties by way of finance leases. The most material of these are the north/south stand at Headingley Stadium and a TV and film studio on Whitehall Road, both of which it leases in over similar lease terms to its leases out (please see note 12.6 above and note 15.4 on long term debtors for further information). The council has a gross investment in the lease, made up of the minimum lease payments that will be received over the remaining term of the lease and the residual value anticipated for the property when the lease comes to an end. The minimum lease payments comprise the settlement of the long term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the council in future years whilst the debtor remains outstanding. The gross investment is made up as follows:

31/03/2024	£000s	31/03/2025
	Finance Lease Debtor	
861	Current	951
41,462	Non Current	40,511
17,802	Unearned finance income	16,918
110	Unguaranteed residual value	110
<u>60,235</u>	Gross investment in the lease	<u>58,490</u>

The minimum lease payments will be received over the following periods:

31/03/2024	£000s	31/03/2025
1,745	Receivable not later than one year	1,817
7,267	Receivable later than one year and not later than 5 years	7,269
51,112	Receivable later than 5 years	49,294
<u>60,124</u>	Minimum lease payments	<u>58,380</u>

The PV of the minimum lease payment due is as follows:

31/03/2024	£000s	31/03/2025
1,208	Receivable not later than one year	1,208
6,801	Receivable between one year and 5 years	6,874
34,313	Receivable later than 5 years	33,380
<u>42,322</u>	Minimum lease payments	<u>41,462</u>

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

31/03/2024	£000s	31/03/2025
1,745	Receivable not later than one year	1,817
7,267	Receivable later than one year and not later than 5 years	7,269
51,223	Receivable later than 5 years	49,404
<u>60,235</u>	Minimum lease payments	<u>58,490</u>

## 12.9 Members' Allowances

The following table shows the value of allowances paid to elected Members under the Local Authorities (Members' Allowances) (England) Regulations 2003 :

2023/24	£000s	2024/25
1,766	Basic Allowance	1,824
809	Special Responsibility Allowance	806
2,575		2,630

## 13 Movements in reserves

The council's reserves are shown on its balance sheet as split between usable and unusable reserves, and between revenue and capital reserves. Usable revenue reserves and usable capital reserves are the only amounts within total reserves which are available to fund future expenditure. Usable capital reserves can only be used to fund capital expenditure, but revenue reserves can be used to fund either revenue or capital expenditure.

Unusable revenue reserves are those established by statute in order to adjust the timing with which certain items affect council tax payers and housing tenants. For example, the largest statutory revenue reserve relates to pensions liabilities measured under IAS19. The government has determined that current council tax payers and tenants should only be charged with the actual level of pension fund contributions payable by the council, and thus the level of the pensions reserve reflects the extent to which pension liabilities already earned at the balance sheet date will be paid for through future pension fund contributions and income earned from pension fund assets.

Unusable capital reserves reflect unrealised gains on the council's long term assets, and timing differences between the extent to which funding has been set aside for previous capital expenditure, and the extent to which the benefits of that expenditure have been consumed.

The following notes give more detailed breakdowns of the figures shown in the Movement in Reserves Statement.

### 13.1 Other comprehensive income and expenditure

The following table gives a breakdown of the figures for Other comprehensive income and expenditure shown within the Movement in Reserves Statement.

2023/24	£000s	2024/25
	<i>Gains / (losses) on Capital accounting balances</i>	
(11,891)	Surplus / (deficit) on revaluation of long term assets	(12,589)
(3,595)	Surplus / (deficit) on revaluation of financial assets	418
(15,486)		(12,171)
	<i>Gains / (losses) on Statutory revenue reserves</i>	
117,345	Actuarial gains / (losses) on pension fund	(202,303)
101,859	Total of other recognised gains and losses	(214,474)

### 13.2 Statutory adjustments between the accounting basis and the funding basis

The Comprehensive Income and Expenditure Statement shows the council's income and expenditure for the year on the basis of International Financial Reporting Standards. However, the amounts actually chargeable to a local authority's General Fund reserves and its Housing Revenue Account, and therefore to its council tax and housing rents, are controlled by legislation and include a number of statutory adjustments and transfers to specific reserves. The statutory adjustments which are required largely relate either to the arrangements for the funding of a local authority's capital expenditure or to the timing with which some items are charged or credited to council tax and housing rents. The table below summarises these adjustments.



2023/24		2024/25	
Total	£000s	Total	notes
<i>Transfers to/(from) the Usable Capital Receipts Reserve</i>			
48,428	Net gain / (loss) on sale of fixed assets - capital receipts	62,372	
-	- Transfer to I&E to fund disposal costs	(337)	
(19)	Transfer to I&E to fund payment of HRA pooled receipts	(4)	
48,409		62,031	
<i>Transfers to/(from) the Housing Major Repairs Reserve</i>			
23,172	Excess of depreciation charged to HRA over Major Repairs Allowance	36,523	
<i>Transfers to/(from) the Capital Grants Unapplied account</i>			
205,173	Capital grants received	191,816	
276,754	Total transfers to / (from) usable capital reserves	290,370	
<i>Transfers to/(from) General Fund and HRA reserves to Statutory revenue</i>			
1,251	Transfer to / (from) the pensions reserve	6,675	i
1,977	Transfer to / (from) the financial instruments adjustment account	1,971	
9,673	Transfer to / (from) the collection fund adjustment account	140	
(559)	Transfer to / (from) the accumulated absences account	(1,041)	
12,342	Total transfers to / (from) statutory revenue reserves	7,745	
<i>Transfers to/(from) General Fund and HRA reserves to Capital accounting</i>			
(257,448)	Depreciation and impairment of fixed assets (excl depr'n on HRA assets)	(241,311)	
(46,819)	Capital expenditure defined under statute	(55,843)	
-	- Grants and contributions for capital expenditure defined under statute	-	
(63,210)	Net gain / (loss) on sale of fixed assets - assets written out	(77,512)	
-	- Discount granted on repayment of capital long term debtor	-	
-	- Deferral of capital receipts due	2,896	
57,528	Statutory provision for repayment of debt	62,078	
3,724	Capital expenditure funded from revenue	4,192	
-	- Donated or exchanged assets received	-	
-	- HRA set aside to redeem debt	-	
8,247	Other statutory items within the HRA	10,556	
(297,978)	Total transfers to / (from) capital accounting balances	(294,944)	
(8,882)	Net additional amounts to be debited/(credited) to General Fund and HRA	3,171	

i A number of adjustments are required or permitted by statute, which have the effect of amending the rate at which certain items of income and expenditure are charged or credited to the General Fund and the Housing Revenue Account :

- The amount by which IAS19 pensions costs differ from the actual pension contributions payable for the year is transferred to or from the Pensions Reserve.
- Premiums and discounts on re-scheduled borrowing are amortised over a number of years from the Financial Instruments Adjustment Account (please see explanatory note 22.1 for further details).
- Differences between the council's Council Tax and Business Rates precepts for the year and its actual local tax income collected are transferred to or from the Collection Fund Adjustment Account (please see note 22.3).
- Liabilities relating to untaken leave entitlements carried forward by staff are transferred to the Accumulated Absences Account (please see explanatory note 22.2).

Details of the total movements in the remaining reserves referred to above can be found in the following notes :

- H7 Housing Major Repairs Reserve
- 20.6 Capital grants unapplied account
- 20.5 Usable capital receipts reserve
- 20.2 Capital adjustment account

### 13.3 Statutory capital adjustments

The table below shows the transfers between usable and non-usable capital reserves that are required by statute for the year.

2023/24	£000s	2024/25	notes
38,466	Transfer to Housing Major Repairs Reserve - HRA depreciation	38,427	i
2,995	Transfers to Usable capital receipts reserve - long term capital debtors received and capital investments sold	933	ii
<u>41,461</u>		<u>39,360</u>	

- i Local authorities are required to transfer from the Capital adjustment account to the Housing Major Repairs Reserve an amount equal to the depreciation on HRA properties.
- ii Long term debtors which arise either from the disposal of fixed assets or from the repayment of capital loans are required by statute to be treated as capital receipts and credited to the Usable Capital Receipts reserve in the year in which payment is received. As they do not represent income for that year, this is done via a transfer from the Deferred capital receipts account and the Capital adjustment account respectively.

### 13.4 Transfers to fund new capital expenditure and to repay capital debt

The following table gives a breakdown of the amounts which the council has transferred from its usable capital reserves to the Capital Adjustment Account (see note 20.2) to fund new capital expenditure for the year and to fund the repayment of credit arrangements and capital borrowings. Details of the total movements on the individual reserves affected by these items can be found in the explanatory notes referred to below.

2023/24	£000s	2024/25	notes
69,523	Transfer from Usable Capital Receipts Reserve	68,379	20.5
58,151	Transfer from the Major Repairs Reserve	43,594	H6
162,738	Transfer from Capital Grants Unapplied account	151,421	20.6
<u>290,412</u>		<u>263,394</u>	

## 14 Earmarked Revenue Reserves

Leeds City Council has a number of earmarked reserves set aside for specific purposes.

## Earmarked revenue reserves

£000s	31/03/2024	net movements	31/03/2025	notes
Schools reserves	18,544	(7,331)	11,213	a
Other education reserves	15,854	(9,415)	6,439	b
Total schools reserves	34,398	(16,746)	17,652	
Health and Social Care reserves	11,887	(6,188)	5,699	c
Covid pressures reserve	37	(37)	-	d
Other government grants in advance	22,653	9,324	31,977	e
S31 Grants Business Rates reserve	2,388	(2,388)	-	f
Strategic Contingency reserve	19,685	(19,685)	-	g
Capital reserve	1,226	(1,226)	-	h
Insurance reserve	5,071	(5,071)	-	i
Investment/Innovation Reserve	3,101	933	4,034	j
Other reserves	13,341	(1,548)	11,793	k
Total earmarked revenue reserves	113,787	(42,632)	71,155	

### a Schools reserves

In accordance with section 48 of the School Standards and Framework Act 1998, the Leeds Scheme for the financing of schools provides for the carry forward of individual school surpluses. School reserves have decreased by a net £7.3m in 2024/25. The balance of £11.2m shown above partly reflects borrowing from school reserves to fund initiatives on safeguarding and learning, the development costs of PFI and BSF schemes, and schools VER costs. At the close of 2024/25, net borrowing from schools reserves amounted to £1.5m. Thus the actual reserves available to schools are £12.7m, a decrease of £5.8m in comparison to 31<sup>st</sup> March 2024. In the event of schools needing to call on their available reserves, the amounts not yet repaid would be transferred from the General Fund reserve.

### b Other Education reserves

Other Education reserves include reserves for extended schools activity, and the Dedicated Schools grant reserve.

Extended school activity is an initiative to make greater use of school facilities to provide wider community access and provide extended services such as quality childcare, study support activities and parenting support. Such activities are expected to broadly break even in the medium term and any net surplus or deficit is carried forward to the following financial year. This balance also includes the reserves held by Area Inclusion Partnerships, Clusters of schools and Children's centres.

The Dedicated Schools Grant (DSG) is made up of four blocks – the Schools Block, High Needs Block, Early Years Block and the Central Schools Services Block. From 2020/21 onwards, statutory regulations require that any in-year deficit is transferred to an unusable reserve known as the DSG Unusable Reserve, and any in year surplus is carried forward to the schools budget in the following year. The net position on the DSG for 2024/25 was a deficit of £13.2m.

### c Health and Social Care reserves

Funds received from health partners and government grants have been set aside in earmarked reserves. The purpose of these reserves is to help work towards an integrated health and social care system, to improve workflows and client-flow through the health and

social care system and support the safeguarding of vulnerable adults. Any unspent balances of the ringfenced Public Health grant are also included within these figures.

d Covid pressures reserve

In previous years the council established a reserve to fund potential ongoing pressures arising from the covid pandemic. The remaining balance has been applied during 2024/25.

e Other government grants in advance

Under IFRS accounting requirements, the council recognises income for the grants that it receives as soon as it has satisfied all of the grant conditions, rather than recognising them as income only when the associated expenditure which they are to fund occurs. This means that in many cases grant income is recognised in an earlier financial year than its associated expenditure. The council has therefore established reserves to hold such grant income separately until the expenditure which it is to fund occurs.

f S31 Business Rates reserve

S31 NNDR relief grants relating to new reliefs which were awarded to ratepayers for 2023/24 were carried forward in a reserve, and were utilised in 2024/25 when the business rates precept was reduced as a result of the reliefs.

g Strategic Contingency Reserve

This reserve is earmarked to fund future unforeseen budget pressures and to help ensure that the Council is more financially resilient. The council drew on this reserve to fund services during the year.

h Capital reserve

Directorate contributions towards the prudential borrowing costs of capital schemes are appropriated to the capital reserve based on the life of the asset. These contributions are released back to revenue to cover the actual cost of the debt over the life of the loan.

i Insurance reserve

The council maintains an insurance reserve, currently £5.0m, to meet the costs of future insurance claims. Details of the council's insurance provision to cover the cost of claims already received can be found in Explanatory note 4.

j Investment/Innovation reserve

The reserve has been created as a means to get projects off the ground that will generate future revenue savings.

k Other reserves

The council has also set aside several reserves for various purposes, including :

- A £1.5m business rates distribution reserve from the 2018/19 business rates pool surplus and for funding allocated to projects.
- A reserve of £1.4m holding contributions from Health Service bodies to fund the development of digital solutions for personalised care.
- A ring-fenced reserve for the taxi and private hire licensing service.

## 15 Long Term Assets

This section provides additional information on the long term assets held on the Balance Sheet.

## 15.1 Property plant and equipment

### a Balance sheet value

This note analyses the movement in the balance sheet value of the council's housing, land and other fixed assets.

The balance sheet value is made up of the cost or valuation, less any accumulated depreciation and impairment.

Cost or valuation is the historical cost or revalued amount of assets at the beginning of the year, plus any additions and revaluations (both positive and negative) during the year. The cost or revalued amount of assets disposed of during the year is written out to give the year-end balance.

The deterioration of an asset between formal revaluations is measured by depreciation and impairment due to asset deterioration. The accumulated depreciation for an asset is written out when the asset is revalued, and all accumulated depreciation and impairment values are written out when an asset is disposed of.

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. Since the 1st April 1994 any new infrastructure assets and enhancements are included at construction cost, net of depreciation where appropriate. However, the value of infrastructure assets in existence at 1st April 1994 is included in the Balance Sheet at the equivalent of any net loan debt outstanding at that date, less subsequent depreciation.

The following tables show a breakdown of the carrying value of fixed assets on the balance sheet, and the movements in the carrying value during the year, for each category of fixed assets.

## Balance sheet movements 2024/25

<i>Property plant and equipment</i> £000s	<i>Council dwellings</i>	<i>Other land &amp; buildings</i>	<i>Right of Use Assets</i>	<i>Infrastructure</i>	<i>Vehicles, plant, eqpt</i>	<i>Community assets</i>	<i>Assets under construction</i>	<i>Total fixed assets</i>
Cost or valuation	2,509,958	2,759,757	-		194,778	95,226	33,876	5,593,595
Accumulated depreciation and impairment	(1,005)	(121,134)	-		(146,914)	(17,525)	-	(286,578)
Infrastructure carrying value				1,365,510				1,365,510
Balance sheet value as at 1 April 2024	2,508,953	2,638,623	-	1,365,510	47,864	77,701	33,876	6,672,528
Depreciation	(36,636)	(33,326)	(15)	(64,586)	(18,936)	(1,483)	-	(154,981)
Additions	83,530	22,425		128,638	26,023	6,356	37,853	304,825
IFRS 16- Remeasurement			58,072					58,072
PFI remeasurement	24,505	103,489						127,994
Donations	-	-						-
Impairments (charged to cost of services)	(6,571)	(122)		-	-	-	-	(6,693)
Impairments (charged to revaluation reserve)	(2,191)	(683)		-	-	-	-	(2,874)
Revaluations (charged to cost of services)	(12,178)	(80,962)	(7,974)	-	-	-	-	(101,114)
Revaluations (credited to revaluation reserve)	11,758	(36,470)	8,484	-	-	-	-	(16,228)
Disposals	(4,871)	(39,158)	(3,221)	-	(2)	-	-	(47,252)
Changes in classification	(155,026)	(3,751)		100	-	601	(4,332)	(162,408)
Balance sheet value as at 31 March 2025	2,411,274	2,570,065	55,346	1,429,661	54,949	83,176	67,397	6,671,868
Comprising:								
Cost or valuation	2,412,201	2,690,875	55,361		202,008	102,183	67,397	5,530,025
Accumulated depreciation and impairment	(927)	(120,809)	(15)		(147,059)	(19,008)	-	(287,818)
Infrastructure carrying value				1,429,661				1,429,661

## Balance sheet movements 2023/24

<i>Property plant and equipment £000s</i>	<i>Council dwellings</i>	<i>Other land &amp; buildings</i>	<i>Right of Use</i>	<i>Infrastructure</i>	<i>Vehicles, plant, eqpt</i>	<i>Community assets</i>	<i>Assets under construction</i>	<i>Total fixed assets</i>
Cost or valuation	2,552,188	2,761,936			203,409	85,541	65,652	5,668,726
Accumulated depreciation and impairment	(966)	(120,586)			(146,512)	(16,224)	-	(284,288)
Infrastructure carrying value				1,300,353				1,300,353
Balance sheet value as at 1 April 2023	2,551,222	2,641,350		1,300,353	56,897	69,317	65,652	6,684,791
Depreciation	(36,483)	(32,542)		(60,814)	(21,483)	(1,301)	-	(152,623)
Additions	116,023	45,165		125,971	12,470	9,123	22,180	330,932
Donations	-	-						-
Impairments (charged to cost of services)	(3,624)	(73)		-	-	-	-	(3,697)
Impairments (charged to revaluation reserve)	(1,208)	-		-	-	-	-	(1,208)
Revaluations (charged to cost of services)	(128,904)	(7,866)		-	-	30	-	(136,740)
Revaluations (credited to revaluation reserve)	(29,154)	13,618		-	-	-	-	(15,536)
Disposals	(3,342)	(26,989)		-	(20)	-	-	(30,351)
Changes in classification	44,423	5,960		-	-	532	(53,956)	(3,041)
Balance sheet value as at 31 March 2024	2,508,953	2,638,623		1,365,510	47,864	77,701	33,876	6,672,528
Comprising:								
Cost or valuation	2,509,958	2,759,757			194,778	95,226	33,876	5,593,595
Accumulated depreciation and impairment	(1,005)	(121,134)			(146,914)	(17,525)	-	(286,578)
Infrastructure carrying value				1,365,510				1,365,510

### b Nature of asset holding

This table shows whether assets recognised on the balance sheet at 31st March 2025 are owned by the council, leased, or part of a PFI arrangement. Further details of PFI contracts can be found in explanatory note 11.

#### Nature of asset holding

<i>Property plant and equipment £000s</i>	<i>Council dwellings</i>	<i>Other land &amp; buildings</i>	<i>Right of Use</i>	<i>Infrastructure</i>	<i>Vehicles, plant, eqpt</i>	<i>Community assets</i>	<i>Assets under construction</i>	<i>Total fixed assets</i>
Owned	2,397,609	2,166,852		1,362,831	54,949	78,990	67,397	6,128,628
Finance Lease	-	10,277	55,346	-	-	4,186	-	69,809
PFI	13,665	392,936		66,830	-	-	-	473,431
31 March 2025	2,411,274	2,570,065	55,346	1,429,661	54,949	83,176	67,397	6,671,868

The following table provides the same breakdown for the previous financial year :

<i>Property plant and equipment £000s</i>	<i>Council dwellings</i>	<i>Other land &amp; buildings</i>	<i>Right of Use</i>	<i>Infrastructure</i>	<i>Vehicles, plant, eqpt</i>	<i>Community assets</i>	<i>Assets under construction</i>	<i>Total fixed assets</i>
Owned	2,492,955	2,218,370		1,311,586	47,864	73,709	33,876	6,178,360
Finance Lease	-	10,245		-	-	3,992	-	14,237
PFI	15,998	410,007		53,923	-	-	-	479,928
31 March 2024	2,508,953	2,638,622	-	1,365,509	47,864	77,701	33,876	6,672,528

### c Valuation periods

This table summarises when assets were most recently valued, and so shows the progress of the council's five year rolling programme for revaluation. The bases for valuation are set out in accounting policy 18.

#### Valuation periods

<i>Property plant and equipment</i> £000s	<i>Council dwellings</i>	<i>Other land and buildings</i>	<i>Right of Use</i>	<i>Infrastructure</i>	<i>Vehicles, plant, eqpt</i>	<i>Community assets</i>	<i>Assets under construction</i>	<i>Total operational</i>
Valued at historical cost				1,429,661	54,949	83,176	67,397	1,635,183
Valued at current value in –								
2018/19		22						22
2019/20	-	-						-
2020/21	87	43,766						43,853
2021/22	-	38,434						38,434
2022/23	2,012	20,402						22,414
2023/24	197	72,480						72,677
2024/25	2,408,978	2,394,961	55,346					4,859,285
	2,411,274	2,570,065	55,346	1,429,661	54,949	83,176	67,397	6,671,868

The following table gives the equivalent breakdown for the previous financial year :

<i>Property plant and equipment</i> £000s	<i>Council dwellings</i>	<i>Other land and buildings</i>	<i>Right of Use</i>	<i>Infrastructure</i>	<i>Vehicles, plant, eqpt</i>	<i>Community assets</i>	<i>Assets under construction</i>	<i>Total operational</i>
Valued at historical cost				1,365,510	47,864	77,701	33,876	1,524,951
Valued at current value in –								
2018/19		22						22
2019/20	2,461	60,523						62,984
2020/21	187	46,156						46,343
2021/22	-	40,992						40,992
2022/23	2,019	20,754						22,773
2023/24	2,504,286	2,470,175						4,974,461
	2,508,953	2,638,622	-	1,365,510	47,864	77,701	33,876	6,672,526

### d Asset valuations

The council's fixed assets are valued on the balance sheet in accordance with the Statement of Asset Valuation Principles and guidance notes issued by the Royal Institution of Chartered Surveyors.

The majority of asset valuations were supervised by the council's Head of Property Services, who is a Member of the Royal Institution of Chartered Surveyors. However some operational properties and investment properties were valued by an independent specialist external valuation company with the Council Housing stock being undertaken by DVS (District Valuer Services, part of the government's Valuation Office Agency), and the council's PFI Recycling and Energy Recovery Facility (RERF) was valued by two independent specialist external valuation companies on the basis of its complex and specialised nature.



## 15.2 Investment Property

Investment properties are those that are held solely to earn rentals and/or for capital appreciation. The classification does not include rental generating properties where there is a service delivery reason for holding the property, or properties formerly classed as operational which are expected to be disposed of in less than a year, which are included within the Assets held for sale line in the balance sheet.

Investment properties are not depreciated but are reviewed annually for any changes in value. All gains and losses on revaluation are shown in the Gain or loss on investment properties line in the Comprehensive Income and Expenditure Statement. Rental income earned from investment properties amounted to £4,860k in the year. Direct operating expenses amounted to £219k.

The following table shows a breakdown of the carrying value of investment properties on the balance sheet, and the movements in the carrying value during the year.

### Investment Properties

31/03/2024	£000	31/03/2025
79,235	Opening balance sheet value	71,756
33	Additions	53
(1,679)	Revaluations (charged to gain or loss on investment properties)	(4,611)
(4,465)	Disposals	(7,965)
(19)	Amortisation	(19)
(1,349)	Changes in classification	(889)
71,756	Closing balance sheet value	58,325

## 15.3 Heritage Assets

Heritage assets are those assets with historical, artistic, cultural, scientific, technological, geophysical or environmental qualities that are held and maintained principally for their contribution to knowledge and culture, and are intended to be preserved for future generations. Assets which have some of these characteristics but which are also used for operational purposes are classed as property plant and equipment rather than heritage assets. Such assets are referred to as operational heritage assets.

Heritage assets are held at current value where a valuation is practicable and can be obtained at a reasonable cost, and otherwise at historic cost if this is available. Where no cost or valuation information is available, heritage assets are not included in the balance sheet, but their nature and extent is explained in (b) below.

### a Heritage assets included in the balance sheet

The council includes two groups of heritage assets in its balance sheet – historic buildings, and artworks and museum exhibits.

#### i Historic Buildings

The council recognises six buildings on its balance sheet as heritage assets. These are Kirkstall Abbey, Temple Newsam House, Lotherton Hall, Armley Mills, Thwaite Mills and Stank Hall Barn, of which Kirkstall Abbey is held by the council under a deed of trust. Also recognised are three listed Venetian Towers and an associated Engine House.

These assets have been judged by the council's valuers to be too unique in nature for a current valuation to be practicable, and they are all therefore held at historic cost. Since most of the buildings were acquired many years ago, and some at a nominal cost, the figures for cost included in the balance sheet relate substantially to recent preservation works on the buildings. The Venetian Towers and Engine House were recently transferred to the council at no cost, and so their carrying value reflects the cost of restoration works.

The majority of these buildings are open to the public. Details of opening times and admission charges are available from the council's website. Shortly after the year end in June 2025, a site leased by the Council which was held on the Balance Sheet was returned to the owner, the Balance sheet value as at 31<sup>st</sup> March 2025 was £1.1m.

ii Museum exhibits and works of art – valuable items

The council owns approximately 1.3 million separate works of art and exhibits. It is not considered practical to individually value this entire collection, and so only those items which have a significant value are individually valued and recorded in the balance sheet at their current valuation. The policy of the council's museums and galleries service is to individually value any item in excess of £1m. These include paintings and historic items of furniture, silverware and pottery. Valuations are undertaken by the council's museum curators by comparison with auction sales of similar items, and individual insurance valuations where exhibits are given on loan to other organisations. Valuations are undertaken annually, with the last valuation at 31st March 2025.

In addition to the individually valuable items, recent lower value acquisitions where information on cost is available are also included in the balance sheet.

All of the council's individually valuable works of art and museum exhibits are regularly on public display either in Leeds Art Gallery, Leeds City Museum, or in one of the council's historic buildings. Details of the opening hours for these buildings are available on the council's website. Information on the council's acquisitions and disposals policy for works of art and museum exhibits are given in note (b) below.

The following table shows the breakdown of the movements in the balance sheet value of heritage assets held at cost and at valuation.

Heritage assets

	<i>Historic buildings held at cost</i>	<i>Artworks and museum exhibits held at cost</i>	<i>Total assets held at cost</i>	<i>Artworks and museum exhibits held at valuation</i>	<i>Total heritage assets</i>
£000s					
As at 1 April 2024	8,699	6,303	15,002	134,400	149,402
Acquisitions and enhancements	723	30	753	-	753
Donations	-	-	-	-	-
Reclassifications	243		243		243
Revaluations	-	-	-	6,300	6,300
As at 31 March 2025	9,665	6,333	15,998	140,700	156,697

The equivalent movements in value for 2023/24 are shown below :

£000s	<i>Historic buildings held at cost</i>	<i>Artworks and museum exhibits held at cost</i>	<i>Total assets held at cost</i>	<i>Artworks and museum exhibits held at valuation</i>	<i>Total heritage assets</i>
As at 1 April 2023	7,942	6,258	14,200	129,550	143,750
Acquisitions and enhancements	761	45	806	-	806
Donations	-	-	-	-	-
Reclassifications	(4)	-	(4)	-	(4)
Revaluations	-	-	-	4,850	4,850
As at 31 March 2024	8,699	6,303	15,002	134,400	149,402

b Heritage assets not included in the balance sheet

Where valuation or cost information cannot be reliably obtained for the council's heritage assets, these assets are not included in the council's balance sheet. The following notes give an indication of the nature and scale of the heritage assets that the council holds which it does not include in its balance sheet.

i Museum exhibits and works of art – overall collections

As explained in note (a) above, the council owns approximately 1.3 million separate works of art and exhibits, and only those items which have a significant individual value are included in the balance sheet. The most recent assessment for insurance purposes was for 2019/20, when the collection was insured for a total value of £172.1m, meaning that the lesser valued items would have been insured for a collective value in the region of £31.4m. Whilst this figure does not represent a valuation of the collection, it does provide an indication of its scale. Items within the collection are diverse, ranging from scientific specimens, to period fashion garments, to antique furniture. The council has determined that it would not be practical within a justifiable level of cost to obtain individual valuations for its entire collection.

Due to the extensive nature of the collection, only a limited number of items can be on public display at any one time. Items from within the collection are displayed at the council's various museums, galleries and historic buildings. Details of the opening hours for these buildings are available on the council's website.

The council has a collections development policy which is approved annually. This policy is accessible from the Leeds Museums and Galleries homepage on the internet. The website also provides information on the preservation and management of existing exhibits and works of art, as well as an online catalogue containing information on many items within the council's collections.

ii Civic Regalia

The council owns a number of items of civic regalia, including the mayoral chains, the civic plate and various gifts presented to the council. The entire collection has an overall most recent insurance valuation of £1.2m, but individual items are not valued separately. The council has determined that the cost of valuing individual items would not be justifiable, and so these are not included in the balance sheet.

There is no regular public access to view items of civic regalia, but access for groups can be arranged on request.

iii Historical records

The council provides public access via its website to a comprehensive collection of historical records of births, deaths and marriages.

The council also manages, and owns a substantial portion of, the Leodis photographic archive of Leeds, which is a collection of approximately 60,000 images of Leeds and is available from the Leodis website. A link to the Leodis website can be found on the council's own website.

iv Other local heritage sites

The council is also responsible for a number of ancient monuments and historical sites, war memorials, and sites of special scientific interest. Public access to these varies, and further details can be found on the council's website.

c Operational heritage assets

The council has a number of historically important buildings and other structures which are used for operational purposes and therefore appear in its balance sheet as property, plant and equipment.

Included in this category are Leeds Town Hall and Kirkgate Market (both Grade 1 listed buildings), and Leeds Grand Theatre, Leeds Civic Hall and various other Grade 2\* listed buildings. Also included are two of the council's bridges which have ancient monument status, Wetherby Bridge and Otley Bridge.

## 15.4 Long term debtors

This note identifies amounts owing to the council which are being repaid over various periods longer than one year. Long term debt which has become due in less than twelve months has been reclassified as short term debt. The following table analyses the council's long term debtors:

Long term debtors

31/03/2024	£000s	31/03/2025	notes
40,143	Operating lease prepayment	-	i
4,913	Deferred developer contributions	346	
14,378	Loans made	14,792	
41,525	Amounts due under finance leases	43,317	ii
2,793	Other debtors	2,800	iii
103,752		61,255	

i In 2018/19 the council paid an initial lease premium which relates to the rental for a 25 year operating lease. Up to 31<sup>st</sup> March 2024, this was being amortised over the remaining life of the lease, and the figure included in long term debtors above for 2023/24 related to the years from 2025/26 and onwards. However with the introduction of IFRS16 from 1<sup>st</sup> April 2024 the accounting treatment for this lease has changed. The council has now recognised a right-of-use asset on its balance sheet under the lease, and the unamortised lease premium at 31<sup>st</sup> March 2024 was treated as an element of the cost of this right-of-use asset.

ii In 2019/20, the council entered into two leasing agreements in order to facilitate developments within the city. In relation to the new North/South stand at Headingley stadium, the council has leased in the new stand from the developer and leased it out to companies owned by the two resident sports clubs. Further, in order to encourage the development of creative industries, the council has leased in a building which it has

subleased out for conversion to a TV and film studio. Total finance lease debtors of £43.5m were originally recognised under these arrangements, and the long term element outstanding at 31<sup>st</sup> March 2025 is £39,523k (£40,389k at 31<sup>st</sup> March 2024). Details of the finance lease liabilities for the acquisition of these properties can be found in Explanatory note 19.1. With the introduction of IFRS16 from 1<sup>st</sup> April 2024, one further such arrangement, which had previously been treated as an operating lease in and an operating lease out, is now treated as the acquisition and disposal of a right-of-use asset, resulting in a finance lease out and the consequent recognition of a long term debtor.

- iii Other debtors include mortgages issued on Right to Buy council house disposals, deferred income due from social care clients, and amounts owing from other local authorities arising from the past winding up of various West Yorkshire joint committees.

## 15.5 Long term investments

The council has the following long term investments :

31/03/2024	£000s	31/03/2025	notes
5,366	Merrion House LLP	5,411	i
5,697	Leeds City Region Revolving Investment Fund	5,895	
1,213	Assisted Homebuy Scheme	1,388	
6,910		7,283	
12,276		12,694	

- i The council has a 50% shareholding in Merrion House LLP, a partnership established with the Town Centre Securities group of companies to enable the redevelopment of Merrion House, an office building which the council now leases from the LLP. The sole business of Merrion House LLP is to own and operate the Merrion House building. The fair value of the council's investment in the partnership for 2024/25 has been determined on the basis of its most recent audited accounts and subsequent management information, and therefore falls within Level 2 of the fair value hierarchy.

## 15.6 Contingent assets

Contingent assets are assets which may possibly arise as a result of past events, and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the council's control. Contingent assets are not accounted for in the financial statements because this could result in the recognition of material gains that may never be realised, but they should be disclosed.

The council has no contingent assets to disclose for 2024/25.

## 16 Current assets

The following section provides additional information on the short term assets held on the Balance Sheet.

### 16.1 Debtors

As the balance sheet represents the position at the end of the financial year, there are monies owed to the council at that date which are yet to be received as cash. The analysis below shows the amounts owed to the council which had not been received at 31st March 2025.

The council also makes provision for outstanding monies which it is anticipated may not be recovered. These amounts are then deducted from the total value of debtors shown in the balance sheet. An analysis of this impairment provision for bad and doubtful debts is included below.

Figures for debtors include both financial assets and non-financial assets. Non-financial assets include amounts due from the government, which have not been impaired. The council's other principal non-financial asset debtor balances are unpaid council tax and business rates, court fees in relation to recovery action for such unpaid debtors, overpaid housing benefits, and car parking fines. All such groups of debtors have been impaired on a collective basis.

31/03/2024	£000s	31/03/2025
	Government	
21,715	HM Revenue and Customs	22,332
2,575	Department of Levelling up, Housing and Communities	9,782
21,202	Other departments	21,906
45,492		54,020
	Taxpayers	
77,915	Council Tax	81,013
8,723	Business rates	10,731
86,638		91,744
	Group entities	
2,231	Associates and subsidiaries	1,347
	Public sector organisations	
54,775	Local authorities and other public bodies	52,202
	Other	
18,046	Housing rents	18,705
124,069	Other - Sundry Debtors	124,433
29,442	Other - Payments in Advance	30,661
171,557		173,799
360,693		373,112
	Impairment provisions for bad and doubtful debts	
(39,067)	Taxpayers	(39,187)
(8,069)	Housing rents	(8,307)
(19,755)	Other	(19,933)
(66,891)		(67,427)
293,802		305,685

The £124.4m of sundry debtors at the year-end represents income due to be received from routine fees and charges and from overpaid housing benefits.

## 16.2 Asset held for Sale

When it becomes highly probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through continuing use, it is reclassified as an asset held for sale. Assets held for sale are carried at the lower of carrying value and fair value less costs to sell.

Subsequent decreases in fair value less costs to sell are charged directly to the Comprehensive Income and Expenditure Account. Gains in fair value are only recognised to the extent that they reverse a loss previously recognised in the surplus or deficit on provision of services. No depreciation is charged on assets held for sale.

When an asset no longer meets the criteria to be classified as held for sale, it is reclassified back to long-term assets and valued at the lower of the carrying value before it was classified as held for sale (adjusted for any depreciation, amortisation or revaluations that would have been recognised had it not been classified as held for sale) and its recoverable amount.

The following table shows a breakdown of the carrying value of assets held for sale on the balance sheet, and the movements in the carrying value during the year.

31/03/2024	£000s	31/03/2025
106,623	1 April	85,029
2,656	Additions	-
(915)	Revaluations	(11,762)
(27,728)	Disposals	(20,796)
4,393	Changes in classification	163,054
85,029	31 March	215,525

## 16.3 Cash and cash equivalents

The council held the following balances for cash and cash equivalents at the year-end :

31/03/2024	£000s	31/03/2025
3,759	Cash at bank and in hand	4,035
-	Cash overdrawn	-
43,215	Cash equivalents	116,525
46,974		120,560

## 17 Current liabilities

The following section provides additional information on the short term liabilities held on the Balance Sheet.

### 17.1 Creditors

Since the council's Balance Sheet represents the financial position at the end of the financial year, there are monies owed by the council at that date which have yet to be paid. There are

also amounts which the council has received before the end of the financial year which relate to services which have not yet been provided, or are to fund schemes which have not yet taken place. This analysis shows the amounts owed which had not yet been paid and the amounts received in advance as at 31st March 2025.

31/03/2024	£000s	31/03/2025	
	Government		
19,819	HM Revenue and Customs	17,397	
19,768	Department of Levelling up, Housing and Communities	13,757	
9,948	Other departments	13,240	
49,535			44,394
	Public sector organisations		
32,219	Local authorities and other public bodies		43,782
	Taxpayers		
9,834	Council Tax	10,264	
7,013	Business Rates	7,783	
16,847			18,047
	Other		
3,914	Housing rents	4,135	
34,642	PFI liabilities	-	
149,253	Sundry creditors	201,129	
187,809			205,264
286,410			311,487
50,409	Receipts in advance	69,774	
50,409			69,774
336,819			381,261



The balance of sundry creditors at the year-end relates to payments due for routine goods and services. The balance reflects the normal timing delay between goods and services being provided to the council and invoices being received and processed.

## 18 Financial Instruments

A financial instrument is any contract which gives rise to a financial asset of one entity (such as cash, an equity instrument or a right to receive cash or an equity instrument) and a financial liability of another (such as an obligation to deliver cash or another financial asset).

### 18.1 Amounts recognised in the Balance Sheet

Some balance sheet categories, for example current debtors, include both items which are financial instruments and items which are not financial instruments. The table below shows the carrying values of financial instruments included within the various lines of the council's balance sheet. In accordance with the Code, any accrued interest as at 31st March 2025 is included within the carrying value of the relevant financial instrument, rather than within debtors and creditors. All of the assets classed as held at fair value through other comprehensive income are equity assets which the council has designated into this classification, which would otherwise have been assets held at fair value through profit and loss.

Carrying values

31/03/2024	£000s	31/03/2025
<i>Financial assets</i>		
Held at Amortised cost		
46,974	Cash and cash equivalents	120,560
11	Investments	26
190,865	Debtors	202,938
-	Long term investments	-
63,609	Long term debtors	61,255
Held at Fair Value through Other Comprehensive Income		
12,276	Long term investments	12,694
313,735		397,473
<i>Financial liabilities</i>		
Held at Amortised cost		
(2,304,673)	Long term borrowing	(2,241,106)
(313,244)	Creditors	(267,551)
(254,846)	Borrowing repayable within one year	(423,334)
(455,055)	Deferred liabilities	(540,431)
(3,327,818)		(3,472,422)

## 18.2 Recognised gains and losses

The following table summarises the gains and losses which have arisen in the council's accounts in relation to financial instruments. These are all reflected in the Comprehensive Income and Expenditure Statement.

### Recognised gains and losses

31/03/2024	£000s		31/03/2025
<i>Recognised as income and expenditure on provision of services</i>			
	Financial assets		
-	Gains/(losses) on disposal of assets held at fair value	-	
3,794	Interest and dividends receivable	5,548	
(1,798)	Net movement in impairment of assets held at amortised cost	(4,594)	
320	Gains/(losses) on disposal of assets held at amortised cost	139	
	Financial liabilities		
(119,285)	Interest payable	(132,744)	
(116,969)			(131,651)
<i>Recognised in Other comprehensive income and expenditure</i>			
	Financial assets		
(3,999)	Unrealised gains/(losses) on assets held at fair value	418	
404	Unrealised gains/(losses) on assets held at amortised cost	-	
-	Disposal of assets held at fair value	-	
(3,595)			418
(120,564)	Total recognised gain / (loss)		(131,233)

## 18.3 Fair value of items carried at amortised cost

The majority of the council's financial instruments are held at amortised cost. Under the Code, councils are required to disclose information comparing the fair values and carrying values for those financial instruments whose carrying value is not a reasonable approximation for fair value. The following table gives this information :

31/03/2024		£000s	31/03/2025	
Carrying value	Fair value		Carrying value	Fair value
<i>Financial Assets</i>				
Loans and receivables				
41,525	41,525	Long term debtors - finance leases	43,317	43,317
22,084	21,574	Long term debtors - other	17,938	17,083
-	-	Long term investments	-	-
63,609	63,099		61,255	60,400
<i>Financial Liabilities</i>				
Financial liabilities at amortised cost				
(2,304,673)	(1,729,191)	Long term borrowing	(2,241,106)	(1,512,727)
(411,225)	(501,289)	Deferred liabilities - PFI schemes	(482,879)	(482,879)
(39,317)	(39,317)	Deferred liabilities - finance leases	(53,219)	(53,219)
(4,513)	(4,981)	Deferred liabilities - other	(4,333)	-
(2,759,728)	(2,274,778)		(2,781,537)	(2,048,825)

Following the introduction of IFRS16 which requires the annual remeasurement of PFI liabilities, the council has determined the carrying value of PFI liabilities best represents their fair value. Similarly for lease liabilities, the carrying value represents the best estimate of fair value, as the carrying value is based on the effective interest rate of the contract, which reflects the unique risks associated with that contract, and is remeasured whenever rent reviews occur. For the remaining financial instruments in the above table, fair value has been estimated using observable data on market rates for similar instruments, and the fair values disclosed therefore fall within Level 2 of the fair value hierarchy. The source of the data used to estimate the fair values is as follows :

- The fair value for long term debtors has been estimated using the PWLB's interest rates for new fixed rate loans with the most appropriate maturity and repayment profile as at 31<sup>st</sup> March 2025. The figures for long term debtors include the council's portfolios of right to buy housing mortgages and deferred payments for adults social care. In calculating the estimated fair value of these long term debtors, an average lifetime for the portfolios as a whole has been used.
- The fair value of borrowing from the PWLB has been estimated on the basis of PWLB new borrowing rates matching the remaining duration of the loans.
- The fair value of borrowing from other lenders has been estimated using PWLB certainty rates for new borrowing.

#### 18.4 **Management of risks arising from financial instruments**

There are a number of risks associated with financial instruments which the council is necessarily exposed to. However the council monitors and seeks to manage these risks in order to minimise the potential for losses to occur.

##### a Credit risk

Credit risk is the risk that amounts due to the council may not be received.

Amounts due to the council from financial assets can arise either from loans and investments made, or from income receivable for goods or services provided by the council.

The majority of the council's loans and investments are made for treasury management purposes, to generate income from available balances. The parameters within which these investments are made are set out within the council's approved Treasury Management Policy. This policy limits the amounts which can be invested with any individual financial institution and with any group of companies, and specifies the levels of independent credit ratings which institutions must hold for the council to invest particular amounts with them. These policy limits do not cover the council's bankers, with whom the council has an unlimited deposit facility. The effect of the policy limits is to restrict as far as is practical the council's exposure to risk from the failure of a financial institution. The Code requires that no impairment allowance is recognised for deposits with the government or with other local authorities. The council's remaining financial assets held for treasury management purposes have been reviewed for impairment, using available market data on default rates for similar instruments. As a result, the council has concluded that the level of impairment allowance required would be immaterial and so no impairment allowance has been recognised. Historically, the council has not experienced any defaults on its treasury investments.

In addition to its loans and investments made for treasury management purposes, the council sometimes makes loans for service reasons. Each such transaction is subject to a rigorous financial appraisal before any loan is made, and loans are typically required to be secured on appropriate assets of the borrower. The loans and investments have been subject to an

impairment review to determine the expected credit losses, which are recognised in the carrying value of the assets where material. The council continues to closely monitor these loans and investments in terms of both recovery of the debts and the ongoing delivery of the relevant service objectives.

Some of the council's short term trade debtors relate to the provision of goods and services, such as rents, sports centre income and work done for other public sector bodies. The council operates an active debt recovery policy, to ensure that amounts due are collected as promptly as possible. Trade debtors are carried in the council's balance sheet net of an impairment provision, which represents the extent to which the council estimates that the debt may be uncollectable (this is known as the expected credit loss). The impairment provision is estimated on the basis of known factors affecting individual debtors and previous history of uncollectability for types of debtor. Groups of similar debtors, for example housing rent debtors, have been assessed collectively for impairment. Non-trivial debtors are only written off where all avenues of recovery action have failed.

The table below shows the gross amounts due to the council from its financial assets, and the amounts which have been impaired due to expected level of uncollectability. The net carrying value which is shown on the balance sheet represents the maximum credit risk to which the council is exposed.

#### Credit risk

31/03/2024			£000s	31/03/2025		
Gross value	Impairment value	Net value		Gross value	Impairment value	Net value
-	-	-	Deposits with financial institutions	-	-	-
11	-	11	Accrued interest on deposits	26	-	26
41,525	-	41,525	Long term debtors - finance leases	43,317	-	43,317
14,378	-	14,378	Long term loans	14,792	-	14,792
10,390	(2,684)	7,706	Other long term debtors	5,830	(2,684)	3,146
205,483	(14,618)	190,865	Short term debtors	219,714	(16,776)	202,938
271,787	(17,302)	254,485		283,679	(19,460)	264,219

The following table analyses the movement in the impairment provision for trade debtors :

2023/24	£000s	2024/25
13,910	1 April	14,618
1,798	Impairment allowance raised	4,594
(1,417)	Impairment allowance applied	(2,250)
327	Other movements	(186)
14,618	31 March	16,776

#### b Liquidity risk

Liquidity risk is the risk that the council may not have sufficient cash available to meet its day-to-day obligations to make payments.

The council has access to borrowings from both the Public Works Loans Board (PWLB) and commercial lenders to meet its long term spending and shorter term cash flow requirements, and primarily uses the London money markets for short term cash flow borrowing from other public bodies. By statute, all amounts borrowed by a local authority are secured without priority across all of its revenues. This statutory provision helps to ensure that the council is readily able to access the funds that it needs, and the council has not encountered any difficulty in borrowing to meet its needs during 2024/25. However during March 2024 the council took the precaution of borrowing short term funds from the PWLB in response to a temporary reduction in liquidity in the intra local authority market. Given the ongoing availability of PWLB funding as a lender of last resort, the council considers that it has limited liquidity risk, so far as it can foresee. However there is a consequent risk that the council may be forced to borrow at a time of unfavourable interest rates (see (c) below).

c Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

*Long term financial liabilities*

The majority of the council's long term borrowing is at fixed interest rates, but it also borrows some monies in the form of lender option borrower option loans (LOBOs). Since all of the council's borrowing is held in the balance sheet at amortised cost rather than at fair value, any changes in the fair value of these financial liabilities as a result of fluctuations in market interest rates will not impact on the Comprehensive Income and Expenditure Account. The primary risk associated with fixed rate long term borrowing is that it will mature and require to be refinanced at a time of high interest rates. However, there is also a risk that if interest rates fall, the council may be unable to take full advantage of the lower rates due to holding long term fixed interest borrowing. In order to help manage its interest rate risk, the council operates maximum limits for the percentage of its borrowing which can be at fixed rates and the percentage which can be exposed to interest rate risk (i.e. the percentage which is at variable rates or which is short term borrowing). The maturity profile of long term borrowing is managed to ensure that exposure to interest rate changes is spread evenly over time. The council also constantly reviews the potential for refinancing its existing debt at reduced interest rates.

The council currently has £205m of debt in the form of LOBOs, which equates to 8.1% of its net treasury management borrowing. LOBO agreements have periodic option dates on which lenders can opt to change the interest rate on a loan. One of the factors which might cause a lender to do this is fluctuations in market interest rates. If lenders exercise their option then the council can either repay the loan (at no extra cost) or agree to the change of interest rate for the remaining term of the loan or until the lender has the next option in the loan. If a change in the interest rate is agreed, this would impact on the amounts charged to the income and expenditure account. Due to their structure, LOBOs were obtained at lower interest rates than fixed rate long term borrowing, but carry an element of cash flow interest rate risk. The council seeks to ensure that this risk in any one year from its LOBO portfolio is minimised, by ensuring that option dates are evenly spread over future years. Of the £205m LOBO debt at 31st March 2025, £60m was exposed to variable rates through lender options in 2025/26, and £45m in 2026/27.

## Long term borrowing by date of maturity

31/03/2024	£000s	31/03/2025
66,900	Maturing in 1 – 2 years	33,006
105,043	Maturing in 2 – 5 years	110,241
126,305	Maturing in 5 – 10 years	137,101
93,000	Maturing in 10 – 25 years	62,333
1,693,425	Maturing in more than 25 years	1,693,425
220,000	Variable (lender option borrower option)	205,000
2,304,673	Borrowing with more than one year to mature	2,241,106
61,900	Long-term borrowing maturing within one year	68,567
2,366,573	Total long-term borrowing	2,309,673

## Long term financial assets

The council's long term debtors and those long term investments which are interest-bearing are all at fixed interest rates, and thus will be unaffected by changes in market interest rates.

## Sensitivity to market interest rates

As explained above, changes in market interest rates affecting the fair value of financial assets and liabilities would have no impact on their carrying values, as the council currently has no financial liabilities or loans and receivables carried at fair value. However, the council is required to disclose the impact that a hypothetical change in market interest rates during the year would have had on its recognised gains and losses. It should be noted that, had interest rates been higher, the council would in practice have taken different decisions in relation to rescheduling of debt, and to new borrowing and investments undertaken. The likely impact of such different decisions is not possible to quantify. However, the table below shows the extent to which the council's interest payable and interest receivable would have been different had market interest rates during the year been 1% higher than they actually were, calculated based on the actual new and variable rate loans and investments that the council held during the year.

## Interest rate sensitivity

2023/24			£000s	2024/25		
Actual	With 1% rate increase	Difference		Actual	With 1% rate increase	Difference
<i>Recognised in Income and Expenditure Account</i>						
			Financial assets			
3,794	4,412	618	Interest receivable	5,548	6,427	879
			Financial liabilities			
(119,285)	(120,472)	(1,187)	Interest payable	(132,744)	(133,901)	(1,157)
(115,491)	(116,060)	(569)		(127,196)	(127,474)	(278)

### d Other market risks

There are two other forms of market rate risk which could potentially affect a local authority's financial instruments - currency risk and price risk.

Currency risk is the risk that gains or losses will be incurred because of changes in foreign currency exchange rates. The council holds no financial assets or liabilities in foreign currencies, and thus has no currency risk.

Price risk is the risk that the value of a financial instrument will change as a result of market fluctuations. At 31st March 2025 the council holds on its balance sheet £1.4m of long term investments relating to an assisted homebuy scheme under which the council takes an equity stake of up to 50% in the homes being purchased. This value of this long term investment is at risk from fluctuations in housing prices, however the investment was undertaken for policy reasons rather than as a financial investment.

## 19 Long term liabilities

The following section provides additional information on the long term liabilities held on the Balance Sheet.

### 19.1 Deferred liabilities

Deferred liabilities include amounts due in relation to assets acquired through Private Finance Initiative (PFI) schemes and under finance leases, returnable bonds and other long term liabilities. The council had the following deferred liabilities at 31st March 2025:

#### Deferred liabilities

31/03/2024	£000s		31/03/2025	notes
437,446	PFI scheme liabilities		509,100	i
39,317	Finance lease liabilities		53,219	ii
5,494	Other liabilities		5,248	
482,257			567,567	

i Following the introduction of IFRS16 from 1<sup>st</sup> April 2024, the council's PFI liabilities have been remeasured to take account of cumulative indexation since the schemes were entered into. Further information on PFI schemes appears in Note 11.

ii In 2019/20, the council entered into two leasing agreements in order to facilitate developments within the city. In relation to the new North/South stand at Headingley stadium, the council has leased in the new stand from the developer and leased it out to

companies owned by the two resident sports clubs. Further, in order to encourage the development of creative industries, the council has leased in a building which it has subleased out for conversion to a TV and film studio. As a result of the introduction of IFRS16 from 1<sup>st</sup> April 2024, both of these lease liabilities have been revalued to reflect rent increases since their inception, and a further four lease liabilities totalling £7.2m which had previously been treated as operating leases have been recognised on the balance sheet. Where properties have been leased out, long term debtors reflecting the future rentals due to the council from these properties are included within the balance sheet.

## 20 Capital accounting

Accounting practice in local government requires the use of a number of technical and complex capital accounts, some of which are unique to local authorities.

### 20.1 Revaluation reserve

The Revaluation Reserve represents the level of revaluation gains on the council's fixed assets from 1st April 2007 onwards. The balance of any revaluation gains in the reserve relating to assets disposed of is transferred to the Capital Adjustment Account at the point of disposal.

Revaluation reserve

2023/24	£000s	2024/25
1,629,934	1 April	1,593,320
(11,892)	Revaluation of fixed assets	(12,590)
(14,191)	Accumulated revaluations on disposals	(30,049)
(10,530)	Depreciation adjustment	(10,534)
(36,613)		(53,173)
1,593,320	31 March	1,540,147

### 20.2 Capital adjustment account

The Capital Adjustment Account is used to reflect those capital accounting reserve entries required by the local authority capital accounting regime which are outside normal IFRS. It contains the amount of capital expenditure financed from revenue, capital receipts, capital grants and capital contributions. It also contains appropriations to the income and expenditure account where the total of depreciation and impairment exceeds the council's minimum revenue provision (MRP) for debt repayment. The account is used to write down revenue expenditure funded from capital under statute, long term debtors and investments. In addition, the carrying value of the fixed assets disposed of during the year is written off to the account, along with any accumulated revaluation gains that are transferred from the revaluation reserve.



2023/24	£000s	2024/25
2,077,848	1 April	2,056,539
	<i>Capital financing</i>	
69,522	Usable capital receipts	68,490
-	Capital grants and contributions funding REFCUS	
162,738	Capital grants and contributions from capital grants unapplied	151,421
58,151	Transfer from Major Repairs Reserve	43,593
3,725	Revenue contributions	4,192
-	Donated Assets	-
294,136		267,696
	<i>Other movements</i>	
(238,385)	MRP less depreciation	(217,659)
(62,544)	Disposal of fixed assets	(76,013)
14,191	Accumulated revaluations on disposals	30,049
(46,819)	Write-off of revenue expenditure funded from capital under statute	(55,843)
10,530	Depreciation above historic cost	10,534
-	Disposal of long term investments	-
-	Assets Acquired in Exchange	-
-	HRA voluntary set aside	-
8,247	HRA PFI and finance lease principal repayment	10,556
(665)	Write-down of long term debtors	(1,499)
(315,445)		(299,875)
2,056,539	31 March	2,024,360

### 20.3 Deferred capital receipts reserve

The deferred capital receipts reserve holds future capital receipts arising from the disposal of long term assets, where the terms of the disposal allow payment to be deferred, including finance leases out where an annual rental is payable. Once received, these amounts will be transferred to the Usable Capital Receipts Reserve. The following table analyses the movement in the balance during the year.

2023/24	£000s	2024/25
43,735	1 April	41,144
(821)	Written down in year	(933)
404	Indexation	-
(2,174)	Repayments	-
-	Negative revaluations	-
-	New credits in year	2,896
(2,591)		1,963
41,144	31 March	43,107

### 20.4 Financial Instruments Revaluation Reserve

The council maintains a Financial instruments revaluation reserve which reflects the balance of unrealised gains or losses (other than impairment losses) on assets held at fair value through other comprehensive income included in the Balance Sheet. Any revaluation gains on assets held at fair value through other comprehensive income are recognised as Other comprehensive income and expenditure within the Comprehensive income and expenditure statement. When

these assets are disposed of, the accumulated balance relating to the asset on the Financial Instruments Revaluation Reserve is transferred to the surplus or deficit on provision of services.

## 20.5 Usable capital receipts reserve

Income from the disposal of fixed assets is credited to the usable capital receipts reserve, where it is split between usable and reserved elements (see accounting policy 22). The reserved element is paid over to the government's national pool for redistribution back to local authorities. The usable element can be applied to the financing of new capital expenditure or remain in this account. The following table shows the transactions on the reserve during 2024/25:

2023/24	£000s	2024/25
82,221	1 April	64,102
	Receipts in year	
51,404	Usable capital receipts	63,302
19	Housing Revenue Account pooled receipts	4
51,423		63,306
	Applied	
(6,332)	To repay debt	(10,100)
(4,655)	To fund credit arrangements	(4,905)
(58,535)	To fund new capital expenditure	(53,485)
(19)	Transfer to Revenue - HRA pooled receipts	(4)
-	Transfer to Revenue - finance lease income	-
-	Statutory use of reserve to fund fees	(337)
(69,541)		(68,831)
64,102	31 March	58,576

## 20.6 Capital grants unapplied

Capital grants and contributions received by the council are credited to the capital grants unapplied account when there is an expectation that any conditions related to the grants will be met. These grants and contributions are then used to fund the related capital expenditure when it is incurred. The following table shows the transactions on the reserve during 2024/25:

### Capital grants unapplied

31/03/2024	£000s	31/03/2025
129,753	1 April	172,188
205,173	Grants received	191,816
(162,738)	Grants applied to fund capital expenditure	(151,421)
172,188	31 March	212,583

## 21 Capital financing

### 21.1 Capital expenditure and funding

Total capital expenditure in 2024/25 was £549.2m (£387.7m in 2024/25). All capital expenditure, including accrued spending, is funded in year. The capital expenditure includes £128m relating PFI remeasurement costs as a result of IFRS16, and a further £58.1m for the remeasurement of Finance and operating leases as a result of IFRS16.

The following tables analyse capital spending by category of asset and by source of funding:

#### Capital expenditure

2023/24	£000s	2024/25
334,406	Fixed assets	305,613
	PFI- IFRS 16 Remeasurement	127,994
	IFRS 16 Finance and Operating Leases Remeasurement	58,072
46,820	Revenue expenditure funded from capital under statute	55,843
6,004	Long-term investments and capital loans	1,477
515	Intangible assets	238
387,745		549,237

#### Capital financing

2023/24	£000s	2024/25
104,615	Borrowing	110,499
162,738	Grants and contributions	151,421
58,536	Capital receipts	53,485
58,151	Transfer from Major Repairs Reserve	43,593
3,724	Revenue contributions to capital	4,192
-	PFI deferred liabilities	127,994
	IFRS 16 Finance and Operating Leases Remeasurement	58,072
(19)	Other	(19)
387,745		549,237

The capital expenditure above includes the cost of any borrowing the council undertakes to fund expenditure on assets that take a substantial period of time to complete. The total of these borrowing costs in 2024/25 was £1.2m (£1.3m in 2024/25), using the council's average external borrowing rate of 3.51%.

The council approved its latest capital budget in February 2025. However, in view of the ongoing financial impact on councils of the cost of living crisis and high inflation, the council has been carrying out a full review of its capital programme since then with a view to making reductions. The latest review sees the council committed to spend over £702.4m in its capital programme for the next four financial years. The current projected phasing of these is, £339.2m in 2025/26, £181.2m in 2026/27, £92.2m in 2028/28 and £89.8m in 2028/29 and beyond. Significant schemes within the current capital programme include :

- comprehensive investment and maintenance of the council's housing stock ; the Council House Growth Programme, which continues to deliver a programme of new build housing, continuing Extra Care provision and bringing empty properties back into use;
- the continued delivery and development of major Highways infrastructure – including the Leeds Flood Alleviation Scheme Phase 2, the Connecting West Leeds scheme as part of the levelling up programme, developing major schemes for Leeds Station sustainable transport gateway, Dawsons Corner in partnership with West Yorkshire Combined Authority, and continued investment to maintain and improve our road and streets network.
- a significant programme of investment within the schools estate – to maintain the existing estate and to increase the number of school places across the city, particularly within the secondary and special educational needs estates;
- Other Major programmes include developing: economic regeneration as part of the Morley Town Fund; Levelling Up Fund, Heart of Holbeck Project. regeneration of Kirkgate Market and George Street Development ; leisure and cultural activities including Leeds Town Hall, the woodland creation, the Fernville Wellbeing Centre and British Library at Temple works; new technologies, energy efficient Vehicles & buildings and stimulating transformational change in council services.

## 21.2 Capital Financing Requirement

A local authority's Capital Financing Requirement (CFR) represents the extent to which its cumulative capital expenditure has not yet been funded. It covers capital expenditure which has been financed by borrowing, and the outstanding balances on credit arrangements such as Private Finance Initiative (PFI) contracts and finance leases. Credit arrangements by their nature require annual repayments, and local authorities are required by statute to set aside a minimum amount each year (the Minimum Revenue Provision) from the General Fund to reduce the level of borrowing attributable to past General Fund capital expenditure. Repayments from the HRA to reduce borrowing are voluntary.

The following table shows the movement in the council's CFR for the year, broken down between borrowing, PFI contracts and finance leases.

### Capital financing requirement

£000s	<i>Financed by borrowing</i>	<i>Financed by PFI credit arrangements</i>	<i>Financed by finance leases</i>	<i>Total Capital Financing Requirement</i>
01 April 24	2,839,927	445,868	39,638	3,325,433
New borrowing	110,499	-	-	110,499
Financing transfers	24,403	(24,403)	-	-
IFRS16 Recognition and Remeasurement	42,387	127,994	15,685	186,066
Repayments	(66,497)	(19,865)	(1,277)	(87,639)
31 March 25	2,950,719	529,594	54,046	3,534,359

## 22 Unusable statutory revenue reserves

Unusable revenue reserves are those established by statute in order to adjust the timing with which certain items affect council tax payers and housing tenants.

### 22.1 Financial instruments adjustment account

The Financial instruments adjustment account (FIAA) reflects the cumulative difference between the amounts relating to financial instruments chargeable to the Comprehensive Income and Expenditure statement, and the amounts chargeable to revenue reserves under statutory requirements. The balance on the council's FIAA relates entirely to premiums and

discounts on the rescheduling of borrowing carried out in previous years. The Code requires all new premiums and discounts to be reflected in the Comprehensive Income and Expenditure statement as they arise. However, statutory regulations allow premiums to be amortised over a longer period of time, and require this for discounts. The balance on the FIAA represents the net value of past premiums and discounts which have not yet been charged or credited to the General Fund or the Housing Revenue Account. For 2024/25 £1,971k of premiums were amortised (for 2023/24, £1,977k of premiums were amortised).

## 22.2 Accumulated absences account

Accounting standards require liabilities to be recognised for the estimated value of accrued leave and flexitime which staff carry forward to take in the following financial year. So that this does not adversely impact on council tax payers and housing tenants, the government has introduced statutory regulations to require the impact to be transferred to an Accumulated Absences Account shown within Unusable statutory revenue reserves in the balance sheet.

## 22.3 Collection fund adjustment account

Under statute, the council tax and business rates income which an authority is required to credit to its General Fund for the year is its budgeted precepts for these two items. However, the actual income attributable to the authority for the year is likely to vary from the precept, due to changes in the tax base (i.e. the number of households in different council tax bands and the number and value of commercial properties within the authority's area) which have happened since the budget was set. The council's Comprehensive Income and Expenditure Account reflects the actual income attributable to the council during the year, and the difference between this and the precepts is transferred to the Collection fund adjustment account. The balance on the Collection fund adjustment account is taken into account when setting the level of future years' council tax and business rates precepts. The closing position on this account for 2024/25 is a deficit of £6.8m, in comparison to a closing deficit of £4.8m in 2023/24, thereby giving a movement on the reserve of £2.0m. The reduced deficit reflects deficit reduction contributions made during 2024/25.

## 23 Analysis of non-cash movements

The table below gives the breakdown of the adjustments included in the cashflow statement for non-cash movements and for items included within the Surplus or deficit on provision of services within the Comprehensive income and expenditure account, but which are shown within investment or financing activities in the cashflow statement.

2023/24	£000s	2024/25
(56,568)	Income and Expenditure Account surplus / (deficit) for the year	(48,818)
	<i>Non-cash Income and Expenditure items</i>	
152,880	Depreciation and amortisation of long term assets	155,343
143,033	Revaluations and impairment of long term assets	124,394
66,205	Long term assets written out on disposal	86,860
-	Donated or exchanged assets	-
(1,251)	Transfer to Pensions Reserve	(6,675)
14,323	Movement in provision for liabilities set aside in year	6,091
(3,485)	Increase / (decrease) in revenue creditors	31,446
(44,460)	(Increase) / decrease in revenue debtors	(11,244)
(7,234)	Provisions for bad debt impairments set aside	3,281
2,302	(Increase) / decrease in revenue long term debtors	42,492
422	(Increase) / decrease in inventory	(2,561)
322,735		429,427
	<i>Less : Investment and financing activities included in Income and Expenditure</i>	
(205,173)	Capital grants and contributions received	(191,816)
(51,423)	Proceeds from the sale of long term assets	(74,616)
(256,596)		(266,432)
9,571	Revenue activities net cash inflow / (outflow)	114,177

## 24 Exceptional items and prior period adjustments

The council has not identified any transactions which should be accounted for as exceptional items or prior period adjustments in 2024/25.

## 25 The Council's Group

The council has a small number of group entities, but as at 31<sup>st</sup> March 2025 none of these were material to the council's financial position, and therefore the council does not produce group accounts.

### *Subsidiaries*

During March 2020 the council established a new subsidiary company called Leeds District Heating PipeCo Ltd, which will operate the district heating network which is currently under development in the city. During 2020/21, this company acquired £5.2m of infrastructure assets, funded by £2.4m of government grant and a £2.8m loan from the council. Further capital expenditure of £0.1m was incurred during 2021/22. The Leeds PipeCo commenced trading with the Council during 2021/22. Its gross assets at the close of 2022/23 were £5.2m, and its net assets were £0.2m. At 31<sup>st</sup> March 2025 the PipeCo draft Accounts had net liabilities of £324k (net liabilities of £188k at 31<sup>st</sup> March 2024). During 2024/25 the Pipeco paid £467k in interest on loans from the Council (£148k in 2023/24), and charged a fee of £556k to the Council for the use of the pipe network during the year (£221k in 2023/24).

The council also has one subsidiary charitable company which is not material, the Craft Centre and Design Gallery Ltd. At 31<sup>st</sup> March 2024 the Craft Centre had net liabilities of £46k before accounting for an IAS19 based pension asset of £45k (net liabilities of £46k at 31<sup>st</sup> March 2024 before accounting for a pension liability of £45k). There were no exchange transactions between the Council and the Craft Centre, however the Council provides premises and some support services to the Craft Centre at no charge, however the Council charged a notional interest of £8k on the debt owed to the Council (£5k in 2023/24). As at 31<sup>st</sup> March 2025 the Company owed Leeds City Council £253k (£97k as at 31<sup>st</sup> March 2024).

During the year 22/23 the Council established a new wholly owned subsidiary called LMG Exhibitions Limited. As at 31<sup>st</sup> March 2025 for it Draft Accounts the company had net assets of 1k (£1k as at 31<sup>st</sup> March 2024). During the year 2024/25 the company charged the Council £577k for Production and Exhibition costs and management & admin fees (£467k in 23/24) and was charged £615k by the Council for staff costs and promotional related materials £515k in 23/24). As at 31<sup>st</sup> March 2025 the Company owed Leeds City Council £643k (£451k as at 31<sup>st</sup> March 2024).

### *Associates and Joint ventures*

The council has four associates (Leeds Heritage Theatres (Formerly Leeds Grand Theatre and Opera House Limited), Belle Isle Tenant Management Organisation Ltd, Green Leeds Ltd, and Groundwork Yorkshire Ltd) and a joint venture (NPS Leeds Ltd). All four of its associates are non-profit making entities, and the council has no access to financial gains or losses as a result of its relationship with these entities, with the benefit derived relating to service delivery in line with the council's objectives. The council also has a 50% share in Merriion House LLP which is fully included within its single entity financial statements at fair value. The presentation of this partnership on a group accounts basis would not be materially different from the single entity basis.

Leeds Heritage Theatres (Formerly Leeds Grand Theatre and Opera House Limited) (a charitable company) had net assets of £4,993k at 31<sup>st</sup> March 2025 (net assets of £4,948k at 31<sup>st</sup> March 2024 ). Due to its charitable status, the Council has no financial interest in the Leeds Heritage Theatres. The Council leases the Leeds Grand Theatre building to the company on a long term lease at a peppercorn rent and provided grant funding of £91k to the

company in 2024/25 (£86k of grant funding in 2023/24). The Council also provides payroll and other financial administration services to the company at no additional charge. As at 31st March 2025 the company was owed £762k by the Council (360k was owed by the Council to the Company as at 31st March 2024). In 24/25 the charity was charged £498k for services delivered by the council and also received £141k Income inclusive of the grant mentioned above.

Belle Isle Tenant Management Organisation Ltd (BITMO) Draft Accounts had net assets at 31st March 2025 of £1,931k (net assets of £1,767k at 31st March 2024). BITMO is established as a not-for-profit organisation under the Co-Operative and Community Benefit Societies Act 2014, and thus the Council has no financial interest in the company. In 2024/25 the Council paid management fees of £3,534k to the company for the management of HRA dwellings (a fee of £3,346k was paid in 2024/25). The Council provides payroll, financial administration and other services to the company, for which fees of £385k were received in 2023/24 (fees of £385k were received in 2023/24). At 31st March 2025 the company owed £155k to the Council (£297k was owed to the company by the Council at 31st March 2025).

Green Leeds Ltd is a dormant company. The Leeds Groundwork Trust is in the process of winding down following a merger with Groundwork Wakefield and Groundwork North Yorkshire to form the new Groundwork Yorkshire Trust. Groundwork Yorkshire had net assets of £966k as at 31st March 2024 (net assets of £938k as at 31st March 2023). The Council paid the Leeds Groundwork Trust £1,389k during 2023/24 for the delivery of environmental and greenspace projects within Leeds (£1,241k was paid for such projects during 2023/24). At 31st March 2024 the company was owed £265k by the council (£266k at 31st March 2023).

NPS Leeds Ltd had net assets at 31st March 2024 of £1,019k (net assets of £790k at 31st March 2023), of which 20% is attributable to the Council. During 2024/25 the Council paid NPS Leeds Ltd £6,085k for the provision of architectural and design services (£5,962k in 2023/24), and received £228k of income (£741k in 2023/24).

The Council has a 50% share in the Merrion House LLP, and leases the Merrion House office building from the partnership on commercial terms. Details of the Council's investment in the Merrion House LLP can be found in Note 15.5, and details of the lease can be found in Note 12.6.

#### *Inclusion of local authority maintained schools*

The Code requires local authority maintained schools to be treated as part of a local authority's group, but to be included within its single entity financial statements. The property assets which are included in the council's balance sheet on the basis that they are deemed to be assets of school governing bodies are not available to the council for any other purpose. The value of such assets at 31st March 2025 was £347m (£384m at 31st March 2024). Reserves recognised on this basis are restricted by statutory arrangements. The value of these reserves is given in explanatory note 14.

## **26 Events after the reporting date**

The Statement of Accounts was approved as presenting a true and fair view by the Chief Finance Officer on 30th June 2025. Events happening between the balance sheet date and the date the accounts were authorised for issue have been considered under the council's accounting policy for events after the reporting date (please see accounting policy number 25).

One school has converted to academy status since 31st March 2025. The carrying value of the school on the balance sheet at 31st March 2025 was £8m.

## **27 New accounting standards not yet implemented**

The Code requires local authorities to disclose the likely impact of any new accounting standards which have been issued as at the balance sheet date but which will not apply to local authorities' accounts until subsequent financial years.

The 2025/26 Code will incorporate changes to the measurement requirements for non-investment assets, including requirements to apply annual indexation to property, plant and equipment in the years between a 5 yearly full revaluation. The Code requires these changes to be applied prospectively, with no amendment to prior year figures. There will also be a small number of other minor changes to accounting policies but it is not anticipated that these will have any impact on figures recognised within the authority's accounts.



# The Housing Revenue Income and Expenditure Statement

The Housing Revenue Account reflects a statutory obligation to account separately for local authority housing provision. The Housing Revenue Income and Expenditure Statement shows the major elements of Housing Revenue Account expenditure and how they are met from rents, subsidy and other income. This income and expenditure statement does not reflect all of the transactions required by statute to be charged or credited to the Housing Revenue Account for the year. The Statement of Movement on the Housing Revenue Account Balance gives details of the additional transactions which are required by statute.

2023/24	£000s	2024/25	notes
	<i>Income</i>		
(229,189)	Dwelling rents	(246,158)	
(3,348)	Non-dwelling rent	(3,515)	
(12,358)	Charges for services and facilities	(13,568)	
(21,545)	HRA government grants	(21,558)	H1
(266,440)		(284,799)	
	<i>Expenditure</i>		
79,010	Supervision and management	75,813	
70,232	Repairs and maintenance	68,489	
4,473	Rents, rates, taxes and other charges	5,630	
171,829	Depreciation, impairments and revaluations of non-current assets	68,183	H2.1
1,530	Provision for doubtful debts	2,031	
606	Revenue Expenditure Funded from Capital under Statute	208	H2.2
327,680		220,354	
61,240	Net cost of HRA services as in the Income and Expenditure Account	(64,445)	
1,782	HRA share of Corporate and Democratic Core	1,796	
63,022	Net cost of HRA services	(62,649)	
	<i>HRA share of operating income and expenditure included in the authority's Income and Expenditure Account</i>		
(8,035)	(Gain) or loss on disposal of non current assets	(8,349)	
36,853	Interest payable and similar charges	38,920	H3.1
(174)	(Gain) or loss on investment properties	37	
(211)	Interest on the net pension liability	(471)	
(9)	Interest and investment income	(8)	
(12,009)	Capital grants and contributions	(6,808)	
79,437	(Surplus) or deficit for year on HRA services	(39,328)	

## Statement of Movement on the Housing Revenue Account Reserve

This statement gives details of the additional transactions which fall outside the HRA income and expenditure statement but must be taken into account in order to determine the surplus or deficit for the year on the HRA Reserve, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

2023/24	£000s	2024/25	notes
	<i>Increase or decrease in the HRA reserve comprising:</i>		
79,437	(Surplus) or deficit on the HRA Income and Expenditure Statement	(39,328)	
	<i>Adjustments between accounting basis and funding basis under the HRA legislative framework</i>		
	Difference between amortisation of premiums and discounts		H3.2
219	under accounting standards and in accordance with statute	219	
(133,232)	Impairment of non current assets	(29,838)	H2.1
(606)	Write-off revenue expenditure funded from capital under statute	(208)	H2.2
424	HRA share of contributions to / (from) the Pension Reserve	936	
3,568	Capital expenditure funded by the HRA	4,187	H6.1
-	HRA voluntary provision for the repayment of principle	-	
23,172	Transfer to / (from) MRR	36,523	H7
12,009	Transfer to / (from) capital grants unapplied	6,808	
8,226	Difference between accounting regulation and Statute	10,539	
8,035	Net gain / (loss) on sale of non current assets	8,349	
(78,185)		37,515	
1,252	(Increase) / decrease in Housing Revenue Account Balance	(1,813)	
18,689	Housing Revenue Account Reserve balance brought forward	17,437	
(1,252)	Increase / (decrease) for the year	1,813	H4
17,437	Housing Revenue Account Reserve balance carried forward	19,250	

# Explanatory notes to the Housing Revenue Account

## H1 Government grant income

The HRA receives annual government grant income in support of its two PFI (Private Finance Initiative) schemes, amounting to £21.4m in 2024/25 (£21.4m in 2023/24). Further information on these schemes can be found in Explanatory Note 11 to the main accounting statements. In 2024/25 the HRA income and expenditure statement also reflects the use of apprentice levy grant income, which has been used for training for HRA staff during the year.

## H2 Charges for HRA use of assets

### H2.1 Depreciation, impairment, and revaluation

The HRA Income and Expenditure Account is charged with depreciation, impairment, and revaluations in order to reflect the full cost of housing at the net cost of service level. For 2024/25 the breakdown of these charges was £38.4m depreciation and £29.8m impairments and revaluations.

However, within the Statement of Movement on the HRA Reserve a number of adjustments are made in accordance with statute. For HRA properties, the depreciation charge is reversed and replaced with the annual amount deemed to be needed in order to carry out major repair work to maintain the properties. This amount is transferred to the Major Repairs Reserve and used to fund capital expenditure (see note H6 below). Impairment charges for properties are also reversed within the Statement of Movement on the HRA Reserve.

### H2.2 Revenue expenditure funded from capital under statute

The amount of revenue expenditure funded from capital under statute in 2024/25 is £0.2m. The charges relate mainly to grants to social housing providers.

## H3 Charges relating to the finance costs of borrowing for HRA capital expenditure

### H3.1 Interest

Under the requirements of the self-financing regime for the HRA, the council's long term loans have been individually allocated between the General Fund and the HRA. The HRA is therefore charged with the actual interest cost on its long term borrowing, plus a proportion of the council's short term interest costs if the HRA has been a net borrower from the General Fund during the year. The method of apportioning the HRA's share of total short term interest costs complies with general accounting practice, and thus the amount charged to the HRA Income and Expenditure Account is the statutory charge.

### H3.2 Premiums and discounts on premature repayment of borrowing

In accordance with the Code, the HRA Income and Expenditure account receives a debit or credit reflecting any premiums or discounts arising on repayment of its long term loans during the year. However, statute specifies that premiums and discounts attributable to the HRA should be amortised over a number of years to the ringfenced HRA Reserve. The Statement of Movement on the HRA Reserve therefore includes an adjustment reflecting the difference between the accounting charge and the amortisation charge. In 2024/25, the statutory amortisation charge for premiums and discounts was a net premium of £219k (£219k net premium in 2023/24).

#### H4 HRA revenue reserves

As there is a statutory requirement to account for the Housing Revenue Account separately from the rest of Leeds City Council, the accumulated HRA revenue reserve is also recognised separately. Given the significance of current challenges, it has been thought prudent to maintain a relatively high level of reserves and to identify elements within that for specific purposes.

##### HRA reserves

£000s	01/04/2024	net movements	31/03/2025	notes
General reserve	7,925	1,559	9,484	
Swarcliffe PFI	4,139	(482)	3,657	i
Revenue Repairs reserve	74	51	125	ii
Little London, Beeston Hill & Holbeck PFI	3,880	759	4,639	iii
Housing Advisory Panels (HAPs)	105	(105)	-	iv
Wharfedale View Sinking Fund	68	12	80	v
Local Authority Housing Fund	750	(87)	663	vi
Swarcliffe Lifecycle Fund	398	52	450	vii
Tenant Satisfaction Fund	98	54	152	viii
	17,437	1,813	19,250	

- i Swarcliffe Private Finance Initiative contract.
- ii To fund the backlog of repairs / disrepair following the pandemic.
- iii To support affordability over the 20 year term of the Little London, Beeston and Holbeck PFI contract.
- iv To fund projects identified by Housing Advisory Panels (HAPs).
- v Contribution from shared owners towards the future costs of replacing furniture and carpets at the Wharfedale View Extra Care facility.
- vi Local Authority housing fund grant carried forward.
- vii To hold the balance of the Swarcliffe lifecycle retention fund.
- viii To fund tenant satisfaction work.

#### H5 HRA assets

##### H5.1 Land and property assets

This note identifies the total balance sheet value of land, houses and other property within the HRA and analyses the movement in the balance sheet value during the year. These assets are included within the council's balance sheet within the classifications Property, plant and equipment, Investment property and Assets held for sale.

## HRA fixed asset movements

<i>Fixed assets</i> £000s	<i>Council dwellings</i>	<i>Other land &amp; buildings</i>	<i>Vehicles, plant, eqpt</i>	<i>Investment Property</i>	<i>Assets held for Sale</i>	<i>Community Asset</i>	<i>Assets under construction</i>	<i>Total fixed assets</i>
Cost or valuation	2,506,248	46,415	9,454	1,635	42,663	338	11,595	2,618,348
Accumulated depreciation and impairment	(806)	(3,180)	(8,331)	-	-	(23)	-	(12,340)
Balance sheet value as at 1 April 2024	2,505,442	43,235	1,123	1,635	42,663	315	11,595	2,606,008
Depreciation	(36,587)	(1,329)	(505)	-	-	(5)	-	(38,426)
Additions	83,488	-	1	-	-	3	20,343	103,835
PFI remeasurment	24,506	-	-	-	-	-	-	24,506
Donations	-	-	-	-	-	-	-	-
Impairments (CI&ES)	(6,571)	(122)	-	-	-	-	-	(6,693)
Impairments (revaluation reserve)	(2,190)	(683)	-	-	-	-	-	(2,873)
Revaluations (CI&ES)	(12,186)	85	-	(81)	(10,963)	-	-	(23,145)
Revaluations (revaluation reserve)	10,842	6,197	-	-	-	-	-	17,039
Disposals	(4,620)	-	-	-	(14,920)	-	-	(19,540)
Changes in classification	(154,483)	2,838	-	(15)	156,420	-	(757)	4,003
Cost or valuation	2,408,446	54,250	9,455	1,539	173,200	341	31,182	2,678,413
Accumulated depreciation and impairment	(806)	(4,028)	(8,836)	-	-	(28)	-	(13,698)
Balance sheet value as at 31 March 2025	2,407,641	50,222	619	1,539	173,200	313	31,181	2,664,715

The following table shows the same analysis of the movement in land and property assets for the 2023/24 financial year:

<i>Fixed assets</i> £000s	<i>Council dwellings</i>	<i>Other land &amp; buildings</i>	<i>Vehicles, plant, eqpt</i>	<i>Investment Property</i>	<i>Assets held for Sale</i>	<i>Community Asset</i>	<i>Assets under construction</i>	<i>Total fixed assets</i>
Cost or valuation	2,548,372	44,135	9,427	1,423	60,998	338	48,637	2,713,330
Accumulated depreciation and impairment	(806)	(3,169)	(7,494)	-	-	(18)	-	(11,487)
Balance sheet value as at 1 April 2023	2,547,566	40,966	1,933	1,423	60,998	320	48,637	2,701,843
Depreciation	(36,433)	(1,191)	(837)	-	-	(5)	-	(38,466)
Additions	116,018	-	27	-	-	-	9,024	125,069
Donations	-	-	-	-	-	-	-	-
Impairments (CI&ES)	(3,624)	-	-	-	-	-	-	(3,624)
Impairments (revaluation reserve)	(1,208)	-	-	-	-	-	-	(1,208)
Revaluations (CI&ES)	(128,901)	25	-	130	(862)	-	-	(129,608)
Revaluations (revaluation reserve)	(29,222)	3,435	-	-	-	-	-	(25,787)
Disposals	(3,342)	-	-	-	(18,979)	-	-	(22,321)
Changes in classification	44,588	-	-	82	1,506	-	(46,066)	110
Cost or valuation	2,506,248	46,415	9,454	1,635	42,663	338	11,595	2,618,348
Accumulated depreciation and impairment	(806)	(3,180)	(8,331)	-	-	(23)	-	(12,340)
Balance sheet value as at 31 March 2024	2,505,442	43,235	1,123	1,635	42,663	315	11,595	2,606,008

### H5.2 Vacant possession values

In accordance with government guidance, council house valuations have been reduced by a regional adjustment factor in recognition of their status as social housing. This adjustment factor is 41% in 2024/25 (41% in 2023/24). As a consequence, the council recognises council dwellings at a value of £2,408m on the balance sheet. At vacant possession the same dwellings would have a value of £5,809m therefore recognising an economic cost to the government of providing council housing at less than open market rents of £3,401m.

### H5.3 Housing stock numbers

At 31st March 2024 the council was responsible for managing 52,370 dwellings. The composition of the stock was as follows:

2023/24		number	2024/25	
27,847	52.59%	Houses	27,552	52.61%
22,200	41.93%	Flats	21,941	41.90%
2,901	5.48%	Bungalows	2,877	5.49%
52,948	100.00%		52,370	100.0%

### H5.4 Housing rent arrears

Further information on rent arrears and the provision for uncollectable housing rents can be found in explanatory note 16.1 to the main financial statements.

## H6 HRA capital accounting

### H6.1 Capital expenditure and funding

The following tables identify the total capital expenditure on land, houses and other assets within the HRA during the financial year, and break it down according to the various funding sources:

2023/24	£000s	2024/25
125,069	Fixed Assets	103,836
-	IFRS16 PFI Remeasurement	24,505
606	Revenue expenditure funded from capital under statute	208
125,675		128,549

#### HRA capital funding

2023/24	£000s	2024/25
58,151	Major Repairs Reserve	43,593
3,568	Revenue contributions	4,187
15,318	Borrowing	14,359
-	IFRS16 PFI Deferred Liabilities	24,506
12,215	Grants and contributions	8,629
36,423	Capital receipts	33,275
125,675		128,549

### H6.2 Capital receipts

The Local Government Act 2003 stipulates that income from the disposal of HRA assets must be split into usable and reserved elements. Since 2022/23 the government has permitted local authorities to retain the reserved element rather than being required to be paid over to the national pool.

The table below identifies HRA capital receipts from the disposal of assets:

## Capital receipts

2023/24	£000s	2024/25
30,311	Council houses	26,990
-	Land	-
44	Other property	899
<u>30,355</u>		<u>27,889</u>

## H7 Major Repairs Reserve

The Accounts and Audit Regulations 2015 require local authorities to maintain a Major Repairs Reserve. The main credit to the reserve is an amount equivalent to the total depreciation charges for all HRA assets. Statute allows any difference between the depreciation credit on the reserve and a specified amount deemed necessary for carrying out major repairs for the year to be transferred back to the HRA. Authorities are able to charge capital expenditure directly to the reserve, and can also use it for making a voluntary set aside to repay debt. The following table shows the movement on the Major Repairs Reserve for the financial year:

### Major Repairs Reserve

2023/24	£000s	2024/25
3,199	1 April	6,686
38,466	Statutory transfer to the reserve	38,427
(58,151)	Capital expenditure charged to the reserve	(43,594)
-	Voluntary set-aside charged to the reserve	-
23,172	Transfer to/(from) the reserve	36,523
-	Voluntary set-aside	-
<u>(34,979)</u>		<u>(7,071)</u>
6,686	31 March	38,042

## H8 Excepted items

There are certain topics that councils have to report on but that do not affect Leeds City Council's Housing Revenue Account for 2024/25. This note schedules those topics.

- a Housing repairs account: local authorities have the option to operate a separate housing repairs account for recording income and expenditure on HRA repairs and maintenance. The council has decided not to operate such an account, with actual repairs and maintenance being charged directly to the HRA.
- b Directions by the Secretary of State: the Secretary of State has not directed any sums to be debited or credited to the council's HRA.
- c Exceptional items: there are no exceptional items of income or expenditure which need to be disclosed to give a fair presentation of the accounts.

# The Collection Fund

This account reflects the statutory requirement for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of council tax and national non-domestic rates.

2023/24		2024/25	notes
	£000s		
	<i>Income</i>		
(469,671)	Council tax	(501,754)	
10	Council tax benefits	10	C2
-	Transitional relief	-	
(219)	S13A Discretionary Reliefs	-	
(469,880)		(501,744)	
(322,050)	Business rates	(373,623)	
(14,099)	Transitional protection payments	(4,688)	
(336,149)		(378,311)	
(806,029)		(880,055)	
	<i>Expenditure</i>		
	Council Tax - payments to precepting authorities:		
388,659	Leeds City Council	419,561	
55,533	West Yorkshire Police Authority	60,195	
18,135	West Yorkshire Fire and Rescue Authority	19,192	
462,327		498,948	C3
4,244	Council tax - provision for uncollectable amounts and write-offs	7,531	
	Business rates - payments to precepting bodies:		
166,410	Central Government share	183,640	C5
168,472	Leeds City Council	188,524	C5
3,328	West Yorkshire Fire and Rescue Authority	3,673	C5
1,231	Costs of collection	1,232	
339,441		377,069	
	Business rates - movements on provisions:		
17,453	Provisions raised for appeals against valuations	6,124	
(31,414)	Amounts charged to the provision for valuation appeals	(14,918)	
(3,352)	Movement on provision for uncollectable amounts and write-offs	1,625	
(17,313)		(7,169)	
(17,330)	(Surplus) / deficit	(3,676)	C6
2023/24	Collection Fund balances	2024/25	
	£000s		
(27,433)	1 April	(10,103)	
17,330	Surplus / (deficit) for the year	3,676	C6
(10,103)	31 March	(6,427)	



# Explanatory notes to the Collection Fund accounts

These notes are intended to explain figures in the Collection Fund Summary Income and Expenditure Account and the Collection Fund Balances statement.

## C1 Council tax base

For 2024/25 there were an estimated 372,341 residential properties in Leeds which were placed in one of eight valuation bands depending upon their capital value by the Listing Officer of the government's Valuation Office Agency. The totals for each band are converted by use of appropriate multipliers and expressed in terms of a number of B and D properties to give a tax base. In 2024/25 the tax base for Leeds was 242,592 properties and this was used to calculate the Band D council tax of £2,055.61, sufficient to generate the income required to cover the net expenditure of the three authorities that precept on the Collection Fund. The table below shows the number of properties in each band and the number of Band D equivalent properties (the tax base).

<i>Band</i>	<i>number of properties in the band</i>	<i>less exempt properties</i>	<i>chargeable dwellings</i>	<i>adjusted chargeable dwellings (i)</i>	<i>proportion of Band D council tax</i>	<i>Band D equivalent dwellings</i>
A (ii)	143,383	(11,369)	132,014	86,360	6 / 9	57,544
B	79,220	(6,377)	72,843	59,892	7 / 9	46,583
C	71,615	(2,601)	69,014	61,539	8 / 9	54,701
D	37,052	(1,159)	35,893	33,418	1	33,418
E	22,413	(524)	21,889	20,776	11 / 9	25,393
F	10,629	(123)	10,506	9,988	13 / 9	14,427
G	7,336	(81)	7,255	6,986	15 / 9	11,643
H	693	(11)	682	666	18 / 9	1,332
	372,341	(22,245)	350,096	279,625		245,041
Allowance for non-collection						(2,450)
Defence-exempt properties						1
Base for calculating Leeds City Council 2024/25 council tax						242,592

- i Adjustments for disabled relief, single person discounts, empty homes premium, and council tax support scheme etc.
- ii Includes dwellings that pay 5/9 of Band D by virtue of adjustments for disabled relief.

## C2 Council tax benefits

Since 2013/14 Council Tax benefit has been localised, with each authority required to introduce its own scheme of discounts for taxpayers who were previously entitled to council tax benefit. This change is reflected as a reduction in the level of council tax income. Each precepting authority receives a fixed level of grant to its General Fund to compensate it for the resulting reduction in its council tax precept.

The figures shown in the Collection Fund for Council tax benefits for 2023/24 and 2024/25 relate to retrospective adjustments to previous years' benefit entitlement, where changes in circumstances have subsequently been identified.

### C3 Council tax used to support expenditure on services

The following table analyses council tax payments distributed from the Collection Fund.

2023/24	£000s	2024/25	
	Leeds City Council		
396,084	Annual precept	421,491	
(7,425)	Payment of council tax surplus / (deficit)	(1,930)	
388,659			419,561
	West Yorkshire Police Authority		
56,550	Annual precept	60,473	
(1,017)	Payment of council tax surplus / (deficit)	(278)	
55,533			60,195
	West Yorkshire Fire and Rescue Authority		
18,472	Annual precept	19,283	
(337)	Payment of council tax surplus / (deficit)	(91)	
18,135			19,192
462,327			498,948

Surpluses or deficits on the council tax account are transferred to the above three authorities in proportion to their demands on the fund. The surpluses or deficits are used in future years to adjust the level of council tax.

### C4 Business rates tax base

The total rateable value for non-domestic properties within the authority at 31<sup>st</sup> March 2025 was £963,954k (£948,203k at 31<sup>st</sup> March 2024), and the small business rate multiplier for the year was set by the government at 49.9p in the pound for 2024/25 (49.9p in the pound for 2023/24).

## C5 Business rates – payments to precepting bodies

The following table analyses business rates payments distributed from the collection fund.

2023/24	£000s	2024/25
	Leeds City Council	
170,236	Annual precept	183,145
-	Retained income - Enterprise Zone Relief	-
5,114	Retained income - Renewable Energy	8,262
277	Retained income - Designated Areas	295
(7,155)	Recoupment of business rates deficit	(3,178)
168,472		188,524
	Central Government	
173,711	Annual precept	186,883
-	Contribution to Enterprise Zone Relief	-
(7,301)	Recoupment of business rates deficit	(3,243)
166,410		183,640
	West Yorkshire Fire and Rescue Authority	
3,474	Annual precept	3,738
(146)	Recoupment of business rates deficit	(65)
3,328		3,673
338,210		375,837

## C6 Analysis of Collection Fund balances

The following table analyses the Collection Fund balances between amounts attributable to council tax and amounts attributable to business rates.

2023/24 Total	£000s	Council Tax	2024/25 Business Rates	Total
(27,434)	1 April	(5,592)	(4,511)	(10,103)
17,331	Surplus / (deficit) for the year	(4,736)	8,412	3,676
(10,103)	31 March	(10,328)	3,901	(6,427)

