



South Derbyshire District Council

Draft Statement of Accounts 2024/25

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Narrative Report

INTRODUCTION TO THE ACCOUNTS

The Council's financial performance for the year ended 31 March 2025 is set out in the Comprehensive Income and Expenditure Statement and its financial position is set out in the Balance Sheet and Cash Flow Statement.

These financial statements have been prepared in line with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code). The purpose of this narrative is to highlight and summarise the key facts and figures which make up the Council's financial standing, which is detailed in the various statements and disclosure notes. The Narrative Report also gives an overview of the District, the Council structure and performance against the Council Plan.

The Statement follows approved accounting standards and is necessarily technical in parts. A glossary is provided at the end of this document to explain the main terms and technicalities associated with the Council's Accounts.

The purpose of the published Statement of Accounts is to give the elector, local taxpayer and service users, elected members, employees, and other interested parties' clear information about the Council's finances and should answer such questions as:

- What did the Council's services cost in the year?
- Where did the money come from?
- What were the Council's assets and liabilities at year end?

The Narrative Report provides a general introduction to the Accounts that focus on explaining the more significant features of the Council's financing activities during the financial year 1 April 2024 to 31 March 2025.

In accordance with accounting practice, the Council has reported its financial position in a series of accounting statements as detailed within the Financial Statements.

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

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

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category is usable reserves of money that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example, the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council cannot use to fund the provision of services. This category includes

Narrative Report (continued)

reserves that hold unrealised gains and losses (for example, the Revaluation Reserve); where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

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

The Notes to the Accounts summarise significant accounting policies, further information, and detail of entries in the prime Statements named above and other explanatory information.

NARRATIVE REPORT

The Narrative Report is structured as follows:

- An Introduction to South Derbyshire
- An Introduction to the Council
- Council Performance
- About our Finances
- Financial Performance
- Our Operating Environment
- Risk Management

INTRODUCTION TO SOUTH DERBYSHIRE

South Derbyshire is a thriving, attractive place to live, visit and invest.

It has been transformed during the past few decades from a clay and mining area to a successful District that serves as home to more than 111,000 people.

It contains a third of The National Forest which, together with other attractions including Calke Abbey, Mercia Marina, Rosliston Forestry Centre, and Sharpe's Pottery Museum, attract more than two million visitors each year.

South Derbyshire offers a mixture of well-developed urban areas and historic rural settlements.

Its natural features combine with historic sites and modern community and leisure facilities to provide places and activities for residents and visitors alike to enjoy in their spare time.

South Derbyshire boasts over 3,500 business enterprises, among them international names JCB, Nestlé and Toyota Motor Manufacturing UK. The wide range of employment opportunities means unemployment is very low in the district compared to the national average.

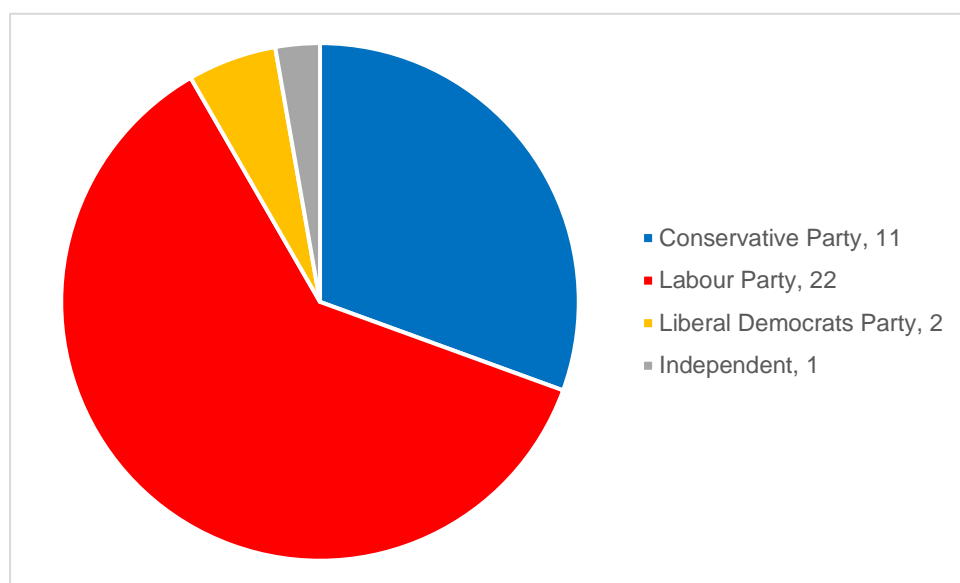
Working with our partners to keep crime and anti-social behaviour to a minimum has cemented South Derbyshire's reputation as one of the safest places to live in the County of Derbyshire.

Narrative Report (continued)

INTRODUCTION TO SOUTH DERBYSHIRE DISTRICT COUNCIL

South Derbyshire District Council was formed on 1 April 1974 as a merger of the Swadlincote Urban District along with Repton Rural District and part of Southeast Derbyshire Rural District. The Council provides statutory services which include planning, refuse collection, street cleaning, environmental health, housing strategy and housing benefits alongside non-statutory functions to support the health and wellbeing of residents within the district.

South Derbyshire is divided into 15 wards with a total of 36 seats. The political composition of seats as of 31 March 2025 is as follows:



About the Council

There are 419 employees working to ensure South Derbyshire remains a great place to live, visit and invest. Of the 419 employees, 341 are full-time and 78 are part-time employees.

The gender pay gap as of March 2025:

Mean Gender Pay Gap

The mean hourly rate of pay for males is £16.08.

The mean hourly rate of pay for females is £16.26.

This gives a mean gender pay gap of **-1.12%** i.e. the difference in pay of £0.18 means that on average females are paid 1.12% more than males.

Median Gender Pay Gap

The median hourly rate of pay for males is £12.96.

The median hourly rate of pay for females is £14.62.

Narrative Report (continued)

This gives a median gender pay gap of **-12.8 %** i.e. the median hourly pay for men is 12.8% lower than that for females.

Services for the District are divided between Derbyshire County Council and South Derbyshire District Council. Through the values in our Council Plan, we aim to provide them as efficiently and effectively as possible.

Our constitution sets out how we operate, how decisions are made and the procedures which are followed to ensure we are efficient, transparent and accountable.

To show that our business is conducted in accordance with the law and proper standards, an Annual Governance Statement is produced which is published on our website.

How we work

Our Leadership Team (LT), made up of paid officers, works closely with Elected Members to deliver our vision and values.

The LT comprises Dr Justin Ives as Chief Executive along with four Executive Directors.

As part of the Chief Executives restructure, implemented on 1 May 2024, the Council also has an extended LT to include four Assistant Directors.

COUNCIL PERFORMANCE

Performance against our Council Plan

On the 1 April 2024, the Council embarked on the Council Plan 2024-2028, which sets out The vision for South Derbyshire to; **‘work together to shape our environment, drive our economy and support our communities.’** This plan is about delivering the best for our residents, customers and communities with support from our partners and employees.

Within the Council Plan we have four key priorities. We work on all four priorities with the same commitment and resolve to make a real and sustained positive impact for our residents, our customers, and our partners.

- Shape our Environment.
- Drive our Economy.
- Support our Communities.
- Transform our Council.

Each priority is accompanied by specific aims and anticipated outcomes that the Council is committed to achieving. To achieve the anticipated outcomes associated with each priority, the Council has identified specific measures and projects. This approach ensures that our initiatives are both targeted and effective in addressing community needs. Progress against these performance measures and projects are reported to members on a quarterly basis. The Council Plan targets are reviewed annually by the Heads of Service and Leadership Team to ensure they remain ambitious, relevant, and reflective of the current landscape. This process ensures that our aims continue to drive progress while adapting to changing circumstances and emerging priorities. The outcomes of these reviews are reported to members via committee, facilitating informed decision-making and effective oversight.

Narrative Report (continued)

Over the course of 2024/25 - the first year of the Council Plan - overall, 84 % of the key indicators achieved the annual target. 83% of indicators achieved the target for Shape our Environment, 100% achieved the target for Drive our Economy and 82% achieved the target for Support our communities and 82% achieved the target for Transform our Council.

To support delivery of the Council Plan and ensure effective management of strategic and operational risks across the Council, we maintain a Strategic Risk Register which is regularly reviewed by the risk owners and the Leadership Team. Updates on strategic risks are reported to members each quarter via the Finance and Management Committee. In addition, each service area maintains an operational risk register which captures risks managed by Heads of Service. These registers include a clear escalation process, ensuring that operational risks requiring high-level oversight can be escalated to the Strategic Risk Register when necessary.

This structured approach, which was reviewed and updated with members during 2024/25, ensures robust risk management, enabling the Council to proactively address challenges and support the successful implementation of its priorities.

Transformation, Projects and Programmes

The 2024/25 year was positive in relation to project performance and the overall transformation agenda throughout the Council. In September, a new approach to managing projects and programmes was launched to monitor the ambitions of the Council Plan 2024-2028 and the Sustainable Finance Plan. In November the Council's Transformation Strategy was agreed by the Finance and Management Committee. Using these documents as a strategic guide, the Council has delivered progress on various exciting and rewarding projects.

In January 2025 a business case was considered and agreed to progress with building a new leisure centre with office accommodation on Cadley Park in Swadlincote, with the current site of the Civic Office to be redeveloped as part of the Town Centre Master Plan.

Various projects have contributed to the Councils' key aim of making our services modern, responsive, efficient, and effective such as new case management solution for Complaints and FOIs, data from which has helped to reduce the number of complaints and free up officer time in their administration.

A large project to help modernise the way our Waste and Recycling teams operate launched, with the introduction of the WhiteSpace App. This project, which has seen support from many teams across the Council, in particular the Business Change, IT and Operational Services and will see the use of paper in the cabs of our Waste and Recycling refuse collection vehicles replaced by electronic tablets with a real-time reporting capability.

The Environmental Health and Licensing teams have been involved in a complex review of their operating practice in relation to a system replacement, completing a modern specification and tender to replace a legacy solution of some years.

Other technical advancements have also been completed including the implementation of a cloud-based proxy, streamlining the process of connecting securely to work on the Councils network and improving resilience in emergency situations. Teams Telephony has been rolled out across the Council which has changed the way officers make and receive calls through their laptops, making them more available to communicate internally and externally. The Council has also started its work to move away from Windows 10 with the rollout of new Windows 11 laptops ensuring colleagues have modern and secure work devices.

Narrative Report (continued)

ABOUT OUR FINANCES

There are 4 core financial statements within this Statement of Accounts, which provide a summary of our financial performance and financial position at the end of the year. These statements can be found on pages 36 to 40 and are supported by the comprehensive disclosure notes which give more detail on the Councils substantial transactions during the year.

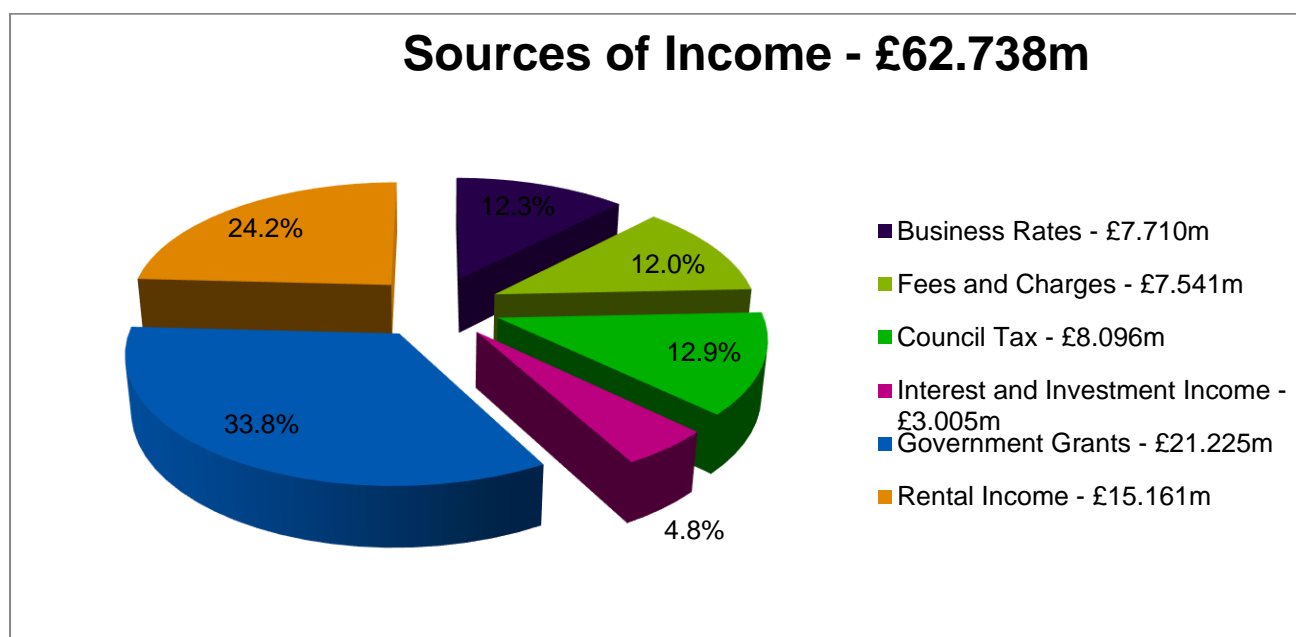
The Councils Funding and Income

Our services are funded by various sources of funding and income. The most significant of these are:

- Council Tax
- Business Rates
- Fees and Charges for Services
- Grant income from Government Specific Grants

Further detail of the Councils sources of income from taxation and government grants is detailed in note 14 and note 28.

The following chart shows the sources of funding and income received in 2024/25:



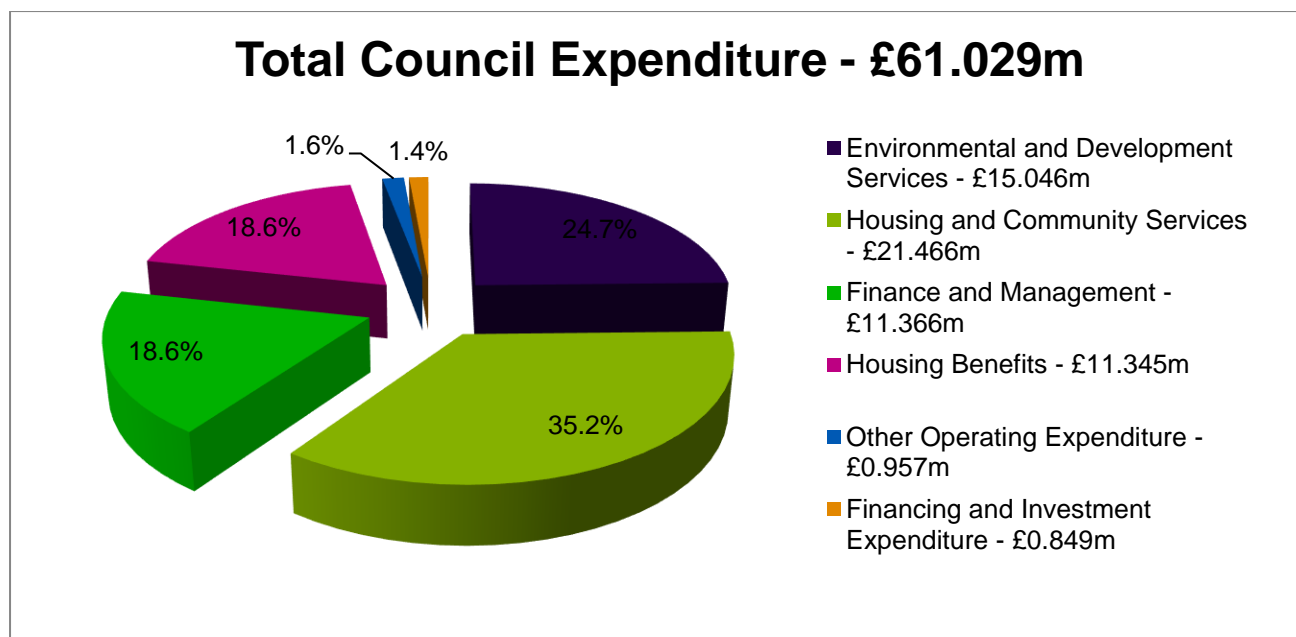
The Council's Expenditure

Our services are funded by revenue budgets that are utilised against the day to day running of the Council. Each year the Council spends money on key service areas, delivered in accordance with local priorities and statutory requirements.

During 2024/25, the Council achieved a surplus on the Provision of Services of £1.7m. Between both the General Fund and Housing Revenue Account (HRA) as detailed in the Comprehensive Income and Expenditure Statement found on page 36.

The following charts show expenditure incurred by the Council during 2024/25.

Narrative Report (continued)



Although included in the overall Income and Expenditure Statement, the Council is required to account separately for the costs of providing Council Housing. This is undertaken in a supplementary financial statement called the Housing Revenue Account, or HRA found in pages 98 to 105.

Capital Expenditure

The Council incurs expenditure in acquiring new assets or through undertaking significant improvements to existing assets. This expenditure is financed from external contributions, Government grants and from the Council's own reserves.

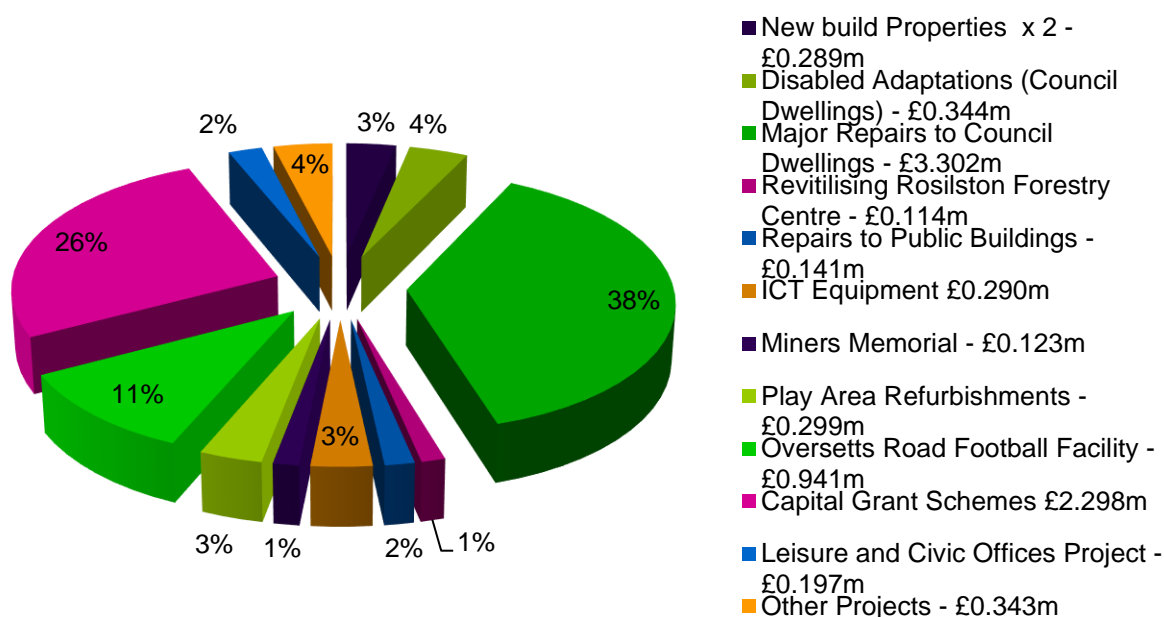
Approximately £8.6m was spent by the Council on capital schemes during 2024/25, compared to £7.7m in 2023/24.

Capital grant schemes range from government funded projects in social wellbeing, environmental efficiency and rural prosperity.

Details of the Council's capital expenditure for 2024/25 is shown in the below chart.

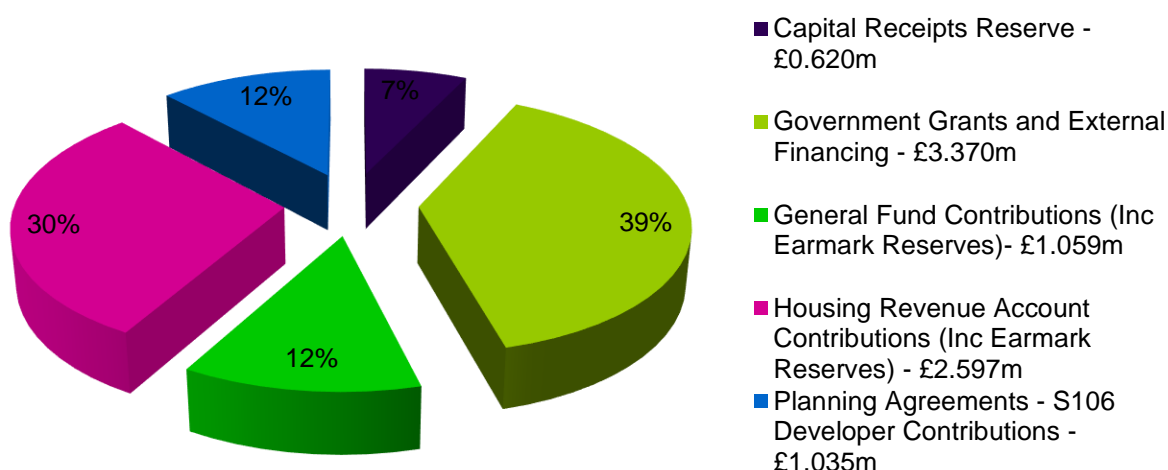
Narrative Report (continued)

Total Capital Expenditure - £8.681m



Details of the how the Council's capital programme for 2024/25 has been funded is shown in the below chart.

Total Capital Funding - £8.681m

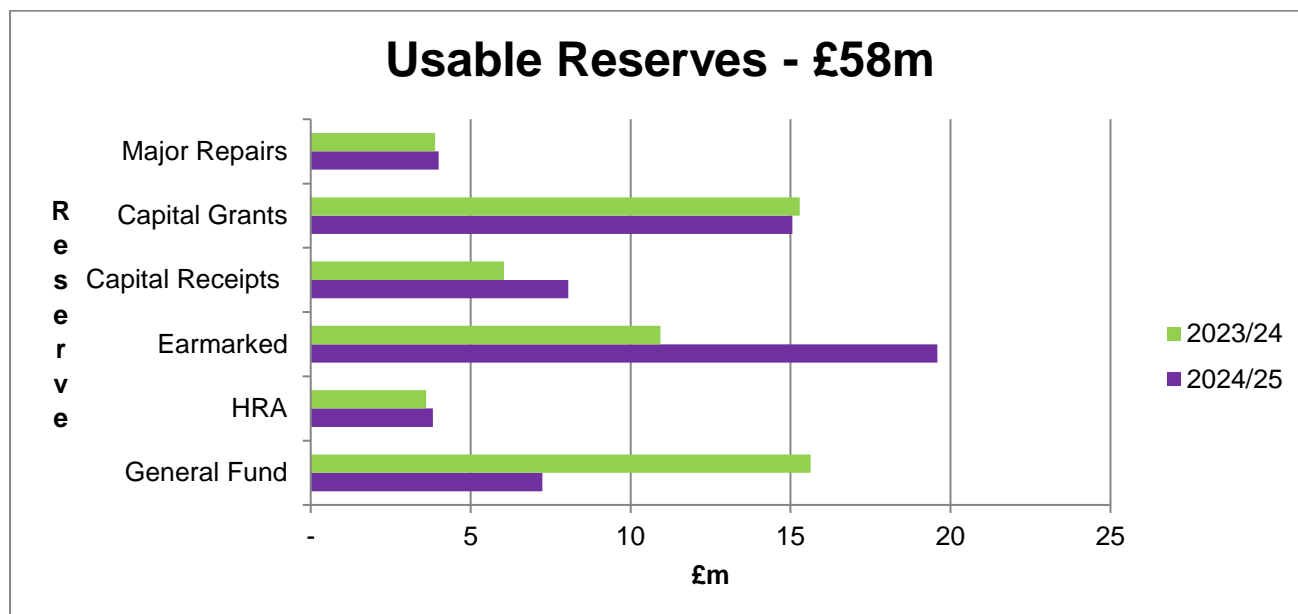


Council Reserves

Narrative Report (continued)

The Council's Usable Reserves have increased slightly in the year from £55m to £58m due to the surplus made on the provision of services.

Detail of the Council's Usable Reserves can be found in Note 23 to the Financial Statements but a summary chart showing the movement between 2023/24 and 2024/25 is below:



As part of the Council's Financial Strategy, a minimum unallocated contingency balance of £1.55m is maintained on the General Fund reserve and £1m on the Housing Revenue Account (HRA) reserve. This is reported in the Section 151 Officers Annual Report to Members of the Council in February each year.

In April 2024 the Council approved the creation of the Sustainable Finance Plan, alongside the approval of the Medium-term Financial Strategy. The Medium-term Financial Strategy is a five-year assessment of the resources required to delivery Council services, the Sustainable Finance Plan details how the Council will continue to deliver those services.

The Sustainable Finance Plan incorporates the generation of new income and reduction in expenditure, and alongside a new Reserves Strategy, enables the Council to project an ongoing balanced budget position.

The Sustainable Finance Plan sets out five themes to how the Council will generate income and reduce its expenditure to close budget gaps. There is a strong emphasis on generating more and new income. There are reductions in expenditure, but these are not characterised by reductions or cuts.

A Sustainable Finance Reserve was established in the accompanying Reserves Strategy which compliments the plan by providing financial resources to facilitate initiatives and projects under the Sustainable Finance Plan or close remaining budget gaps.

FINANCIAL PERFORMANCE

In February 2024, the Council approved its revenue and capital budgets. The performance against budget is reported to the Finance and Management Committee each quarter, detailing variances to budget and also a series of mitigating actions.

Narrative Report (continued)

The approved budgeted position on the General Fund, approved in February 2024, was a total deficit of £0.228m.

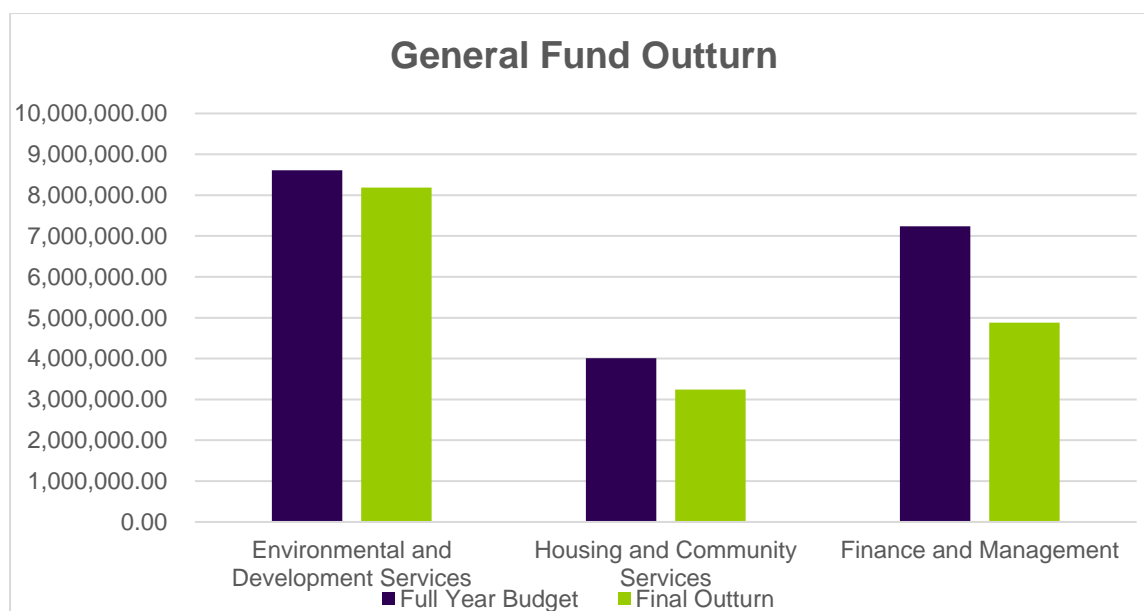
The final outturn position on the General Fund was a total improved surplus position of £2.409m.

The approved budget position in February 2024 for the HRA was £1.158m. The final position on the HRA is a total improved surplus of £0.309m.

The Council's Capital Programmes made good progress in 24/25, with a total spend of £8.681m, against a budget of £11.032m.

The General Fund

Overall, the favourable £2.637m movement on the General Fund final position is due to spend being £0.325m lower than projected, investment income £1.392m and business rates being £0.892m more favourable for the year and a slight increase to the settlement funding of £0.028m.

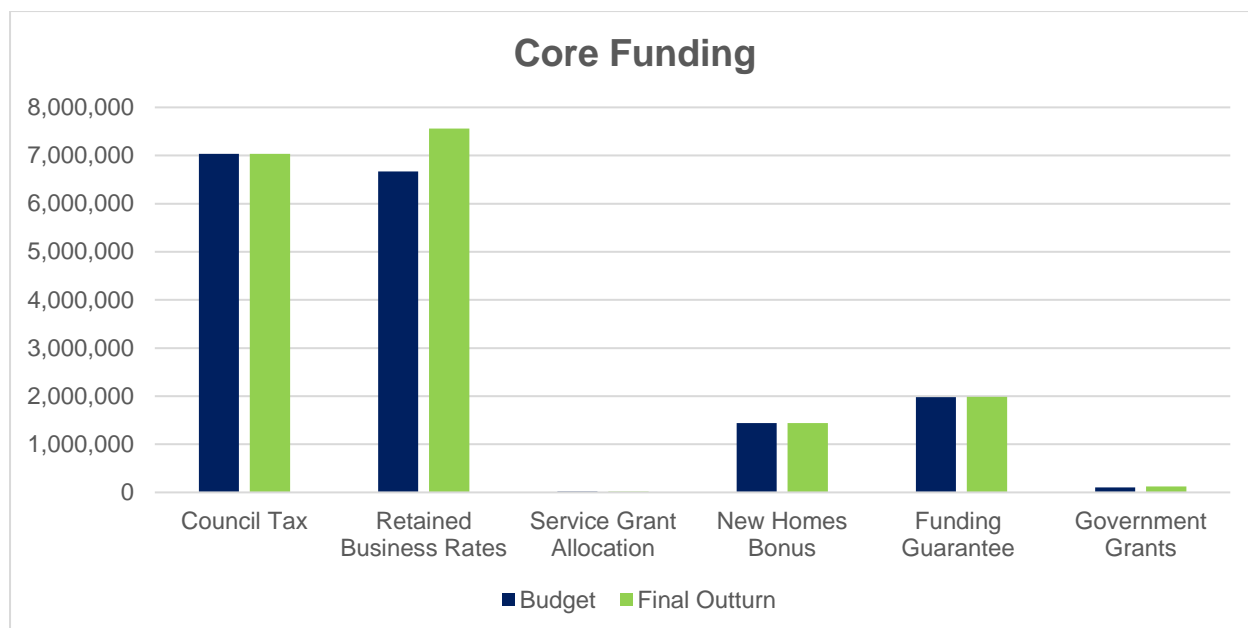


Funding

The Council is part of the Derbyshire Business Rates Pool, for Business rates retention, the pool consists of seven Derbyshire Councils. The additional income of £0.892m is primarily the distribution of our share of the Business Rates Levy Account, as part of the Pool.

The below chart illustrates the variance between budget and final outturn position.

Narrative Report (continued)

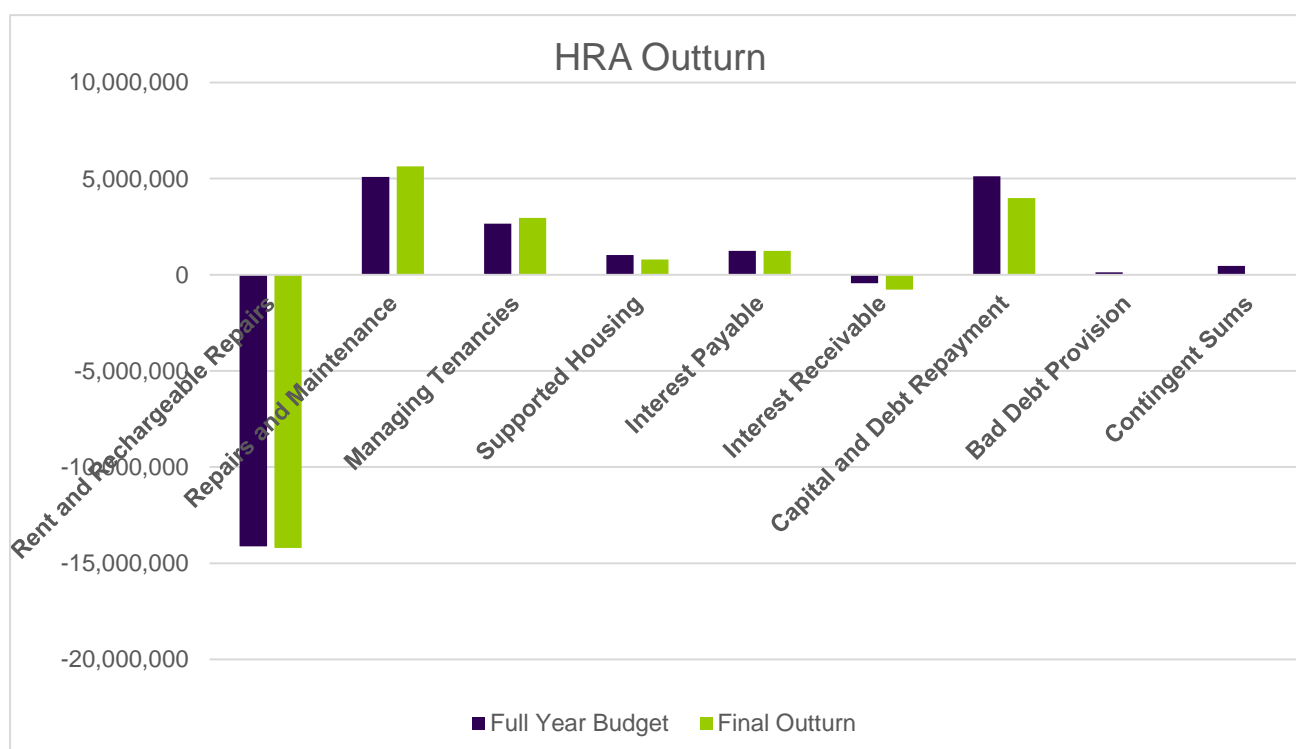


Housing Revenue Account (HRA)

The Council is required to account separately for income and expenditure in providing Council housing.

The approved budget for the HRA was estimated deficit of £1.158m, with the final position being a surplus of £0.309m.

The greatest variance is the increase in investment income and a reduction to depreciation.



Narrative Report (continued)

Contingent sums budget is for additional debt repayments being met from the general HRA reserves, this year to alleviate the HRA reserves, this additional debt repayment has been rescheduled.

Capital

The Council's capital programme consists of many different projects covering both the General Fund and HRA.

The capital budget for 2024/25 was approved in February 2024 and has been updated following the outturn for 2024/25 to reflect the carry forward of income and expenditure for incomplete projects.

At the end of the financial year the capital investment was £4.746m on General Fund assets and £3.935m on HRA assets against a budget of £11.032m.

The underspend on capital arose from slippage on some of the Council's projects, including the Events Space and the Vehicle Replacement Programme.

The slippage on the Events Space was due to delayed confirmation of funding by the Government. This funding has now been confirmed and the Events Space is at design and specification stage with site works expected to start in June. This work is scheduled to complete by March 2026.

The Vehicles Replacement programme has been delayed due to procurement exercises. Orders have been submitted for years 1 and 2 of the programmes, with delivery of vans expected May/June and RCV's due to be delivered in September 2025.

Expenditure on Council Dwellings owned by the Council totalled £3.6m and investment in two new properties was £0.289m.



During 2024/25 the Council completed a 2-year programme of investment totalling £1.228m supported by Social Housing Decarbonisation Fund (SHDF) Grant of £0.580m through The Department for Energy Security and Net Zero. SHDF Funding is part of the UK's commitment to achieving net-zero carbon emissions by 2050 and aims to reduce fuel poverty, carbon emissions, and energy consumption within social housing stock. The South Derbyshire programme has delivered a range of energy performance measures to 85 properties including improved insulation and ventilation and new windows and heating systems where required.

Narrative Report (continued)

£0.941m was spent on Oversetts Road Football Facility which sees the return of organised sport to the site with a new changing room block, outdoor gym and circulatory footpaths installed.

The Council has also refurbished play areas at Swadlincote Woodlands and Maurice Lea Memorial Park, which saw over 1500 responses to public consultation. Both new play areas have been well received by the public and have transferred the open spaces.

In 2024/25 The Council completed the creation of the Bevin Boys Miners Memorial Garden at Eureka Park, which has been planted to commemorate the contribution to the war effort. The garden is on the site of where the Owd Shoddy pit once stood and is designed to interpret the important heritage and history to this site.



The Council approved a new Leisure Centre and Civic Offices in February 2025. The spend on this project year to date includes feasibility studies for the site, with the project expected to be commenced in 2025/26 and construction completed in Spring 2028.

Council Spending and Future Financial Position

The Council's detailed budget and spending plans for 2024/25 and the projected medium-term financial position to 2030 is available on the Council's committee management system via the Council's website.

The Council's General Fund was estimated to generate a deficit in 2024/25 with deficits expected every year going forwards. Following several years of budget savings, the Council's financial position has remained stable and has generally performed better than forecast.

The current Medium-Term Financial Plan (MTFP) highlights budget deficits from 2025/26 onwards due to assumptions around the redistribution of funding – predominantly Retained Business Rates and New Homes Bonus - through local government funding reform. Current base budget costs are forecast to increase year-on-year due to inflation, together with a rapid growth in the local population which will place additional demands upon services.

The Council continues to benefit from increased income, mainly through planning fees, New Homes Bonus, Council Tax and Business Rates, due in part to the economic and residential growth in the district. Growth is continuing to be seen, and it is expected that planning and Council Tax income streams will remain stable. Additional income is reinvested back into services to meet increased demand.

Narrative Report (continued)

The Council approved its Medium-Term Financial Strategy in April 2024. The documents set out three major areas of strategy in relation to the council's ongoing financial sustainability plans:

- How the Council would monitor its ongoing financial sustainability through its regular review of the medium-term financial plan
- The creation of the "Sustainable Finance Programme" by which the Council would seek to mitigate its current and future predicted budget gaps
- The creation of a reserves strategy which details how the Council will use its reserves to fund projects identified in the Sustainable Finance Programme on the basis they will reduce expenditure or increase income and, where the combined effect of such interventions does not close a budget gap entirely, how reserves will be used to do so

The 2025/26 – 2029/30 General Fund MTFP aligned with the final budget position shows a cumulative projected budget gap of £19.4 million over the period. The Sustainable Finance Programme, updated for 2025/26 outlines a plan for saving £14.7 million, which will significantly reduce the predicted budget gaps over the medium term.

Given the forecast projected budget gaps over the period of £19.4 million and the anticipated savings as part of the Sustainable Finance Programme, there will be the need to deploy reserves over the period of circa £5.0 million. The effect of this is that there would be a remaining circa. £12.8 million of reserves remaining at the end of the period.

South Derbyshire District Council remains in a stable financial position and can fully fund its expenditure over the medium term. At present there is no immediate financial pressures that would necessitate the issuing of a Section 114 notice under the Local Government Finance Act.

As part of our statutory responsibilities, we are continually monitoring our financial outlook to ensure we remain resilient to potential future challenges. This includes keeping under review any emerging risks, such as changing in national funding arrangements, evolving service demands, or unforeseen economic impacts.

Nevertheless, in line with good governance and transparency, the Council will continue to assess its position regularly and report, accordingly, should circumstances change.

OUR OPERATING ENVIRONMENT

The Council continues to operate in a highly complex and fast-changing Environment, shaped by a range of strategic pressures that affect both our financial sustainability and our ability to deliver effective, responsive public services.

Local Government Funding Reform

At a national level, the government has launched the Fair Funding Review 2.0, to review the distribution of core funding across local government. Whilst the outcomes of this review are not yet fully known, changes to funding formulas, council tax equalisation mechanisms, and business rates retention will be implemented from April 2026 and are considered have a significant impact on district councils.

A detailed analysis of the perceived impacts and comparison against the council's existing MTFP future forecasts will be undertaken in the coming months.

Narrative Report (continued)

Local Government Reorganisation

The English Devolution White Paper (published on 16 December 2024) set out the government's vision for simpler local government structures. Alongside the publication of the English Devolution White Paper on the 16 December, the Minister of State for Local Government and English Devolution, wrote to all councils in remaining two-tier areas and neighbouring small unitaries to set out plans for a joint programme of devolution and local government reorganisation.

On the 5 February 2025 the Minister of State for Local Government and English Devolution issued an invitation to all councils in 2-tier areas and small neighbouring unitary authorities to develop proposals for unitary local government. These will bring together lower and upper tier local government services in new unitary councils to deliver local government reorganisation. This invitation requested that councils produce interim plans and submit these to government by Friday 21 March, setting out their progress on developing proposals in line with the criteria and guidance. The interim plans submitted to Government were:

- one proposal by Derbyshire County Council, proposing a single unitary authority covering the entire county, excluding Derby.
- a North / South Derbyshire, two unitary council approach proposed by the District and Boroughs of Derbyshire and Derby City – with High Peak, Derbyshire Dales, Northeast Derbyshire, Bolsover and Chesterfield in the North, and South Derbyshire, Erewash and Derby City in the South – with Amber Valley joining either the North or the South.

The Council is actively developing a detailed proposal for submission to government in support of local government reorganisation, with the other 7 District and Borough Councils of Derbyshire and Derby City Council. This work is focused on setting out a clear and evidence-based case for structural reform, including the creation of two new unitary authorities – in the North and South of Derbyshire - with the aim of improving service delivery, strengthening local leadership and achieving greater financial sustainability. The confirmed make-up of the new bodies is expected in the Summer of 2026.

This would mean that South Derbyshire District Council would cease to be a council on the 31 March 2028, and would be merged into the new unitary council as from the 1 April 2028, referred to as the vesting day. Up until then South Derbyshire District Council will continue to deliver services as normal.

Wider economic, social and environmental context.

The Council has continued to operate within a challenging and evolving strategic environment over the 2024/ 25 financial year. A combination of economic pressures, national policy developments and rising service expectations have shaped both the demand for council services and the financial context in which they are delivered.

Economic conditions have continued to impact the council's operating environment. Elevated inflation has increased the cost of delivering services, particularly in areas such as utilities and contractual provision. However, continued heightened interest rates have positively affected the council through additional investment income generation earned on balances.

Workforce challenges around recruiting and retaining staff continues to affect capacity and resilience across the organisation, as is the case for the majority of councils in England.

The Council has also continued its commitments to embedding environmental sustainability across its operations, responding to national net zero targets and local ecological and biodiversity priorities.

Narrative Report (continued)

RISK MANAGEMENT

The Risk Management Framework was approved in June 2024 reaffirming the formal arrangements the Council has in place for risk management. The overall objective of the Council's risk management framework is the identification, analysis, management and control of those risks which can most impact on the Council's ability to achieve its strategic objectives. A Strategic Risk Register is in place and is approved by both the Leadership Team and Elected Members via the Audit and Governance Committee. The Strategic Risk Register is a live document constantly under review to ascertain progress on managed risks and new risks that could impact on the Council. Set out below are the key risks from the Council's Strategic Risk Register.

Narrative Report (Continued)

Risk	Impact	Mitigation
Contracts are not properly procured and managed.	<ul style="list-style-type: none"> • The Council incurs additional costs. • Contracts do not represent value for money (VFM) • Litigation/legal challenge. • Health and safety compliance. • Service disruption. 	<p>Action plan in place reported in Annual Governance Statement 2023/24.</p> <p>Cross-council multidisciplinary officer group, "Spend Matters" mobilised to develop the Council's procurement and contract management approach.</p> <p>Discussion with neighbouring council underway to bolster resilience in approach.</p> <p>Procurement support contract with V4 Services in place.</p> <p>Permanent Procurement in place.</p> <p>Contract Register and procurement pipeline refreshed as part of 2025/26 Service Planning.</p> <p>New procurement support arrangements in place.</p> <p>Contact Procedure Rules have been reviewed, updated and adopted at Council on the 15 May 2025.</p> <p>Procurement compliancy issues identified pertaining to agency staffing arrangements recognised as a corporate governance internal control weakness within the 2024/25 Annual Governance Statement (AGS).</p>
Effective use of assets/buildings (non-housing.)	<ul style="list-style-type: none"> • Public liability issues. • Personal liability issues (e.g. corporate manslaughter.) • Death or injury. • Loss of income. • Higher insurance. • Reputational damage. • Revenue pressure d to high maintenance costs. 	<p>The additional repairs reserve has addressed the risk in the short term.</p> <p>Condition surveys are being undertaken with a view to preparing a Planned Maintenance Programme and comparing estimated costs against available budgets.</p> <p>Regular quarterly Health and Safety assessments of council buildings with Property Services and Health and Safety Officer.</p> <p>Continually monitor and review the repair budgets to ensure adequate funding is available for the Planned Maintenance Programme going forward.</p> <p>Planned Maintenance Programme reviewed in preparation for next financial year.</p> <p>A programme of quarterly inspections of Council buildings has commenced with reviews completed at the Civic Offices, Boardman Depot and Rosliston Forestry Centre.</p>
Cyber Security	<ul style="list-style-type: none"> • Litigation, loss of operational data, breaches of GDPR. • Reputational damage. Financial loss, possible fines, should a data breach occur. 	<p>ICT replacement programme in place which directs hardware and corporate infrastructure upgrades.</p> <p>Compliance with the Government's Public Services Network requirements.</p> <p>Regular Internal Audit Reviews test the robustness of systems and the infrastructure.</p> <p>Restrictions on internet access and to control the use of mobile devices.</p> <p>Continually updated and patched digital estate including firewall servers and antivirus.</p> <p>Regular briefings and guidance documents are issued to raise awareness of data and security issues.</p>

Narrative Report (continued)

		<p>E-learning package is completed annually by all Officers with access to Council systems and equipment.</p> <p>Quarterly monitoring % of staff who completed undertaken by management.</p> <p>The Council's Data Protection Officer has direct access to the Leadership Team on matters concerning Information Governance.</p> <p>As staff work remotely, communications have been sent to remind of the dangers of cyber-attacks. The security in place is the same for end users regardless of location.</p> <p>A mandatory Cyber Security e-learning package must be completed annually.</p> <p>Member IT protocol agreed November 2023.</p> <p>Induction process for all new starters as part of the employee lifecycle.</p> <p>The Council introduced a new cloud-based proxy server in Q4 which allows for more advanced routing and reporting of device traffic.</p> <p>End User Computing rollout commenced in Q4. The rollout of Windows 11 laptops represents continued progress on hardware and software refresh in line with the life cycle and product support of the operating system.</p>
<p>Failure to work effectively with other public sector partners and 3rd party sector organisations.</p>	<ul style="list-style-type: none"> • Loss of public confidence in the Council. • Loss of funding. • Loss of confidence in the Community Safety Partnership. <p>Impact on service delivery.</p>	<p>The Council's current grant funding has been increased by 2% for 2025-2026.</p> <p>The Council employs a dedicated Community Partnership Officer to support the voluntary sector and local organisations.</p> <p>The Council Plan aims to increase the number of hubs across the district and activities taking place within them.</p> <p>The County Council consultation on the withdrawal of the discretionary grants concluded in August 2024. The Council's response was submitted via the consultation, in addition, a response letter was submitted from the Chief Executive.</p>
<p>Reputational Damage.</p>	<ul style="list-style-type: none"> • Intervention. • Loss of public confidence. • Ombudsman findings. • Court costs. • Breakdown in partnership. • Adverse publicity. • Lower satisfaction levels 	<p>Employment Policies and Procedures in place.</p> <p>Code of Corporate Governance.</p> <p>Council Constitution.</p> <p>Elected Member Code of Conduct.</p> <p>Employee Code of Conduct.</p> <p>Social Media Policy.</p> <p>Quarterly performance reports to Committee.</p> <p>Fortnightly meeting of Leadership Team and with leading Elected Members.</p> <p>Council Plan 2024-28.</p> <p>Service Plans for each service area.</p>

Narrative Report (continued)

	<ul style="list-style-type: none"> • Low moral. • Difficulties recruiting staff. • Inadequate budget provision, inappropriate financial decisions made. 	<p>Whistleblowing Procedure review completed.</p> <p>Agreements in place with strategic partnerships.</p> <p>Internal communications resource who monitor and protect the Council's reputation.</p> <p>Contracts in place with third parties delivering services on behalf of the Council.</p> <p>Regular meetings with partners and contractors.</p> <p>Medium Term Finance Plan and Strategy.</p> <p>Annual budget reviews across all services.</p> <p>Appointment has been made to the Communications and Engagement Manager post and Senior Communications and Engagement Officer post.</p> <p>Communication and Engagement Strategy has been approved by Council.</p>
Death/serious harm to a vulnerable person receiving a Council service.	<ul style="list-style-type: none"> • Increased risk of harm or neglect for vulnerable individuals. 	<p>Safeguarding training provided to employees.</p> <p>Each service area completes annual service plan to identify training and resources required.</p> <p>Annual appraisals completed.</p> <p>Service areas are responsible for providing appropriate training for staff.</p> <p>Health and safety advice provided to services</p> <p>Cross team briefings are held and with external partners on cases.</p> <p>Corporate Safeguarding Group</p> <p>Dedicated Corporate Safeguarding Officer and Leadership Team Lead.</p> <p>Lone working arrangements and PPE provision reviewed, additional training and resources provided.</p>
Failure to meet Regulatory Standards for Housing.	<ul style="list-style-type: none"> • Legal penalties & fines. • Reputational damage. • Tenant health and safety risks. • Higher maintenance and repairs costs. • Tenant dissatisfaction. • Regulatory intervention. • Loss of funding – non-compliance may result in reduced government grants. 	<p>The Council are on the Regulator of Social Housing (RSH) Landlord Improvement Framework, after being awarded a C3 rating in August 2024.</p> <p>Additional interim resources have been secured to support Housing compliance.</p> <p>The draft Housing Service Transformation Plan was approved by Members in April 2025.</p> <p>Housing and Communities Committee and has also been presented to the Regulator for Social Housing in May. The document was well received.</p> <p>The HSTP have 7 key actions, and progress can be evidenced against each one – for example the drafting of the Tenant Engagement Strategy</p> <p>A summary is being prepared for RSH/Programme Board / H&CS Committee</p> <p>This project is included in the Council Plan and is in the process of being mobilised to progress as a corporate project.</p>

Narrative Report (continued)

	Deterioration in regulatory standing.	<p>Progress is tracked via the compliance tracker which is shared with the Housing Working Group and Regulator of Social Housing (RSH).</p> <p>The Housing Service review with iESE implementation has been included in the HSTP. The second TSM report completed with across-the-board improvement in tenant reported satisfaction.</p> <p>Members are updated via the Housing Services Working Group, and regular updates to H&C Committee and full Council</p>
Decreasing Financial Resources/Increasing Financial Pressures.	<ul style="list-style-type: none"> • Service curtailment to manage costs. • Political and resident expectations not met. • Service quality implications. • Reputational damage. • Depletion of reserves. • Risk of Section 114. 	<p>Medium Term Financial Strategy approved April 2024, which sets out how the Council will achieve new income and reduce spend to manage expenditure within funding envelope.</p> <p>Reserves Strategy as part of MTFS to fund new projects/initiatives to generate new/more income and reduce costs.</p> <p>Reserves available to balance budget deficits where needed.</p> <p>Ongoing improvements to Council's financial management approach to ensure forecasts are accurate and realistic.</p> <p>Sustainable Finance Programme (arising from MTFS) launched with Leadership Team – setting and monitoring of savings/income targets.</p> <p>Programmes of projects clearly defined at Leadership Team, with Executive Director leads agreed for relevant Council Plan items and Sustainable Finance Programme items (link with MTFS.)</p> <p>Treasury Management and Investment Strategy approved.</p> <p>Prudential indicators in place.</p> <p>New spending plans assessed for financial viability.</p> <p>Review of MTFP twice a year to ensure medium-term forecasts are robust.</p> <p>Council is part of Derbyshire Business Rates Pool, therefore benefiting from additional retained business rates.</p> <p>S151 Officer engaged in national sector lobbying on local government funding.</p> <p>Member training programme on finance.</p> <p>HRA business plan under review.</p> <p>Financial Procedure Rules approved by Council on the 15 May and adopted.</p>
Economy/Regeneration.	<ul style="list-style-type: none"> • Relocation (business and domestic.) 	<p>Various funding and support for local businesses and residents from central government.</p> <p>Active participation in Economic Groups.</p>

Narrative Report (continued)

	<ul style="list-style-type: none"> • Lack on inward investment. • Increased demand for certain services. • Conflicting pressures – decreased funding/increased demand. • Decrease in collection levels. • Rising costs, the availability of materials and pressure on recruitment and retention. • National pressures faced by the high street retail offer. 	<p>Engaged and contribute to Derbyshire economic development partnerships.</p> <p>Council's own MTFS scenario plans for economic downturn.</p> <p>Debt recovery policy in place.</p> <p>Council resource via Economic Regeneration Team to support businesses.</p> <p>Approval granted to appoint an apprentice to the team.</p> <p>A further round of UKSPF funding has been awarded the proposals for the fund was submitted to Finance & Management Committee on the 20 March 2025.</p>
<p>Council is subject to fraud, corruptions or theft.</p>	<ul style="list-style-type: none"> • Resources of the Council to investigate. • fraud issues. • Financial loss. • Reputation impact • Litigation. <p>Limited assurance about the underlying financial position.</p>	<p>Shared Service Arrangement with Derby City Council for Anti-Fraud & Corruption Plan, Fraud awareness training across the Council.</p> <p>Public agencies such as the DWP and HMRC increasingly share data with local authorities on a real-time basis.</p> <p>Single Person Discount checks on Council Tax regularly undertaken.</p> <p>26 mandatory staff training session have been delivered to employees by Derby City Council up to April 2024.</p> <p>Fraud Unit annual work programme, considered and approved by the Audit Sub-Committee. Outcomes are also reported to the Audit Committee.</p> <p>Regular meetings held with Derby City Council.</p> <p>Audit Sub Committee approved the latest Fraud and Anti-Corruption Action Plan in December 2023.</p> <p>The Council's accounts and outturn position is reported annually in July.</p> <p>Annual reporting satisfies stewardship and accountability for public resources.</p>

Narrative Report (continued)

		<p>Government returns are completed quarterly and annually giving comparators to previous years, which highlights major discrepancies.</p> <p>Government/CIPFA recommendations for improvements to the service to be kept under review.</p> <p>The Council has been awarded by the PSAA (Public Sector Audit Appointments) a new audit partner, Mazars, who will be auditing the Council's accounts for next five years. Working relationships have been established with the audit partner.</p> <p>All Audits completed and are now up to date. Backstop date for 2024/25 accounts is February 2026.</p>
Failure to work effectively with other public sector partners and 3rd party sector organisations.	<ul style="list-style-type: none"> • Loss of public confidence in the Council. • Loss of funding. • Loss of confidence in the Community Safety Partnership. <p>Impact on service delivery.</p>	<p>The Council's current grant funding has been increased by 2% for 2025-2026.</p> <p>The Council employs a dedicated Community Partnership Officer to support the voluntary sector and local organisations.</p> <p>The Council Plan aims to increase the number of hubs across the district and activities taking place within them.</p> <p>The County Council consultation on the withdrawal of the discretionary grants concluded in August 2024. The Council's response was submitted via the consultation, in addition, a response letter was submitted from the Chief Executive.</p>
Failure to respond to an emergency in an appropriate.	<ul style="list-style-type: none"> • Insurance – higher premiums. • Litigation risks. • Loss of essential services. • Adverse publicity. • Reputational damage. • Loss of public confidence. • Loss of income. • Financial damage. • Death and Injury. <p>Large proportion of staff becoming ill.</p>	<p>Some aspects of this risk can be transferred as business interruption cover is in place as part of the Council's Property Insurance Policy.</p> <p>Corporate Business Continuity and Emergency Plans are in place and regularly reviewed in accordance with the Civil Contingencies Act. The Council buys in support from Derbyshire County Council to ensure that the Council's plans remain up to date.</p> <p>Emergency Plan has been reviewed and updated and approved by LT in September 2024.</p> <p>Senior Manager has attended MAGIC course (multi-agency gold incident command) in September 2024.</p> <p>Risk assessments and action plans are in place and resources made available to provide employees with the equipment to work from home wherever possible as well as access to resources to support their physical and mental health and wellbeing.</p> <p>Flexible Working Policy allows staff to work remotely and at different sites within the needs of customers and the Service. Regularly review of the Flexible Working Policy undertaken.</p> <p>Elected Member Plan and Business Continuity plan is available.</p>

Narrative Report (continued)

		<p>Business continuity exercise and training of Leadership Team, Heads of Service and Members undertaken February and April 2024.</p> <p>Corporate risk assessment in place and reviewed to outline control measures for respiratory illness.</p> <p>The Corporate Business Continuity Plan has been reviewed and approved.</p>
Staff lone working including out of hours.	<ul style="list-style-type: none"> • Staff could suffer physical and emotional harm. • Increased levels of sickness absence. • Disruption in service and/or insufficient resources to provide service. • Increased cost in delivering services if alternative models used. • Increased level of risk to members of the public if responsive services not provided. <p>Increase cost of providing PPE and monitoring.</p>	<p>Lone working systems in place including a 'Solo-Protect' warning and call for assistance system.</p> <p>A Potentially Violent Persons Policy and a Potentially Violent Persons Register is in place and subject to regular review and update. PVP register reviewed Q1 2024.</p> <p>Alarms and warning system in place in the Civic Offices.</p> <p>Monitoring and review of systems in place; learn from incidents and near misses.</p> <p>Lone Working Policy and Procedure reviewed Q1 2024.</p> <p>Training for staff provided in lone working and dealing with conflict.</p> <p>Risk assessments and control measures identified in each service area that undertakes lone working.</p>
Regulatory Governance	<ul style="list-style-type: none"> • New or changes to legislation. • Failure to identify new/changes to legislation. • Failure to implement new/amended requirement. 	<p>The Council's Statutory Monitoring Officer receives regular legislative updates from the LGA and LLG (Lawyers in Local Government) and other sources, legislative updates are disseminated to the relevant officers.</p> <p>Necessary skills and resources are in place to ensure that the Council meets its statutory duties.</p> <p>Council's Constitution, policies and procedures support strategic and regulatory delivery.</p> <p>Appropriate insurance cover in place.</p> <p>Designated officers for key legislated areas</p>

Narrative Report (continued)

	<ul style="list-style-type: none"> Government amends deadlines with short notice. 	<p>On-going mandatory training programme is in place for all staff and occupational specific training for parts of the workforce where there is a greater risk of an accident.</p> <p>Data Protection policy.</p> <p>Code of Conduct and regular training.</p> <p>Statutory Monitoring Officer role fulfilled and at most senior level in organisation.</p> <p>Continued Professional Development of legal officers.</p> <p>GDPR training.</p> <p>Clear lines of accountability within management structure, with Executive Director responsibility for identifying and implementing new/amended requirements within services.</p> <p>The Local Plan Part 1 was submitted on time, on the 12th March. The Council is on track for a full submission in December 2025.</p>
Organisational/Transformational Change	<ul style="list-style-type: none"> Loss of corporate knowledge. Redundancy. Staff morale. Staff retention. Impact on quality of service. Corporate implications – legal/HR/finance. Reputational impact. Financial loss. Litigation. Increased fraud. Non-delivery of Council Plan. 	<p>Corporate Guidance on Organisational Change.</p> <p>Regular engagement with Trade Unions and employees.</p> <p>Employee Forum.</p> <p>Colleague Briefings.</p> <p>Monthly Let's Connect to advise of changes to all staff.</p> <p>Transformation identified as one of four main priorities in the Council Plan.</p> <p>Communication and Engagement plans for key projects.</p> <p>Performance appraisal process.</p> <p>Staff engagement on organisational culture – developed Values with staff.</p> <p>The Employee survey was launched in March and responding positively.</p> <p>Customer and Digital Roadmap approved at FMC April 2024.</p>
Local Government Reorganisation	<ul style="list-style-type: none"> Adverse impact on recruitment due to perceived/actual impact of Devolution / reorganisation. 	<p>Ongoing dialogue between Derbyshire Leaders and Chief Executives.</p> <p>Derbyshire LGR Project Team established, with SDDC representation.</p> <p>Wider programme structure under consideration with Derbyshire councils.</p> <p>Support provided to the regional work to develop initial proposals in relation to Local Government Reorganisation in Derbyshire.</p>

Narrative Report (continued)

- Ability for the Council. to continue to manage resources to deliver statutory services and projects
- Distraction from the delivery of the Council Plan, essential service delivery and key projects.
- Morale of the workforce negatively affected.
- Financial planning, both short- and long-term, uncertainty around the national funding reforms, devolution and LGR makes future year forecasting incredibly challenging. Ineffective communication impacting on morale and productivity of the workforce

Established a shared communications model to provide consistent responses to Local Government Reorganisation.

Regular and transparent communication to all in the organisation to offer insight and reassurance.

Production of a very specific communication plan to ensure we strike the right tone, balance, and level of reassurance.

Narrative Report (continued)

AND FINALLY

The following sections set out the Council's Accounts and Financial Statements for 2024/25. As highlighted earlier; to meet accounting standards, they are necessarily detailed and technical in nature.

Further information is available from the Council at www.southderbyshire.gov.uk or by e-mail to customer.services@southderbyshire.gov.uk referencing any queries as **Statement of Accounts**

Certificate of the Council's and Chief Financial Officer's Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

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

The Executive Director – Resources and Transformation Responsibilities

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

In preparing this Statement of Accounts, the Strategic Director (Corporate Resources) has:

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

The Executive Director – Resources and Transformation has also:

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

Certification by the Executive Director – Resources and Transformation

I certify that this Statement of Accounts has been prepared in accordance with proper accounting practices and presents a true and fair view of the financial position of the Council at 31 March 2025, and its income and expenditure for the year ended on.

Certificate of Chief Financial Officer

I certify that

- (a) The Statement of Accounts for the year ended 31 March 2025 on pages 36 to 40 has been prepared in the form directed by the Code and under the accounting policies set out on pages 41 to 56.
- (b) In my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.

Signed:



Tracy Bingham FACCA

Executive Director – Resources and Transformation (Section 151 Officer)



Date of certification: 30/06/2025

Independent Auditor's Report

**TO BE INSERTED AFTER THE AUDIT OF THE
STATEMENT OF ACCOUNTS IS COMPLETE**

Independent Auditor's Report

Independent Auditor's Report

Independent Auditor's Report

Council Approval of Statement of Accounts

These accounts are to be approved by delegation by the Chair of Finance and Management Committee Councillor Sarah Harrison and Executive Directors – Resources and Transformation, Tracy Bingham. The delegation was approved by the Finance and Management Committee, after completion of the external audit.

Signed.....

Tracy Bingham, Executive Director – Resources and Transformation (Section 151 Officer)

Dated

Signed.....

Councillor Sarah Harrison, Finance and Management Committee Chair

Dated

Comprehensive Income and Expenditure Statement

For the year ended 31 March 2025

This statement, as set out below, shows the accounting cost in the year of providing services in accordance International Financial Reporting Standards (IFRS), rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

£000's	2024/25			2023/24		
	Expenditure	Income	Net	Expenditure	Income	Net
Environmental and Development Services	15,046	(5,014)	10,032	14,113	(4,428)	9,685
Housing and Community Services (incl HRA)	21,466	(16,763)	4,703	19,711	(16,203)	3,508
Finance and Management	22,711	(17,954)	4,757	21,937	(16,143)	5,795
Cost of Services	59,223	(39,731)	19,492	55,761	(36,774)	18,987
Other Operating Income & Expenditure			957			673
Total Other Operating Income & Expenditure (Note 12)			957			673
Financing & Investment Income & Expenditure (Note 13)			(2,783)			(2,543)
Taxation & Non-Specific Grant Income (Note 14)			(19,376)			(17,329)
(Surplus)/Deficit on Provision of Services			(1,710)			(212)
(Surplus)/Deficit on revaluation of Assets			(13,099)			(18,804)
(Surplus)/Deficit from investments in equity instruments (FVOCI)			(65)			138
Remeasurement of the Net Defined Benefit Liability (Note 32)			12,243			(7,511)
Total Comprehensive Income & Expenditure			(2,631)			(26,389)

Movement in Reserves Statement

For the year ended 31 March 2025

This Statement shows the movement in the year on the different reserves held by the Council, analysed into “**usable reserves**” (i.e. those that can be applied to fund expenditure or reduce local taxation) and other “**unusable**” reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement (CIES).

These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for Council Tax setting and Council House rent setting purposes. The Net Increase/Decrease before transfers to Earmarked Reserves line shows the statutory General Fund Balance and the Housing Revenue Account balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Reserves 2024/25	General Fund (Restated)	Earmarked Reserves	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied Account	Major Repairs Reserve	Total Usable Reserves	Unusable Reserves (Restated)	Total Authority Reserves
<i>£000's</i>									
Balance at 31 March 2023	13,358	27,335	4,609	11,509	1,450	4,986	63,247	119,179	182,426
Movement in reserves during 2023/24:									
Total Comprehensive Income & Expenditure	(463)	-	675	-	-	-	212	26,177	26,389
Adjustments between accounting basis & funding basis (Note 10)	1,518		(2,262)	4,532	682	(1,098)	3,371	(3,371)	-
Net increase/(decrease) before transfers to Earmarked Reserves	1,055	-	(1,588)	4,532	682	(1,098)	3,583	22,807	26,389
Transfers (to)/from Earmarked Reserves as per	1,212	(16,400)	587	(10,000)	13,152	-	(11,449)	11,449	-
Increase/(decrease) for the year ended 31 March 2024	2,267	(16,400)	(1,001)	(5,468)	13,834	(1,098)	(7,866)	34,256	26,389
Balance at 31 March 2024	15,625	10,935	3,608	6,041	15,284	3,888	55,381	153,435	208,815
Adjustment to opening balances for IFRS16 transition	-	-	-	-	-	-	-	(192)	(192)
Movement in reserves during 2024/25:									
Total Comprehensive Income & Expenditure	256	-	1,454	-	-	-	1,710	921	2,631
Adjustments between accounting basis & funding basis (Note 10)	32		(1,260)	2,013	(232)	107	660	(660)	-
Net increase/(decrease) before transfers to Earmarked Reserves	288	-	194	2,013	(232)	107	2,370	69	2,439
Transfers (to)/from Earmarked Reserves	(8,668)	8,652	16	-	-	-	-	-	-

Movement in Reserves Statement

For the year ended 31 March 2025

Increase/(decrease) for the year ended 31 March 2025	(8,380)	8,652	210	2,013	(232)	107	2,370	69	2,439
Balance at 31 March 2025	7,245	19,587	3,819	8,054	15,052	3,995	57,751	153,503	211,254

The Balance Sheet

For the year ended 31 March 2025

The Balance Sheet shows the value as at 31 March 2025 of the Council's assets and liabilities. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses from asset revaluations, together with reserves that account for timing differences.

£000's		2025	2024 (RESTATED)	2023 (RESTATED)
	<i>Notes</i>			
Property, Plant & Equipment	15	199,195	187,762	171,784
Investment Property	16	7,048	6,619	6,011
Long-term Investments	17	3,500	3,434	3,572
Long-Term Investments Pensions	32	0	8,105	275
Long-term Debtors	17	78	83	88
Non-Current Assets		209,822	206,003	181,729
Inventories		83	127	104
Short-term Debtors	18	9,904	8,386	7,427
Cash & Cash Equivalents	20	51,758	50,169	61,934
Current Assets		61,745	58,682	69,465
TOTAL ASSETS		271,567	264,685	251,194
Short-term Creditors	21	(19,056)	(17,847)	(20,540)
Short-term Borrowing	17	(71)	(89)	(10,089)
Provisions	22	(366)	(452)	(659)
Current Liabilities		(19,493)	(18,388)	(31,288)
Long-term Creditors	17	(46)	(59)	(55)
Long-term Borrowing	17	(37,423)	(37,423)	(37,423)
Long-term Pension Liability	32	(3,147)	-	-
Long-term Lease Liability		(202)	-	-
Non-Current Liabilities		(40,819)	(37,482)	(37,478)
TOTAL LIABILITIES		(60,312)	(55,870)	(68,767)
NET ASSETS		211,255	208,816	182,427
Usable Reserves	23	(57,752)	(55,381)	(63,248)
Unusable Reserves	24	(153,503)	(153,435)	(119,179)
TOTAL RESERVES		(211,255)	(208,816)	(182,427)

The Cashflow Statement

For the year ended 31 March 2025

The Cash Flow Statement, as set out below, shows the changes in cash and cash equivalents of the Council during the reporting period. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital to the Council.

£000's		2025	2024
	<i>Notes</i>		
Cash generated from operations			
Net Surplus/(Deficit) on the provision of services		1,710	212
Adjustment for non-cash movements:			
Depreciation	15	6,399	7,657
Impairments/Revaluations		(265)	(312)
Movement in Pension	32	(991)	(291)
(Profit)/Loss from the sale of Property, Plant & Equipment	12	(210)	(408)
Changes in working capital:			
(Increase)/Decrease in Inventory		44	(23)
(Increase)/Decrease in Debtors	17/18	(1,666)	(1,034)
(Increase)/Decrease in Impairment Allowance	18	152	80
Increase/(Decrease) in Creditors	17/21/22	1,111	(2,471)
Net cash generated from operations		6,284	3,408
Cash flows from investing activities			
Purchase of Property, Plant & Equipment	15	(5,535)	(5,631)
Purchase of Investment Properties	16	(13)	(23)
Proceeds from the sale of Non-Current Assets	12	863	873
Net cash flows from investing activities		(4,685)	(4,781)
Cash flows from financing activities			
Agency Agreement with Central Government	21	-	(425)
Repayment of Borrowings	17	(18)	(10,000)
Cash Payments for the reduction of the outstanding liabilities relating to Finance Leases	31	(13)	-
Net cash flows from financing activities		(31)	(10,425)
Net increase in cash & cash equivalents		1,568	(11,798)
Cash & cash equivalents at the beginning of the period	20	50,169	61,934
Cash & cash equivalents at the end of the period	20	51,758	50,169

Notes to the Financial Statements

For the year ended 31 March 2025

Notes to the Core Financial Statements

Due to rounding figures to the nearest £000, some figures shown within the following notes may slightly differ when compared to the main Financial Statements or other Notes to the Accounts. The difference in rounding would not be more than £5,000 in any single case.

1. Accounting Policies

Accounting Policies

(a) General Principles

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

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

The Council's financial statements have been prepared on a going concern basis; the accounts have been prepared on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in The United Kingdom 2024/25) in respect of going concern reporting requirements reflect the economic and statutory environment in which the Council operates. As a result of this, it would not therefore be appropriate for the financial statements to be produced on anything other than a going concern basis.

Reports are regularly taken to the Finance and Management Committee updating the current and forecasted position of the Council's financial position. The final outturn will be reported on 19 June 2025 for 2024/25 with the next full quarterly forecast for 2025/26 presented in September 2025.

The mitigating factor underpinning the going concern assessment is that the Council continues to have available General Fund balances above the current recommended minimum working balance.

At the end of 2024/25 it is budgeted to be £17.76, which is £16.21 above the minimum level. Additionally, the Council's cash flow forecasts anticipate that cash balances will remain in a positive position for at least twelve months following publication of these financial statements and do not forecast a need to borrow. The Council has undertaken cash flow modelling through to March 2026 which demonstrates the Council's ability to work within its Capital Financing Requirement and cash management framework, with a minimum cash balance forecast during the period of £21m. Given this, the Council considers that the Statements can be prepared on a going concern basis.

The Statement of Accounts has been prepared in Sterling rounded to the nearest thousand.

Local Government Reorganisation

The English Devolution White Paper, published on 16 December 2024, outlined the government's vision for streamlined local government. On the same day, the Minister for Local Government and English Devolution wrote to councils in two-tier areas and small neighbouring unitaries, launching a joint programme for devolution and local government reorganisation.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

On 5 February 2025, councils were formally invited to submit proposals for new unitary authorities, combining upper and lower-tier services. Interim plans were due by 21 March 2025. Two proposals were submitted:

- **Derbyshire County Council:** A single unitary authority for the county (excluding Derby).
- **Districts, Boroughs, and Derby City:** Two unitary councils—North (High Peak, Derbyshire Dales, NE Derbyshire, Bolsover, Chesterfield) and South (South Derbyshire, Erewash, Derby City), with Amber Valley to join either.

South Derbyshire continues to support the submission of a detailed plan by the deadline of 28 November 2025. The table below gives the expected timeline.

LGR full plan submission deadline	Friday 28 November 2025
Elections to shadow authorities	April / May 2027
Vesting day for new authorities	April 2028

If approved, South Derbyshire District Council would cease to exist on 31 March 2028, merging into a new unitary authority from 1 April 2028 (vesting day). Until then, it will continue delivering services as usual.

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(b) Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sales of goods is recognised when the Council transfers the significant risks and rewards of ownership to the purchaser, and it is probable that the economic benefits or services potential associated with the transaction will flow to the Council.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are recognised as inventories on the Balance Sheet.
- Revenue from the provisions of services is recognised when the Council 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 Council.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract.
- Where the income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- Expenses relating to the services received (including services provided by employees) are recorded as expenditure when the services are received rather than when the payments are made.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

- The Council Tax and income included in the Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year. The NDR income included in the Income and Expenditure Statement is the Council's share of the Collection Fund's accrued income for the year from the Statutory Return following the close of the financial year. The difference between this value and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund adjustment account through the Movement in Reserves Statement.

Accounting for Council Tax

While the Council Tax income for the year credited to the Collection fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund or paid from the Collection Fund to the major preceptors. The amount credited to the General Fund under statute is the Council's precept for the year, plus or minus the Council's actual share of the surplus / deficit on the Collection Fund for the previous year.

The cash collected by the Council from Council Taxpayers belongs predominantly to all the major preceptors. The difference between the amounts collected on behalf of the other major preceptors and payments made to them is reflected as a debtor or creditor balance as appropriate.

Accounting for Non-Domestic Rates (NDR) – Business Rates

The NDR income for the year credited to the Collection Fund is the accrued income for the year. Regulations determine when it should be released from the Collection Fund and paid out to major preceptors (excluding the Police and Crime Commissioner for Derbyshire) and the Government. The amount credited to the General Fund under statute is the Council's estimated share of NDR for the year from the statutory return made to the Government at the commencement of the financial year.

The cash collected by the Council from NDR Taxpayers belongs predominantly to all the major preceptors (excluding the Police and Crime Commissioner for Derbyshire) and the Government. The difference between the amounts collected on behalf of the other major preceptors and payments made to them is reflected as a debtor or creditor balance as appropriate.

(c) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash equivalents are investments that mature in a specified period of no more than 364 days, or less from the date of acquisition. They are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

(d) Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

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

(e) Charges to Revenue for Non-Current Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding fixed assets during the year:

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

The Council is not required to raise Council Tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from the revenue to contribute towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance). Depreciation, revaluation and impairment losses or amortisations are replaced by the contribution in the General Fund of a Minimum Revenue Provision (MRP) by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

(f) Employee Benefits

Benefits Payable during Employment

Short Term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, annual leave, sick pay and car allowances. These are for current employees and are recognised as expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements, including annual leave, earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

The accrual is made at the wage or salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination Benefits are amounts payable because of a decision by the Council to terminate employment of employees before the normal retirement date, or an employee's decision to accept voluntary redundancy. These are charged on an accrual's basis to the relevant service line of the Comprehensive Income and Expenditure Statement, when the Council is clearly committed to the termination of employment.

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

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Post-Employment Benefits

Employees of the Council are entitled to be members of the Local Government Pension Scheme, administered by Derbyshire County Council. This scheme provides defined benefits to members (retirement lump sums and pensions) earned as Council employees.

The Local Government Pension Scheme is accounted for as a funded defined benefit final salary scheme:

- The liabilities of the Derbyshire County Council Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method. This means there is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices using a discount rate based on the indicative rate on long-term redemption yields available on AA rated corporate bonds.
- The assets of the Derbyshire County Council Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - Quoted securities - mid market value.
 - Unquoted securities - professional estimate.
 - Unitised securities - average of the bid and offer rates.
 - Property - market value.

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

Service cost comprising

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

Re-measurement comprising

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions reserve as Other Comprehensive Income and Expenditure.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

- Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions reserve as Other Comprehensive Income and Expenditure.

Contributions paid to the Derbyshire County Council Pensions Fund

The cash paid as employer's contributions to the pensions fund in the settlement of liabilities are not accounted for as an expense as statutory provisions require the General Fund and Housing Revenue Account Balances to be charged with the amount payable by the Council to the Pension Fund, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and any amounts payable to the fund but unpaid at the year-end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flow rather than as benefits earned by the employees.

Discretionary Benefits

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

(g) Events after the Balance Sheet Date

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

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

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

(h) Financial Instruments

Financial Liabilities

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

For most of the borrowings that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

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

Financial Assets Measured at Amortised Cost

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

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

Expected Credit Loss Model

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

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

Financial Assets Measured at Fair Value through Profit or Loss

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

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

- other instruments with fixed and determinable payments – discounted cash flow analysis.

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

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset. Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

(i) Government Grants and Contributions (Revenue)

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

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

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

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

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

(j) Inventories

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

(k) Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset would be exchanged between knowledgeable parties at arm's length.

Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposals.

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

(I) Leases

The Council as Lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial Measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

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

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

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

Subsequent Measurement

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

- assets held under non-commercial leases

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

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

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

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

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

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

Low Value and Short Lease Exemption

As permitted by the Code, the Council excludes leases:

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

Lease Expenditure

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

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

The Council as Lessor

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

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Finance Leases

Where the council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal.

At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

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

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

Operating Leases

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

(m) Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of, Property, Plant or Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

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

Assets are valued into components where a component may be a significant proportion of the overall value of the asset. For example, asset values may be split between land, buildings and services. Where a component is replaced, the carrying amount of the old component is derecognised and the new component reflected in the carrying amount, subject to the recognition principles detailed above being met.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price
- Any cost attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried in the Balance Sheet using the following measurements bases:

- Vehicles, Plant and Equipment – depreciated historical cost.
- Land and Buildings - Fair value (the amount that would be paid for land and buildings in their existing use)
- Dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH).
- Assets under construction – carried at cost until in use and then carried at EUV-SH.
- Surplus assets – best use fair value, based on what would be paid for the asset on the open market.
- All other assets – fair value determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from reversals of a loss previously charged to a service.)

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

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

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

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

Impairment

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

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

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

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

Depreciation

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

Depreciation is calculated on the following bases:

- Dwellings and other buildings – Straight-line allocation over the useful life of the property as estimated by the Valuer (between 18 and 75 years).
- Vehicles, plant, furniture and equipment – Straight-line allocation over the useful life of the item, as advised by a suitably qualified officer usually between 5 and 7 years.
- Community Assets – Not depreciated as their life is non-determinable,
- Land, Surplus assets not held for sale (land) and assets under construction - Not depreciated
- Surplus assets not held for sale (property) - Straight-line depreciation over the useful life of the asset up to 45 years.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

- Infrastructure Assets - Straight-line depreciation allocation over the useful life of the asset up to 20 years.

Where an item of Property, Plant and Equipment has major components whose cost is significant in relation to the total cost of the item (as determined by the VOA), the components are depreciated separately.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on provisions of services. Depreciation is not charged on Asset Held for Sale.

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

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on the disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement in addition to part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and then only can be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

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

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

(n) Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a dispute that could eventually result in the making of a settlement or the payment of compensation.

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

When payments are eventually made, they are charged to the provision set-up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year, where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service revenue account.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income in the relevant service revenue account if it is virtually certain that reimbursement will be received if the obligation is settled.

Contingent Liabilities

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

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

Contingent Assets

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

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

(o) Reserves

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

Certain reserves are kept managing the accounting processes for non-current assets, financial instruments, retirements and employee benefits. These do not represent usable resources for the Council. These reserves are explained in the relevant policies.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

(p) Revenue Expenditure Funded from Capital under Statute

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

(q) Value Added Tax (VAT)

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

(r) Principal and Agent Transactions

In its capacity as a billing authority the Council acts as an agent when collecting Council Tax & Non-Domestic Rate income distributed on behalf of the Government. Council Tax income is collected and distributed by the Council both on its own behalf and as an agent for Precepting Authorities. Non-Domestic Rate (NNDR) income is collected on behalf of the Council, the Government, Derbyshire Fire and Rescue Authority & Derbyshire County Council. Business Grant income was provided to the Council by the Government and is distributed based on strict rules imposed by the Government.

Where the Council is acting as an agent, transactions are not reflected in the financial statements, except where cash is collected, or expenditure is incurred on behalf of the other bodies. In this case a debtor or creditor will be raised. Council Tax & NNDR income is included in the Comprehensive Income & Expenditure Statement on an accrual's basis

2. Accounting Standards that have been issued but not yet adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2024/2025 (the Code), the council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

At the Balance Sheet date, the following new standards, or amendments to existing standards, have been issued but not adopted:

- ➔ IAS 21 The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability)
- ➔ IFRS 17 Insurance Contracts
- ➔ IAS 16 Property, Plant and Equipment
- ➔ IAS 38 Intangible Assets

The impact of these standards will be considered for the 2025/26 Statement of Accounts. It is not considered that these standards will have a material impact on the Accounts, although the exact impact is not currently known.

3. Critical Judgements

In applying the accounting policies as set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the statement of accounts are:

- There is a high degree of uncertainty about future levels of funding for Local Government. However, the Council has determined that this uncertainty is not yet sufficient to provide an

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision.

4. Assumptions made about the future and other major sources of uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain.

Estimates are made taking into account historical experience, current trends and other relevant factors.

However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

Item	Uncertainties
Property, Plant and Equipment	<p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.</p> <p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £1.7m if the average useful life of the Council's buildings fell by five years.</p>
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets, etc. A firm of consulting actuaries is engaged to provide the Pensions Administrator with expert advice about the assumptions to be applied.</p> <p>The assumptions interact in complex ways. Following the latest full valuation of the pension scheme as at 31 March 2025, the council's actuary advised that the net pension asset had increased. As result of updating the assumptions and actual contributions made. A sensitivity analysis, highlighting the impact on net liability from variations to the key assumptions can be seen in Note 32 Defined Benefit Pension Schemes</p>
National Non-Domestic Rates (NNDR) Provision	<p>The Council set aside, from its collection fund, £833k as a provision against the cost of the future settlement of current appeals outstanding against NNDR rateable values. The Council's share of this provision of £333k is shown in the Provisions Note.</p> <p>The impact of appeals is highly uncertain and outside of the control of the Council.</p>
Accounts Receivable Impairment	<p>The Council had £2.1m of sundry debtors outstanding at 31 March 2025. It is likely that a proportion of this debt will not be collectable in the future. Therefore, judgements are made to determine the amount that will remain uncollected, and this is converted into a sum which is transferred into an impairment of doubtful debts, in order that uncollectable debts can be written off.</p>

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

	<p>Debts are categorised into type and profile of the debtor. Judgements are then made, in some instances at an individual level, regarding the size of debt, period outstanding and any payments in place, etc. A percentage is then applied to debts that may not be collected. Generally, the older the debt, the greater the percentage applied. The percentage is also informed by experience and the current economic climate.</p>
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	<p>A review of significant balances suggested that an impairment of doubtful debts of £366k was appropriate. However, it is not certain that such an allowance would be sufficient.</p>
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5. Exceptional items of Income and Expense

There are no exceptional items in 2024/25.

6. Events after the Balance Sheet Date

The Council is not aware of any significant post balance sheet events.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

7. Expenditure and Funding Analysis

The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement.

£000's	2024/25			2023/24		
	Net Expenditure Chargeable to GF & HRA	Adjustments between Accounting & Funding (Notes 8 & 10)	Net Expenditure in Comprehensive Income & Expenditure Statement	Net Expenditure Chargeable to GF & HRA (Restated)	Adjustments between Accounting & Funding (Notes 8&10) (Restated)	Net Expenditure in Comprehensive Income & Expenditure Statement (Restated)
Environmental and Development Services	10,006	(25)	10,032	9,880	195	9,685
Housing and Community Services (incl HRA)	4,022	(681)	4,703	3,910	(1,064)	3,508
Finance and Management	6,567	1,810	4,757	6,199	405	5,795
Net Cost of Services	20,595	1,103	19,492	19,989	(464)	18,988
Other Operating Income & Expenditure	(21,078)	124	(21,202)	(20,597)	(1,398)	(19,199)
(Surplus)/Deficit	(483)	1,227	(1,710)	(608)	(1,862)	(211)
Opening General Fund and HRA Balances (Restated)	30,168			45,302		
Surplus/ (Deficit) on General Fund and HRA Balances in year	483			(608)		
Transfers to/(from) earmark reserves	-			(14,526)		
Closing General Fund and HRA Balances at 31 March	30,651			30,168		

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

8. Note to the Expenditure and Funding Analysis

2024/25	Adjustments for Capital Purposes [1]	Net Change for the Pensions Adjustments [2]	Other Differences [3]	Total Adjustments
£000's				
Environmental and Development Services	(25)	-		(25)
Housing and Community Services	(791)	110		(681)
Finance and Management	929	881		1,810
Net Cost of Services	112	991	-	1,103
Other Income and Expenditure from Expenditure and Funding Analysis	36	-	88	124
Difference between General Fund and HRA (Surplus)/Deficit and the (Surplus)/Deficit on the Provision of Services	148	991	88	1,227

2023/24	Adjustments for Capital Purposes [1]	Net Change for the Pensions Adjustments [2]	Other Differences [3] (Restated)	Total Adjustments
£000's				
Environmental and Development Services	195	-	-	195
				-
Housing and Community Services	(1,109)	45	-	(1,064)
				-
Finance and Management	130	275	-	405
Net Cost of Services	(784)	320	-	(464)
Other Income and Expenditure from Expenditure and Funding Analysis	188	-	(1,586)	(1,398)
Difference between General Fund and HRA (Surplus)/Deficit and the (Surplus)/Deficit on the Provision of Services	(596)	320	(1,586)	(1,862)

1. These amounts relate to adjustments for capital purposes such as depreciation, impairments and revaluations.
2. These amounts relate to the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits.
3. This amount relates to the difference between what is chargeable under statutory regulations for council tax and NNDR and income recognised under generally accepted accounting practices in the Code.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

9. Expenditure and Income Analysed by Nature

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

£000's	2024/25	2023/24 (Restated)
Expenditure		
Employee Expenses	19,436	18,110
Other service expenses	32,780	29,779
Depreciation and Impairment	6,132	7,342
Interest payable	1,254	1,510
Parish precepts	1,167	1,082
Elected Members allowances	470	439
(Gain)/Loss on the disposal of assets	(210)	(408)
Total expenditure	61,029	57,854
Income		
Fees, charges and other service income	(7,541)	(11,159)
Interest and investment income	(3,005)	(3,823)
Income from Council Tax and Non-Domestic Rates	(15,806)	(14,033)
Rental income	(15,161)	(13,529)
Government grants and contributions	(21,225)	(15,522)
Total income	(62,739)	(58,066)
(Surplus) / Deficit on the Provision of Services	(1,710)	(212)

Income received on a segmental basis is analysed in the table below:

£000's	2024/25	2023/24
Environmental and Development Services	(2,638)	(4,218)
Housing and Community Services (incl HRA)	(856)	(2,174)
Finance and Management	(4,046)	(4,767)
Total income from external customers	(7,541)	(11,159)

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

10. Adjustments between Accounting Basis and Funding Basis under Regulation

2024/25	Usable Reserves					Total
	General Fund	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	
£000's						
<u>Adjustments to Revenue Resources</u>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions Costs (transferred to/from Pensions Reserve)	(881)	(110)	-	-	-	(991)
Council Tax and NNDR (transferred to/from Collection Fund Adjustment Account)	(88)	-	-	-	-	(88)
Holiday Pay (transferred to/from Accumulated Absences Reserve)	59	1	-	-	-	60
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (charged to the Capital Adjustment Account)	1,926	4,859	-	-	-	6,785
Total Adjustments to Revenue Resources	1,016	4,750	-	-	-	5,766
<u>Adjustments between Revenue and Capital Resources</u>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(1)	(862)	863	-	-	-
Posting of HRA resources from Revenue to the Major Repairs and Capital Receipts Reserve	-	(4,140)	1,436	-	2,704	-
Posting of GF resources from Revenue to Capital Receipts Reserve	(193)	-	193		-	-
Posting of General Fund resources from revenue to the Capital Grants Unapplied	(819)	-	-	819	-	-
Statutory provision for the repayment of debt (transferred from the Capital Adjustment Account)	(36)	-	-	-	-	(36)
Capital expenditure financed from revenue (transferred to the Capital Adjustment Account)	25	(1,049)	-	-	-	(1,024)
Total Adjustments between Revenue and Capital Resources	(1,024)	(6,051)	2,492	819	2,704	(1,060)
<u>Adjustments to Capital Resources</u>						
Use of Capital Receipts Reserve to finance capital expenditure	-	-	(479)	-	-	(479)

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Use of Major Repairs Reserve to finance capital expenditure	-	-	-	-	(2,597)	(2,597)
Application of capital grants to finance capital expenditure	40	41	-	(1,051)	-	(970)
Total Adjustments to Capital Resources	40	41	(479)	(1,051)	(2,597)	(4,046)
Total Adjustments	32	(1,260)	2,013	(232)	107	660

2023/24	Usable Reserves					
£000's	General Fund (Restated)	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total
<u>Adjustments to Revenue Resources</u>						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pensions Costs (transferred to/from Pensions Reserve)	(275)	(45)	-	-	-	(320)
Council Tax and NNDR (transferred to/from Collection Fund Adjustment Account)	(107)	-	-	-	-	(107)
Deferred Capital Receipts (transferred to/from Deferred Capital Receipts Reserve)	367	-	-	-	-	367
Holiday Pay (transferred to/from Accumulated Absences Reserve)	16	0	-	-	-	16
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (charged to the Capital Adjustment Account)	2,399	4,411	-	-	-	6,810
Total Adjustments to Revenue Resources	2,401	4,366	-	-	-	6,767
<u>Adjustments between Revenue and Capital Resources</u>						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(12)	(861)	873	-	-	-
Payments to the Government Housing Receipts Pool	-	-	-	-	-	-

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Posting of HRA resources from Revenue to the Major Repairs and Capital Receipts Reserve	-	(5,768)	4,661	-	1,107	-
Posting of General Fund resources from revenue to the Capital Grants Unapplied	(682)		-	682		-
Voluntary revenue contribution for capital funding	(21)	-	-	-		(21)
Statutory provision for the repayment of debt (transferred from the Capital Adjustment Account)	(168)	-	-	-		(168)
Capital expenditure financed from revenue (transferred to the Capital Adjustment Account)	-	-	-	-	-	-
Total Adjustments between Revenue and Capital Resources	(883)	(6,629)	5,534	682	1,107	(188)
<u>Adjustments to Capital Resources</u>						
Use of Capital Receipts Reserve to finance capital expenditure	-	-	(1,003)	-	-	(1,003)
Use of Major Repairs Reserve to finance capital expenditure	-	-	-	-	(2,205)	(2,205)
Application of Capital Grants to finance capital expenditure	-	-	-	-	-	-
Total Adjustments to Capital Resources	-	-	(1,003)	-	(2,205)	(3,208)
Total Adjustments	1,518	(2,262)	4,532	682	(1,098)	3,371

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

11. Movements in Earmarked Reserves

This note details the amounts set aside from the General Fund and HRA in earmarked reserves to provide financing for future expenditure plans, together with amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2024/25.

£000's	Closing balance 2023/24	Transfers in	Transfers out	Closing balance 2024/25
General Fund				
IT Reserve	782		(385)	397
Local Plan Reserve	256	84		340
Economic Regeneration Fund	46			46
Rosliston Capital Reserve	217		(26)	191
Public Buildings Maintenance	152		(7)	145
Welfare Reform, Fraud and Compliance	374		(92)	282
Homelessness Prevention	919	133		1,052
Schools Sport Partnership Project	414		(48)	366
Pensions Reserve	352		(352)	0
Asset Replacement and Renewal Fund	221	24	(141)	104
Public Open Space Reserves	324		(76)	248
Biodiversity Enhancements - Swadlincote Reserve	143		(4)	139
Urban County Park	450		(18)	432
Discretionary Housing Payments	5		(1)	4
Local Strategic Partnership	11		(4)	7
Crime & Disorder Partnership	306		(61)	245
Youth Engagement Partnership	569		(365)	204
Young People Cultural Partnership	7			7
Get Active in the Forest	125		(2)	123
Maurice Lea Park	23			23
Growth	951		(720)	231
Planning Review	52		(52)	0
Leisure Centre/Civic Offices Project	250		(105)	145
Fleet Replacement	2,536			2,536
Whitespace	160		(89)	71
Land Registry	14	135		149
Town Centre Shop Fronts	55			55
Green Space Strategy	16		(16)	0
Capability Reserve	66	22		88
Geothermal Opportunity Mapping	24		(24)	(0)
Mine Water Heating Prospects	18	6		24
Procurement Manager	3		(3)	(0)
Sustainable Finance Reserve	-	10,150		10,150
Sustainable Finance Projects Feasibility	-	215		215
Climate and Ecological Strategy Reserve	-	500		500
Procurement Stabilisation	-	100		100

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Other Earmarked Reserves	806	319	(491)	634
	10,648	11,688	(3,082)	19,254
HRA				
Fixed Asset Replacement Fund	200			200
SHDF Revenue Contribution	37		(37)	0
Asbestos & Stock Condition Surveys	50		(1)	49
HRA Consultancy Reserve	-	86		86
	10,935	11,774	(3,120)	19,589

12. Other Operating Income and Expenditure

Total £000's	2024/25	2023/24
Parish Council Precepts	1,123	1,037
Parish Council Tax Support Grant	44	44
(Gains)/Losses on Disposal of Non-Current Assets	(210)	(408)
Total - Other Operating (Income) / Expenditure	957	673

12. Other Operating Income and Expenditure (continued)

(Profits)/losses on the disposal of non-current assets £000's	2024/25	2023/24
Net Proceeds from Sale of General Assets	(1)	(12)
Net Proceeds from Sale of HRA Assets	(862)	(862)
Disposal Costs	-	-
Book Value of non-current assets sold	653	466
Total	(210)	(408)

13. Financing and Investment Income and Expenditure

Total £000's	2024/25	2023/24
Interest Payable and Similar Charges	1,255	1,517
Interest Receivable and Similar Income	(3,005)	(3,204)
Net Interest on the Net Defined Benefit Asset (note 34)	(407)	(25)
Income and Expenditure in Relation to Investment Properties	(626)	(832)
Total	(2,783)	(2,544)

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

14. Taxation and Non-Specific Income

Total £000's	2024/25	2023/24
Council Tax Income	(8,096)	(7,734)
NNDR Income	(7,710)	(6,299)
Local Authority Support for COVID-19	-	45
Non-Ring-Fenced Government Grants	(3,569)	(3,338)
Total	(19,376)	(17,326)

14. Taxation and Non-Specific Income (continued)

Council Tax Income £000's	2024/25	2023/24
Current Year	(8,096)	(7,734)
Total	(8,096)	(7,734)

National Non-Domestic Rates (NNDR) £000's	2024/25	2023/24
Current Year	(13,100)	(11,672)
Tariff Payments	7,671	7,669
Business Rate Reliefs	(3,287)	(2,823)
Other Reliefs	(37)	(177)
Payment to Business Rates Pool	1,043	705
Total	(7,710)	(6,299)

Local Authority Support for COVID-19 £000's	2024/25	2023/24
Council Tax Hardship Fund	-	-
Local Council Tax Support due to Hardship	-	45
Total	-	45

Non-Ring-Fenced Government Grants £000's	2024/25	2023/24
New Homes Bonus	(1,442)	(1,480)
Funding Guarantee	(1,985)	(1,748)
New Burdens Grant	(20)	(8)
Service Allocation Grant	(18)	(102)
Revenue Support Grant	(105)	-
Total	(3,569)	(3,338)

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

15. Property, Plant and Equipment

Year ended 31 March 2025	Council Dwellings	Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
<i>£000's</i>							
Cost or valuation							
At 1 April 2024	161,645	21,462	6,192	1,447	1,070	105	191,921
Additions	3,891	298	321	84	941	-	5,535
Revaluation Increases/(decrease) recognised in the surplus /deficit on the provision of services	7,052	217	-	(84)	-	-	7,185
Derecognition - Disposals	(580)	(71)	(355)	-	-	-	(1,006)
Derecognition - Other	-	-	-	-	-	-	-
Assets reclassified (to)/from other accounts	-	-	-	-	-	-	-
Other movements in cost or valuation	-	14	-	-	-	-	14
At 31 March 2025	172,008	21,920	6,158	1,447	2,011	105	203,649
Accumulated depreciation & Impairment							
At 1 April 2024			(4,159)	-	-	-	(4,159)
Depreciation Charge	(3,939)	(1,820)	(639)	-	-	-	(6,397)
Depreciation written out to the revaluation reserve	11,131	2,049	-	-	-	-	13,180
Impairments losses/(reversals) recognised on the provision of services	148	16	-	-	-	-	164
Derecognition - Disposals	225	-	344	-	-	-	569
Derecognition - Other	-	-	-	-	-	-	-
Other movements in depreciation an impairment	(7,566)	(245)	-	-	-	-	(7,811)
At 31 March 2025	(0)	0	(4,454)	-	-	-	(4,455)
Net Book Value							
At 31 March 2025	172,008	21,920	1,703	1,447	2,011	105	199,194
At 1 April 2024	161,645	21,462	2,033	1,447	1,070	105	187,761

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

15. Property, Plant and Equipment (continued)

Year ended 31 March 2024	Council Dwellings	Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Assets Under Construction	Surplus Assets	Total
<i>£000's</i>							
Cost or valuation							
At 1 April 2023	147,775	19,212	5,892	1,447	966	105	175,396
Additions	3,682	1,371	409	-	104	-	5,566
Revaluation Increases/(decrease) recognised in the surplus /deficit on the provision of services	10,469	991	-	-	-	-	11,461
Derecognition - Disposals	(341)	(52)	(109)	-	-	-	(502)
Derecognition - Other	-	-	-	-	-	-	-
Assets reclassified (to)/from other accounts	-	-	-	-	-	-	-
Other movements in cost or valuation	60	(60)	-	-	-	-	-
At 31 March 2024	161,645	21,462	6,192	1,447	1,070	105	191,922
Accumulated depreciation & Impairment							
At 1 April 2023			(3,612)	-	-	-	(3,612)
Depreciation Charge	(5,444)	(1,629)	(584)	-	-	-	(7,657)
Depreciation written out to the revaluation reserve	14,959	3,845	-	-	-	-	18,804
Impairments losses/(reversals) recognised on the provision of services	(954)	100	-	-	-	-	(854)
Derecognition - Disposals	100	20	36	-	-	-	156
Derecognition - Other	-	-	-	-	-	-	-
Other movements in depreciation an impairment	(8,661)	(2,335)	-	-	-	-	(10,996)
At 31 March 2024	0	(0)	(4,159)	-	-	-	(4,158)

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Net Book Value							
At 31 March 2024	161,645	21,462	2,033	1,447	1,070	105	187,761
At 1 April 2023	147,775	19,212	2,279	1,447	966	105	171,783

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

15. Property, Plant and Equipment (continued)

Depreciation

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

Council dwellings – 15 to 74 Years, straight line depreciation

Other land and buildings – 5 to 52 Years, straight line depreciation

Vehicles, plant and equipment – 3 to 7 Years, straight line depreciation

Effects of changes in estimates

In 2024/25 the Council made a material changes to its accounting estimates for Council Dwellings. During the revaluation of the Council's council dwellings, remaining useful lives were reviewed. As a result, the depreciation charge for the properties of £3.602m for 2024/25, was £1.325m lower than it would have been if the useful lives assessed in 2023/24 had been used for the calculations. The impact of this change will carry forward into 2025/26 and future years.

Revaluations

The Council ensures that all property, land and buildings required to be measured at current value is revalued annually so that their carrying amount is not materially different from their current value at the year-end. Valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The significant assumptions applied in estimating the current values of property, land and buildings are:

- Good title can be shown, and that the property is not subject to any unusual or onerous restrictions, encumbrances or outgoing.
- The property and its value are unaffected by any statutory notice or proposal or by any matter that would be revealed by a local search and replied to usual enquiries, and that neither the construction of the property nor its condition, use of unintended use was, is or will be unlawful or in breach of any covenant.
- The property (including its site) and neighbouring properties are not contaminated and are free of radon gas, hazardous substances and other adverse environmental impacts.
- That the properties are in good repair and that inspection of parts not inspected would neither reveal defects nor cause material alteration to the valuation.
- No deleterious or hazardous materials or techniques were used in the construction of the property or have since been incorporated.

Except for Vehicles, Plant and Equipment, all assets are valued each year and summary values are shown in the following table.

£000's	Council Dwellings	Land & Buildings	Total
Carried at historical cost 2024/25	-	-	-
Carried at valuation as at:			
31 March 2025	172,008	21,920	193,928
31 March 2024	161,645	21,462	183,107

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

15. Property, Plant and Equipment (continued)

Impairments

Impairments for the year ended 31 March 2025 recognised in the Income and Expenditure Statement were £0.164m.

Gains arising from the revaluation of assets are recognised in the Revaluation Reserve, unless they reverse a previous impairment charged to the Surplus or Deficit on the Provision of Services. Losses arising from changes in value firstly reduce any Revaluation Reserve balance to that asset and, thereafter are recognised in the Surplus or Deficit on the Provision of Services

16. Investment Properties

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

£000's	2024/25	2023/24
Balance at the beginning of the year	6,619	6,619
Additions	13	-
Surplus/(Deficit) on revaluation	416	-
Balance at the end of the year	7,048	6,619

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

£000's	2024/25	2023/24
Rental Income from Investment Property	603	772
Direct Operating Expenses arising from Investment Property	(137)	(97)
Net Gain/(Loss)	466	675

There are no restrictions on the Council's right to the remittance of income for its investment properties. Rental income received in relation to Investment Properties are credited to the Financing and Investment Income line and results in a gain for the General Fund Balance. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance, or enhancement.

Depreciation is not charged on Investment Properties.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Fair Value Hierarchy

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

£000'S	2024/25			
	Quoted prices in active markets for identical assets (Level1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2025
Recurring fair value measurements using:				
Commercial Units		6,903		6,903
Log Cabins		145		145
Total Investment Properties	-	7,048	-	7,048

£000'S	2023/24			
	Quoted prices in active markets for identical assets (Level1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Fair value as at 31 March 2025
Recurring fair value measurements using:				
Commercial Units		6,419		6,419
Log Cabins		200		200
Total Investment Properties	-	6,619	-	6,619

There were no transfers between any of the fair value hierarchy levels during the year.

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

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

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

17. Financial Instruments

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

£000'S	Non-current		Current	
	2024/25	2023/24	2024/25	2023/24
Investments				
Loans and receivables at amortised cost	40	40	-	-

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Investments elected to fair value through other comprehensive income	3,460	3,394	-	-
Total Investments	3,500	3,434	-	-
Debtors				
Loans and receivables at amortised cost	78	83	-	-
Financial assets carried at contract amounts	-	-	5,607	4,776
Total Debtors	78	83	5,607	4,776
Cash and cash equivalents				
Loans and receivables at amortised cost	-	-	35,757	34,170
Investments held at fair value through profit and loss	-	-	16,000	16,000
Total cash and Cash Equivalents	-	-	51,757	50,170
Total Financial Assets	3,578	3,518	57,364	54,946
Borrowings				
Financial liabilities at amortised costs	(37,423)	(37,423)	(71)	(89)
Total Borrowings	(37,423)	(37,423)	(71)	(89)
Other Long Term Liabilities	(46)	(59)	-	-
Total Other long term liabilities	(46)	(59)	-	-
Creditors				
Financial liabilities carried at contract amounts	-	-	(6,591)	(3,393)
Total Creditors	-	-	(6,591)	(3,393)
Total Financial Liabilities	(37,469)	(37,482)	(6,662)	(3,482)

The investments elected to fair value through other comprehensive income of £3.460m is the fair value of the Council's investment in the CCLA Property Fund. The investments of £0.040m relate to money held in trust for a local community group. Debtors (loans and receivables at amortised cost) relate to charges placed on properties following work undertaken by the Council under statutory powers plus other small loans.

As at 31 March 2025, the debt outstanding comprised the following loans.

- A portfolio of loans from the Public Works Loan Board with a book value of £37.423m (2024: £37.423m). £37.423m of the loan portfolio is fixed with rates between 2.7% and 3.5%.
- Loans of £0.071m (£0.089m: 2024) have been received from various Parish Councils within the South Derbyshire District Council area who have deposited funds with the Council. These

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

loans can be recalled on immediate notice. Interest is calculated at the Bank of England Base Rate, less 1%.

Interest Income, Expenses, Gains and Losses

As part of the CIPFA Code of Practice in the financial instruments note, the Council is also required to disclose the interest income and expenses and the gains and losses in respect of this. These are shown in the table below:

£000'S	2024/25					2023/24				
	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Financial Assets: Elected to Fair Value through OCI	Financial Assets: Fair Value through Profit & Loss	Total	Financial Liabilities measured at amortised cost	Financial Assets: Loans and Receivables	Financial Assets: Elected to Fair Value through OCI	Financial Assets: Fair Value through Profit & Loss	Total
Interest Expense	1,240				1,240	1,510	-			1,510
Total Expense	1,240	-			1,240	1,510	-			1,510
Interest and Dividend Income	-	(2,045)	(173)	(786)	(3,004)	-	(2,227)	(178)	(799)	(3,203)
Total Income	-	(2,045)	(173)	(786)	(3,004)	-	(2,227)	(178)	(799)	(3,203)
(Gain)/Loss on Revaluation			(65)		(65)			(138)		(138)
(Gains)/Loss for the Year	1,240	(2,045)	(238)	(786)	(1,830)	1,510	(2,227)	(316)	(799)	(1,830)

Fair Values of Assets and Liabilities

The financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. The fair value is assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

The fair values of long-term loans from the Public Works Loan Board have been based on the new lending rates for equivalent loans at that date with an identical remaining term to maturity.

- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment impairment is recognised.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Assets and liabilities at fair value through profit or loss are carried in the Balance Sheet at their fair value. These fair values are based on public price quotations where there is an active market for the instrument.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

£000'S	Carrying amount 2024/25	Fair Value 2024/25	Carrying amount 2023/24	Fair Value 2023/24
Financial Liabilities				
Long Term	(37,423)	(32,324)	(37,423)	(33,309)
Short Term	(71)	(71)	(89)	(89)
	(37,494)	(32,395)	(37,512)	(33,398)
Financial Assets				
Money Market Investments	16,000	16,000	16,000	16,000
CCLA Property Fund	4,000	3,460	4,000	3,394
	20,000	19,460	20,000	19,394

*Fair value hierarchy: Quoted prices in active markets for identical assets/liabilities (level 1)

The fair value adjustment for long term financial liabilities relates to the Public Works Loan Board Portfolio. The fair values were obtained from the Treasury Management advisor Arlingclose Ltd, which values all loans for the purpose of year-end financial statements. The fair value in 2025 is approximately £5m lower than the current book value. This reflects that the loans are currently worth less due to the average discount rate on these loans being 5.33%, compared to the average actual interest paid of 3.31%.

Nature and Extent of Risks arising from Financial Instruments

The CIPFA's Code of Practice on Treasury Management which requires the adoption of the CIPFA Treasury Management Code and the approval of Treasury Management Strategy before the commencement of each financial year has been adopted by the Council. The Strategy sets out the parameters for the management of risks associated with financial instruments.

The Council is exposed to the financial risks:

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

Overall Procedures for Managing Risk

The Council's risk management procedures focus on the unpredictability of financial markets, and on implementing restrictions to minimise these. The procedures for risk management are set out in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code for Treasury Management in the Public Sector which governs borrowing and investment activity.

Overall, these procedures require the Council to manage risk in the following ways by:

- Formally adopting the requirements of the Code of Practice.
- Approving annually in advance prudential indicators for the following three years limiting:
 - The Council's overall borrowing;

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

- Its maximum and minimum exposures to fixed and variable rates;
- Its maximum and minimum exposures to the maturity structure of its debts;
- Its maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These matters are required to be reported and approved at or before the Council's Annual Council Tax Budget setting. These items are reported with the Annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members.

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

Credit Risk

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

Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined above. The following narrative summarises the Council's potential maximum exposure to credit risk on financial assets, based on the experience of default assessed by the ratings agencies and the Council's treasury advisors.

The following table summarises the balances held at 31 March 2025:

Counterparty	Credit rating criteria met when Investment placed	Balance invested at 31 March 2025
£000'S		
Banks	Yes	3,257
Other local authorities	Yes	32,500
Money Market Funds	Yes	16,000
CCLA Property Fund	Yes	4,000
		55,757

Liquidity Risk

The Council has ready access to borrowings from the Money Markets to cover any day-to-day cash flow need, and whilst the Public Works Loan Board (PWLB) provides access to longer term funds, it also acts as a lender of last resort to councils (although it will not provide funding to a council whose actions are unlawful). The Council is also required to provide a balanced budget, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

The Council manages its liquidity position through the risk management procedures detailed previously, the setting and approval of prudential indicators, together with the approval of the Treasury and Investment Strategy Reports and through cash flow management procedures required by the Code of Practice.

Refinancing and Maturity Risk

The Council maintains debt and short-term investment portfolios. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Council relates to managing the exposure of replacing financial instruments as they mature.

The approved prudential indicator limits for the maturity structure of debt, and the limits placed on investments, are the key parameters used to address this risk. The Council's approved Treasury and Investment Strategies address the main risks, and the Financial Services Unit addresses the operational risks within the approved parameters. This includes monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day-to-day cash flow needs.

The maturity analysis of financial liabilities is as follows:

Maturity analysis of financial liabilities	Balance at 31 March 2025	Balance at 31 March 2024
£000'S		
Less than one year	71	89
Between one and two years	10,000	-
Between two and five years	-	10,000
Between five and ten years	10,000	10,000
More than ten years	17,423	17,423
	<u>37,494</u>	<u>37,512</u>

Market Risks

a) Interest Rate Risk

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

- Borrowings at variable rates - the interest expense charge to the Income and Expenditure Account will rise.
- Borrowing at fixed rates – the fair value of the borrowing liability will fall.
- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise.
- Investments at fixed rates – the fair value of the assets will fall.

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

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Due to uncertainty in financial markets, the Council's lending policy is quite strict in safeguarding public money. Deposits are placed predominantly with the Government's Debt Management Office, Money Market Funds, instant access bank accounts and other local authorities. Although these are the safest form of deposit available and are "guaranteed," interest rates tend to be lower than the market average.

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

If all interest rates had been 1% lower, with all other variables held constant, the financial effect would be a loss of income of £0.629m, as interest rates have been higher than seen in over a decade the comparative is if the rates fell rather than higher in previous comparisons.

	2024/25	2023/24
£000'S		
Decrease in interest payable on variable rate borrowings	-	-
Decrease in interest receivable on variable rate investments	629	615
Impact on (Surplus) or Deficit on the Provision of Services	629	615

b) Price Risk

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. This risk is limited by the Council's maximum exposure to property investments of £4m. A 5% fall in commercial property prices would result in a £0.2m charge to Other Comprehensive Income & Expenditure – this would have no impact on the Surplus or Deficit on the Provision of Services until the investment was sold.

18. Debtors

Current	2024/25	2023/24
£000's		
Trade receivables	2,124	864
Prepayments	1,892	2,416
Other receivable amounts	8,668	8,036
	12,684	11,317
Less: Impairment Allowance	(2,780)	(2,932)
Total	9,904	8,385

19. Debtors for Local Taxation

The past due but not impaired amount for local taxation (Council Tax and Non-Domestic Rates) can be analysed by age as follows:

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Past Due £000's	2024/25	2023/24
Less than 3 Months	1,982	2,188
3 - 6 Months	-	-
6 Months - 1 Year	-	-
More than 1 Year	8,165	7,602
Total	10,147	9,790

20. Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash and cash equivalents include cash on hand and in bank, together with short term deposits and investments (considered to be cash equivalents) net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the Balance Sheet:

£000's	2024/25	2023/24
Cash and Bank Balances	3,257	4,670
Short Term Deposits (considered to be cash equivalents)	32,500	29,500
Money Market Funds	16,000	16,000
Total	51,757	50,170

Short term deposits were all invested with other Local Authorities as at 31 March 2025

21. Creditors

£000's	2024/25	2023/24
Trade payables	(2,230)	(1,370)
Other payables	(11,835)	(13,142)
Accruals	(4,991)	(3,336)
Total	(19,056)	(17,847)

22. Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. The Council has made two provisions in the accounts for 2024/25 as shown in the following table.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Current £000's	At 1 April	Increase in provision during year	Utilised during the year	Unused amounts released	At 31 March
2024/25					
Planning Appeal	(3)			3	-
NNDR Appeals	(449)	(281)	127	270	(333)
Housing Disrepair Claims	-	(33)			(33)
	(451)	(314)	127	273	(366)
2023/24					
Planning Appeal	(10)	-	-	8	(3)
NNDR Appeals	(649)	(307)	85	422	(449)
	(659)	(307)	85	429	(451)

National Non-Domestic Rate (NNDR) Appeals

This provision has been established to meet the Council's share of the estimated costs of settling appeals against the NNDR valuation of properties, currently lodged with the Valuation Office Agency (VOA).

Disrepair Claims

This provision has been established to meet the expected liability the Council will be liable for relating to disrepair claims.

23. Usable Reserves

£000's	2024/25	2023/24 (RESTATED)
General Fund ¹	7,245	15,625
Earmarked Reserves ^{1,2}	19,587	10,935
HRA ¹	3,819	3,608
Capital Receipts Reserve ²	8,054	6,041
Capital Grants Unapplied Account ²	15,052	15,283
Major Repairs Reserve ²	3,996	3,889
Total	57,752	55,381

1. Reserve for Revenue purposes
2. Reserve for Capital purposes

Revenue Reserves

The General Fund is the main revenue fund of the Council. Day-to-day spending on services is met from this Fund. Income and expenditure associated with the provision of Council Housing is charged separately under statute within the Housing Revenue Account (HRA). The HRA has its own reserve.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Earmarked Reserves

The Council maintains various earmarked reserves for specific purposes. These reserves are used to meet one-off commitments or to spread the cost of more significant expenditure over a number of years, for example, replacement of vehicles and ICT developments. Reserves are also created where income, for example, external contributions, is received in advance of expenditure which may occur beyond one year.

£000's	2024/25	2023/24
IT Reserve	397	782
Welfare Reform, Fraud and Compliance	282	375
Local Plan Reserve	340	256
Economic Regeneration Fund	47	47
Rosliston Capital Reserve	191	217
Public Buildings Maintenance	146	154
Fixed Asset Replacement Fund	2,736	2,736
Homelessness Prevention	1,052	919
Biodiversity Enhancements - Swadlincote	138	143
Public Open Space Reserves	248	324
Asset Replacement and Renewal Reserve	104	221
District Growth	230	951
Urban Country Park	432	450
Discretionary Housing Payments	4	5
Crime and Disorder Partnership	245	306
Schools Sport Partnership Project	366	414
Youth Engagement Partnership	204	570
Get Active in the Forest Partnership	123	126
Young Peoples Cultural Partnership	7	7
Local Strategic Partnership	7	11
Leisure Centre/Civic Offices Project	145	250
Sustainable Finance Reserve*	10,150	0
Sustainable Finance Projects Feasibility Reserve	216	0
Climate and Ecological Reserve	500	0
Other Earmarked Reserves	1,279	1,673
Total	19,589	10,935

*Creation as per approved Medium Term Financial Strategy

Capital Reserves

These are held to provide new assets or to upgrade existing ones.

Capital Receipts Reserve

These are cash receipts from the sale of Council assets, which have not yet been used to finance new capital expenditure. This includes a sum contributed from the HRA for repayment of loans due.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Capital Grants Unapplied

This generally comprises Government, or other grants and external contributions received to fund expenditure, which is generally incurred beyond one year. A list of unapplied grants is listed below.

£000's	2024/25	2023/24
Public Open Space Not Yet Adopted (Commuted Sums)	220	127
S106 Capital Receipts	14,832	15,156
Total	15,052	15,283

Major Repairs Reserve

This reserve is used to finance investment in the housing stock and the reserve is funded by transfers from the HRA (through the Capital Expenditure Requirement).

A full analysis of the movements is provided in the Housing Revenue Account Statements.

24. Unusable Reserves

£000's	2024/25	2023/24 (RESTATED)
Capital Adjustment Account ²	81,120	80,284
Revaluation Reserve ²	76,297	65,906
Pensions Reserve ¹	(3,199)	8,053
Collection Fund Adjustment Account ¹	(54)	(142)
Financial Instruments Revaluation	(540)	(606)
Accumulating Compensated Absences Adjustment Account ¹	(121)	(61)
Total	153,503	153,435

1. Reserve for Revenue purposes

2. Reserve for Capital purposes

Capital Adjustment Account

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

The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

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

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 10 “Adjustments between Accounting Basis and Funding Basis under Regulations” provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

£000's	2024/25
Balance at 1st April 2024	80,284
Adjustment to Opening Balance in relation to IFRS16 Implementation	(192)
Charges for depreciation and impairment of non-current assets	(6,561)
Revaluation gains on Property, Plant and Equipment	2,707
Revenue expenditure funded from capital under statute	2,918
Amounts of non-current assets written off on disposal	(653)
Net written out amount of the cost of non-current assets consumed in the year	78,503
Capital financing applied in the year:	
Use of Capital Receipts to finance new capital expenditure	1,315
Use of Major Repairs Reserves to fund new capital expenditure	2,597
Minimum Revenue Provision	36
Capital expenditure credited to the General Fund and HRA balance	(1,760)
Movements in the market value of Investment Properties	429
Balance as at 31st March 2025	81,120

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment.

The balance is reduced when assets with accumulated gains are:

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

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created.

Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

£000's	2024/25
Balance at 1st April 2024	65,906
Upward revaluation of assets	13,099
Downward revaluation of assets	
Amounts of non-current assets written off on disposal	(225)

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Surplus on revaluation of non-current assets not posted to the Provision of Services	78,779
Accumulated gains on assets sold	
Revaluation Reserve current excess depreciation	(2,482)
Balance as at 31st March 2025	76,297

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require a benefit earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Collection Fund Adjustment Account

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

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its instruments that have quoted market prices or otherwise do not have fixed or determinable payments. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

£000's	2024/25
Balance at 1st April 2024	(606)
Upward/(Downward) revaluation of investments not charged to the Surplus/Deficit on the Provision of Services	66
Balance as at 31st March 2025	(540)

Accumulating Compensated Absences Adjustment Account

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

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

25. Members' Allowances

During the year Members allowances totalled £0.470m (2023/24: £0.439m) as shown in the following table.

£000's	2024/25	2023/24
Basic Allowance	316	305
Telephone Allowance		-
Travel and Subsistence	4	5
Special Responsibility Allowances	150	130
	470	439

26. Officers' Remuneration

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

£'s		Salary, Fees and Allowances	Expenses Allowances	Pension Contributions	Total
Chief Executive	2024/25	145,274	1,239	29,257	175,771
	2023/24	125,635	2,055	25,504	153,195
Executive Director (Resources and Transformation)	2024/25	105,460	813	21,354	127,628
	2023/24	80,125	1,019	16,265	97,409
Executive Director (Environmental and Communities)	2024/25	108,205	1,239	21,937	131,381
	2023/24	103,064	1,239	21,081	125,384
Executive Director (Law and People)	2024/25	104,995	1,239	20,001	126,235
	2023/24	-	-	-	-
Executive Director (Place and Prosperity)	2024/25	50,288	623	10,195	61,106
	2023/24	-	-	-	-

During 2024/25 a management restructure was implemented, creating two additional Executive Director posts. The former Strategic Director of Corporate Resources post was renamed Executive Director of Resources and Transformation, and the former Strategic Director of Service Delivery post was renamed Executive Director of Environmental and Communities.

The Executive Director of Law and People was appointed on 1 May 2024, and the Executive Director of Place and Prosperity was appointed on 30 September 2024.

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

The number of employees whose remuneration, excluding employers pension contributions, was £50,000 or more is as follows:

	2024/25 Number	2023/24 Number
£50,001 to £54,999	5	6
£55,000 to £59,999	1	1
£60,000 to £64,999	1	1
£65,000 to £69,999	1	-
£70,000 to £74,999	0	8
£75,000 to £79,999	9	2
£80,000 to £84,999	0	1
	17	19

Exit Packages and Other Departures

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

£'s	2024/25 Number	2023/24 Number	2024/25 £	2023/24 £
£0 to £20,000	1	1	6,411	18,924
£20,001 to £40,000	1	-	24,773	-
£40,001 to £60,000	-	-	-	-
£60,001 to £80,000	-	-	-	-
£80,001 to £100,000	-	-	-	-
£100,000 to £150,000	-	-	-	-
	2	1	31,183	18,924

The total cost of £31,183 in the table above includes £31,183 for exit packages that have been charged to the Council's Comprehensive Income and Expenditure Statement in the current year.

27. External Audit Fees

The Council has incurred the following costs relating to the annual audit of the Statement of Accounts and certification of grant claims.

£000's	2024/25	2023/24
External Audit Fees	144	144
Scale Variation Fee	-	-
Housing Pooling Certification	10	10
Redmond Review Implementation	(20)	(20)
Total	134	134

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

28. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024/25:

£'000	2024/25	2023/24
Credited to Taxation and Non Specific Grant Income (Note 14)		
General Government Grants	3,569	3,338
Government Support for COVID-19	-	(45)
Business Rate Reliefs (Section 31 Grants)	3,287	2,823
	6,856	6,116
Credited to Net Cost of Service		
Department of Works and Pensions (Benefit Subsidy and Welfare Reform)	10,909	10,790
Supported Housing	82	211
Contributions from Developers (section 106 Planning Agreements)	2,175	1,400
Other Grants and Contributions to Service Expenditure	4,490	2,995
	17,656	15,397

The Council has received grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them, which if not met would require the monies or property to be returned to the giver. The balances as at 31 March 2025 are as follows:

£'000	2024/25	2023/24
Capital Grants Received in Advance	2,209	2,273

29. Related Parties

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

Central Government

Central Government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from Government Departments are set out in Note 14 – Taxation and Non-Specific Income. Debtor and Creditor values are analysed in Notes 18 and 21 respectively.

Elected Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2024/25 is shown in note 25. During 2024/25 the Finance and Management Committee paid grants totalling £18,000 to voluntary organisations in which one

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

member has position on the governing body. The relevant member did not take part in any discussion or decision relating to the grant.

30. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the capital financing requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed.

£000's	2024/25	2023/24
Capital Financing Requirement at 1 April	48,264	58,453
Add: Capital Expenditure		
Property, Plant and Equipment	5,533	5,631
Investment Properties		23
Revenue Expenditure Funded from Capital under Statute	2,918	2,064
Finance Lease Recognised in Year	16	0
Total Expenditure	8,467	7,718
Less: Source of Finance		
Capital Receipts	(479)	(628)
Government Grants and External Financing	(3,318)	(2,505)
Other External Contributions	0	0
General Fund Revenue Contributions	(624)	(1,638)
Housing Revenue Account Contributions	(2,597)	(2,485)
Planning Agreements - S106 Developer Contributions	(970)	(462)
Total Financing	(7,988)	(7,718)
Minimum Revenue Provision	(36)	(168)
Voluntary Revenue Contribution	0	(21)
Actual Loan Principal Repaid	0	(10,000)
Total Repayments and Revenue Provisions	(36)	(10,189)
Capital Financing Requirement at 31 March	48,707	48,264
Actual Borrowings Outstanding - Gross (Note 17)	37,494	37,512
Investments		
Short-term Investments Outstanding	(51,757)	(50,170)
Long-term Investments Outstanding	(3,500)	(3,434)
Net Borrowings Outstanding (Gross less Investments)	(17,763)	(16,092)

31. Leases

Council as Lessee

In 2024/2025 the Council applied IFRS 16 Leases in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirement is that for

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/2025 and not by adjusting prior year figures. The details of the changes in accounting policies and transitional provisions are disclosed below.

On transition to IFRS 16, the Authority elected to apply the practical expedient not to reassess whether a contract is, or contains, a lease at 1 April 2024, except in relation to leases for nil consideration and housing tenancies. It has applied IFRS 16 only to contracts that were previously identified as leases under IAS 17 and IFRIC 4

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

The Authority decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets. The Authority recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Authority used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Authority's incremental borrowing rate at that date
- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics
- The weighted average of the incremental borrowing rates used to discount liabilities was 4.80%
- Right-of use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- All leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 balance sheet
- For right-of-use assets for peppercorn or nominal lease payments a right-of use asset has been recognised at fair value on 1 April 2024 with the between that fair value and the lease liability credited as a gain in the surplus/deficit on the provision of services.

Application of the Code's adaptation of IFRS16 has resulted in the following additions to the balance sheet at 1 April 2024:

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

- £16,207 Property, plant and equipment – land and buildings (right-of-use assets)
- £0.00 Intangible assets (right-of-use assets)
- £12,614 Non-current creditors (lease liabilities)
- £2,419 Current creditors (lease liabilities)

The 2023/2024 financial statements did not include a disclosure for operating lease commitments at 31 March 2024 as the known commitments were deemed not material. There is therefore no comparable to the newly recognised lease liabilities recognised at 1 April 2024.

Right of Use Assets

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

£'000	Land and Buildings	Total
Balance at 1 April 2024	817	817
Additions	16	16
Revaluations	(132)	(132)
Depreciation and Amortisation	(18)	(18)
Disposals	-	-
Balance at 31 March 2025	683	683

Transactions under leases

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

£'000	2024/25
Comprehensive Income and Expenditure Statement	
Interest expense on lease liabilities	10
Cashflow Statement	
Total cashflow for leases	13
Cash payments for interest portion of lease liabilities	10

Maturity Analysis of Lease Liabilities

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

£'000	2024/25
Less than one year	13
One to five years	48
More than five years	592
Total undiscounted liabilities	653

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Council as Lessor

Operating Leases

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

- For the provision of office space for business users
- For the provision of leisure and cultural purposes

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

£'000	2024/25 Land and Buildings	2023/24 Land and Buildings
No later than 1 year	387	392
Later than 1 year and no later than 5 years	953	1,316
Later than 5 years	1,315	1,339
	2,655	3,047

32. Defined Benefit Pension Schemes

Nature of the Scheme

The Local Government Pension Scheme is available for Local Government in England and Wales. All employees are bought into the scheme unless they choose the option to opt out. South Derbyshire District Council is part of the Derbyshire Local Government Pension Scheme which is administered by the Derbyshire County Council Pension Section. Income and expenditure of the Scheme is accounted for in a Pension Fund managed by the County Council's Pensions Committee.

The Fund complies with Local Government Pension Scheme (Administration) Regulations 2008 and the draft statutory guidance issued on 21 July 2008 and incorporates changes approved by the Pensions Committee on 26 September 2008.

As the administering body, Derbyshire County Council has a statutory responsibility for administering the pension scheme under the Local Government Pension Scheme Regulations and associated legislation under Sections 7.12 & 24 of the Superannuation Act 1972; this is delegated to the Pensions Committee.

Participation in the Local Authority Pension Scheme

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

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

Governance of the Council's Pension Scheme

The Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the Scheme is the responsibility of the Pensions Committee of Derbyshire

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

County Council. Policy is determined in accordance with the Pension Fund Regulations. The investment managers of the Fund are appointed by the Pensions Committee.

Pensions Risk

The principal risks to the Council of the Scheme are the longevity assumptions, statutory changes to the Scheme, structural changes (i.e. large-scale withdrawals) changes to inflation, bond yields and the performance of the equity investments held by the Scheme. These are mitigated to a certain extent by the statutory requirements to charge the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies in Note 1 to these Accounts.

Discretionary Post Retirement Benefits

These are unfunded defined benefit arrangements for which liabilities are recognised when awards are made. There are no investment assets built up to meet these pension liabilities and cash must be generated to meet actual pension payments as they eventually fall due.

Transactions relating to retirement benefits

The Council recognises the cost of retirement benefits in the Cost of Services on Continuing Operations when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However, the charge the Council is required to make against Council Tax and Housing Rents is based on the cash payable in the year, and the real cost of retirement benefits is reversed out in the adjustments between accounting basis and funding basis under regulations in the Movement in Reserves Statement. The following transactions have been made in the CIES and the adjustments between accounting basis and funding basis under regulations line, in the Movement in Reserves Statement during the year.

£000's	2024/25	2023/24
Included in Net Cost of Services:		
Current Service Cost	(2,262)	(2,291)
Past Service Cost/(Gain) including curtailments	-	-
Pension Strain	-	-
	(2,262)	(2,291)
Included in Financing and Investment Income and Expenditure		
Interest income on plan assets	5,107	4,617
Interest cost on defined benefit obligations	(4,700)	(4,592)
	407	25
Net charge/(credit) to the Comprehensive Income and Expenditure Account	(1,855)	(2,266)
Other Comprehensive Income and Expenditure		
Changes in demographic assumptions	172	621
Changes in financial assumptions	14,327	5,376
Other Experience	932	(3,062)
Return on assets excluding amounts included in net interest	(1,142)	4,456
Changes in Asset Ceiling	(26,532)	
Total	(12,243)	13,632
Adjustments Between Accounting Basis and Funding Basis under Regulations		
Reversal of items relating to retirement benefits debited or credited on the Provision of Services in the CIES	(1,855)	(2,266)

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Actual Amount Charged Against the General Fund Balance for Pensions in the Year		
Employers' Contributions Payable to the Scheme	2,846	2,586
Net (credit)/charge to the General Fund	991	320

The Current Service Cost figures include an allowance for administration expenses of 0.60% of payroll

The following tables show the changes between the value of the liabilities and assets (investments) of the Council's Pension Scheme in the year and the overall liability in the longer term. These figures are based on an independent actuarial valuation of the Pension Fund as at 31 March 25.

Reconciliation of the Present Value of the Scheme Liabilities £000's	2024/25	2023/24
Balance at 1 April	(97,557)	(97,421)
Current Service Cost	(2,262)	(2,291)
Past Service Cost	-	-
Interest Cost on Defined Benefit Obligation	(4,700)	(4,592)
Contributions by Members	(811)	(731)
Changes in Demographic Assumptions	172	621
Changes in Financial Assumptions	14,327	5,376
Past Service (Costs) including curtailments	-	-
Effect of business combinations and disposals	-	-
Other Experience	932	(3,062)
Estimated Benefits Paid	4,093	4,400
Unfunded Benefits	148	143
Balance at 31 March	(85,658)	(97,557)

Reconciliation of the Present Value of the Scheme Assets £000's	2024/25	2023/24
Balance as at 1 April	105,663	97,816
Interest Income on Plan Assets	5,107	4,617
Contributions by Members	811	731
Contributions by Employer	2,698	2,443
Contributions in respect of unfunded benefits	148	143
Return on Assets excluding amounts included in net interest	(1,142)	4,456
Effect of business combinations and disposals	-	-
Other Experience	-	-
Estimated Benefits Paid	(4,093)	(4,400)
Unfunded Benefits Paid	(148)	(143)
Balance at 31 March	109,044	105,663

The expected return on scheme assets is determined by considering the expected returns available on the assets from the current investment policy. Expected yields on fixed interest investments are based on gross redemption.

Analysis of scheme assets and liabilities

£000's	2025	2024	2023	2022	2021	2020
Fair Value of Assets in Pension Scheme	109,044	105,663	97,816	101,277	94,654	78,560
Present Value of Defined Benefit Obligation	(85,658)	(97,557)	(97,421)	(132,021)	(137,073)	(106,165)
(Deficit) in the Scheme	23,386	8,106	395	(30,744)	(42,419)	(27,605)

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Adjustment for Asset Ceiling	(26,532)					
Net liability arising from the defined benefit obligation	(3,146)	8,106	395	(30,744)	(42,419)	(27,605)

Fair value of plan assets outweighed present value of obligations. Where a plan asset exists, it is measured at lower of surplus in the defined benefit and the asset ceiling. The asset ceiling is the present value of economic benefits available in the form of refunds or reduction in future contributions. Hymans calculated the asset ceiling as the net present value of future service costs less net present value of future contributions.

Reconciliation of Asset Ceiling Adjustments

£000's	2024/25
Effect of asset ceiling 31 March 2024	-
Changes on the effect of asset ceiling	26,532
Effect of asset ceiling 31 March 2025	26,532

Major categories of plan assets

The Pension Fund's assets consist of the following categories, by proportion of the total assets held:

£000's	2025	2025	2025	2025	2024	2024	2024	2024
	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Percentage of Total Assets	Quoted Prices in Active Markets	Quoted Prices not in Active Markets	Total	Percentage of Total Assets
Equity Securities:								
Consumer	0	0	0	0%	0	0	0	0%
Manufacturing	0	0	0	0%	0	0	0	0%
Energy & Utilities	0	0	0	0%	0	0	0	0%
Financial Institutions	0	0	0	0%	0	0	0	0%
Health & Care	0	0	0	0%	0	0	0	0%
Information Technology	0	0	0	0%	0	0	0	0%
Other	2,165	0	2,165	2%	2,899	0	2,899	3%
Government Bonds:								
Corporate Bonds (investment grade)	6,722	8,192	14,913	14%	6,154	7,928	14,082	13%
UK Government	11,745	0	11,745	11%	9,151	0	9,151	9%
Other	1,293	0	1,293	1%	1,521	0	1,521	1%
Private Equity:								
All	1,895	3,746	5,641	5%	1,817	3,647	5,464	5%
Real Estate								
UK property	215	6,979	7,194	7%	286	7,375	7,661	7%
Investment Funds & Unit Trusts								
Equities	19,361	30,874	50,236	46%	18,888	31,591	50,479	48%
Bonds	0	0	0	0%	0	0	0	0%
Infrastructure	1,544	10,144	11,688	11%	1,887	9,367	11,254	11%
Cash & Cash Equivalents								

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

All	0	4,170	4,170	4%	0	3,154	3,154	3%
	44,939	64,106	109,044	100%	42,603	63,061	105,663	100%

Basis for Estimating Liabilities

Liabilities have been assessed by the Actuary using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. Estimates have been based on data pertaining to the latest full valuation of the Pension Scheme as at 31 March 2025. The assumptions are shown in the following table.

	2024/25	2023/24
Mortality Assumptions (years):		
Men	20.8	21.0
Women	23.8	24
Longevity at 65 for Future Pensioners:		
Men	21.5	21.8
Women	25.3	25.5
Financial Assumptions		
Inflation / Rate of Increase in Pensions	2.75%	2.95%
Rate of Increase in Salaries	3.75%	3.95%
Discount Rate	5.80%	4.75%

Sensitivity Analysis

The sensitivity analysis shows the effect a change in financial assumptions used would have on the value of the scheme liabilities as at 31 March 2025 on varying basis.

To quantify the uncertainty around life expectancy a calculation was completed on a one-year increase in life expectancy for sensitivity purposes giving an around 3 - 5% increase in cost of benefits. In practice the actual cost of a one-year increase would depend on the structure of the revised assumption, for example, do survival rates predominantly apply at younger or older ages.

Change in assumptions at 31 March 2025	Approximate % Increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2.00%	1,425
1 year increase in member life expectancy	4.00%	3,426
0.1% increase in the Salary Increase Rate	0.00%	73
0.1% increase in the Pension Increase Rate (CPI)	2.00%	1,392

Projected Defined Benefit Cost for the Period 31 March 2026

The Projected Defined Benefit is an analysis of the projected amount to be charged to the operating profit for the period to the 31 March 2026 and is shown in the following table.

Period Ended 31 March 2026	Assets	Obligations	Net (Liability)/asset
	£000	£000	£000 % of pay
Projected Service Cost	0	1,655	(1,655) 13.3%

Notes to the Financial Statements (continued)

For the year ended 31 March 2025

Past Service Cost including curtailments	0	0	0
Effects of settlements	0	0	0
Total Service Cost	0	1,655	(1,655)
Interest Income on plan assets	6,311		6,311
Interest cost on defined benefit obligation		4,921	(4,921)
Total Net Interest Cost	6,311	4,921	1,390
Total Included in Profit & Loss	6,311	6,576	(265)

33. Prior Period Adjustments

During 2024/25 a review of the Collection Fund was undertaken which identified that an adjustment was needed to correct the entries in the Council's reserves.

A transfer of balances between the General Fund and the Collection Fund of £2.7m was required. This has been reflected in a restated 2022/23 and 2023/24 balance sheet and within notes 23 and 24 of the Financial Statements.

The CIFPA Code of Practice on Local Authority Accounting in the United Kingdom requires that the Council must present a balance sheet at the beginning of the preceding period when it makes a material retrospective restatement. Opening balances for the unusable and useable reserves have been restated for the 2022/23 balance sheet. The table below shows the effect of the entries restated in the 2022/23 balance sheet:

£'000	2022/23 Original	2022/23 Restated	2022/23 Restatement Amount
General Fund Reserves	15,222	13,358	(1,864)
Collection Fund Reserves	(2,113)	(249)	1,864

The table below shows the effect of the entries restated in the 2023/24 balance sheet:

£'000	2023/24 Original	2023/24 Restated	2023/24 Restatement Amount
General Fund Reserves	18,336	15,625	(2,711)
Collection Fund Reserves	(2,853)	(142)	2,711

Housing Revenue Account

For the year ended 31 March 2025

Expenditure and Income Account

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

	2024/25	2023/24
General	2,685	2,093
Special	1,030	1,114
Rents, rates & taxes	104	105
Depreciation & Impairment of NCA's	4,288	4,810
Provision for Bad Debts	27	8
Supervision & Management	8,134	8,129
Repairs & Maintenance	5,716	4,970
Total Expenditure	13,850	13,099
Dwelling Rents	(14,113)	(13,031)
Non-Dwelling Rents	(90)	(103)
Charges for Services & Facilities	(207)	(205)
Contributions towards Expenditure	(1,163)	(114)
Supporting People	(59)	(211)
Total Income	(15,632)	(13,663)
Net Cost of HRA Services as included in the Comprehensive I&E	(1,781)	(563)
HRA share of Corporate & Democratic Core	191	174
Net Cost of HRA Services	(1,590)	(389)
Losses/(Gains) on sale of HRA non-current assets	(291)	(490)
Interest payable and similar charges	1,238	1,511
HRA investment income	(766)	(1,303)
Pensions interest cost & expected return on pension assets	(45)	(4)
Surplus for Year on HRA Services	(1,454)	(675)

Notes to the Housing Revenue Account

For the year ended 31 March 2025

Movement on the Housing Revenue Account

The Movement on the HRA Statement takes the outturn on the HRA Income and Expenditure Statement and reconciles it to the surplus or deficit for the year on the HRA, calculated in accordance with the requirements of the Local Government and Housing Act 1989.

£000's	2024/25	2023/24
Balance at the beginning of the year	3,608	4,609
Surplus/(Deficit) for the year on the HRA Income and Expenditure Statement	1,454	675
Transfers in Reserves	16	587
Adjustments between accounting and funding basis under regulations	(1,260)	(2,262)
Increase for the year on the HRA	210	(1,001)
Balance at the end of the year	3,818	3,608

Note to the Statement of Movement on the Housing Revenue Account

£000's	2024/25	2023/24
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year		
Revaluation and impairment of non-current assets ¹	4,288	4,922
Retirement benefits charged/(credited) ²	(316)	319
Adjustments in relation to Short Term compensated absences	1	-
(Gains)/losses on sale of HRA non-current assets ^{1,3}	(291)	(245)
	3,682	4,995
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		
Revenue contribution to finance major repairs	(2,704)	(1,107)
Revenue contributions to finance debt repayment and capital	(2,444)	(5,172)
Employer's contributions payable to the Pensions Fund and retirement benefits payable direct to pensioners ²	206	(364)
	(4,942)	(6,643)
Net additional amount required by statute to be debited or (credited) to the HRA for the year	(1,260)	(1,648)

Notes

1. Transfers to / from Capital Adjustment Account
2. Transfers to / from Pensions Reserve
3. Transfers to / from Capital Receipts Reserve

Notes to the Housing Revenue Account

For the year ended 31 March 2025

1. Introduction

The Housing Revenue Account is a record of expenditure on, and income from, the provision of local council housing, and the form and content of the Account is prescribed by statute.

The Housing Revenue Account is “ring-fenced” and must be self-supporting. Contributions both to and from the Housing Revenue Account (e.g. from the General Fund) are limited to special circumstances.

2. Housing Stock

The number of dwellings in the Council's housing stock, as at 31 March 2025, totalled 2,940 (2024: 2,947) properties. The type of properties were as follows:

Dwelling houses within the Housing Revenue Account are valued in accordance with the RICS Appraisal and Valuation Manual, as published by the Royal Institution of Chartered Surveyors, and DCLG guidance. Accordingly the Existing Use Value for Social Housing (EUV-SH) has been used as the basis of valuation. The beacon approach to valuation of the housing stock has been adopted as recommended by the MHCLG, including the regional adjustment to be adopted within the EUV-SH valuation.

	2024/25	2023/24
Houses	1,498	1,507
Flats	793	793
Bungalows	649	647
	2,940	2,947

The vacant possession value (open market value) of Council dwellings as at 31 March 2025 was £0.410m (2024: £0.353m). This does not compare to the Balance Sheet, which shows the Existing Use Value, the difference being an indication of the economic and social costs of providing Council housing at less than market rent.

3. Major Repairs Reserve

The Major Repairs Reserve is used to fund major improvements to Council properties. Expenditure financed from this Reserve is shown in Note 5. The movement on the Reserve during the 2024/25 is summarised below:

£000's	2024/25	2023/24
Balance at the beginning of the year	3,889	4,987
Add Depreciation Provision	4,140	5,880
Use of Capital Receipts Reserve		-
Revenue Contribution for Capital	2,704	1,107
Amount available for capital expenditure on HRA Land, Houses and Other Property	10,733	11,974
Less Capital expenditure in the year (including Depreciation)	(6,737)	(8,085)
Transfer to Debt Repayment Reserve		-
Balance at the end of the year	3,996	3,889

Notes to the Housing Revenue Account

For the year ended 31 March 2025

4. Property, Plant & Equipment

Year ended 31 March 2025	Council Dwellings	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	Investment Properties	Total
£000's								
Cost or valuation								
At 1 April 2024	161,645	2,187	272	-	105	164,208	164	164,372
Additions	3,891	45	-	-	-	3,935	-	3,935
Revaluation Increases/(decrease) recognised in the surplus /deficit on the provision of services	7,052	(45)	-	-	-	7,008	-	7,008
Derecognition - Disposals	(580)	-	-	-	-	(580)	-	(580)
Derecognition - Other	-	-	-	-	-	-	-	-
Assets reclassified (to)/from other accounts	-	-	-	-	-	-	-	-
Other movements in cost or valuation	-	-	-	-	-	-	-	-
At 31 March 2025	172,008	2,187	272	-	105	174,571	164	174,735
Depreciation and Impairment								
At 1 April 2024	-	-	(169)	-	-	(169)	-	(169)
Depreciation Charge	(3,939)	(166)	(34)	-	-	(4,139)	-	(4,139)
Depreciation written out to the revaluation reserve	11,131	166	-	-	-	11,297	-	11,297
Impairments losses/(reversals) recognised on the provision of services	148	-	-	-	-	148	-	148
Derecognition - Disposals	225	-	-	-	-	225	-	225
Derecognition - Other	-	-	-	-	-	-	-	-
Other movements in depreciation and impairment	(7,566)	-	-	-	-	(7,566)	-	(7,566)
At 31 March 2025	(0)	-	(203)	-	-	(203)	-	(203)

Notes to the Housing Revenue Account

For the year ended 31 March 2025

Net Book Value								
At 31 March 2025	172,008	2,187	69	-	105	174,368	164	174,532
At 1 April 2024	161,645	2,187	104	-	105	164,041	164	164,204

Year ended 31 March 2024	Council Dwellings	Land and Buildings	Vehicles, Plant and Equipment	Assets Under Construction	Surplus Assets	Total Property, Plant and Equipment	Investment Properties	Total
£000's								
Cost or valuation								
At 1 April 2023	147,775	2,276	272	-	105	150,428	164	150,592
Additions	3,682	-	-	-	-	3,682	-	3,682
Revaluation Increases/(decrease) recognised in the surplus /deficit on the provision of services	10,469	-	-	-	-	10,469	-	10,469
Derecognition - Disposals	(341)	(30)	-	-	-	(371)	-	(371)
Derecognition - Other	-	-	-	-	-	-	-	-
Assets reclassified (to)/from other accounts	-	-	-	-	-	-	-	-
Other movements in cost or valuation	60	(60)	-	-	-	-	-	-
At 31 March 2024	161,645	2,186	272	-	105	164,208	164	164,372
Depreciation and Impairment								
At 1 April 2023	-	-	(134)	-	-	(134)	-	(134)
Depreciation Charge	(5,444)	(155)	(34)	-	-	(5,632)	-	(5,632)
Depreciation written out to the revaluation reserve	14,959	159	-	-	-	15,118	-	15,118
Impairments losses/(reversals) recognised on the provision of services	(954)	(6)	-	-	-	(960)	-	(960)
Derecognition - Disposals	100	-	-	-	-	100	-	100
Derecognition - Other	-	-	-	-	-	-	-	-

Notes to the Housing Revenue Account

For the year ended 31 March 2025

Other movements in depreciation and impairment	(8,661)	-	-	(8,661)	-	(8,661)
	0	-	(168)	-	-	(169)
At 31 March 2024						
Net Book Value						
At 31 March 2024	161,645	2,186	104	-	105	164,039
At 1 April 2023	147,775	2,276	272	-	105	150,428

Notes to the Housing Revenue Account

For the year ended 31 March 2025

5. Capital Expenditure

£000's	2024/25	2023/24
Capital Investment		
Operational Assets	3,935	3,682
	3,935	3,682
Sources of Funding		
External Grants	1,049	511
Capital Receipts in year	-	245
Revenue contribution	2,597	1,108
S106 Contributions	289	440
Capital Receipts Reserve	-	280
Major Repairs Reserve	-	1,097
	3,935	3,682

6. Capital Receipts from Disposal of Land, Houses and Other Property

The retained receipts are earmarked in the Housing Capital Receipts Reserve to fund the Council's New Build and Acquisition Programme, which is to provide new Council Housing for rent.

£000's	2024/25	2023/24
Land	(171)	(215)
Council Homes	(691)	(616)
Total Receipts	(862)	(831)
Less: Pooled payments to Central Government	-	-
Net Receipts Retained (transferred to Capital Receipts Reserve)	(862)	(831)

7. Rent Arrears

A summary of rent arrears and prepayments is shown in the following table:

£000's	2024/25	2023/24
Current Tenant Arrears	321	335
Former Tenant Arrears	250	192
Total Tenant Arrears	571	527

8. Provision for Expected Credit Loss

The provision for expected credit loss relating to rents and other charges, made against the Rent Arrears in Note 7 above, is £0.414m (2024: £0.384m).

9. Depreciation and Impairment of Fixed Assets

The Dwellings in the Housing Revenue Account were valued as at £409,544,000. After taking account of houses sold in 2024/25 and the Social Housing Discount Factor, the vacant possession value of the remaining dwellings at 31 March 2025 was £172,009,000. The lower figure

Notes to the Housing Revenue Account

For the year ended 31 March 2025

of £172,009,000 shown in the accounts represents the cost to the Council of providing housing at less than open market rents. As a result of the valuation the CIES was debited with £0.147m (23/24: £0.512m debit) for the reversal of previous year impairments. This gain has been transferred to the Capital Adjustment Account.

The Housing Revenue Account assets were valued as at 31 March 2025; the balance sheet value reflects sales of dwellings and depreciation in the year. The revaluation was in accordance with the Government's resource accounting policy, at Existing Use Value - Social Housing. The Social Housing Discount Factor is 42%.

As shown in Note 4, Depreciation of £4.139m (2024: £5.732m) has been charged to the HRA. This figure is made up of £3.939m (2024: £5.444m) for Council Dwellings and £0.200m (2024: £0.288m) is in respect of garages, shops and other assets. These amounts have been credited back to the HRA below the net operating expenditure as a transfer from the Major Repairs Reserve.

10. Pension Costs

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

The Council participates in the Local Government Pension Scheme administered by Derbyshire County Council. This is a funded scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The cost of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions.

However the charge required to be made against the Housing Revenue Account is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Housing Revenue Account after Net Operating Expenditure.

The Collection Fund

For the year ended 31 March 2025

This account reflects the statutory requirements for the Council as a “Billing Authority” to maintain a separate Collection Fund Account. This shows the transactions of the Council in relation to Non-Domestic Rates and the Council Tax and illustrates the way in which these have been distributed to preceptors and the Council’s General Fund.

Council Tax income increased marginally in year and as did Business Rates. Details as referenced in Note 14 of these Accounts.

Approximately 90% of Council Tax income and 60% of Business Rates income is passed over to other Preceptors which is reflected in the below table.

During 2024/25, decrease in the appeals provision was made due to a number of challenge and threat claims being rejected from the 2017 and 2023 valuation listing.

A provision is required under accounting regulations, to recognise that some larger businesses have lodged appeals with the District Valuer against their rating assessment. The provision is made as a contingency should their appeals be successful, and a refund of rates becomes due.

Expected Credit Loss provisions were also increased to ensure the Council is protected from future credit losses that may arise.

£000's	2024/25	2023/24
Income		
Council Tax Income	(82,734)	(77,755)
Business Rates Income	(32,320)	(27,310)
Transitional Protection Payments	(415)	(1,469)
Total Income	(115,469)	(106,534)
Expenditure		
Council Tax Precepts (Note 4)	82,606	76,554
Business Rates Precepts (Note 6)	31,498	30,327
Previous Year's Surplus/(Deficit) Paid to/by Preceptors (Notes 4 & 6)	1,427	(743)
Cost of Collection	97	96
Interest on Refunds	12	2
Provision for Bad and Doubtful Debts	365	8
Provision for Business Rates Appeals	(290)	(500)
(Surplus) / Deficit on the Fund	245	(791)
Fund Balance Brought Forward	(1,785)	(994)
(Surplus) / Deficit in Year	245	(791)
Fund Balance as at 31 March	(1,540)	(1,785)
Council Tax Element (Note 1)	(2,255)	(2,875)
Business Rate Element	716	1,090

Notes to the Collection Fund

For the year ended 31 March 2025

1. Council Tax

The introduction of Council Tax on 1 April 1993 revised the method of accounting for the Council's Collection Fund. The main features of the arrangements are:

- Interest is not payable between the General Fund and the Collection Fund on cash-flow deficits/surpluses. All interest is payable directly to the General Fund, as shown on the Income and Expenditure Account.
- The year end surplus or deficit on the Collection Fund is distributed to the Billing and Precepting Authorities on the basis of estimates, made in January of each year-end balance. This also applies to the Business Rates element.

The balance has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the Precepting Authorities and the Council, as the Billing Authority as follows:

	2024/25	2023/24
Derbyshire County Council	(1,644)	(2,090)
Derbyshire Police and Crime Commissioner	(296)	(377)
Derbyshire Fire and Rescue Authority	(94)	(121)
	(2,034)	(2,589)
South Derbyshire District Council	(221)	(286)
	(2,255)	(2,875)

2. Council Tax Valuation Bands

Most domestic Dwellings (including flats) whether rented or owned, occupied or not, are subject to Council Tax. Each Dwelling is allocated to one of eight bands according to their open market capital value at 1 April 1991.

Band				
A	Between	0	and	40,000
B	Between	40,001	and	52,000
C	Between	52,001	and	68,000
D	Between	68,001	and	88,000
E	Between	88,001	and	120,000
F	Between	120,001	and	160,000
G	Between	160,001	and	320,000
H	Greater than	320,001		

3. Council Tax Base

The amount of Council Tax payable is calculated by establishing a 'Council Tax Base'. This is the Council's estimated number of chargeable dwellings subject to Council Tax, expressed in relation to those dwellings in Band D. The Tax Base for 2024/25 was based on 38,468 chargeable dwellings (37,663 in 2023/24).

After allowing for national exemptions and local discounts, such as the Single Persons Discount, the Tax Base for 2024/25, on which the Council Tax rate was set, is shown in the following table.

Notes to the Collection Fund

For the year ended 31 March 2025

3. Council Tax Base (continued)

Band	Calculated number of Dwellings	Ratio to Band D	Equivalent number of Dwellings 2024/25	2023/24
X	24	5/9	13	13
A	8,101	6/9	5,401	5,420
B	9,199	7/9	7,155	7,026
C	8,116	8/9	7,214	6,990
D	7,466	1	7,466	7,310
E	5,145	11/9	6,289	6,048
F	2,221	13/9	3,208	3,170
G	948	15/9	1,581	1,548
H	71	18/9	143	138
			38,468	37,663

The Band D Council Tax rate for South Derbyshire District Council was £2,099 (2023/24: £2,005).

4. Council Tax Precepts and Demands

2024/25 £000's	Precept	Surplus	Total
Derbyshire County Council	60,221	400	60,621
Derbyshire Police and Crime Commissioner	10,851	72	10,923
Derbyshire Fire and Rescue Authority	3,431	23	3,454
South Derbyshire District Council	8,103	55	8,158
	82,606	550	83,156

2023/24 £000's	Precept	Surplus	Total
Derbyshire County Council	55,665	364	56,029
Derbyshire Police and Crime Commissioner	10,041	64	10,105
Derbyshire Fire and Rescue Authority	3,233	21	3,254
South Derbyshire District Council	7,615	51	7,666
	76,554	500	77,054

Notes to the Collection Fund

For the year ended 31 March 2025

5. Non-Domestic Rates

Non-Domestic Rates are managed on a National basis. The Government specifies an amount and subject to the effects of transitional arrangements and any other prevailing reliefs, local businesses pay rates calculated by multiplying their rateable value by that amount. In 2024/25 the amount was 49.9p in the pound for the small multiplier and 54.6p for the standard multiplier. The Council is responsible for collecting rates due from the ratepayers in its area.

The total rateable value of business premises in South Derbyshire at 31 March 2025 was £43,097,445 (2024: £36,596,003). The total amount of Non Domestic Rates collected is shared on the following basis:

Public Body	%
Central Government	50%
South Derbyshire District Council	40%
Derbyshire County Council	9%
Derbyshire Fire and Rescue Authority	1%

The deficit balance on the Business Rates element of £716k on the Collection Fund Account, has been disaggregated for the purpose of these Accounts to attribute relevant amounts to the precepting authorities and the Council as the Billing Authority as follows:

£000's	2024/25	2023/24
Central Government	358	545
Derbyshire County Council	64	98
Derbyshire Fire and Rescue Authority	7	11
	429	654
South Derbyshire District Council	286	436
	716	1,090

6. Non-Domestic Rates Demands

These are the amounts (precepts) paid into the General Funds of the preceptors under statute.

2024/25 £000's	Precept	Surplus	Total
Central Government	15,749	439	16,188
Derbyshire County Council	2,835	79	2,914
Derbyshire Fire and Rescue Authority	315	9	324
South Derbyshire District Council	12,599	351	12,950
	31,498	878	32,376

2023/24 £000's	Precept	Surplus	Total
Central Government	15,163	(621)	14,542

Notes to the Collection Fund

For the year ended 31 March 2025

Derbyshire County Council	2,729	(112)	2,618
Derbyshire Fire and Rescue Authority	303	(12)	291
South Derbyshire District Council	12,131	(497)	11,634
	30,327	(1,243)	29,084

Glossary

ACCOUNTING PERIOD

The period of time covered by the Accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date, 31 March each year.

ACCRUALS

Sums included in the Final Accounts to recognise revenue and capital income and expenditure earned or incurred in the financial year, but for which actual payment had not been received or made as at 31 March.

ACTUARIAL GAINS AND LOSSES

For a Defined Benefit Pension Scheme, the changes in actuarial surpluses or deficits that arise because:

- ➔ Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- ➔ The actuarial assumptions have changed.

ASSET

An item having value to the Council in monetary terms. Assets are categorised as either current or fixed:

- ➔ A current asset will be consumed or cease to have material value within the next financial year (e.g. cash and stock).
- ➔ A fixed asset provides benefits to the Council and to the services it provides for a period of more than one year and may be tangible e.g. a community centre, or intangible, e.g. computer software licences.

AUDIT OF ACCOUNTS

An independent examination of the Council's financial affairs.

BALANCE SHEET

A statement of the recorded assets, liabilities and other balances at the end of the accounting period.

BUDGET

The forecast of net revenue and capital expenditure over the accounting period.

CAPITAL EXPENDITURE

Expenditure on the acquisition of a fixed asset, which will be used in providing services beyond the current accounting period, or expenditure which adds to and not merely maintains the value of an existing fixed asset.

CAPITAL FINANCING

Funds raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing, usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

CAPITAL PROGRAMME

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

Glossary

CAPITAL RECEIPT

The proceeds from the disposal of land or other fixed assets. Proportions of capital receipts can be used to finance new capital expenditure, within rules set down by the Government but they cannot be used to finance revenue expenditure.

CIPFA

The Chartered Institute of Public Finance and Accountancy.

COLLECTION FUND

A separate fund that records the income and expenditure relating to Council Tax and non-domestic rates.

COMMUNITY ASSETS

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historical buildings.

CONSISTENCY

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

CONTINGENT ASSET

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's Accounts.

CONTINGENT LIABILITY

A contingent liability is either:

- ➔ A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- ➔ A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required, or the amount of the obligation cannot be measured with sufficient reliability.

CORPORATE AND DEMOCRATIC CORE

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

CREDITOR

Amount owed by the Council for work done, goods received or services rendered within the accounting period, but for which payment has not been made by the end of that accounting period.

CURRENT SERVICE COST (PENSIONS)

The increase in the present value of a Defined Benefits Pension Scheme's liabilities, expected to arise from employee service in the current period.

Glossary

DEBTOR

Amount owed to the Council for works done, goods received or services rendered within the accounting period, but for which payment has not been received by the end of that accounting period.

DEFINED BENEFIT PENSION SCHEME

Pension schemes in which the benefits received by the participants are independent of the contributions paid and are not directly related to the investments of the scheme.

DEPRECIATION

The measure of the cost of wearing out, consumption or other reduction in the useful economic life of the Council's fixed assets during the accounting period, whether from use, the passage of time or obsolescence through technical or other changes.

DISCRETIONARY BENEFITS (PENSIONS)

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Council's discretionary powers such as the Local Government (Discretionary Payments) Regulations, 1996 eg benefits would be released if an employee was terminally ill.

EQUITY

The Council's value of total assets less total liabilities.

EVENTS AFTER THE BALANCE SHEET DATE

Events after the Balance Sheet date are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

EXCEPTIONAL ITEMS

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

EXPECTED RETURN ON PENSION ASSETS

For a Funded Defined Benefit Scheme, this is the average rate of return, including both income and changes in fair value but net of scheme expenses, which is expected over the remaining life of the related obligation on the actual assets held by the scheme.

EXTRAORDINARY ITEMS

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

FAIR VALUE

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

GENERAL FUND

Glossary

The main revenue fund of the Council. Day-to-day spending on services is met from this fund. Spending on the provision of Council housing however must be charged to a separate Housing Revenue Account (HRA).

GOING CONCERN

The concept that the Statement of Accounts is prepared on the assumption that the Council will continue in operational existence for the foreseeable future.

GOVERNMENT GRANTS

Grants made by the Government towards either revenue or capital expenditure in return for past or future compliance with certain conditions relating to the activities of the Council. These grants may be specific to a particular scheme or may support the revenue spend of the Council in general.

HOUSING BENEFITS

A system of financial assistance to individuals towards certain housing costs administered by Authorities and subsidised by Central Government.

HOUSING REVENUE ACCOUNT (HRA)

A separate account to the General Fund, which covers the income and expenditure arising from the provision of Council housing accommodation.

IMPAIRMENT

A reduction in the value of a fixed asset to below its carrying amount on the Balance Sheet.

INCOME AND EXPENDITURE ACCOUNT

The revenue account of the Council that reports the net cost for the year of the functions for which it is responsible and demonstrates how that cost has been financed from precepts, grants and other income.

INFRASTRUCTURE ASSETS

Fixed assets belonging to the Council that cannot be transferred or sold, on which expenditure is only recoverable by the continued use of the asset created. Examples are highways, footpaths and bridges.

INTANGIBLE ASSETS

An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity. This Council's intangible assets comprise computer software licences.

INTEREST COST (PENSIONS)

For a Defined Benefit Scheme, the expected increase during the period of the present value of the scheme liabilities because the benefits are one period closer to settlement.

INVESTMENTS (PENSION FUND)

The investments of the Pension Fund will be accounted for in the statements of that fund. However, authorities are also required to disclose, as part of the disclosure requirements relating to retirement benefits, the attributable share of the Pension Scheme Assets associated with their underlying obligations.

LIABILITY

Glossary

A liability is where the Council owes payment to an individual or another organisation.

- A current liability is an amount which will become payable or could be called in within the next accounting period, e.g. creditors or cash overdrawn.
- A deferred liability is an amount which by arrangement is payable beyond the next year at some point in the future or to be paid off by an annual sum over a period of time.

LIQUID RESOURCES

Current asset investments that are readily disposable by the Council without disrupting its business and are either:

- Readily convertible to known amounts of cash at or close to the carrying amount; or
- Traded in an active market.

MATERIALITY

The concept that the Statement of Accounts should include all amounts which, if omitted, or mis-stated, could be expected to lead to a distortion of the financial statements and ultimately mislead a user of the accounts.

MINIMUM REVENUE PROVISION (MRP)

The minimum amount which must be charged to the Revenue Account each year in order to provide for the repayment of loans and other amounts borrowed by the Council.

NET BOOK VALUE

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

NET DEBT

The Council's borrowings less cash and liquid resources.

NON-DISTRIBUTED COSTS

These are overheads for which no user now benefits and as such are not apportioned to services.

NATIONAL NON-DOMESTIC RATES (NNDR)

The National Non-Domestic Rate is a levy on businesses, based on a National rate in the pound set by the Government and multiplied by the assessed rateable value of the premises they occupy. It is collected by the Council on behalf of Central Government and then redistributed back to support the cost of services.

NON-OPERATIONAL ASSETS

Fixed assets held by the Council but not directly occupied, used or consumed in the delivery of services. Examples are investment properties, assets under construction or assets surplus to requirements pending sale or redevelopment.

OPERATING LEASE

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

OPERATIONAL ASSETS

Glossary

Fixed assets held and occupied, used or consumed by the Council in the pursuit of its strategy and in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

PAST SERVICE COST (PENSIONS)

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

PENSION SCHEME LIABILITIES

The liabilities of a Defined Benefit Pension Scheme in respect of outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

PRECEPT

The levy made by precepting authorities by billing authorities, requiring the latter to collect income from Council Tax on their behalf.

PRIOR YEAR ADJUSTMENT

Material adjustments applicable to previous years arising from changes in accounting policies or from the correction of fundamental errors. This does not include normal recurring corrections or adjustments of accounting estimates made in prior years.

PROVISION

An amount put aside in the accounts for future liabilities or losses which are certain or very likely to occur but the amounts or dates of when they will arise are uncertain.

PUBLIC WORKS LOAN BOARD (PWLB)

A Central Government Agency, which provides loans for one year and above to authorities at interest rates only slightly higher than those at which the Government can borrow itself.