

A photograph of two people, a man and a woman, looking up at a large, colorful wooden structure with yellow, green, and blue panels. The man is on the left, wearing a white t-shirt, and the woman is on the right, wearing a grey hoodie with a 'VANS' patch. The background is a bright, sunny day.

STATEMENT OF ACCOUNTS

2024/25

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CONTENTS

Narrative Report from the Service Director for Finance and Section 151 Officer	4
Statement of Responsibilities for the Statement of Accounts	26
Comprehensive Income and Expenditure Statement for the Year Ended 31 March 2025.....	27
Movement in Reserves Statement for the Year Ended 31 March 2025.....	28
Balance Sheet.....	29
Cash Flow Statement.....	30
Notes to the Financial Statements	31
Collection Fund for the Year Ended 31 March 2025	115
Independent Auditor's Report to the Members of Plymouth City Council.....	118

NARRATIVE REPORT FROM THE SERVICE DIRECTOR FOR FINANCE AND SECTION 151 OFFICER

INTRODUCTION

Welcome to the Narrative Statement for the Statement of Accounts for Plymouth City Council 2024/25.

This document presents the statutory financial statements for Plymouth City Council covering the period 1 April 2024 to 31 March 2025. The statements can be technical and complex, but we have tried to present them as clearly as we can and have structured this narrative statement to help enable readers to understand the Council, its operating environment, and to assist in the understanding and interpretation of the Statement of Accounts.

The Narrative Statement provides an overview of the authority's financial position for the year and prospects for the following year. The 2024/25 financial year has again been financially challenging for the council, with many impacting factors beyond the Council's control; including inflationary pressures, the ongoing cost of living crisis and a significant rise in the National Living Wage. In spite of the budget pressures, it is worth noting that the outturn reflects a balanced position, without the need to draw down from the Working Balance held within Usable Reserves. There has been particular attention to all staff on the importance of managing our budget, and this closing position is possible by the release of available reserves whilst undertaking in year cost control and income maximisation measures.

The preparation of the Statement of Accounts provides the opportunity to look back at the past financial year and to report on the current financial and non-financial position of the Council.

It is fair to say that the financial year 2024/25 has been unique. The Full Council Budget setting meeting was deferred from its usual last Monday in February to Friday 8 March 2024. This was to allow the receipt of a "minded to" letter from the Minister for Levelling Up, Housing and Communities (now renamed Ministry of Housing, Communities and Local Government – MHCLG) in respect of our request for a Capitalisation Direction.

The Council was working with the Minister and the external auditors Grant Thornton, to resolve an outstanding technical issue relating to the Statement of Accounts for 2019/20.

The Council received confirmation from MHCLG that its application for a Capitalisation Direction of £72m had been granted on the 10 October 2025. The Capitalisation Direction will impact on the accounts for 2025/26.

During the financial year the Council has had full sign off from the auditors and the Audit and Governance Committee and published an unprecedented five sets of accounts. The Statement of Accounts for 2021/22, 2022/23 and 2023/24 received a modified audit opinion due to issues with opening balances and sector-wide backlog challenges. The accounts were subject to the national backstop disclaimer, meaning auditors issued a disclaimer of opinion because of insufficient assurance over prior years.

In July 2024, commissioned by MHCLG as a requirement of the Capitalisation Direction request, The Chartered Institute of Public Finance and Accountancy (CIPFA) undertook an external assurance review of the financial position of the Council. In total seven key recommendations were made, all of which have been actioned and completed.

The Council has balanced its budget reporting a breakeven position. The overall net spend matches the net budget of £241.622m. However, this is after the release of £1.137m additional resource adjustments from prior year Council Tax collection plus a drawdown of £3.913m from reserves. In addition, the audit sign-off of the backlog of Statement of Accounts resulted in a reprofiling of the Minimum Revenue Provision charge which resulted in a release of £5.170m from the brought forward reserve. Within this overall balanced position, there are the following headline financial issues to consider:

- Drawdown from the Working Balance held within the Usable Reserves of £13.1m has not been required
- Additional savings targets built into Directorate budgets for the year were all met
- The use of corporate resourcing adjustments which include reduced borrowing costs, increased investment income and other revenue reserve movements.
- Reprofiling and release from the Minimum Revenue Provision (MRP) reserve.

Plymouth City Council, along with most local authorities across the country, continues to face significant challenges in providing essential services to meet the needs of residents within the level of resources it has at its disposal. This has been added to by the continuing challenging operating environment and increasing and more complex local service demand.

The most challenging area of concern and level of overspending in 2024/25 has again been the cost of externally purchased Children in Care placements. This has been a pressure faced by the Council for several years, but it has worsened in 2024/25 and it is anticipated to continue into 2025/26. It is a challenge that is replicated across most upper tier local authorities throughout the country. Residential Care placements are in short supply, and this has pushed up prices significantly for all local authorities. This is of most concern where a child has complex needs and or challenging behaviour. Adult Social Care has seen continued pressure for emergency accommodation within Community Connections to meet the homelessness demand and the budget for Care Packages has also been under pressure.

Facilities Management continues to present additional cost pressures, with increasing repairs and maintenance costs reflect the size, age and complexity of the corporate estate, which includes buildings and land such as the foreshore. We know that the financial challenges cannot be addressed by short term and tactical measures alone. The Council is therefore investing in a comprehensive Transformation Programme as part of its plans to address the on-going underlying structural budget deficit.

There have also been exceptional, one-off costs incurred within the year. We approved the transfer of more Private Finance Initiative (PFI) schools out of the maintained framework to become part of an academy. However, the overall PFI contracts for all schools covered by the scheme continue to be the responsibility of the Council. For this financial year we have needed to meet additional PFI costs by £0.239m. We have also needed to cover the settlement cost of the Independence at Home dispute, at a cost of £0.465m and the Independent Review of the Armada Way scheme has cost £0.099m. These exceptional costs have been met from the corporate contingency.

The Council, like all other authorities, also has uncertainty of future levels of Government funding. The Government launched a consultation in December 2024 on 'Local Authority Funding Reform: Objects and Principles' to seek views on their approach to determining new funding allocations for local authorities. This initial consultation was responded to at the same time as a second phase of consultation was launched on 20 June 2025, titled 'The Fair Funding Review 2.0'. The current funding model, with allocations that have remained unchanged since 2013/14, has led to disparities in service quality and financial strain, particularly in more deprived areas. The consultation proposes a series of reforms aimed at creating a more equitable, efficient and responsive funding system. The results of the consultation will inform the local government finance settlement from 2026/27. The funding settlement for 2026/27 is to be a multi-year funding settlement with various grant and funding streams consolidated. This should provide more certainty for the Council with regards to future financial planning.

As well as delivering vital day to day services for residents, businesses and visitors, the Council continues to be at the heart of investment in the local area, improving assets to deliver services more efficiently and effectively and creating the right conditions to attract additional private sector investment. Capital spending can generally be defined as that which generates assets that have a life of more than one year. This includes the acquisition or construction of new assets and expenditure that improves, and not merely maintains, the value of existing assets. In 2024/25 the Council invested £109.309m into capital schemes to continue to improve Plymouth as a place to live and a destination to visit.

This capital expenditure delivered a significant programme of investment in a wide range of schemes, including the Woolwell to the George major transport infrastructure project, and ongoing investment in City Centre public realm schemes. Investment in infrastructure to support the Plymouth Sound National Marine Park, together with improvements to the City's parks and open spaces and the new Foulston Park facilities on the former Brickfields site have improved sports and recreation opportunities for residents and visitors. Significant investments in the Derriford District Centre and the Plymouth and South Devon Freeport sites will generate both employment for the City and income for the Council for many years to come. Over £10m has been invested in improving the City's housing stock through schemes such as the Warm Homes programme and targeted investment in social housing and temporary accommodation to tackle homelessness.

Continued vigorous cost management and focused delivery of planned revenue savings will again be key in the new financial year 2025/26. Each Directorate must ensure that it at least manages within its allocated budget and delivers the agreed savings. All effort must be made to finish below budget, through further cost savings and increased income generation.

These accounts demonstrate that the Council has a secure and sustainable financial standing. The Council has fulfilled its stewardship function for all the public money entrusted to it in a cost effective and appropriate manner.

Finally, I would like to express my thanks for all staff in the Finance team during 2024/25 who have played their part in producing the Statement of Accounts and for their wider efforts in supporting the Council.

David Northey

Interim Service Director for Finance and Section 151 Officer

Dated:

Plymouth

Britain's Ocean City

One of Europe's most vibrant waterfront cities where an outstanding quality of life is enjoyed by everyone

THE PLYMOUTH PLAN

2014 - 2034

WHAT WE WANT TO ACHIEVE...

HEALTHY CITY

People live in happy, healthy, safe and aspiring communities

GROWING CITY

A city which has used its strengths to deliver quality and sustainable growth

INTERNATIONAL CITY

Plymouth is internationally renowned as Britain's Ocean City and is the UK's premier marine city, famous for its waterfront, and being home to the UK's first National Marine Park

REGIONAL CITY

Plymouth will be fulfilling its role as a regional city and a major economic driver for the Heart of the South West

HOW WILL WE KNOW WE'RE SUCCESSFUL?

People have the best start to life and improved health, increased life expectancy, and a better quality of life	The population has grown close to the city's ambition of 300,000	Plymouth continues to improve its diverse cultural and sporting experience	Plymouth recognised as a key regional economic driver
More people taking care of themselves	Plymouth continues to be recognised as a leading Green City	Plymouth is internationally renowned as a leading UK tourist destination	High quality strategic services and facilities that serve the people of Plymouth and the sub region
More residents are contributing to and being involved in their community	Plymouth has a vibrant, productive, inclusive and innovative business sector with a workforce that is paid a living wage	Plymouth is recognised internationally for expertise in marine science and hi-tech manufacturing	Plymouth's strategic defence role is protected and strengthened
People are well housed, live in good quality, well looked after neighbourhoods where they feel safe and happy	People have the skills to be school ready and work ready	Plymouth's reputation for world class universities and research institutions continues to grow	
Good quality, sustainable health and wellbeing services for people who need them, when they need them	Plymouth continues to strengthen conditions for increased growth, including ensuring effective infrastructure delivery	Plymouth's reputation is strengthened as a welcoming, multicultural city	

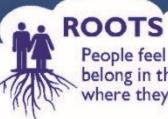
WHAT PRINCIPLES WILL GUIDE US?



POWER
People have confidence that they can influence decisions that affect them



OPPORTUNITY
People have more equal opportunities and the ability to be part of the city's future



ROOTS
People feel like they belong in the community where they live



CONNECTIONS
People mix, interact, learn from each other and work together



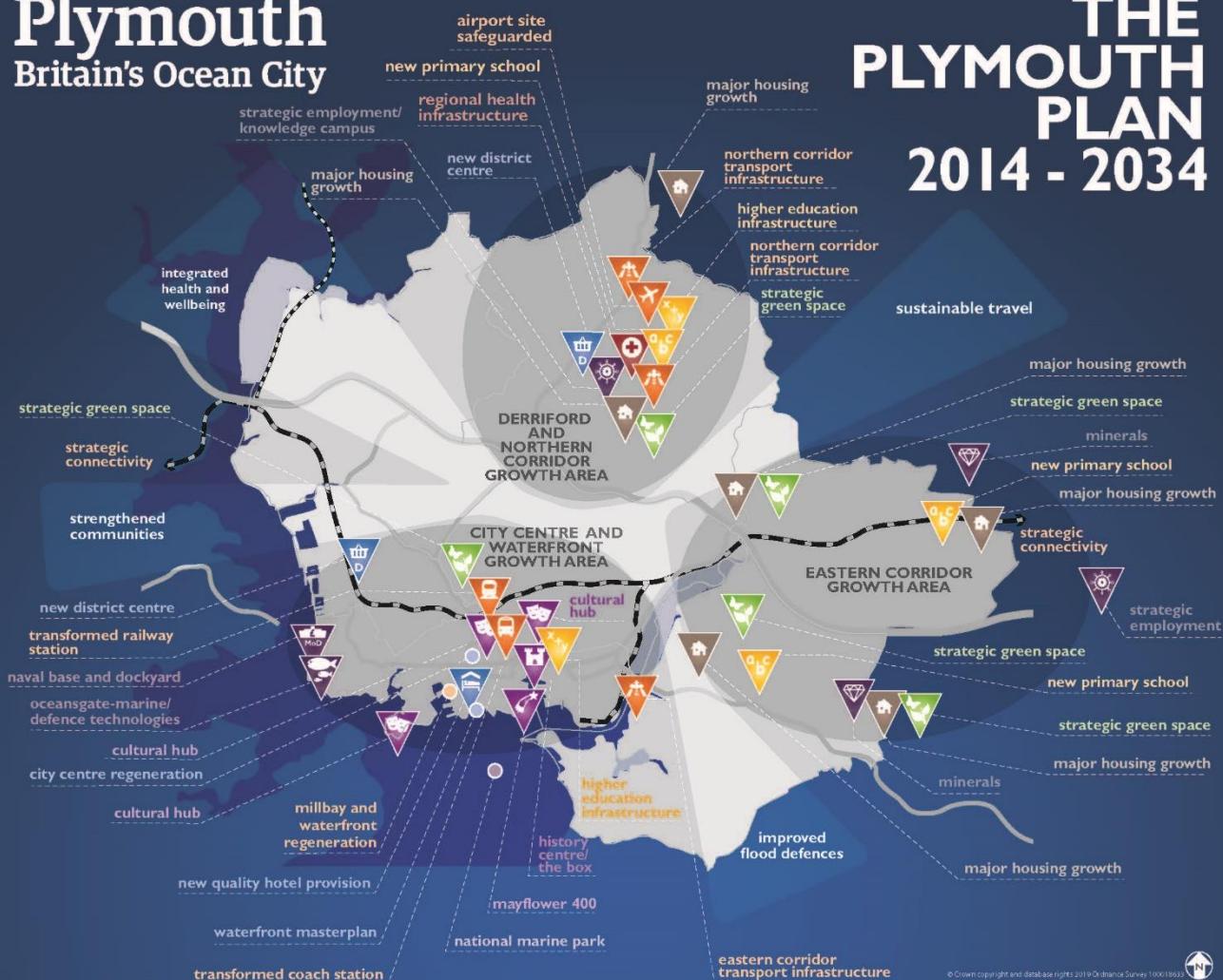
FLOURISH
Individuals, communities and businesses thrive in an environment that is creative, enterprising, and diverse

Plymouth

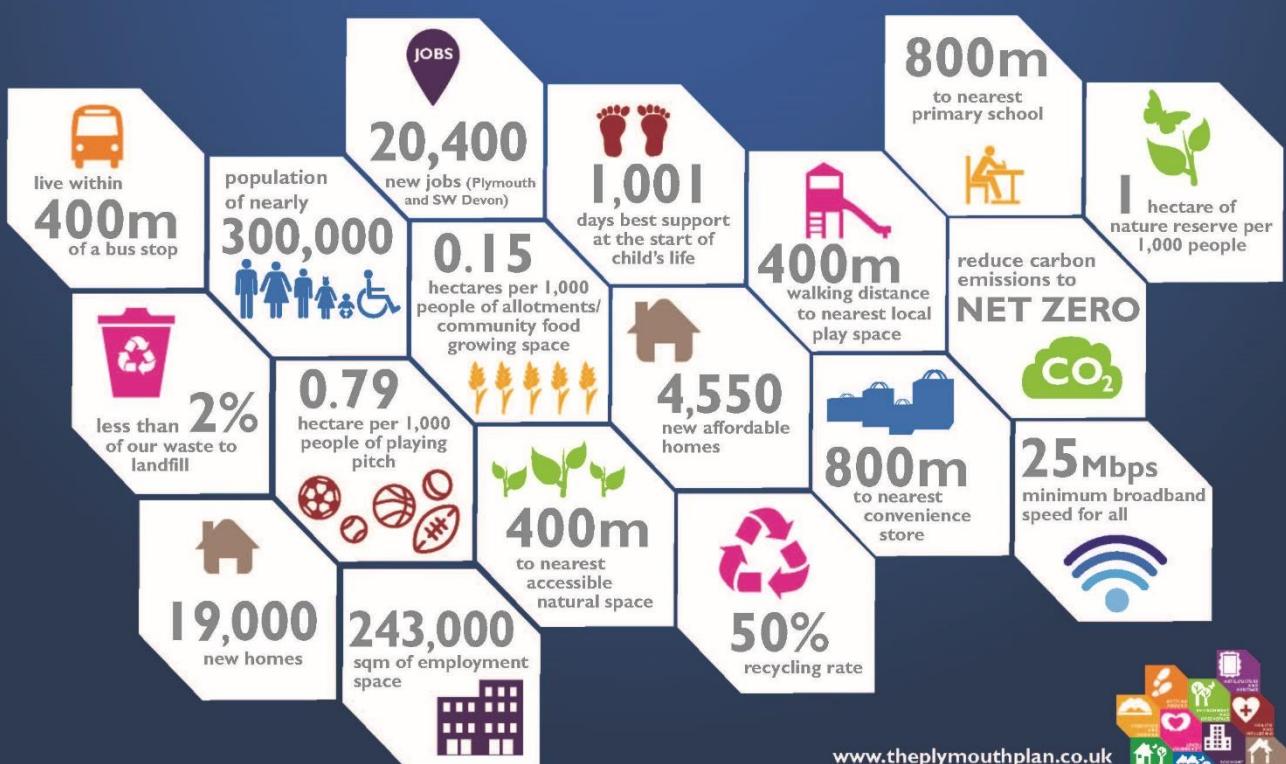
Britain's Ocean City

THE PLYMOUTH PLAN

2014 - 2034



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OUR PLAN

BUILD A BETTER PLYMOUTH



CITY VISION: Britain's Ocean City

One of Europe's most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone

Plymouth
Britain's Ocean City

OUR MISSION: Making Plymouth a fairer, greener city, where everyone does their bit

WE BELIEVE IN:

DEMOCRACY
Because we listen and hear what people want

RESPONSIBILITY
Because we care about the impact of our decisions and actions

FAIRNESS
Because we want to address inequality and inequity in our city

CO-OPERATION
Because we achieve more together than we would alone

WE WILL:

Make Plymouth a great place to grow up and grow old

Minimise the impact of the cost of living crisis

OUR PRIORITIES:

-  Working with the Police to tackle crime and anti-social behaviour
-  Fewer potholes, cleaner, greener streets and transport
-  Build more homes - for social rent and affordable ownership
-  Green investment, jobs, skills and better education
-  Working with the NHS to provide better access to health, care and dentistry
-  Keeping children, adults and communities safe

DOING THIS BY:

-  Providing quality public services
-  Trusting and engaging our communities
-  Focusing on prevention and early intervention
-  Spending money wisely
-  Empowering and engaging our staff
-  Being a strong voice for Plymouth

AIMS, OBJECTIVES AND ACHIEVEMENTS

The Statement of Accounts should be read in conjunction with the Council's Corporate Plan, which was last revised in June 2023. The plan reflects the administration's ambition for the city and the Council, takes account of the progress that the Council has made in recent years and addresses the new challenges that we face. The Council retained and re-endorsed the City Vision: to be one of Europe's most vibrant waterfront cities where an outstanding quality of life is enjoyed by everyone, and revised the Council's mission to better reflect how the Council contributes to the City Vision, with emphasis on fairness, environmental sustainability and co-operation. The Council's adopted values were also revised to fully reflect our expectations of ourselves and each other, and provide a basis on which the Council can be held to account by its citizens.

There are six priority areas for delivery through the Corporate Plan, and the plan highlights the importance of retaining a focus in all Council's activities on Plymouth being a great place to grow up and grow old, and on minimising the impact of the cost of living crisis. The Council's Corporate Plan priorities are:

- Working with the Police to tackle crime and anti-social behaviour
- Fewer potholes, cleaner, greener streets, and transport
- Build more homes – for social rent and affordable ownership
- Green investment, jobs, skills, and better education
- Working with the NHS to provide better access to health, care and dentistry
- Keeping children, adults, and communities safe.

The Council's business planning and performance management frameworks are the mechanism that drives delivery of the above priorities, and resource allocation is geared to ensure that delivery plans against the priorities are sustainable, alongside the Council's wider range of statutory and discretionary services.

PLYMOUTH CITY COUNCIL DEMOCRACY AND GOVERNANCE

Democracy and governance play a huge role in ensuring good governance and strong decision making across the Council. The Council is a complex and large organisation. Policies are directed by the political leadership (Leader and Cabinet) and implemented and delivered by the Corporate Management Team (CMT) with the support of their Directorate Management Teams (DMT).

The Council is made up of 57 Councillors for 20 wards.

Following the election in May 2024, the Council is controlled by the Labour Party. The Council has adopted the 'Strong' Leader and Cabinet model as its political management structure. The Leader of the Council (Councillor Tudor Evans OBE) has responsibility for the appointment of Members of the Cabinet (also known as the Executive), the allocation of Portfolios and the delegation of executive functions. The Cabinet is the main decision-making body of the Council. It is responsible for policies, plans and strategies, which must be implemented within the budgetary and policy framework adopted by Full Council. The Council elects the Leader each year at the Annual General Meeting (usually held in May).

Councillors are supported by CMT, which is headed by the Council's Chief Executive, Tracey Lee. CMT are responsible for the overall management of the Council, for setting and monitoring overall direction and ensuring high performance in the delivery of council services. Including the Chief Executive, CMT is made up of nine members.

The Council also has a number of committees which include Planning, Licensing, Audit and Governance, various Overview and Scrutiny Committees and a number of others to support the democratic process.

The Council operates by way of the Council Constitution. The Constitution is a legal document and includes items such as Council procedure rules, financial regulations, the scheme of delegation and responsibility for functions. The Council is also required to produce an Annual Governance Statement (AGS) each year to meet the requirements of the Accounts and Audit Regulations 2015 and the principles set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) Framework: 'Delivering Good Governance in Local Government'.

Plymouth – Britain's Ocean City

Plymouth City Council is a unitary local authority responsible for over 300 local services including transport, social care and education. With a resident population of 264,700 (2021) and a further 100,000 residents in the travel to work area, Plymouth is the largest city on the South coast and the 15th biggest city in the country. Plymouth is also the most significant urban area on the south west peninsula with an economic output of £5.44 billion (2021), supporting 115,000 jobs and is the key urban hub of the Heart of the South West Enterprise Partnership making it a key location for growth. The city has the highest concentration of manufacturing and engineering employment in the whole of the South of England. 20% of the UK's blue-tech marine companies are based here and 14.6% of Plymouth's jobs are in the manufacturing industry, far exceeding the national average of 8.8% (2019).

Plymouth's branding as 'Britain's Ocean City' reflects its historic and modern connections to the sea. It has been the departure point for many historic voyages, not least the Mayflower in 1620 and is now home to Western Europe's largest naval base, a thriving commercial and ferry port, a significant fishing industry and one of the most significant global concentrations of marine research and production.

Regional Influence

The functions of the Heart of the South West Local Enterprise Partnership (HotSW LEP) transferred back to local authorities in Devon and Somerset as part of new Government policy on 1 April 2024. This means that Plymouth City Council, Devon County Council, Somerset Council and Torbay Council are now individually responsible for economic strategy, Government programmes such as the Growth Hub and Careers Hub and ensuring local business has a voice in decisions affecting the future of the economy through Economic Growth Boards in their areas. The four councils will continue to work together to ensure sensible collaboration on sector support and strategic partnerships.

Devolution

The government published the English Devolution White Paper in December 2024 which outlines how it intends to rebuild and reform local government as the foundation for devolution. The White Paper sets out the government's plans to widen and deepen devolution across England. Following on from the White Paper publication, at the Council meeting on the 9 January 2025, Plymouth City Council agreed to advocate for the establishment of a South West Peninsula Mayoral Strategic Authority. Subsequently, the leaders of Plymouth City Council, Devon County Council and Torbay Council agreed to work together to explore the creation of a Mayoral Strategic Authority. A future devolution deal offers a compelling opportunity to secure substantial additional investment for the benefit of local communities. The Council is now working on proposals to increase its boundary line to ensure that the authority is sufficient in scale to more efficiently deliver services, without losing its unique character. The initial proposals were submitted to Government on 5 February 2025. The preferred option is to extend the city's boundaries to include 13 neighbouring parishes, approximately 30,000 additional residents. This modest expansion would create a more cohesive and efficient local government structure for the city, better equipped to meet the needs of the growing population. Further work will take place during 2025/26 to develop and consult on these proposals.

Future Vision

The Council's vision for Plymouth is to become one of Europe's most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone. The Plymouth Plan sets out far reaching growth plans to 2034 and promotes a shared direction of travel for the long-term future of the city. It brings together, for the first time in Plymouth (and perhaps in the UK), a number of strategic planning processes into one place. Since its introduction, the Plymouth Plan has been at the heart of policy and plan-making in the city. It sets the direction for the city's economy; it plans for the city's transport and housing needs; it looks at how the city can improve the lives of children and young people and address the issues which lead to child poverty. It also sets out the Council's mission to 'Make Plymouth a fairer city, where everyone does their bit'.

The Plymouth Plan includes plans to increase the city's resident population to 300,000, build an additional 19,000 homes (of which 4,550 are affordable), reduce carbon emissions by 50%, improved broadband for all premises and to create 20,400 jobs. The Council worked closely with local strategic partners West Devon and South Hams councils to create 'The Plymouth and South West Devon Joint Local Plan' to support local thriving towns and villages. The three councils joined up to create this plan (now adopted) which looks at every aspect of how we want our cities, towns and villages to look and feel over the next 20 years. The existing policies in the Plymouth Plan will now be combined with the Plymouth-specific policies in the new Joint Local Plan to create one document.

Plymouth Sound National Marine Park (NMP)

Partners across the city created the UK's first ever National Marine Park in 2019 and secured £9.5 million in 2021 from the National Lottery Heritage Fund Horizon Awards to fully develop the idea.

The 'park in the sea' aims to:

- Support the ongoing enhancement of our world class natural environment and heritage landscape
- Get the entire city and surrounding communities involved with the Sound
- Increase access to our heritage so everyone can enjoy the benefits
- Provide new employment opportunities and career pathways in sustainable future ocean jobs
- Position Plymouth as a UK top day-visitor destination
- Champion health and wellbeing with a new generation of engaged volunteers, communities and champions
- Support the positive transition to net zero carbon by 2030.

An £11.6m National Lottery Heritage Fund grant was awarded in February 2024 to help with the delivery of the marine park, which aims to:

- Engage and inspire
- Provide opportunities for learning and discovery
- Enable connection and positive action to support the long-term care of the Plymouth Sound National Marine Park.

A series of sensitive restoration projects across the citywide waterfront will enable greater accessibility to the park.

Plymouth and South Devon Freeport

The Plymouth and South Devon Freeport was designated by statutory instrument in October 2022 and the government announced full business case approval in December 2022. The Freeport is a dynamic public/private partnership with Plymouth City Council, South Hams District Council and Devon County

Council working alongside Princess Yachts, Carlton Power, the Sherford Consortium and a wide range of stakeholders including the Universities of Plymouth and Exeter, Plymouth port operators and skills providers to ensure its success.

The Freeport represents a unique opportunity to level up, address historical challenges and leverage exciting new opportunities to transform the economy of Plymouth and South Devon through:

- Physical regeneration – by delivering infrastructure to unlock key employment sites and innovation assets, supporting business clustering and clean growth opportunities
- Economic regeneration – by delivering inward investment, supply chain opportunities and productivity gains within our identified growth sectors
- Social regeneration – by delivering a pipeline of jobs across the spectrum of employment from entry level to higher skilled/high value with upskilling opportunities.

The Freeport intends to:

- Create a national hub for trading and investment
- Promote regeneration and job creation
- Create a hotbed for innovation.

During 2024/25 the Council was involved in the delivery of a £23m investment programme in partnership with Associated British Ports (ABP), Brittany Ferries and the Freeport to deliver the most significant infrastructure upgrade to the port in recent decades.

Work is also underway on the construction of four purpose built units which will form part of the Freeport's tax site.

Plymouth's New Crematorium – The Park

Plymouth's new crematorium The Park opened in August 2024. The new facility is set in a 17-acre site, providing a tranquil setting for grieving families. This was a significant capital project and offers modern facilities set in a green site where nature can thrive. It has been designed to accommodate different needs and preferences, embracing all faiths and cultures.

The site also benefits from a new café facility separate to the crematorium which is open to serve refreshments for people attending funerals and for the general public.

Devon Business Rates Pool

The Devon Business Rates Pool (DBRP) has been operating since April 2013 and each year the pool has delivered a pool gain to its members. The table shown below demonstrates the benefit to pool members for each financial year from 2013 to the end of March 2025. As can be seen from the table below, Plymouth has benefitted from an additional £17.780m and the Devon economy has benefitted overall by £84.577m both since the pool's inception in 2013.

The DBRP working group has worked together to produce the forecasts, share best practice and develop the detailed workings which are complex. The group has also been supported by LG Futures who developed the initial workings and have provided support to the Pool since its inception.

Devon Business Rate Pooling Gains 2013 to 2024							
Business Rate Retention Scheme	2013-20	2020/21 50%	2021/22 50%	2022/23 50%	2023/24 50%	2024/25 50%	Total
	£	£	£	£	£	£	£
Devon	21,548,828	2,145,986	2,511,070	2,290,137	2,650,472	2,860,248	34,006,741
East Devon	2,565,360	303,873	355,874	324,563	390,976	419,804	4,360,450
Exeter	2,928,668	656,335	768,694	701,061	773,790	849,633	6,678,181
Mid Devon	667,719	160,490	187,934	171,399	207,161	225,965	1,620,668
North Devon	1,572,183	307,028	359,561	327,925	370,861	401,976	3,339,534
South Hams	920,537	297,284	348,174	317,541	368,516	394,937	2,646,989
Teignbridge	1,383,783	304,841	356,989	325,580	387,651	417,656	3,176,500
Torridge	770,735	134,669	157,684	143,811	175,409	186,011	1,568,319
West Devon	628,714	124,053	145,268	132,487	156,429	167,006	1,353,957
Plymouth	7,122,529	1,837,986	2,145,916	1,957,110	2,261,935	2,454,962	17,780,438
Torbay	2,898,906	888,429	1,039,828	948,340	1,096,376	1,173,389	8,045,268
Total	43,007,962	7,160,974	8,376,992	7,639,954	8,839,576	9,551,587	84,577,045

The Council's Approach to Climate Change

In early 2019, Councillors voted unanimously to declare a Climate Emergency, making a pledge to make Plymouth carbon neutral by 2030. The pledge exceeds the climate objectives of the UK and Plymouth have developed a Net Zero Action Plan (NZAP) to work towards the reduction in carbon emissions to ensure the Council is a net zero organisation by 2030.

The NZAP is a three-year delivery plan, setting out the Council's proposals to reduce its greenhouse gas emissions. It responds to the Net Zero Plymouth challenge set out in the Climate Connections Plymouth website and explains how the Council will aim to play its part in delivering the Plymouth Plan's policy aim.

The NZAP replaced the annual Climate Emergency Action Plans and Corporate Carbon Reduction Plans from 2023. It is reviewed each year to ensure it remains in step with new developments in the Council's activities.

The Net Zero Action Plan outlines a total of 118 actions and brings together 50 colleagues from all directorates of the Council. As of January 2025, 107 (91%) of the 118 actions in the Net Zero Action Plan have been delivered or are progressing on track. Budgetary constraints and the effects of high interest rates, have impacted the delivery of capital projects intended to reduce our energy consumption, increase renewable electricity generation or to transition our fleet of vehicles to EV.

The Council's Performance

The Plymouth City Corporate Plan 2023-28 was approved by Full Council in June 2023 and its priorities are delivered through specific programmes and projects which are coordinated and resourced through cross-cutting strategic plans, capital investments and directorate business plans. The key performance indicators (KPIs) and their associated targets are monitored quarterly to inform us on how we are doing in delivering what we have set out to achieve in the Corporate Plan. We have continued to transform how we deliver services to ensure they are more efficient and better focused on customer needs. This includes working in new ways, joining services up with our partners and maximising the opportunities from digital technology.

FINANCIAL PERFORMANCE

Strategy and Resource Allocation – The Council’s Budget and Medium-Term Financial Plan 2024/25 to 2028/29

The Council’s gross revenue budget for 2024/25 was £589.912m, which after adjusting for income equates to a net budget requirement of £241.622m. This was approved by Full Council on the 8 March 2024. The budget was developed following input and reviews with Directors and other officers and Members, including Cabinet. The budget was formulated having regard to a number of factors including funding availability; risks and uncertainties; inflation; priorities; demography and service pressures. The savings plans included in the budget take into account Council priorities and are assessed against an agreed set of impact criteria and equality assessments. Budget monitoring and scrutiny arrangements were in place throughout the year, which included arrangements for the identification of early remedial action supported by a clear action plan, reporting and regular monitoring.

A summary of the overall budget position is shown below, which includes the Medium-Term Financial Plan for the next five years (2024/25 to 2028/29). The Medium-Term Financial Plan is integral to the Budget Preparation process and is regularly reported to Members as part of the budget updates through the year.

Medium Term Financial Strategy	2024/25 Budget	2025/26 Budget	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast
	£m	£m	£m	£m	£m
Core Resources					
Revenue Service Grant	(12.328)	(12.662)	(13.290)	(13.821)	(14.375)
Council Tax	(139.479)	(149.450)	(156.580)	(163.440)	(171.020)
Business Rates	(84.815)	(86.584)	(85.274)	(85.352)	(86.045)
Reserves	(5.000)	(4.722)	0.000	0.000	0.000
Core Resources Total	(241.622)	(253.418)	(255.144)	(262.613)	(271.440)
Net Expenditure					
Expenditure Brought Forward	0.000	236.622	253.418	266.061	279.240
Add Right-Sizing Costs / Adjustments	0.000	6.566	8.630	8.144	4.371
Add Demand-Led Pressures	0.000	12.392	5.841	7.035	6.000
Other pressures	0.000	13.602	3.860	0.000	0.000
Savings/Income identified	0.000	(15.764)	(5.688)	(2.000)	0.000
Net Expenditure Total	241.622	253.418	266.061	279.240	289.611
Forecast Shortfall	0.000	0.000	10.917	16.627	18.171

The key financial planning considerations used to develop the above forecast included:

- Continuing one-year Revenue Support Grant settlement, with annual inflation uplift
- The cap on council tax increases, reflecting central Government’s direction of the confirmed 2.99% for 2025/26, will continue for the five years
- The forecast, reflecting central Government’s direction, assumes there will be a further 2% Adult Social Care precept in 2025/26 with 1% modelled for future years. The final decision on core Council Tax and ASC Precept changes will require Full Council approval as part of the annual budgets
- Uncertainty to future funding due to the delay in 100% Business Rates Retention. Assumption is the current system remains, with assumed annual inflation uplift

- Reductions in other Government grant funding without matching reductions and responsibility for related services provision
- Uncertainty about any future Fair Funding Review
- A continuing range of increasing costs in order to meet the demands on the Council and maintain key services, particularly in Adult Social Care, Children's Social Care and Homelessness
- Increased costs of meeting new initiatives

2024/25 Revenue Outturn

The Council has balanced its budget, reporting a breakeven position for 2024/25. The overall net spend matches the net budget of £241.622m. The year was again affected by significant challenges outside the Council's control including inflationary increases, the continuing cost of living crisis and an above inflationary increase to the National Living Wage. The Council also needed to respond to growing cost and demand pressures within services, particularly within Children's Social Care. Whilst these challenges are faced by local authorities across the country, Plymouth has been able to achieve a balanced position in this financial year whilst protecting key services.

Across the Council, management actions to reduce the potential of a business as usual overspend being incurred included a review of all discretionary spend and delayed expenditure wherever possible. This year has seen higher engagement with all staff across the Council on the importance of spending their budgets wisely, deferring expenditure wherever possible and ensuring we achieve the maximum value for money.

Directorates, with the exception of Customer and Corporate Services, Children's Services and Adults, came in on or under budget for their business-as-usual activity.

The net revenue budget of £241.622m was allocated to council services as follows:

Directorate	2024/25 Net Budget Expenditure	Provisional Outturn	Year-End Over/ (Under) Spend	Status
	£m	£m	£m	
Executive Office	7.160	6.768	(0.392)	Under
Customer and Corporate Services	36.250	39.163	2.913	Over
Children's Services	75.456	87.605	12.149	Over
Adults, Health & Communities	108.940	111.161	2.221	Over
Office for the Director of Public Health	2.703	2.703	0.000	Even
Growth	31.785	30.479	(1.306)	Under
Corporate Items & Council Wide	(20.672)	(36.257)	(15.585)	Under
Total	241.622	241.622	0.000	Even

The Children's Directorate reported an adverse outturn position of £12.149m against the £75.456m budget. Within the Directorate, Children, Young People and Families (CYPF) recorded a £10.509m overspend, and the Education, Participation and Skills (EPS) department had an overspend of £1.640m. Within CYPF, there was a £6.160m pressure within placements budgets due to lack of placement sufficiency and increases in both the cost and volume of placements. However, £1.084m in year savings were achieved through employee related savings in Multi Agency Support Hub (MASH) and Front Door. Within EPS, £1.640m overspend reported includes an overspend of £1.159m on short breaks, a £0.252m overspend on the 0-25 SEND team due to the use of agency staff to reduce the backlog of Educational Health Care Plans (EHCPs) and a £0.207m overspend on Home to School Transport due to increased cost and the number of routes.

The Schools Outturn and Balances The centrally held elements of the DSG were over budget by £14.245m, due to significant increases in numbers and cost of placements for children with SEND, which is funded from the High Needs Block within the DSG. This overspend will be carried forward along with the accumulated deficit on the DSG of £4.253m giving a total overspend to be carried forward of £18.498m. In line with Government guidance, any overspend is carried forward for recovery against future DSG funding. Therefore, the authority cannot fund this pressure from its own General Fund revenue budget (unless permission is given by the Secretary of State to disregard the requirement to fund from the DSG). Year-end budgets have been adjusted to reflect the transfer of the £14.245m overspend into a specific unusable reserve for recovery against future DSG funding. This treatment is in line with Government guidance stating that DSG in-year and cumulative deficits should no longer be held as a negative earmarked reserve and should instead be held in an unusable reserve called the Dedicated Schools Grant Adjustment Account. This accounting treatment has the effect of separating DSG budget deficits from the local authority's General Fund and covers the period to 31st March 2026. The government has announced plans to include working with local authorities to manage their SEND system including DSG deficits, alongside an extension to the DSG Statutory Override until the end of 2027/28.

Corporate Items and Council Wide delivered a favourable variation of £15.585m despite covering additional costs like the pay award which was higher than the budgeted allowance. The favourable position was achieved through £6.011m savings within Treasury Management and insurance and additional resource adjustments from prior year Council Tax collection and £9.083m from reserves no longer required.

Working Balance held within Usable Reserves

The Working Balance as at 31 March 2025 after the adjustments for the transaction of £73.375m is a negative balance of £60.138m (prior to this adjustment the Council's Working Balance was £8.743m). It is expected that the Working balance will return to this level once the Capitalisation Direction is awarded by Government.

Other Financial Performance

In addition to the financial outturn reports within this report there were a range of other significant performance achievements which have contributed to the year-end position. In year collection targets are set for our Council Tax, Business Rates, commercial rents, and sundry debt income including our Trade Waste income. The 2024/25 revenue budget was based on the achievement of the required targets.

We continue to increase our collection rates in core income streams and explore alternative ways of making further improvements. For example, we created a new team within existing resources to focus on recovering debt due to the Council with a specific focus on reducing housing benefit overpayments.

Some key indicators are:

- 96.40% of Council Tax collected in year for 2024/25 towards the total collection target of 97.50% (96.50% in 2023/24). This equates to £161.844m (£153.018m in 2023/24). This was slightly below the percentage collected in 2023/24
- 98.65% of NDR collected in year for 2024/25 towards the total collection target of 99.00% (98.74% in 2023/24). This equates to £88.260m (£82.367m in 2023/24)
- Average borrowing rate of 3.27% was achieved below target of 5.50% in 2024/25 (3.23% in 2023/24)
- Average investment return of 4.84% was achieved against target of 5.00% in 2024/25 (5.33% in 2023/24)

Capital

During 2024/25 new capital governance processes were introduced with projects being endorsed for approval onto the capital programme through the Capital Programme Officer Group (CPOG) and the Capital Programme Board (CPB). In 2024/25 there were seven CPOG meetings that reviewed the mandates, business cases and change requests associated with council projects.

During the year 2024/25 the Council spent £109.309m on capital projects within the city. This is shown by Directorate in the following table. This is within the approved five-year (2024/25-2028/29) Capital Budget of £395.864m reported to Full Council on 24 February 2025.

Directorate	Approved Capital Budget 2024/25	Latest Forecast December 2024	Approval	Re-Profiling	Variation & Virements	2024/25 Capital Spend
	£m	£m	£m	£m	£m	£m
Growth	155.370	90.446	7.265	(15.302)	(0.631)	81.778
Adults, Health & Communities	26.532	16.809	0.000	(1.350)	(0.008)	15.451
Children's Services	0.546	1.716	0.584	(1.126)	(0.029)	1.145
Customer & Corporate Services	5.287	4.548	1.234	(1.059)	(0.023)	4.700
Office for the Director of Public Health	6.167	6.488	0.000	(0.253)	0.000	6.235
Total Capital Programme	193.902	120.007	9.083	(19.090)	(0.691)	109.309

Throughout the year, the capital programme has continued to experience the ongoing challenges through higher inflation and fluctuating borrowing costs. Regular monitoring between project officers and the capital finance team together with the targeted review of projects has strengthened the programme forecasting in 2024/25.

Revised Capital Programme 2024-29

Movement of the five-year capital programme since being reported to Full Council on the 24 February 2025 is due to the following changes:

Description	Total
	£m
Capital Programme 31 December 2024 for 5-year period 2024-29	395.864
New Approvals - January to March 2025	29.883
Variations - January to March 2025	(4.115)
Re-profiling into future years outside 5-year programme	(0.003)
Capital Programme 31 March 2025	421.629

The latest capital programme is summarised as follows, this does not reflect the impact of the re-profiling of the budget for 2024/25 which is shown above:

Directorate	2024/25 Actual	2025/26 Forecast	2026/27 Forecast	2021/28 Forecast	2028/29 Forecast	Total
	£m	£m	£m	£m	£m	£m
Growth	81.778	168.755	63.760	23.268	19.378	356.939
Adults, Health & Communities	15.451	19.061	8.792	0.166	0.000	43.470
Children's Services	1.145	3.117	0.000	0.000	0.000	4.262
Customer & Corporate Services	4.700	3.741	1.378	0.280	0.101	10.200
Office for the Director of Public Health	6.235	0.523	0.000	0.000	0.000	6.758
Total	109.309	195.197	73.930	23.714	19.479	421.629

Capital Financing 2024/25

The following table shows the final financing of the 2024/25 capital programme:

Method of Financing	Total	Funding	
			£m
			%
Capital receipts	2.743		3
Grants (Government, HLF, LEP, Environment Agency)	71.876		65
Contributions, S106 & CIL (neighbourhood elements)	1.121		1
Borrowing:			
Corporately funded	12.825		12
Service borrowing (revenue budget funded)	20.744		19
Capital Programme Financing 2024/25	109.309		100

The Council has been successful in obtaining grants from government agencies and other external sources to help fund £72.997m (67%) of the capital programme in 2024/25.

Cash Flow Management

The Council has a comprehensive cash flow management system to ensure that:

- surplus cash is invested wisely
- it can always meet its liabilities as they fall due.

Cash and short-term investment holdings at 31 March 2025 were £39.603m and are held to meet the Council's capital financing and cash flow requirements while obtaining a return on these investments. The Council also uses short-term borrowing from other local authorities to meet some of the funding of the Council's ambitious capital programme. As at 31 March 2025 the Council held £232.894m short-term borrowing and £477.911m long-term borrowing which is within the Council's approved limits.

Balance Sheet Position

The Council's Balance Sheet position is as follows:

Position	Balance as at 31 March 2024	Balance as at 31 March 2025
	£000	£000
Non-current assets - principally land, buildings and equipment used to deliver council services	1,438,840	1,500,795
Net current assets - current assets less current liabilities	(250,185)	(370,893)
Long-term liabilities and provisions (including pensions) see points 1 and 2	(712,785)	(694,704)
Net Assets	475,870	435,198
Represented by:		
Usable reserves (see point 3)	74,525	54,261
Unusable reserves	401,345	380,937
Total Reserves	475,870	435,198

- Property, Plant and Equipment has increased by £61.341m due to valuation changes, additions and the impact of International Financial Reporting Standard 16 (IFRS 16) which has increased the value by £5.437k.
- The Council's largest balance sheet liability is the £477.911m (£497.676m in 2023/24) of long-term borrowing which supports the capital programme
- The pension liability of £67.543 (£64.372m in 2023/24) remains largely unchanged year on year with a small increase
- The Council has a number of liabilities at the year-end for which it has made provision. The most significant of which are
 - The provision for Chelson Meadow which is a closed landfill site. The provision of £5.870m has been calculated on the future maintenance costs over the next 42 years and is reviewed each year
 - In addition, the Council has set aside a provision for business rate appeals of £3.293m due to the uncertainty over business rates (£4.747m at 31 March 2024). This has reduced due to the settlement of some large outstanding appeals in 2024/25.
- Usable reserves are currently split between those earmarked for capital investment and those allocated to revenue support and service development. Usable reserves also include £2.696m held on behalf of schools
- The Council holds a number of unusable reserves, the majority of which are required to be held for statutory reasons and some which are needed to comply with proper accounting practice. A further breakdown of unusable reserves can be found in the [Notes to the Financial Statements](#) section of the Statement of Accounts.

FINANCIAL MANAGEMENT AND IDENTIFYING RISKS

The Finance Service provides a high-quality financial management service for the Council. In addition to the statutory reporting function for the Statement of Accounts, a key task is financial planning over a five-year medium-term timescale. Alongside budget preparation, the ability to look strategically beyond the current budget period is crucial to supporting the Council's long-term financial sustainability and resilience. The approved budget for 2025/26 builds on the prudent approach and robust financial

management exercised in 2024/25 and prior years to preserve and protect the Council's future financial resilience and sustainability at a time of increasing cost pressures, uncertainty over future funding arrangements and planned reorganisation of the local government framework.

The Council approves a number of key documents before the start of each financial year:

- a five-year Medium Term Financial Plan (MTFP)
- a Treasury Management Strategy which includes our investment and borrowing strategies and includes the Council's 'Prudential indicators'
- Annual Revenue and Capital Budget.

These documents are continually updated and reviewed on a quarterly basis. The MTFP is wide ranging and includes estimates of future income and expenditure. It allows the Finance team to balance the financial implications of the Council's Corporate Plan, service objectives and policies with the constraints in resources.

Risk Management

The Council has a Strategic Risk and Opportunity Register and there are clear and consistent processes for identifying, assessing, managing, controlling, reviewing and reporting risks. These are subject to regular review and update. Some of the strategic risks which have been rated as high risk are shown as follows:

Risk	Link to Corporate Plan	Impact	Mitigation
Financial			
The Council's expenditure exceeds the resources available to meet that expenditure within the medium term financial plan period (2025/26-2029/30).	Spending Money Wisely	Risk to services not delivering within reduced budgets and to delivery of the Plymouth Plan from reduced revenue and funding of the Capital Programme	System of monthly financial reporting to DMT's, CMT, and Cabinet and Quarterly to Full Council, with monthly consideration of directorate level financial issues at each Scrutiny Committee. In addition the Council has introduced a system of detailed monitoring of the delivery of savings targets so that a view is published monthly in Cabinet reports. The Council also holds an annual review of fees and charges and has annual and ongoing programmes of work to identify and understand potential savings opportunities. The governance system of the Council - as unpacked in the Annual Governance Statement comprise a rigorous system of financial control.
The escalating and sustained strain on the Adult Social Care budget, driven by rising care costs, hospital flow challenges, and a growing population with complex needs, poses a risk of failing to meet statutory service obligations.	Providing quality public services; Focusing on prevention and early intervention; Spending money wisely	Council failure to meet statutory duty to the adult population of Plymouth	Strengthen Scheme of Delegation and management actions focused on practice with our key Partner Livewell South West Increase focus on Practice and outcomes Continued work with health partners to increase numbers discharged from Hospital to the "Home first" pathway Design of appropriate workforce development plans providing care workforce sufficient and skills 1-2 year mitigations Dom Care zoning approach included in procurement aimed to increase efficiency and reduce waste and intermediate care growth to include front door.
Operational/Service Delivery			
Inability to maintain sustainable, effective, and statutorily compliant social care services across both adults and children's services due to increasing demand, financial constraints, and complex legislative changes.	Focusing on prevention and early intervention	Council failure to meet statutory duty to the adult population of Plymouth	Development of integrated transformation approach across both service areas, supported by the People Strategy, Focus on early intervention and prevention, Collaborative commissioning with health partners, Care zoning approach in adult services, Regular review by Corporate Management Team.
Cyber			
Risk of critical service failure due to inadequate digital resilience, cyber security and systematic risk management processes. This includes cyber attacks, system failures, data breaches, and information management weaknesses. CAF assessment identified lack of risk ownership, consistent risk appetite statement, and systematic risk management process for cyber security.	Focusing on prevention and early intervention	Impact on Council's ability to provide services and to operate	Implement clearly defined risk ownership model for IT risks Develop consistent Risk Appetite statement specific to IT and Cyber Security Enhance cyber security monitoring and response capabilities Implement Network and Information Security regulations requirements Regular system resilience testing Data management improvements Staff information security training Strong and tested business continuity plans

LOOKING FORWARD

The Budget report presented to Full Council on 24 February 2025 set out the national context for large reductions in local government funding and the Local Government Finance Settlement. The 2025/26 Budget as set out cannot balance without the Capitalisation Direction, known as Exceptional Financial Support, requested from MHCLG. The receipt of an 'In Principle' letter has provided assurance to the Section 151 Officer that the budget can proceed. The Budget Report also contained an updated Medium Term Financial Plan (MTFP) for 2025/26 to 2029/30, this will be reviewed regularly reflecting the Council's financial response to ongoing inflation and demand pressures.

The impact of pressures within Social Care in both adults' and children's services continues to have a significant impact upon the Council's resources. We are also seeing an increase in the demand or cost pressures in both homelessness and bed and breakfast accommodation or in delivering our statutory responsibility to provide home to school transport for our most vulnerable children. Nationally and locally the costs of providing health and wellbeing services are rising as demand increases. Plymouth has an ageing population with more complex needs and higher levels of young children requiring our services.

To balance the budget there will be a continuing need for transformation, efficiencies and other financial initiatives for the foreseeable future.

STATEMENT OF ACCOUNTS 2024/25

The Statement of Accounts sets out the Council's income and expenditure for the year and its financial position as at 31 March 2025. The format and content of the statements is prescribed by the Chartered Institute of Public Finance and Accountancy (CIPFA), Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. This is based on International Financial Reporting Standards (IFRS) adapted for use in a public sector context. Accounting policies are applied in accordance with these standards. The Statement of Accounts comprises:

Statement of Responsibilities for the Statement of Accounts	This sets out the respective responsibilities of the Council and the Chief Finance Officer (Service Director for Finance).
Auditor's Report	This gives the auditor's opinion of the financial statements and of the Council's arrangements for securing economy, efficiency and effectiveness in the use of resources.
Core Financial Statements:	
Comprehensive Income and Expenditure Statement (CIES)	This shows the net cost of providing services for the year, including that for Plymouth's maintained schools. The top half of the statement provides an analysis by service area, on the same basis that these services are managed by the Council. The bottom half of the statement deals with in accordance with generally accepted accounting practices. The Expenditure Funding Analysis (note 7) compares the CIES with levels of income and expenditure which are taken into account when setting the annual budget and council tax since certain amounts are disregarded by statute.

Core Financial Statements Continued:	
Balance Sheet	The Balance Sheet shows a 'snapshot' of the Council's financial position at year end. The top half of the Balance Sheet sets out the Council's assets and liabilities, including provision for known liabilities from past events that can be reliably estimated. The lower half of the Balance Sheet shows the Council's reserves. Usable reserves reflect actual cash amounts and unusable reserves result from accounting adjustments required by statute or accounting standards and cannot be spent.
Movement in Reserves Statement (MIRS)	This shows the movements in reserves during the year, analysed into the different funds held by the Council and classified as either 'usable' reserves which can be used to fund future expenditure or 'unusable' reserves which are maintained to meet specific statutory responsibilities and adjustments (for example valuation reserves showing the change in book value of assets and liabilities).
Cash Flow Statement	This financial statement shows how changes in balance sheet accounts and income affect cash and cash equivalents. It breaks the analysis down to operating activities, investing activities (including capital spend and disposals) and financing activities (such as repayment of borrowing and other long-term activities).
Supplementary Statements and Notes:	
Collection Fund	This account demonstrates how income raised from local taxpayers has been redistributed to the Council and other precepting authorities for the provision of services.
Statement of Accounting Policies	Sets out the accounting policies that have been followed in preparing the accounts and how the Code requirements have been met in practice.
Disclosure Notes	These provide more detail about individual transactions and balances.

ANNUAL GOVERNANCE STATEMENT

The Code also sets out the statutory requirement, under the Accounts and Audit (England) Regulations 2015, for every local authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and to include a statement reporting on the review with the Statement of Accounts. This review takes the form of the Annual Governance Statement (AGS).

The 2024/25 AGS can be found on the council's website alongside the Statement of Accounts.

CONCLUSION

The formal audit of the Draft Statement of Accounts commenced in September 2025 and the period for public inspection ran from 1 July to 11 August 2025.

Local Audit and Accountability Act 2014 and Accounts and Audit (England) Regulations 2015:

- a) Any person interested may inspect and make copies of the accounts to be audited
- b) A local government elector for the area may question the auditor about the accounts and object to any items of unlawful expenditure, loss due to wilful default, failure to bring a sum of income into account, or any other matter of public interest. Persons wishing to question the auditor should do so by prior arrangements by contacting 020 7728 3180
- c) If any elector intends to object they must give the auditor prior written notice of any objection and its grounds and send a copy of the notice to the City Council.

Further information is available:

- on the Council's website
- from Corporate Accountancy Team, Ballard House West Hoe Road, Plymouth PL1 3BJ, email corporateaccountancy@plymouth.gov.uk.

David Northey

Interim Service Director for Finance and Section 151 Officer

Ballard House
West Hoe Road
Plymouth
PL1 3BJ

Dated:

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

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 this Council, that officer is the Service Director for Finance
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets
- approve the Statement of Accounts.

The Service Director for Finance (Section 151 Officer) Responsibilities

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

In preparing this Statement of Accounts, the Service Director for Finance has:

- selected suitable accounting policies and then applied them consistently
- made judgments and estimates that were reasonable and prudent
- complied with the Local Authority Code.

The Service Director for Finance has also:

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

In signing these accounts, the Service Director for Finance confirms that these statements give a 'true and fair' view of the financial position of the Council as at 31 March 2025 and of its expenditure and income for the year ended 31 March 2025.

David Northey

Interim Service Director for Finance and Section 151 Officer

Ballard House
West Hoe Road
Plymouth
PL1 3BJ

Dated:

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

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

2023/24 Gross Expenditure	2023/24 Gross Income	2023/24 Net Expenditure		Note	2024/25 Gross Expenditure	2024/25 Gross Income	2024/25 Net Expenditure
£000	£000	£000			£000	£000	£000
167,651	(66,783)	100,868	Adults Health and Communities		177,806	(64,504)	113,302
105,782	(64,634)	41,148	Customer and Corporate Services		113,796	(68,509)	45,287
7,080	(599)	6,481	Executives Office		8,352	(1,753)	6,599
186,782	(104,098)	82,684	Children's Services		219,861	(116,021)	103,840
9,467	(44,934)	(35,467)	Corporate Items & Council Wide		26,262	(63,521)	(37,259)
31,130	(25,775)	5,355	Office for the Director of Public Health		35,522	(28,449)	7,073
86,717	(54,978)	31,739	Growth		140,144	(68,377)	71,767
594,609	(361,801)	232,808	(Surplus)/Deficit on Continuing Operations		721,743	(411,134)	310,609
19,064	(1,367)	17,697	Other Operating Expenditure	<u>11</u>	5,778	(4,826)	952
57,829	(33,266)	24,563	Financing and Investment Income and Expenditure	<u>13</u>	62,859	(45,371)	17,488
0	(295,379)	(295,379)	Taxation and Non-Specific Grant Income	<u>14</u>	0	(237,632)	(237,632)
671,502	(691,813)	(20,311)	(Surplus)/Deficit on Provision of Services		790,380	(698,963)	91,417
		(35,505)	(Surplus)/deficit on Revaluation of Non-Current Assets	<u>22.1</u>			(54,735)
		43,272	Re-measurement of the Net Defined Benefit Liability (Assets)	<u>22.4</u>			4,252
		(56)	Other recognised (gains)/losses				(263)
		7,711	Other Comprehensive Income and Expenditure				(50,746)
		(12,600)	Total Comprehensive Income and Expenditure				40,671

MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2025

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, 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 of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/(Decrease) line shows the statutory General Fund Balance movements in the year following those adjustments.

Movement in Reserves Statement	Note	General Fund Balance	Earmarked General Fund	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023		(60,138)	76,414	16,276	17,207	38,687	72,170	391,099	463,269
Movement in Reserves 2023/24									
Total comprehensive income and expenditure		20,311	0	20,311	0	0	20,311	(7,711)	12,600
Adjustments between accounting basis and funding under regulations	<u>10</u>	(16,256)	0	(16,256)	(2,868)	1,168	(17,956)	17,956	0
Net Increase/(Decrease) Before Transfer to Earmarked Reserves		4,055	0	4,055	(2,868)	1,168	2,355	10,245	12,600
Transfer (to)/from reserves	<u>12</u>	(4,055)	4,055	0	0	0	0	0	0
Net Increase/(Decrease) in 2023/24		0	4,055	4,055	(2,868)	1,168	2,355	10,245	12,600
Balance at 31 March 2024		(60,138)	80,469	20,331	14,339	39,855	74,525	401,345	475,870
Movement in Reserves 2024/25									
Total comprehensive income and expenditure		(91,417)	0	(91,417)	0	0	(91,417)	50,746	(40,671)
Adjustments between accounting basis and funding under regulations	<u>10</u>	71,732	0	71,732	1,453	(2,032)	71,155	(71,155)	0
Net Increase/(Decrease) Before Transfer to Earmarked Reserves		(19,685)	0	(19,685)	1,453	(2,032)	(20,262)	(20,409)	(40,671)
Transfer (to)/from reserves	<u>12</u>	19,685	(19,685)	0	0	0	0	0	0
Net Increase/(Decrease) in 2024/25		0	(19,685)	(19,685)	1,453	(2,032)	(20,263)	(20,409)	(40,671)
Balance at 31 March 2025		(60,138)	60,784	646	15,792	37,823	54,261	380,937	435,198

BALANCE SHEET

The Balance Sheet shows the value of the assets and liabilities recognised by the Council as at the Balance Sheet date. The net assets of the Council are matched by the reserves held. Usable reserves are 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 (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). Unusable reserves are those that the Council is not able to use to provide services, including reserves that hold unrealised gains and losses (for example the Revaluation Reserve), and reserves that hold timing differences shown in the Movement in Reserve Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2024		Note	31 March 2025
£000			£000
1,072,298	Property, Plant and Equipment	15	1,133,639
51,236	Heritage Assets	16	51,236
223,724	Investment Properties	17	219,473
0	Intangible Assets		485
81,333	Long-Term Investments	18.1	84,368
10,249	Long-Term Debtors	19.2	11,594
1,438,840	Non-Current Assets		1,500,795
971	Inventories		980
109,380	Short-Term Debtors	19.1	96,490
26,998	Cash and Cash Equivalents	23.4	39,603
2,803	Assets Held for Sale		2,315
140,152	Currents Assets		139,388
(166,385)	Short-Term Borrowing	18.1	(232,894)
(115,396)	Short-Term Creditors	20.1	(121,618)
(6,626)	Short-Term Provisions	21	(5,060)
(9,830)	Grants Received in Advance - Revenue	29.1	(8,593)
(92,100)	Grants Received in Advance - Capital	29.1	(142,116)
(390,337)	Current Liabilities		(510,281)
(9,376)	Long-Term Creditors	20.2	(8,246)
(9,388)	Long-Term Provisions	21	(8,951)
(497,676)	Long-Term Borrowing	18.1	(477,911)
(64,372)	Long-Term Liabilities Pensions	34.3 & 34.9	(67,543)
(103,561)	Other Long-Term Liabilities	20.3	(92,828)
(28,412)	Grants Received in Advance - Capital	29.2	(39,225)
(712,785)	Long-Term Liabilities		(694,704)
475,870	Net Assets		435,198
74,525	Usable Reserves		54,261
401,345	Unusable Reserves	22	380,937
475,870	Total Reserves		435,198

CASH FLOW STATEMENT

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

2023/24		Note	2024/25
£000			£000
20,311	Net Surplus/(Deficit) on the Provision of Service	23.1	(91,417)
(18,426)	Adjustment to the Net Surplus/(Deficit) on the Provision of Service for non-cash movements	23.1	9,880
(81,401)	Adjustments for items included in the Net Surplus/(Deficit) on the Provision of Service that are investing and financing activities	23.1	(21,756)
(79,516)	Net Cash Flows from Operating Activities		(103,293)
(31,812)	Investing activities	23.2	64,812
108,144	Financing activities	23.3	51,086
(3,184)	Net Increase/(Decrease)in Cash and Cash Equivalents		12,605
30,182	Cash and cash equivalents at the beginning of the reporting period	23.4	26,998
26,998	Cash and Cash Equivalents at the End of the Reporting Period		39,603

NOTES TO THE FINANCIAL STATEMENTS

1	Accounting Policies.....	32
2	Material Items of Income and Expenditure	50
3	Critical Judgements in Applying Accounting Policies	50
4	Accounting Standards that have been Issued but Not Yet Adopted	51
5	Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	51
6	Events After the Balance Sheet Reporting Period	52
7	Expenditure and Funding Analysis	53
8	Note to the Expenditure and Funding Analysis.....	54
9	Expenditure and Income Analysed by Nature.....	56
10	Adjustments Between Accounting Basis and Funding Basis Under Regulations.....	57
11	Other Operating Expenditure.....	59
12	Movement in Earmarked Reserves	59
13	Financing and Investment Income and Expenditure	61
14	Taxation and Non-Specific Grant Income and Expenditure.....	61
15	Property, Plant and Equipment	61
16	Heritage Assets.....	67
17	Investment Properties.....	67
18	Financial Instruments.....	69
19	Debtors	78
20	Creditors.....	79
21	Provisions.....	80
22	Unusable Reserves.....	80
23	Notes to Cash Flow	85
24	Pooled Budgets – Integrated Fund	86
25	Members' Allowances	87
26	Officers' Remuneration	88
27	External Audit Costs	92
28	Dedicated Schools Grant	92
29	Grant Income.....	93
30	Related Parties	96
31	Capital Expenditure and Capital Financing	100
32	Leases.....	101
33	Private Finance Initiatives (PFI) and Similar Contracts	103
34	Pensions.....	105

I Accounting Policies

1.1 General Principles

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year ended 31 March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015 (as amended), which require the accounts 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 2024/25 (The Code), supported by International Financial Reporting Standards (IFRS).

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

These Accounts have been prepared on a going concern basis and it has been assumed that the functions of the Council will continue in operational existence for the foreseeable future. The Code requires that local authorities prepare their accounts on a going concern basis as they can only be discontinued under statutory prescription and there is no notice from Government to that effect.

1.2 Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract
- Supplies and services are recorded as expenditure when they are consumed or received. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the balance sheet
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when the payments are made
- Interest payable on borrowings and receivable on investments is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by contract
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where 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.

1.3 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 highly liquid investments that mature in 90 days or less from the date of acquisition and that 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.

1.4 Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the CIES or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

1.5 Benefit Payments

Benefit payments are accounted for as they are incurred with no accrual being made for payments in advance or arrears at the year-end. This policy is consistently applied each year and therefore does not have a material effect on the year's accounts.

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

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

Changes in accounting policies are only made when required by proper accounting practices, where the change provides more reliable or relevant information about the effect of transactions or 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.

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

1.7 Charges to Revenue for Non-Current Assets

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

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

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

1.8 Council Tax and Non-Domestic Rates

Billing authorities act as agents, collecting Council Tax and Non-Domestic Rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principals, collecting Council Tax and NDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NDR. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central

government share proportionately the risks and rewards that the amount of Council Tax and NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement (MiRS).

The Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Collection Fund. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

1.9 Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, paid sick leave, flexi and time off in lieu (TOIL) as well as bonuses and non-monetary benefits (for example cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

Termination Benefits

Termination benefits (for example redundancy payments) are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy in exchange for those benefits and are charged on an accruals basis to the appropriate service, or where applicable the Corporate Service line in the CIES at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises the cost of restructuring.

Post-Employment Benefits (Pensions)

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)
- The Local Government Pension Scheme, administered by Devon County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions) earned whilst employees worked for the Council.

Teachers' Pension Scheme

The arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The scheme is therefore accounted for as if it was a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's Services line in the CIES is charged with the employer's contributions payable to Teachers' Pensions in the year.

However, the Council is able to supplement teachers' statutory retirement benefits with locally determined decisions (discretionary payments). The future liability for such decisions is a true cost to

the Council and is assessed annually by the Actuary and included within the total pension liability on the Balance Sheet.

The Local Government Pension Scheme

All Council employees (with the exception of teachers) are eligible to join the Local Government Pension Scheme (LGPS). The Local Government Scheme is accounted for as a defined benefits scheme.

The liabilities of the Devon Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method, i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of future earnings for current employees.

Liabilities are discounted to their value at current prices, using a discount rate of 5.8%.

The assets of the Devon Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate
- unitised securities – current bid price
- property – market value.

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

- Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the CIES to the services for which the employees worked
- Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the provision of Services in the CIES as part of corporate items
- Net interest on the net defined liability/(asset) i.e. net interest expense for the Council – the change during the period on the net defined liability/(asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line in the CIES Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/(asset) during the period as a result of contribution and benefit payments
- Re-measurement of the return on plan assets – excluding amounts included in the net interest on the net defined liability/(asset)- charged to the pension reserve as Other Comprehensive Income and Expenditure
- 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 Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Devon County Pension Fund – cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense
- Effect of the asset ceiling – the limitation on the Council's ability to realise pension assets through reductions in future employer's contributions as result of minimum funding requirements.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the Pension Fund or directly to pensioners in the year, not

the amount calculated according to the relevant accounting standards. In the MIRS this means that there are appropriations to and from the Pensions Reserve to remove notional debits and credits for retirement benefits and replace them with debits for the cash paid to the Pension Fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff, including teachers as outlined above, 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.

1.10 Events After the Balance Sheet Date

Events after the Balance Sheet date are those events 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.

1.11 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. They are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the comprehensive income and expenditure statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest 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.

Non-derivative financial liabilities are subsequently measured at amortised cost.

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 CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the CIES, 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 CIES to the net charge required against the General Fund balance is managed by a transfer to or from the financial instrument adjustment account in the Movement in Reserves Statement.

Financial Assets

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

- amortised cost
- fair value through profit or loss (FVPL).

The Council's business model is to hold investments to collect contractual cash flows. Non-derivative 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 contracted provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

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

Impairment losses are calculated to reflect the expectation that 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 and 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 arise in the surplus or deficit on the provision of services.

Fair Value Measurement of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the Council's financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- 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.

Financial Derivatives

Financial derivatives are measured at FVPL and therefore all gains and losses are taken to the Financing and Investment Income and Expenditure line in the CIES.

1.12 Revenue Recognition

With the adoption of accounting standard IFRS 15, revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient.

Revenue is measured as the amount of the transaction price which is allocated to that performance obligation. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

The analysis carried out to date indicates that there will be no material impact on the revenue recognised in relation to the significant contracts entered into by the Council. A review will take place each year to identify whether any disclosure is necessary.

1.13 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the CIES until the conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as stated, or future economic benefits or service potential must be returned to the transferor (grant provider).

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-ringfenced revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MiRS. 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.

1.14 Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities

undertaken by the Council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Council as a joint operator recognises:

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

1.15 Interests in Companies and Other Entities

An assessment of the Council's interests has been carried out during the year in accordance with the Code of Practice to determine the group relationships that exist. Inclusion in the group is dependent upon the extent of the Council's control over an entity. The Council controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Council does have a number of interests in companies and other entities, none of which would be material on consolidation due to the elimination of group transactions. Thus the production of group accounts is not required for these interests.

1.16 Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Properties are not depreciated but are revalued annually according to market conditions at year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

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 MIRS and posted to the capital adjustment account and the capital receipts reserve.

1.17 Heritage Assets

The Box is responsible for over 800,000 artefacts and a proportion of the collections have been held on display in the museum, council buildings and other historic sites. These collections span a wide range of fine and decorative art, archaeology, world cultures, social and natural history and local and maritime history. These are held in support of the primary objective of the Council to ensure that these objects are preserved in trust for future generations because of their cultural, environmental or historical associations.

The Council classifies its Heritage Assets into five main categories – historic buildings and monuments, fine art and world cultures collections, gold, silver and jewellery, special books and natural history, decorative art and other miscellany collections which are being formally recognised on the balance Sheet on the basis of their insurance valuation.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets, detailed as follows.

Where a historic building is being used significantly for the provision of services (for example Mount Edgcumbe House or The Box) this will be recognised as Other Land and Buildings rather than as a Heritage Asset.

The Council's collections are accounted for as follows:

- **Historic Buildings and Monuments**

Historic buildings and monuments classified as Heritage Assets include Smeaton's Tower.

The list is relatively static and acquisitions and donations are rare. Where they do occur acquisitions would be initially recognised at cost and donations would be recognised at insurance value which is based on market values.

As these are deemed to have an indefinite life, the Council does not consider it appropriate to charge depreciation.

- **Fine Art and World Cultures Collection**

The Council has a large and important fine art collection comprising paintings, watercolours, drawings, prints, miniatures and sculptures. Highlights include the outstanding Cottonian Collection and works by local artists such as Sir Joshua Reynolds, and this represents the largest fine arts collection in the south west. The world cultures collection consists of objects collected from foreign countries spanning the globe.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at insurance values, usually based on valuations provided by external valuers and with reference to appropriate commercial markets using the most relevant information from sales at auction.

As these items are deemed to have an indefinite life, the Council does not consider it appropriate to charge depreciation.

- **Gold, Silver and Jewellery Collection**

The collection of gold, silver and jewellery includes local pieces dating from the 18th to 20th century and is representative of the thriving local community. Key pieces in the collection include the Eddystone Lighthouse Salt and the Drake Cup.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at insurance values, usually based on valuations provided by external valuers and with reference to appropriate commercial markets using the most relevant information from sales at auction.

- **Special Books Collection**

The Libraries Service maintains a collection of special books including The Ptolemy Atlas, Naval Collection and Moxon Collection.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at insurance values, usually based on valuations provided by external valuers and with reference to appropriate commercial markets using the most relevant information from sales at auction.

- **Natural History, Decorative Art and other Miscellany Collections**

This collection is made up of a wide range of Archaeological, social and maritime, imagery and natural history collections.

Acquisitions are made by purchase or donation. Acquisitions are initially recognised at cost and donations are recognised at insurance values, usually based on valuations provided by external valuers and with reference to appropriate commercial markets using the most relevant information from sales at auction.

The Council's policy for the acquisition, preservation and management of museum assets can be found on The Box website.

The carrying amount of Heritage Assets are reviewed on a regular basis to assess whether there has been any evidence of impairment caused by physical deterioration or breakage, or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairments – see note [1.20](#) in this summary of significant accounting policies. If there is any occasion where a Heritage Asset is disposed of, the proceeds of such items are accounted for in accordance with the Council's general provisions for the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the Notes to the Financial Statements (see note [15.4](#)) and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts – see note [1.20](#) in this summary of significant accounting policies.

1.18 Assets Held for Sale

When it becomes probable that the value of an asset will be recovered principally through a sale rather than through its continuing use, and the asset is being actively marketed, it is reclassified as an Asset Held for Sale. The asset is revalued and held at the lower of this amount and fair value less costs to sell. Depreciation is not charged on Assets Held for Sale.

Assets that are no longer used for operational purposes but are not actively being marketed are revalued and reclassified as surplus but still retained within Property, Plant and Equipment and transferred to Assets Held for Sale only when a decision is made to actively market the asset.

1.19 Leases

The Authority as Lessee

From 1 April 2024, the authority has applied IFRS 16 Leases as adopted by the Code of Practice on Local Authority Accounting. The new accounting standard requires that the rights to use items acquired under all leases are recognised as assets on the Balance Sheet, together with a liability for the payments to be made for the acquisition. Previously this was only done for leases where the Council acquired substantially all the risks and rewards of ownership of the leased item (finance leases).

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 IFRS16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority'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, included 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 authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority 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 authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any 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 for the amount expected to be payable under a residual value guarantee
- the authority 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 authority excludes leases:

- for low-value items that cost less than £10,000 for land and property and £5,000 for vehicle, plant and equipment, when new, provided they are not highly dependent on or integrated with other items. These values are in line with our capitalisation policy within note [1.20](#), and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority 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 non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The Council as the Lessor (Assets Leased Out)

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the (Surplus)/Deficit on Continuing Operations in the CIES. Credits are made on a straight-line basis over the life of the lease.

1.20 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 administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

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

The Council operates a policy of assets capitalisation (including donated assets) with a minimum asset value of £10,000 for land and property and £5,000 for vehicle, plant and equipment. However, there is no minimum level applied for capital spend incurred by individual schools financed from capital grants.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

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

Assets are then carried in the Balance Sheet using the following measurement basis:

- infrastructure and community assets – depreciated historical cost
- assets under construction – historical cost
- surplus assets – fair value
- the Tamar Toll Bridge - depreciated replacement cost
- all other assets – current value in their existing use.

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

Assets that Local Authorities intend to hold in perpetuity and have no determinable useful life and may have restrictions in their disposal are classified as community assets, and in this instance are generally valued at a nominal £1.

Assets included in the Balance Sheet at current or fair value are revalued regularly and are reviewed at the year-end to ensure that their carrying amount is not materially different from their fair value.

Impairment

Assets are assessed at each year-end to determine 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.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets revalued as part of the 5 year rolling programme by the systematic allocation of their remaining depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life such as freehold land and certain Community Assets, and assets that are not yet available for use (i.e. assets under construction). Depreciation is calculated on a straight line basis over the useful life of the asset as determined by the valuer. Depreciation is charged to the CIES based on values as at the start of the year. No depreciation is applied in year of acquisition or construction. The depreciation periods currently used are:

Operational Buildings:

Car parks	5 to 50 years
Schools	5 to 50 years
Other buildings	5 to 60 years
Tamar Bridge	120 years
Infrastructure	20 to 40 years
Vehicles and Plant	5 to 25 years

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

Componentisation

The Council's componentisation policy is as follows:

- **Materiality Level**

Assets with a building value of £2.5m or above are considered for componentisation on an individual asset basis. Consideration is also given to groups of similar assets that individually are below the materiality level for componentisation but may collectively be material.

- **Significance**

Components with a value of 20% or above of the overall asset value are significant components.

In terms of schools, components are defined as separate school blocks or buildings and componentisation applied where the values meet the 20% criteria.

- **Different Asset Life**

The difference in life between the host asset and the component must be over 5 years for componentisation to be recorded.

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 at year-end 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 CIES. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and revalued at year-end. Any subsequent move in value up or down will be treated in the same way as any other asset revaluation.

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are 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). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts and are required to be credited to the Capital Receipts Reserve. Capital receipts can then only be used for:

- new capital investment
- set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement).

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 appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Highways Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (for example bridges), street lighting, street furniture (for example illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

- **Recognition**

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably.

- **Measurement**

Highways infrastructure assets are generally measured at depreciated historical cost. Plymouth City Council was incorporated as a unitary authority on the 1 April 1998 and the highways infrastructure assets was transferred from Devon County Council and recognised in the Balance Sheet at nil value. This means that the current highways infrastructure asset value only represents capital expenditure that has incurred since that time. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

- **Depreciation**

Depreciation is provided on the parts of the highways infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year.

- **Disposals and Derecognition**

When a component of the highways infrastructure asset is disposed of or decommissioned, the carrying amount of the component 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 disposal. Receipts from disposals (if any) are 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). The written-off amounts of disposals are 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 transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

1.21 Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the Property, Plant and Equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The Council's original recognition of PFI assets are based on the cost of construction or purchase cost of the property and is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

The Council's PFI contracts were reviewed under IFRS16 leases. The impact of these changes can be seen in note [33](#).

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

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

- fair value of the services received during the year
- finance costs – an interest charge on the outstanding Balance Sheet liability
- contingent rent – increases in the amount to be paid for the property arising during the contract

- payment towards finance liability – applied to write down the Balance Sheet liability towards the PFI operator
- lifecycle costs – costs to maintain assets used to operationally acceptable standard.

Schools PFI Credits

The Council receives a grant towards the cost of the PFI scheme. The grant is allocated to meet the finance costs in the first instance. The amount required to meet the finance lease liability, interest and contingent rent charge is allocated to the Taxation and Non-Specific grant income in the CIES. The remaining grant is treated as a specific grant and included within the Children's Services line.

Government grants received for PFI schemes, in excess of current levels of net expenditure, are carried forward as an earmarked reserve to fund future contract expenditure.

South West Devon Energy from Waste (EfW) PFI

For the Energy from Waste Scheme there is the additional element of deferred credit from the write down of the long-term liability for the expected third party income received during the year.

1.22 Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits, usually a cash payment, or service potential, and a reliable estimate of the amount of the obligation can be made, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate service in the year that the Council becomes aware of its obligation. It can only be used for the purpose for which it was established.

Estimated settlements are reviewed at the end of each financial year. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (for example from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. 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 note [35.2](#).

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, note [35.1](#), where it is probable that there will be an inflow of economic benefits or service potential.

1.23 Reserves

The Council maintains a number of reserves which may be required for statutory purposes or set up voluntarily to earmark resources for future spending plans or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the MiRS.

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 CIES. The reserve is then appropriated back into the General Fund Balance in the MiRS so that there is no net charge against Council Tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the authority – these reserves are explained in the relevant policies.

1.24 Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the CIES 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 MiRS from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of Council Tax.

1.25 Accounting for Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for Local Authority maintained schools lies with the Local Authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the Local Authority financial statements. Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Council as if they were the transactions, cash flows and balances of the Council. The Council has the following types of maintained schools under its control:

- community
- voluntary controlled.

School non-current assets are recognised on the Balance Sheet where the Council directly owns the assets or where the school or the school governing body own the assets but the Council is deemed to exercise control.

When a maintained school converts to an Academy, Voluntary Aided or Foundation Trust/Foundation; the school's non-current assets held on the Council's Balance Sheet are treated as a disposal. The carrying value of the asset is written off to Financing and Investment Income and Expenditure in the CIES. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written off asset value is not a charge against the General Fund, as the cost of non-current asset disposals resulting from schools transferring to Academy status is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the MiRS.

The income and expenditure is included within the Children's directorate in the CIES. The reserves are included in the Education Reserve balance, which forms part of the Council's Useable reserves.

1.26 Value Added Tax

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

1.27 Fair Value Measurement of Non-Financial Assets

The Council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be receivable to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

Level 1 – Quoted Prices (Unadjusted)

There is no active market for assets that the council can access at the measurement date, therefore, there will not be any non-financial assets valued in this way.

Level 2 – Significant Observable Inputs

The Current Value (Fair Value) for the surplus and investment property portfolio has been based on the market approach using comparable evidence from recent property transactions in the Plymouth area and by analysing other relevant information. Market Conditions are such that similar properties are actively purchased and sold with the level of observable inputs significant. This has led to the properties being categorised at Level 2 in the fair value hierarchy.

In relation to the housing sites, each of the housing sites have been marketed on the open market by Plymouth City Council, with offers received subject to various conditions (including but not limited to planning or category of those specifications). These offers have been adjusted accordingly to reflect the individual conditions.

Level 3 – Significant Unobservable Inputs

Assets categorised at Level 3 in the fair value hierarchy have been assessed where there is a significant level of unobservable inputs. Where there is no reasonably available market evidence available in the Plymouth area to determine the Current Value (Fair Value) the Valuer will use considered assumptions such as the potential yields, rental growth and occupancy levels.

Highest and Best Use

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

Valuation Techniques

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

1.28 Rounding Convention

Unless otherwise stated the convention used in these Financial Statements is to round amounts to the nearest thousand pounds. All totals are the rounded additions of unrounded figures, and therefore may, from time-to-time, not be the strict sums of the figures presented in the text or tables.

2 Material Items of Income and Expenditure

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement.

The Council took the decision to make an early payment of £72m towards the Devon LGPS pension deficit. This was made to generate ongoing revenue savings over 21 years. In the draft accounts this transaction was treated as capital. However, following extensive third party legal and accounting advice and discussion with our auditors, we have now accounted for the transaction as a revenue transaction. The revenue treatment of this transaction means that the Council's income for 2019/20 through to 2024/25 was insufficient to meet its expenditure. Due to this change in accounting treatment it has been necessary for the Council to request a retrospective Capitalisation Direction from Government.

3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies 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 judgement made in the Statement of Accounts is:

Tamar Bridge Valuation – Departure from the Code of Practice

The Tamar Bridge is a toll bridge that is jointly owned by Cornwall Council and Plymouth City Council. The Code of Practice on Local Authority Accounting requires infrastructure assets to be accounted for using depreciated historic cost, however both Councils use depreciated replacement cost (DRC) to value the asset. This is because the Tamar Bridge is an income generating asset and the income generated is used to maintain its upkeep. It is therefore treated as a separate class of asset and the reader of the Council's accounts might reasonably expect there to be a relationship between the income raised in tolls and the cost of maintaining and ultimately replacing the bridge. The current DRC value of the bridge is £83.084m, if the bridge was valued at its depreciated historic cost in line with other infrastructure assets the value would be £27.337m, so would therefore be misleading to use historic cost as a basis for valuation.

The Council has concluded that, taking account of the above, the financial statements present a true and fair view of the Council's financial position, financial performance and cash flows and has complied with the Code in all other respects.

Pension Asset Ceiling

In calculating the net pensions asset, the Council has made a judgement that the statutory framework for setting employer's contributions under the Local Government Pension Scheme constitutes a minimum funding requirement. As a result, the Council's ability to realise the full economic benefits of

the net pensions asset calculated under the Accounting Code's provisions for post-employment benefits through reductions in future employer's contributions is limited. An asset ceiling therefore applies.

The fact that the Council has a right under the current funding strategy for the Scheme to recover a surplus of £204.786m means that the asset ceiling has reduced what would otherwise be the net pensions asset of £183.564m to a liability of £61.218m.

The practical effect of this is to move the basis of measurement for the net pensions asset/liability closer to the assumptions made in the triennial valuation of the Scheme under which the employer's contributions were set by the Scheme's actuaries. It does not indicate that the Council has paid excess amounts into the Scheme that it will never be able to recover.

4 Accounting Standards that have been Issued but Not Yet Adopted

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

- The effects of Changes in Foreign Exchange Rate (Amendments to IAS21) issued in August 2023
- Insurance Contracts (IFRS17) issued in May 2017
- Property, Plant and Equipment (adaptation and interpretation of IAS16)
- Intangible Assets (adaptation and interpretation of IAS38).

None of these amendments are expected to have a material impact on the Council's financial performance or financial position.

5 Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

In preparing the Statement of Accounts, there are areas where estimates have been made. Estimates are made taking into account historical experience, current trends and other relevant factors. These include the amount of arrears that will not be collected (based on past experience of collection for the different types of debt); useful lives and valuations of properties which are estimated by qualified valuers (for further details see note [1.20](#)); and the liability for future pension payments, which carries the most significant risk of material adjustment.

Item	Uncertainties	Consequences (if actual results differ from assumptions)
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.</p> <p>Barnett Waddingham are the consultant actuaries for the pension scheme providing expert advice about the assumptions to be applied. Those assumptions are detailed in note 34 to the accounts. The carrying value of this long-term liability at the end of the reporting period was £61.218m.</p>	<p>The impact of a change in the actuarial assumptions will be to increase or decrease the net pension liability shown in the balance sheet and the cost shown in the CIES.</p> <p>The changes do not have an impact on the Council's General Fund position as the Council is not required to fund such non-cash charges from council tax receipts.</p>

Item	Uncertainties	Consequences (if actual results differ from assumptions)
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. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.</p> <p>Asset valuations are based on market prices, condition surveys and standards of professional practice set out by the Royal Institute of Chartered Surveyors (RICS) and a small proportion of assets are periodically re-valued using a 5-year rolling programme. The Council's valuers and external valuers provided valuations as at 31 March 2025 for approximately 80% of its operational portfolio in order to ensure that the Council does not materially misstate its Property, Plant and Equipment. The remaining balance of operational properties were also reviewed to ensure values reflect current values. The carrying value of this long-term asset at the end of the reporting period was £1,133.642m.</p>	<p>Any change in the valuation or useful life of an asset would affect the carrying value of the asset in the balance sheet and the charge for depreciation or impairment would impact on the CIES. If the value of the Council's operational properties reduced by 10%, this would result in a net reduction of £68.09m which would either result in a decrease to the Revaluation Reserve and/or a charge to the CIES.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve and/or reversals of previous negative revaluations to the CIES.</p> <p>The above changes do not have an impact on the Council's General Fund position as the Council is not required to fund such non-cash charges from Council Tax receipts.</p>

6 Events After the Balance Sheet Reporting Period

Events after the reporting period are those that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

There are two types of events:

- Those that provide evidence of conditions at the end of the reporting period, which are adjusted in the accounts
- Those that relate to conditions after the reporting period, which are not adjusted in the accounts and disclosed in the notes to the statements.

There are no material adjusting or non-adjusting events that have occurred after the reporting period.

7 Expenditure and Funding Analysis

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

2023/24 Directorate Total Reported for Outturn	2023/24 Adjustment to Arrive at the Net Expenditure Chargeable to the General Fund Balances	2023/24 Net Expenditure Chargeable to the General Fund Balances	2023/24 Adjustments Between the Funding and Accounting Basis	2023/24 Net Expenditure to the CIES			2024/25 Directorate Total Reported for Outturn	2024/25 Adjustment to Arrive at the Net Expenditure Chargeable to the General Fund Balances	2024/25 Net Expenditure Chargeable to the General Fund Balances	2024/25 Adjustments Between the Funding and Accounting Basis	2024/25 Net Expenditure to the CIES
£000	£000	£000	£000	£000			£000	£000	£000	£000	£000
99,517	(39)	99,478	1,390	100,868	Adults Health and Communities	111,161	0	111,161	2,141	113,302	
37,402	0	37,402	3,746	41,148	Customer and Corporate Services	39,163	0	39,163	6,124	45,287	
6,739	0	6,739	(258)	6,481	Executives Office	6,768	0	6,768	(169)	6,599	
75,123	1	75,124	7,560	82,684	Children's Services	87,605	0	87,605	16,235	103,840	
(32,018)	(2,173)	(34,191)	(1,276)	(35,467)	Corporate Items & Council Wide	(36,257)	(19,880)	(56,137)	18,878	(37,259)	
2,802	37	2,839	2,516	5,355	Office for the Director of Public Health	2,703	0	2,703	4,370	7,073	
28,875	(593)	28,282	3,457	31,739	Growth	30,479	(43)	30,436	41,331	71,767	
218,440	(2,767)	215,673	17,135	232,808	Net Cost of Service	241,622	(19,923)	221,699	88,910	310,609	
		(219,728)	(33,391)	(253,119)	Other Income and Expenditure			(202,014)	(17,178)	(219,192)	
		(4,055)	(16,256)	(20,311)	(Surplus)/Deficit on Provision of Service			19,685	71,732	91,417	
		(16,276)			Opening General Fund and Earmarked Balance at 31 March			(20,331)			
		(4,055)			(Surplus)/Deficit on General Fund and Earmarked Balance in Year			19,685			
		(20,331)			Closing General Fund Balance at 31 March			(646)			

8 Note to the Expenditure and Funding Analysis

Adjustments between funding and accounting basis:

Adjustments from General Fund to Arrive at the CIES Amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
2024/25	£000	£000	£000	£000
Adults Health and Communities	1,283	(632)	1,490	2,141
Customer and Corporate Services	8,103	(931)	(1,048)	6,124
Executives Office	23	(231)	39	(169)
Children's Services	3,592	(2,156)	14,799	16,235
Corporate Items & Council Wide	1,612	647	16,619	18,878
Office for the Director of Public Health	5,668	(232)	(1,066)	4,370
Growth	49,373	(1,830)	(6,212)	41,331
Net Cost of Service	69,654	(5,365)	24,621	88,910
Other Income and Expenditure from the Expenditure and Funding Analysis	28,812	3,675	(49,665)	(17,178)
Difference Between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Service	98,466	(1,690)	(25,044)	71,732

Adjustments from General Fund to Arrive at the CIES Amounts	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
2023/24	£000	£000	£000	£000
Adults Health and Communities	1,195	(711)	906	1,390
Customer and Corporate Services	7,005	(1,071)	(2,188)	3,746
Executives Office	36	(290)	(4)	(258)
Children's Services	5,972	(2,270)	3,858	7,560
Corporate Items & Council Wide	599	944	(2,819)	(1,276)
Office for the Director of Public Health	4,144	(268)	(1,360)	2,516
Growth	14,142	(2,030)	(8,655)	3,457
Net Cost of Service	33,093	(5,696)	(10,262)	17,135
Other Income and Expenditure from the Expenditure and Funding Analysis	49,101	(1,520)	(80,972)	(33,391)
Difference Between General Fund Surplus or Deficit and CIES Surplus or Deficit on the Provision of Service	82,194	(7,216)	(91,234)	(16,256)

Adjustment for Capital Purposes

Adjustments for Capital Purposes – this column adds in depreciation, impairment and revaluation gains/losses in the services line and for:

- **Other Operating Expenditure** – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets

- **Financing and Investment Income and Expenditure** – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices
- **Taxation and Non-Specific Grant Income and Expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions, or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Charge for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- **Services** – this represents the removal of the employer pension contributions made by the Council as allowed by statute and the replacement with current service costs and past service costs
- **Financing and Investment Income and Expenditure** – the net interest on the defined benefit liability is charged to the CIES.

Other Differences

Other differences between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute:

- **Financing and Investment Income and Expenditure** – the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts
- **Taxation and Non-Specific Grant Income and Expenditure** – the charge represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

9 Expenditure and Income Analysed by Nature

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

Expenditure/Income	2023/24	2024/25
	£000	£000
Expenditure:		
Employee benefits expenses	128,320	150,573
Other service expenses	475,503	533,397
Depreciation, amortisation, impairment	44,181	76,980
Interest payments	23,498	29,430
Total Expenditure	671,502	790,380
Income:		
Fees, charges and other service income	(137,772)	(159,869)
Interest and investment income	(6,204)	(14,002)
Income from council tax, non-domestic rates, district rate income	(192,523)	(200,551)
Government grants and contributions	(355,314)	(324,541)
Total Income	(691,813)	(698,963)
Surplus or Deficit on the Provision of Service	(20,311)	91,417

10 Adjustments Between Accounting Basis and Funding Basis Under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

Adjustments Between Accounting Basis and Funding Basis Under Regulations	2023/24				2024/25			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
£000	£000	£000	£000	£000	£000	£000	£000	£000
Adjustments involving the Capital Adjustment Account:								
Reversal of Items Debited or Credited to the Comprehensive Income and Expenditure Statement:								
Charges for depreciation and impairment of non-current assets	(44,754)	0	0	44,754	(45,648)	0	0	45,648
Revaluation losses on Property, Plant and Equipment	18,802	0	0	(18,802)	(18,401)	0	0	18,401
Movements in the market value of Investment Properties	(12,946)	0	0	12,946	(3,151)	0	0	3,151
Capital grants and contributions	80,212	0	(80,212)	0	19,232	0	(19,232)	0
Movement in the Donated Assets Account	0	0	0	0	(539)	0	0	539
Revenue expenditure funded from capital under statute	(23,193)	0	0	23,193	(32,466)	0	0	32,466
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(20,320)	(1,196)	0	21,516	(3,845)	(1,259)	0	5,104
Deferred credit Energy from Waste	2,324	0	0	(2,324)	2,324	0	0	(2,324)
Insertion of Items not Debited or Credited to the Comprehensive Income and Expenditure Statement:								
Statutory provision for the financing of capital investment	18,425	757	0	(19,182)	21,349	492	0	(21,841)
Capital expenditure charged against the General Fund	273	0	0	(273)	466	0	0	(466)
Adjustments involving the Capital Receipts Reserve:								
Other Capital Receipts credited to the Comprehensive Income and Expenditure Statement	196	(196)	0	0	3,663	(3,663)	0	0
Total C/FWD	19,019	(635)	(80,212)	61,828	(57,016)	(4,430)	(19,232)	80,678

Adjustments Between Accounting Basis and Funding Basis Under Regulations	2023/24				2024/25			
	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Total B/FWD	19,019	(635)	(80,212)	61,828	(57,016)	(4,430)	(19,232)	80,678
Long term debtor repayments in year	0	(2,845)	0	2,845	0	(1,398)	0	1,398
Use of the Capital Receipts Reserve to finance new capital expenditure	0	6,348	0	(6,348)	0	4,375	0	(4,375)
Adjustments Involving the Capital Grants Unapplied Account:								
Use of the Capital Grants unapplied Account to finance new capital expenditure	0	0	79,044	(79,044)	0	0	21,264	(21,264)
Adjustments Involving the Financial Instruments Adjustment Account:								
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	620	0	0	(620)	623	0	0	(623)
Adjustments Involving the Pooled Investments Fund Adjustment Account								
Amount by which Financial Instruments charged to the Comprehensive Income and Expenditure Statement are different from amounts chargeable in the year in accordance of statutory requirements	(652)	0	0	652	1,182	0	0	(1,182)
Adjustments Involving the Pensions Reserve:								
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(11,751)	0	0	11,751	(18,355)	0	0	18,355
Employer's pensions contributions and direct payments to pensioners payable in the year	18,968	0	0	(18,968)	20,574	0	0	(20,574)
Adjustments Involving the Collection Fund Adjustment Account:								
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(5,606)	0	0	5,606	(3,256)	0	0	3,256
Adjustment involving the Dedicated Schools Grant Adjustment Account:								
Transfer of deficit on the Dedicated Schools Grant to the Dedicated Schools Grant Adjustment Account	(4,253)	0	0	4,253	(14,245)	0	0	14,245
Adjustment Involving the Accumulating Compensated Absences Adjustment Account								
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(89)	0	0	89	(1,239)	0	0	1,239
Total Adjustments	16,256	2,868	(1,168)	(17,956)	(71,732)	(1,453)	2,032	71,153

General Fund Balances

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

Capital Receipts Reserve

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

Capital Grants Unapplied

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

11 Other Operating Expenditure

This contains corporate items of income and expenditure that cannot reasonably be allocated or apportioned to services.

Other Operating Expenditure	2023/24	2024/25
	£000	£000
Levies	121	133
Gains/(losses) on the disposal of non-current assets	18,186	1,457
Pension administration costs	571	626
Other income *	(1,181)	(1,264)
Total	17,697	952

* Other income generally relates to capital receipts in year for which no asset can be identified on the Balance Sheet, such as repaid discounts from former Council House sales and income received under the stock transfer agreement relating to VAT shelter receipts.

12 Movement in Earmarked Reserves

This note sets out the amounts set aside in earmarked reserves to provide financing for future expenditure plans and policy initiatives.

2024/25	Balance as at 31 March 2024	Transfers to Reserves 2024/25	Transfers from Reserves 2024/25	Balance as at 31 March 2025
	£000	£000	£000	£000
Education Reserves	(3,154)	(2,691)	3,149	(2,696)
Other Ringfenced	(4,428)	(705)	1,456	(3,677)
Other Reserves	(5,888)	(2,848)	1,022	(7,714)
PCC Earmarked Reserves:				
Integrated Finance Reserve	(16,373)	(8,595)	16,373	(8,595)
Collection Fund Reserve	(1,137)	(860)	1,137	(860)
Other PCC Earmarked Reserves	(49,489)	(4,731)	16,978	(37,242)
Total Reserves	(80,469)	(20,430)	40,115	(60,784)

2023/24	Balance as at 31 March 2023	Transfers to Reserves 2023/24	Transfers from Reserves 2023/24	Balance as at 31 March 2024
	£000	£000	£000	£000
Education Reserves	(3,667)	(3,149)	3,662	(3,154)
Other Ringfenced	(3,627)	(801)	0	(4,428)
Other Reserves	(6,061)	(1,628)	1,801	(5,888)
PCC Earmarked Reserves:				
Integrated Finance Reserve	(18,205)	(172)	2,004	(16,373)
Collection Fund Reserve	(792)	(414)	69	(1,137)
Other PCC Earmarked Reserves	(44,062)	(6,520)	1,093	(49,489)
Total Reserves	(76,414)	(12,684)	8,629	(80,469)

The main earmarked reserves and their purpose are as follows:

Education/Schools Reserves

- **Education Carry Forwards** – A number of reserves are held on behalf of several educational establishments which operate under devolved budgets, whereby any surpluses or deficits are carried forward to the following financial year
- **School Budget Share** – Represents unspent balances at the year-end against schools' delegated budgets. The 31 March 2025 balance relating to the school budget share was £2.691m (31 March 2024: £3.149m)
- **PFI Reserve** – The Council receives PFI credits towards the schools PFI contract at Wood View Campus in equal instalments over the course of the contract. Credits received in excess of costs are carried forward in a reserve to meet future expenditure, thus smoothing expenditure and income over the term of the contract.

Collection Fund Reserve

The Collection Fund Reserve holds balances to 'smooth' the impact and movement of grant funding for Business Rates and Council Tax across multiple financial years.

Interest Rate Swap Reserve

The Interest Rate Swap Reserve holds gains from fair value movements in interest rate swaps. These gains will reverse over time as the swaps near maturity and are therefore not used to finance revenue expenditure.

13 Financing and Investment Income and Expenditure

This contains corporate items of income and expenditure arising from the Council's involvement in financial instruments and similar transactions involving interest or the unwinding of discounts. This heading also includes the income and expenditure relating to investment properties, further details of which can be found in note [17.1](#).

Analysis of Income/Expenditure	2023/24	2024/25
	£000	£000
Interest payable and similar charges	23,477	27,783
Fair value for Financial Instruments	(921)	(4,210)
Pensions interest cost and expected return on pension assets	(2,029)	2,572
Interest receivable and similar income	(5,118)	(5,459)
Gains/losses on disposal of Maintained Schools	3,059	0
(Surplus)/deficit on trading undertakings not included in Net Cost of Service	332	290
Income and expenditure in relation to investment properties and changes in their fair value including (gains)/losses on disposal	5,763	(3,488)
Total	24,563	17,488

14 Taxation and Non-Specific Grant Income and Expenditure

Analysis of Income	2023/24	2024/25
	£000	£000
Council tax income	(131,562)	(138,668)
Non domestic rates	(60,961)	(61,883)
Non-ringfenced government grants	(36,588)	(41,103)
Capital grants and contributions	(66,268)	4,022
Total	(295,379)	(237,632)

15 Property, Plant and Equipment

15.1 Movement in Year

In accordance with the Temporary Relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The Council continues to maintain that information and does not consider that the non-disclosure will be detrimentally impact on the readers of the Council's accounts and their understanding of the Council's financial position. The Council's reported position of its assets in the Balance Sheet remains unchanged.

Property, Plant and Equipment Assets	2023/24	2024/25
	£000	£000
Infrastructure Assets	243,051	260,451
Other Property, Plant and Equipment Assets	829,247	873,191
Total Property, Plant and Equipment Assets	1,072,298	1,133,642

Infrastructure Assets	2023/24	2024/25
	£000	£000
Opening Net Book Value	242,352	243,051
Additions	12,486	18,470
Reclassifications	6,360	17,757
Depreciation	(17,831)	(18,577)
Disposals and Decommissioning	(316)	(250)
Balance as at 31 March	243,051	260,451

The movement in Property, Plant and Equipment (PPE) in 2024/25 is summarised in the following table:

2024/25	Other Land & Buildings	Vehicles, Plant, Furniture & Fittings	Toll Bridge	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets Included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost of Valuation								
At 1 April 2024	635,348	72,789	83,084	3,605	10,561	82,717	888,104	125,935
Additions	14,326	6,396	11	774	333	33,834	55,674	(10,985)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	36,318	0	0	(270)	(88)	0	35,960	13,504
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	(18,656)	0	(414)	0	(303)	0	(19,373)	0
Derecognition - disposals	(109)	(3,783)	0	0	(3,313)	0	(7,205)	0
Other movements in cost or valuation	31,104	27	0	0	5,076	(54,283)	(18,076)	0
At 31 March 2025	698,331	75,429	82,681	4,109	12,266	62,268	935,084	128,454
Accumulated Depreciation and Impairment								
At 1 April 2024	(12,034)	(45,521)	0	(1,302)	0	0	(58,857)	(532)
Depreciation charge	(20,979)	(5,831)	(1,030)	0	(37)	0	(27,877)	(5,794)
Depreciation written out to the Revaluation Reserve	19,297	0	0	0	8	0	19,305	5,761
Depreciation written out to the surplus/deficit on the Provision of Services	1,339	0	989	0	0	0	2,328	0
Impairment losses/(reversals) recognised in the Revaluation Reserve	(254)	0	0	0	0	0	(254)	0
Impairment losses/(reversals) recognised in the surplus/deficit on the Provision of Services	(79)	0	0	1,144	0	0	1,065	0
Derecognition - disposals	7	2,401	0	0	29	0	2,437	0
Derecognition - other	(40)	0	0	0	0	0	(40)	0
At 31 March 2025	(12,743)	(48,951)	(41)	(158)	0	0	(61,893)	(565)
Net Book Value								
At 31 March 2025	685,588	26,478	82,640	3,951	12,266	62,268	873,191	127,889
At 31 March 2024	623,314	27,268	83,084	2,303	10,561	82,717	829,247	125,403

2023/24	Other Land & Buildings	Vehicles, Plant, Furniture & Fittings	Toll Bridge	Community Assets	Surplus Assets	Assets Under Construction	Total Property, Plant & Equipment	PFI Assets Included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000
Cost of Valuation								
At 1 April 2023	638,462	83,915	62,058	3,605	10,044	50,391	848,475	128,935
Additions	10,015	6,276	17	0	27	42,308	58,643	0
Revaluation increases/(decreases) recognised in the Revaluation Reserve	9,758	0	0	0	531	0	10,289	(3,000)
Revaluation increases/(decreases) recognised in the surplus/deficit on the Provision of Services	(3,598)	0	21,009	0	(60)	0	17,351	0
Derecognition - disposals	(17,696)	(18,375)	0	0	(84)	0	(36,155)	0
Other movements in cost or valuation	(1,593)	973	0	0	103	(9,982)	(10,499)	0
At 31 March 2024	635,348	72,789	83,084	3,605	10,561	82,717	888,104	125,935
Accumulated Depreciation and Impairment								
At 1 April 2023	(12,592)	(57,722)	(585)	(1,302)	(40)	0	(72,241)	(499)
Depreciation charge	(20,694)	(5,522)	(741)	0	(29)	0	(26,986)	(5,988)
Depreciation written out to the Revaluation Reserve	20,313	0	0	0	69	0	20,382	5,955
Depreciation written out to the surplus/deficit on the Provision of Services	262	0	1,326	0	0	0	1,588	0
Derecognition - disposals	677	17,723	0	0	0	0	18,400	0
At 31 March 2024	(12,034)	(45,521)	0	(1,302)	0	0	(58,857)	(532)
Net Book Value								
At 31 March 2024	623,314	27,268	83,084	2,303	10,561	82,717	829,247	125,403
At 31 March 2023	625,870	26,193	61,473	2,303	10,004	50,391	776,234	128,436

15.2 Commitments Under Capital Contracts

The capital commitments outstanding on capital and other works contracts entered into as at 31 March 2025 amounted to £92.186m (31 March 2024: £35.878m). The Council is committed to complete these contracts under its latest approved Medium Term Capital Programme. Significant contractual commitments outstanding as at 31 March 2025 were as follows:

Project	Contractor	Amount
		£000
Armada Way Delivery	Morgan Sindall Construction	17,013
Zero Emission Bus Regional Areas	Plymouth Citybus	10,606
Re-provision of Vines and Colwill Lodge	Devon Contractors	9,661
Plymouth and South Devon Freeport	Sherford Consortium, Devon County Council, South Hams District Council, Devon Contractors, Seed Capital	16,060
Plymouth Sound National Marine Park	Nevada, Classic Builders, Currie & Brown	7,661
Woolwell to The George	Balfour Beatty	4,840
Royal Parade	Morgan Sindall	4,600
Plymouth Guildhall	TEC Construction, DFR Roofing, Currie & Brown	3,121
Lipson Vale Phase 1 Trefusis Park Flood Defence	Kier Infrastructure	2,700
Derriford District Centre	ADC Kimberly Derriford Ltd	2,400
A38 Manadon Interchange (LLM)	Balfour Beatty	1,579
Local Authority Housing Fund Phase 3	Bournemouth Churches Housing Association Ltd and Plymouth Access To Housing	1,531
Food Waste Collection Service Vehicles and Containers	Terberg Matec	1,125
Civic Centre	Aecom Limited, Gwella Contracting Services Ltd	1,124
Carriageway Surface Dressing	South West Highways	1,121
Brickfields	Plymouth Argyle Community Trust, Gill Akaster, FieldTurfTarkett	954
Other contractual commitments under £500k	Various	6,090
Total		92,186

15.3 Revaluations

The Council revalues a significant proportion of its Property, Plant and Equipment (PPE) on an annual basis and then carries out a rolling programme that ensures that all the remaining property required to be measured at fair value is revalued at least every five years. All valuations are carried out internally under the supervision of A Pope, RICS Registered Valuer, except for the Energy from Waste Plant which is revalued by an external valuer appointed by Devon County Council and the Tamar Bridge and Torpoint Ferry properties which are revalued by an external valuer appointed by Cornwall Council.

Revaluations	Other Land & Buildings	Toll Bridge	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Total
	£000	£000	£000	£000	£000
Carried at historical cost	473	0	26,364	0	26,837
Valued at Current Value as at:					
31 March 2024	525,136	82,681	0	12,266	620,083
31 March 2023	60,714	0	0	0	60,714
31 March 2022	46,428	0	0	0	46,428
31 March 2021	47,834	0	0	0	47,834
31 March 2020	94	0	0	0	94
Total Cost of Valuation	680,679	82,681	26,364	12,266	801,990

There may be variations in the totals in the table above compared to Note 15.1. This is due to the addition of IFRS16 valuations in Note 15.1 which are not included in this table.

15.4 Gain/(Loss) on Disposal of Non-Current Assets

Assets Written Off Balance Sheet	2023/24	2024/25
	£000	£000
Land and property sales	18,186	1,457
Academy and trust schools	3,059	0
Investment properties	80	41
Total	21,325	1,498

15.5 Fair Value Hierarchy for Surplus Assets

Recurring Fair value Measurement Using	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as at 31 March 2024
2024/25	£000	£000	£000	£000
Development & surplus land	0	12,266	0	12,266
Total	0	12,266	0	12,266

Recurring Fair Value Measurements Using	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as at 31 March 2023
2023/24	£000	£000	£000	£000
Development & surplus land	0	10,561	0	10,561
Total	0	10,561	0	10,561

Please refer to Note 1.27 for the policy on Fair Value Measurement of Non-Financial Assets.

16 Heritage Assets

The Council holds the following types of heritage assets:

Historic Buildings and Monuments

Historic buildings and monuments classified as heritage assets on the balance sheet include Smeaton's Tower and various statues and monuments, which have been recognised at insurance valuations.

The Council has a number of other Heritage Assets that are used significantly for the provision of services and therefore are required to be recognised within Property, Plant and Equipment. These include Mount Edgcumbe House and The Box.

Gold, Silver, Jewellery, Fine Art and World Cultures, Decorative Art and Other Miscellany

The Council's gold, silver, jewellery, fine art and world cultures collections are reported in the balance sheet at insurance valuation, which is based on market values.

The Council's policy for the acquisition, preservation and management of museum assets can be found on The Box website.

All heritage assets are recognised at insurance valuations, which are reviewed annually and the value of assets are adjusted accordingly.

In 2023/24 we have added two new classes of heritage asset categories due to the recognition of previously unreported assets as a result of a review of the collection that was undertaken following the remodelling of The Box.

The following table summarises the movement in the balances relating to heritage assets during the year:

Heritage Assets	Buildings	Fine Art & World Cultures	Gold, Silver and Jewellery	Items Over £100k	Natural History, Decorative Art & Other Miscellany	Special Books Collection	Total Assets
	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation							
As at 1 April 2023	3,817	17,109	4,732	17,301	0	3,500	46,459
Revaluations	0	4,777	0	0	0	0	4,777
Reclassification	0	9,474	0	(17,301)	7,827	0	0
As at 31 March 2024	3,817	31,360	4,732	0	7,827	3,500	51,236
Cost or Valuation							
As at 1 April 2024	3,817	31,360	4,732	0	7,827	3,500	51,236
As at 31 March 2025	3,817	31,360	4,732	0	7,827	3,500	51,236

17 Investment Properties

17.1 Income, Expenditure and Changes in Fair Value of Investment Properties

Investment properties are properties held solely to earn rentals or for capital appreciation or both. In the main, the Council's investment properties consist of offices, various ground rents (including retail, offices and industrial), industrial estates (including out of town), development sites, leisure (including restaurants, cafes and hotels) and retail (both in and out of town).

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the CIES:

Amounts Recognised in the Comprehensive Income and Expenditure Statement	2023/24	2024/25
	£000	£000
Rental income from Investment Property	18,280	19,583
Direct operating expenses arising from Investment Property	(11,017)	(12,903)
Net Gain/(Loss)	7,263	6,680

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal.

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

Analysis of Movement in Investment Properties	2023/24	2024/25
	£000	£000
Balance at 1 April	238,435	223,724
Disposals	(80)	(121)
Net gains/(losses) from fair value adjustments	(12,946)	(3,151)
Transfers:		
(To)/from Property, Plant and Equipment	(1,685)	(979)
Balance at 31 March	223,724	219,473

17.2 Fair Value Hierarchy for Investment Properties

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

Recurring Fair Value Measurements Using	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as at 31 March 2025
2024/25	£000	£000	£000	£000
Industrial sites	0	63,582	0	63,582
Miscellaneous ground rents	0	5,753	3,287	9,040
Miscellaneous lets	0	20,478	44	20,522
Retail ground rents	0	21,650	0	21,650
Offices	0	4,579	0	4,579
Out of town retail	0	66,713	0	66,713
Out of town businesses	0	32,458	0	32,458
Development and Surplus Land	0	768	127	895
Lodges	0	34	0	34
Total	0	216,015	3,458	219,473

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

Recurring Fair Value Measurements Using	Quoted Prices in Active Markets for Identical Assets (Level 1)	Other Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as at 31 March 2024
2023/24	£000	£000	£000	£000
Industrial sites	0	62,124	0	62,124
Miscellaneous ground rents	0	5,731	3,935	9,666
Miscellaneous lets	0	21,365	31	21,396
Retail ground rents	0	23,110	0	23,110
Offices	0	6,790	0	6,790
Out of town retail	0	66,412	0	66,412
Out of town businesses	0	33,358	0	33,358
Development and surplus land	0	714	116	830
Lodges	0	38	0	38
Total	0	219,642	4,082	223,724

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

Please refer to Note [1.27](#) for the policy on Fair Value Measurement of Non-Financial Assets.

17.3 Reconciliation of Fair Value Measurements (Using Significant Unobservable Inputs) Categorised within Level 3 of the Fair Funding Hierarchy

Investment Properties Categorised within Level 3	31 March 2024	31 March 2025
	£000	£000
Opening Balance	3,989	4,082
Total gains/(losses) for the period included in the surplus or deficit on the provision of services resulting from changes in fair value	93	(624)
Closing Balance	4,082	3,458

Gains or losses arising from changes in the fair value of the investment properties are recognised in Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Valuation Process for Investment Properties

The fair value of the authority's investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. The authority's valuation experts work closely with finance officers regarding all valuation matters.

18 Financial Instruments

18.1 Financial Instruments - Classifications

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council.

The financial assets held by the Council during the year are accounted for under the following three classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flow) comprising:
 - cash in hand
 - bank current and deposit accounts
 - fixed term deposits and reverse repurchase agreements with banks and building societies
 - loans to other local authorities
 - loans to smaller companies and housing associations
 - certificates of deposit and covered bonds issued by banks and building societies
 - treasury bills and gilts issued by the UK Government
 - loans made for service purposes
 - leases receivables
 - trade receivables for goods and services provided.
- Fair value through other comprehensive income (where cash flows are solely payments of principal and interest and the Council's business model is to both collect those cash flows and sell the instrument; and equity investments that the Council has elected into this category)
- Fair value through profit and loss (all other financial assets) comprising:
 - interest rate swaps
 - pooled funds, equity and property funds managed and held as strategic investments
 - equity investments held for service purposes
 - money market funds managed by fund managers
 - loans where the cash flows are not solely payments of principal and interest
 - structured deposits with banks and building societies.

Financial assets held at amortised cost are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

An investment in Altana Social Impact Partnership has been recategorized from a Pooled fund to an investment at amortised cost as the fair value information was not available at 31 March 2025. Against the original £5m investment unallocated capital totalling £1.073m was returned during 2024/25 following expiry of the investment period.

The financial assets disclosed in the Balance Sheet are made up of the following categories of Financial Instruments:

Financial Assets	Fair Value Level	Long-Term		Short-Term		Total	
		31 March 24	31 March 25	31 March 24	31 March 25	31 March 24	31 March 25
		£000	£000	£000	£000	£000	£000
At Fair Value Through Profit or Loss:							
Money Market Fund (MMF)	I	0	0	22,500	35,375	22,500	35,375
Pooled funds	I	52,382	48,465	0	0	52,382	48,465
Interest rate swap	I	28,878	31,803	0	0	28,878	31,803
Amortised Cost:							
Investments	I	73	4,100	0	0	73	4,100
Cash and Cash equivalents (less MMF)	I	0	0	4,498	4,228	4,498	4,228
Total Investments		81,333	84,368	26,998	39,603	108,331	123,971
Debtors							
Financial Instruments	I	10,249	11,594	54,099	19,785	64,348	31,379
Non-Financial Instruments	I	0	0	55,281	76,705	55,281	76,705
Total Financial Assets		91,582	95,962	136,378	136,093	227,960	232,055

The fair value of long-term debtors is assumed to be approximate to the carrying amount.

The fair value of short-term financial assets including receivables is assumed to approximate to the carrying amount.

Short-term debtors are split between financial instruments and non-financial instruments depending on whether they are statutory or non-statutory.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised of:

- long-term loans from the Public Works Loan Board
- short-term loans from other local authorities
- overdraft
- lease payables
- Private Finance Initiative
- trade payables for goods and services received.

The financial liabilities disclosed in the Balance Sheet are made up of the following categories of Financial Instruments:

Financial Liabilities	Fair Value Level	Long-Term		Short-Term		Total	
		31 March 24	31 March 25	31 March 24	31 March 25	31 March 24	31 March 25
		£000	£000	£000	£000	£000	£000
Loans at Amortised Cost:							
PWLB	0	(410,532)	(410,532)	(76,299)	(144,633)	(486,831)	(555,165)
Market Loans	0	(82,422)	(67,346)	(1,157)	(6,074)	(83,579)	(73,420)
Other borrowing	0	(4,722)	(33)	(88,929)	(82,187)	(93,651)	(82,220)
Total Borrowing		(497,676)	(477,911)	(166,385)	(232,894)	(664,061)	(710,805)
Liabilities at Amortised Cost:							
Other liabilities	1	(103,561)	(92,828)	(6,252)	(6,325)	(109,813)	(99,153)
Creditors							
Financial Instruments	0	0	0	(59,076)	(58,387)	(59,076)	(58,387)
Non-Financial Instruments	1	(9,376)	(8,246)	(50,067)	(56,906)	(59,443)	(65,152)
Total Financial Liabilities		(610,613)	(578,985)	(281,780)	(354,512)	(892,393)	(933,497)

Short-term creditors are split between financial instruments and non-financial instruments depending on whether they are statutory or non-statutory.

LOBOs (Local Authority Lender's Option Borrower's Option loans) – during 2024/25 two LOBO's totalling £10m were called in by the lender and the Council took the decision to redeem. A further £5m LOBO loan was called in by the lender in March 2025 and it was agreed that this would be repaid on the call in date 1 April 2025 with the balance as at 31 March being treated as short term borrowing. There are two further loans totalling £29m which have call in dates in the next 12 months.

A 'call in' date means that the lender has the option to change the interest rate for the remaining period of the loan. The Council then has the option to accept the new rate or to redeem the loan.

Financial Liabilities Comparison to Fair Values

Financial Liabilities	Balance Sheet	Fair Value 31 March 2024	Fair Value 31 March 2024	Balance Sheet	Fair Value 31 March 2025
	31 March 2024			£000	
Loans at Amortised Cost:					
PWLB		486,831	345,869	555,165	387,176
LOBO loans		65,380	74,854	55,220	58,726
Other market loans		18,199	16,974	18,200	14,147
Other long-term loans		4,722	4,722	33	33
Short-term borrowing		88,929	88,929	82,187	82,187
Total Borrowing		664,061	531,348	710,805	542,269
Other Liabilities		109,813	93,508	99,153	99,153
Total Liabilities		773,874	624,856	809,958	641,422

18.2 Equity Instruments Designated to Fair Value through Profit or Loss

The Council has investments made through the CCLA and other pooled funds. Currently under IFRS 9, the CIPFA code now requires that pooled funds are measured at Fair Value through Profit or Loss with override arrangements being in place to 31 March 2024. Following the recent 2025 Local Government Finance Settlement consultation, transitional arrangements have been implemented. As these investments were held by the Council before 1 April 2024, the override will continue to apply to these investments until 1 April 2029 meaning that there is no impact on the Council's General Fund.

18.3 Gains and Losses on Financial Instruments

The income, expense, gains and losses recognised in the CIES in relation to financial instruments are made as follows:

Gains & Losses on Financial Instruments	Surplus or Deficit on the Provision of Service	
	2023/24	2024/25
	£000	£000
Net Gains/Losses on:		
Financial assets measured at fair value through profit and loss	652	(1,183)
Interest rate swaps at fair value through profit and loss *	(1,573)	(3,027)
Total Net (Gains)/Losses on Financial Instruments	(921)	(4,210)
Interest Revenue		
Investment income from financial assets measured through profit and loss	(4,475)	(4,967)
Interest receivable from financial assets measured at amortised costs	(643)	(492)
Total Interest Revenue	(5,118)	(5,459)
Total Income	(6,039)	(9,669)
Interest expense	23,477	27,783
Total Interest Expense	23,477	27,783
Net (Gain)/Loss for the Year	17,438	18,114

* SDPS is cash flows plus accrual; OCI is fair value minus accrual.

18.4 Financial Instruments – Fair Value

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms' length transaction. Where liabilities are held as an asset by another party, such as the council's borrowing, the fair value is estimated from the holder's perspective.

Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price.

The fair values of other instruments have been taken at cost value, as the council believes that cost may provide an appropriate estimate of fair value. Cost represents the best estimate of fair value:

- no significant change in the performance of the investee compared with budget
- no significant change in the market for the investee's products, economic environment in which the entity operates

- c) no change in expected performance in matters such as fraud, commercial disputes, litigation, changes in management or strategy.

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost.

- The value of Lender's Option Borrower's Option (LOBO) loans have been increased by the value of the embedded options. Lenders' options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate
- Other loans borrowed by the Council have been valued at cost on the basis of that most of the loans are short term loans and/or borrowed from other public sector organisations
- Shares in limited company have been valued at cost of the investment;
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield
- Interest rate swaps have been valued using the market forward interest rate curve
- No early repayment or impairment is recognised for any financial instrument
- The fair value of short-term instruments, including trade payables and receivables, is assumed to be approximately the carrying amount given the low interest rate environment and the bad debt provisions already included in the statement of accounts.

Fair values are shown in note [18.1](#), split by their level in the fair value hierarchy:

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

18.5 Nature and Extent of Risks Arising from Financial Instruments

The Council complies with the CIPFA's Code of Practice on Treasury Management and the Prudential Code for Capital Finance in Local Authorities, both revised in December 2021.

As part of the adoption of the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The strategy sets out the parameters for the management of risks associated with Financial Instruments.

Full details of the Council's Treasury Management Strategy can be found on the Council's website.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the MHCLG Investment Guidance for Local Authorities. The guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy, together with its Treasury Management Practices, are based on seeking the highest rate of return consistent with the proper levels of security and liquidity.

The Council's activities expose it to a variety of 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
- 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.

Credit Risk

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

Asset Type	Credit Risk Management	Estimation of Impairment Loss
Loans to other authorities	Guaranteed by statute.	No allowance required.
Banks and financial institutions	Deposits are restricted in line with Council's approved Treasury Strategy.	No historic or forecast losses.
Loans	All loans subject to internal risk appraisal, where appropriate guarantees and/or security is obtained in event of default.	No historic or forecast losses.
Other Debtors	Debtors are not subject to internal credit ratings and have been grouped for the purposes of calculating expected losses.	Expected credit losses (impairment) estimated based on age and type of debt.

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap, other contracts and equity prices when selecting commercial entities for investment.

A limit of £25m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in building societies there is a smaller limit of £10m applies. The Council also sets limits on investments in certain sectors.

The following table summarises the credit risk exposures of the Council's treasury management portfolio by credit rating and remaining time to maturity:

Credit Rating	31 March 2024		31 March 2025	
	Long-Term	Short-Term	Long-Term	Short-Term
	£000	£000	£000	£000
AAA	0	0	0	0
AA	0	22,500	0	35,375
A+	0	1,295	0	700
A	0	0	0	0
A-	0	0	0	0
Unrated	0	0	0	0
Total	0	23,795	0	36,075
Credit risk not applicable *	81,333	3,203	84,368	3,528
Total Investments	81,333	26,998	84,368	39,603

* Credit Risk is not applicable to shareholdings and pooled funds where the Council has no contractual right to receive any sum of money.

The Council's maximum exposure to credit risk in relation to its investments with banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each institution.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the Council.

The Council does not generally allow credit for customers. After 28 days, recovery procedures are undertaken to recover any outstanding debt. The past due amount can be analysed by age as follows:

Past Due Amounts Analysed by Age	31 March 2024		31 March 2025	
	£000	£000	£000	£000
Less than three months		40,159		13,959
Three months to one year		7,573		3,464
More than one year		7,262		7,648
Total		54,994		25,071

The credit risk inherent in interest rate swaps is managed by the selection of highly credit worthy counterparties and by the requirement for the counterparty to post cash collateral when the valuation exceeds agreed thresholds. £31.290m cash collateral was held at 31 March 2025 (31 March 2024: £28.600m).

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board (PWLB). As a result there is no significant risk that the Council will be unable to raise finance to meets its commitments.

It is however exposed to the risk that it will need to refinance a significant proportion of its short-term borrowing at a time of unfavourably high interest rates.

The maturity structure of financial liabilities is as follows (at nominal value):

Loans Outstanding	31 March 2024	31 March 2025
	£000	£000
Public Works Loan Board	(486,831)	(555,165)
Market debt	(83,579)	(73,420)
Temporary borrowing	(87,596)	(82,128)
Other borrowing	(6,055)	(93)
Deferred liability (PFI)	(88,681)	(72,577)
Deferred liability (finance leases)	(1,294)	(6,782)
Other liabilities	(19,838)	(19,794)
Creditors	(59,076)	(58,386)
Total	(832,950)	(868,345)
Less than 1 year	(231,713)	(297,605)
Between 1 and 2 years	(46,280)	(48,861)
Between 2 and 5 years	(87,540)	(85,545)
Between 5 and 10 years	(63,133)	(56,615)
Between 10 and 20 years	(49,914)	(36,923)
Between 20 and 30 years	(9,544)	(11,811)
Between 30 and 40 years	(16,419)	(14,465)
Between 40 and 50 years	(290,220)	(298,299)
Over 50 years	(38,187)	(18,221)
Total	(832,950)	(868,345)

The Council has £54.m (2023/24: £64m) of LOBO loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. Due to current low interest rates, in the unlikely event that the lender exercises its option, the Council is likely to repay these loans. There were four LOBO loans with call in dates in 2024/25, one which was called in before 1 April 2025, the Council has not accepted the new rate and agreed to repay the loan without penalty.

There were £220m loan arrangements covering the short-term borrowing in place at 31 March 2025, these were taken under approved authority to meet the Council's capital financing and cash flow requirements to the end of the financial year. These loans can be repaid from cash flow maturing deposits and short-term borrowing in 2025/26 if required, thus reducing credit risk.

Market Risk: Interest Rate Risk

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

- borrowings at variable rates – the interest expense will rise
- borrowings at fixed rates – the fair value of the liabilities will fall
- investments at variable rates – the interest income will rise
- investments at fixed rates – the fair value of the assets will fall
- pay fixed receive variable interest rate swaps – the fair value of the assets will rise.

The Council has £220m short-term (less than 12 months) loans so there is an interest rate risk if the rates go up. The Council holds a £75m “pay fixed receive variable” interest rate swap to partly offset this risk. If there is a 1.0% increase in the bank rate it will cost an additional £0.979m per year.

The Council has £54m (2023/24: £64m) of LOBO loans with fixed interest rates and with maturity dates between 2031 and 2078 where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement.

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. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate. Movements in the fair value of the interest rates swaps will be reflected in the Surplus or Deficit on the Provision of Services.

The Council has a number of strategies for managing interest rate risk. The Council seeks to minimise this risk through expert advice on forecasts of interest rates received from our treasury management consultants. This is used to formulate a strategy for the year for both investments and borrowing. This strategy is periodically reviewed during the year to update for any modifications required in the light of actual movements in interest rates. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. Interest rate risk is also managed using interest rate swaps, and the Council currently holds a £75m interest rate swap maturing in 2040 with a strike rate of 0.56%. Changes in the fair value of the swap are taken to an earmarked reserve.

Market Risk: Price Risk

The market price of the Council’s units in collective investment schemes are governed by prevailing interest rates and economic conditions and the risk associated with these instruments is managed alongside interest rate risk.

The Council’s investment in a pooled property fund is subject to the risk of falling commercial property prices. The fair value of this fund is £21.188m and is estimated as the price the authority would receive if it were to sell to another market investor on 31 March based on the fund’s published bid price. A 5% fall in commercial property prices would result in a £0.889m charge to the surplus or deficit on the provision of services, which is then transferred to the pooled investment fund adjustment account.

The Council’s investments in pooled investment funds is subject to the risk of changing share prices. The risk is limited by the Council’s maximum exposure to equity investments of £27.276m. A 1% fall in share prices would result in a £0.200m charge to the surplus or deficit on the provision of services, which is then transferred to the pooled investment fund adjustment account.

19 Debtors

19.1 Short-Term Debtors

Short-Term Debtors by Category	31 March 2024	31 March 2025
	£000	£000
Central government departments	8,924	24,285
NHS bodies	2,617	5,258
Other local authorities	5,361	7,328
Other entities and individuals	92,478	59,619
Total Short-Term Debtors	109,380	96,490

19.2 Long-Term Debtors

Long-Term Debtors by Category	31 March 2024	31 March 2025
	£000	£000
Secured debt	1,131	1,170
Other loans/mortgages	8,566	8,417
Other long-term debts	552	2,007
Total Long-Term Debtors	10,249	11,594

19.3 Bad Debt Provision

Analysis of Bad Debt Provision Held	31 March 2024	Provisions Made in Year	Provisions Used in Year	31 March 2025
	£000	£000	£000	£000
General fund	(4,844)	(720)	743	(4,821)
Housing benefit overpayments provision	(5,134)	0	504	(4,630)
Collection fund	(8,691)	(2,432)	577	(10,546)
Total Provisions for Bad Debt	(18,669)	(3,152)	1,824	(19,997)

20 Creditors

20.1 Short-Term Creditors

Short-Term Creditors by Category	31 March 2024	31 March 2025
	£000	£000
Central government departments	(6,181)	(5,781)
NHS bodies	(483)	(2,394)
Other local authorities	(2,185)	(6,486)
Other entities and individuals	(106,547)	(106,957)
Total Short-Term Creditors	(115,396)	(121,618)

20.2 Long-Term Creditors

Long-Term Creditors by Category	31 March 2024	31 March 2025
	£000	£000
Other local authorities	(9,171)	(8,033)
Other entities and individuals	(205)	(213)
Total Long-Term Creditors	(9,376)	(8,246)

The amount included within Other Local Authorities relates to a liability to Devon County Council for unfunded pension liabilities in reference to pre-Local Government Re-organisation (that is pre-1 April 1998).

20.3 Other Long-Term Liabilities

Analysis of Other Long-Term Liabilities	31 March 2024	31 March 2025
	£000	£000
PFI finance leases	(84,233)	(68,500)
Other finance leases	(1,228)	(6,358)
Cornwall Council - Tamar Bridge and Torpoint Ferry Joint Committee	(18,100)	(17,970)
Total Other Long-Term Liabilities	(103,561)	(92,828)

21 Provisions

The Council has a number of budget provisions set up to meet known liabilities. The balance on the provisions at year-end together with movement in the year is outlined as follows:

Analysis of Provisions Held	31 March 2024	Provisions Made in Year	Provisions Used in Year	Unused Amounts Reversed in Year	31 March 2025
	£000	£000	£000	£000	£000
Insurance provision	(4,741)	(2,316)	2,212	0	(4,845)
Landfill site provision	(6,524)	0	391	263	(5,870)
Business rates appeals provision	(4,747)	(5,417)	6,871	0	(3,293)
Total Provisions	(16,012)	(7,733)	9,474	263	(14,008)

The provisions include short-term provisions of £5.060m (2023/24: £6.626m) and long-term provisions of £8.950m (2023/24: £9.388m).

Details about the main provisions held are as follows:

Insurance Provisions

The Council insures only part of its risks externally through insurance companies, with other risks covered by specific internal funding. The insurance provision receives contributions from charges made to service revenue accounts for insurance, and payments are made from the fund in respect of insurable liabilities, which are covered internally. At the year-end, the balance on the various funds equates to the best estimate of liabilities from claims.

All of the Council's buildings are insured against fire, whilst some are also covered against other perils. Liability cover includes public liability and employer's liability.

Landfill Site Provision

The Council has a provision of £5.870m as at 31 March 2025 to reflect the Council's on-going liability for the closed landfill site at Chelson Meadow. The provision has been calculated on the future maintenance costs over the next 43 years and is reviewed each year to take into account the actual maintenance costs spent in the year.

22 Unusable Reserves

The Council holds a number of unusable reserves in the Balance sheet. Some are required to be held for statutory reasons and some are needed to comply with proper accountancy practice.

Analysis of Reserves	Note	31 March 2024	31 March 2025
		£000	£000
Unusable Reserves:			
Revaluation Reserve	<u>22.1</u>	333,967	378,263
Capital Adjustment Account	<u>22.2</u>	171,753	125,980
Financial Instruments Adjustments Account	<u>22.3</u>	(24,194)	(23,572)
Pensions Reserve	<u>22.4</u>	(73,542)	(75,575)
Collection Fund Adjustment Account	<u>22.5</u>	2,208	(1,047)
Accumulating Compensated Absences Adjustment Account		(2,131)	(3,369)
Deferred Capital Receipts		280	316
Pooled Investment Fund Adjustment Account		(2,743)	(1,560)
DSG Adjustment Account	<u>22.6</u>	(4,253)	(18,498)
Total Unusable Reserves		401,345	380,938

22.1 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 service and the gains are consumed through depreciation
- disposed of and the gains are realised.

The Revaluation 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.

The following table details the transactions posted to the account for the period:

Movement in Revaluation Reserve	2023/24	2024/25
	£000	£000
Balance at 1 April	326,867	333,967
Upward revaluation of assets	42,615	66,681
Downward revaluation of assets and impairment losses not charged to the (surplus)/deficit on the Provision of Services	(7,110)	(11,946)
Surplus or (Deficit) on the Revaluation of Non-current Assets Not Posted to the (Surplus) or Deficit on the Provision of Services	35,505	54,735
Release of Investment Property Balance	(323)	0
Difference between fair value depreciation and historical cost depreciation	(9,728)	(9,768)
Accumulated gains on assets sold or scrapped	(18,354)	(671)
Amount Written Off to the Capital Adjustment Account	(28,405)	(10,439)
Balance at 31 March	333,967	378,263

22.2 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. These are then charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council 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. It 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.

The following table shows the transactions posted to the account during the year:

Movement in Capital Adjustment Account	2023/24	2024/25
	£000	£000
Balance at 1 April	122,567	171,753
Release of Investment Property balance in the Revaluation Reserve	323	0
Reversal of Items Relating to Capital Expenditure Debited or Credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	(44,754)	(45,647)
Revaluation losses on Property, Plant and Equipment	18,802	(18,401)
Revenue expenditure funded from capital under statute	(23,193)	(32,466)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(21,510)	(5,141)
Adjusting amounts written out of the Revaluation Reserve	28,082	10,439
Capital Financing Applied in the Year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	6,348	4,375
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	79,044	21,264
Amounts Reserved for Future Capital Funding:		
Statutory provision for the financing of capital investment charged against the General Fund (includes TBTF element)	19,182	21,839
Capital expenditure charged against General Fund	273	466
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(12,946)	(3,151)
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	0	(539)
Other Movement on the CAA in Year:		
Landfill Site Provision	56	263
Write down of long-term debtors	(2,845)	(1,398)
Deferred credit - Energy from Waste	2,324	2,324
Balance at 31 March	171,753	125,980

22.3 Financial Instruments Adjustment Account

The Financial Instrument Adjustment Account absorbs the timing differences arising from the different arrangements for the accounting for income and expenditure relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the account to manage premiums paid and discounts received on the early redemption of loans. During 2024/25 two LOBO loans totalling £10m were called in by the lender and the Council took the decision to repay the loans without penalty. Premiums are debited and discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the net expense is posted back to the General Fund balance in accordance with statutory arrangements for spreading the burden on Council Taxpayers. In the Council's case this period is the unexpired term that was outstanding on loans when they were redeemed.

Movement in Financial Instruments Adjustment Account	2023/24	2024/25
	£000	£000
Balance at 1 April	(24,814)	(24,194)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory	544	544
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	76	78
Balance at 31 March	(24,194)	(23,572)

22.4 Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities to recognise and to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds, or eventually pays any pensions for which it is directly responsible (i.e. enhanced pensions). 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.

Movement in Pension Reserve	2023/24	2024/25
	£000	£000
Balance at 1 April	(37,487)	(73,542)
Opening balance adjustment	(324)	0
Actuarial gains or losses on pensions assets and liabilities	(42,948)	(4,252)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(12,602)	(19,493)
Employer's pensions contributions and direct payments to pensioners payable in the year	18,968	20,574
(Increase)/decrease in Plymouth's share of next deficit in year of Devon County Council Pension Fund	851	1,138
Balance at 31 March	(73,542)	(75,575)

22.5 Collection Fund Adjustment Account

The collection fund adjustment account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the collection fund.

Collection Fund Adjustment Account	2023/24	2024/25
	£000	£000
Balance at 1 April	(7,814)	(2,208)
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated from the year in accordance with statutory requirements	5,606	3,256
Balance at 31 March	(2,208)	1,048

22.6 Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant adjustment account holds accumulated deficits relating to the schools budget. Where the council has incurred a deficit on its schools budget in years beginning 1 April 2020 ending 31 March 2026, the Local Authorities (Capital Finance and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account.

Dedicated Schools Grant Adjustment Account	2023/24	2024/25
	£000	£000
Balance 1 April	0	(4,253)
School budget deficit transferred from General Fund in accordance with statutory requirements	(4,253)	(14,245)
Balance at 31 March	(4,253)	(18,498)

The centrally held elements of the DSG were over budget by £14.245m, due to significant increases in numbers and cost of placements for children with SEND, which is funded from the High Needs Block within the DSG. This overspend will be carried forward along with the accumulated deficit on the DSG of £4.253m (first reported in 2023/24) giving a total overspend to be carried forward of £18.498m. In line with Government guidance, any overspend is carried forward for recovery against future DSG funding. Therefore, the authority cannot fund this pressure from its own General Fund revenue budget (unless permission is given by the Secretary of State to disregard the requirement to fund from the DSG). This treatment is in line with Government guidance stating that DSG in-year and cumulative deficits should no longer be held as a negative earmarked reserve and should instead be held in an unusable reserve called the Dedicated Schools Grant Adjustment Account. This accounting treatment has the effect of separating DSG budget deficits from the LA's General Fund and covers the period to 31st March 2026. The government has announced plans to include working with local authorities to manage their SEND system including DSG deficits, alongside an extension to the DSG Statutory Override until the end of 2027/28.

23 Notes to Cash Flow

23.1 Cash Flow Statement – Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

Analysis of Operating Activities	2023/24	2024/25
	£000	£000
Net Surplus/(Deficit) on the Provision of Services	20,311	(91,417)
Adjust Net Surplus/(Deficit) on the Provision of Services for Non-Cash Movements:		
Charges for depreciation and impairment of non-current assets	44,754	46,458
Revaluation losses on Property, Plant and Equipment	(18,802)	17,591
Adjustment for movements in fair value of investments classified as fair value through profit and loss	(867)	(4,210)
(Increase)/decrease in interest creditors	2,856	(5,453)
(Increase)/decrease in creditors	(15,819)	(57,805)
(Increase)/decrease in interest and dividend debtors	(287)	0
(Increase)/decrease in debtors	(51,617)	24,155
(Increase)/decrease in inventories	(374)	(9)
Pension liability	(7,216)	(2,219)
Contributions to/(from) Provisions	(1,263)	(2,003)
Movement on the Dedicated Schools Grant Adjustment Account	(4,253)	(14,245)
Carrying amount of short-term and long-term investments sold or derecognised	21,516	4,469
Movement in Investment Property values	12,946	3,151
Total	(18,426)	9,880
Adjust for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing or Financing Activities		
Capital grants credited to surplus/(deficit) on the Provision of Services	(80,211)	(19,232)
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(1,190)	(3,647)
Repayments or capital grants given in previous years and loans	0	(52)
Total	(81,401)	(21,756)
Net Cash Flows from Operating Activities	(79,516)	(103,293)

The cash flows for operating activities include the following items:

Analysis of Interest Paid and Received	2023/24	2024/25
	£000	£000
Interest received	4,677	5,464
Interest paid	(26,636)	(32,067)

23.2 Cash Flow Statement – Investing Activities

Analysis of Investing Activities	2023/24	2024/25
	£000	£000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	(64,721)	(68,041)
Purchase of short-term and long-term investments	0	0
Other payments for Investing Activities	(5,642)	59,520
Proceeds from the sale of Property, Plant and Equipment, Investment Properties and Intangible Assets	1,195	3,611
Other Receipts from Investing Activities	37,356	69,722
Net Cash Flows from Investing Activities	(31,812)	64,812

23.3 Cash Flow Statement – Financing Activities

Analysis of Financing Activities	2023/24	2024/25
	£000	£000
Cash receipts of short-term and long-term borrowing	291,730	273,120
Billing Authorities - Council Tax and NDR adjustments	11,840	(5,761)
Repayment of short-term and long-term borrowing	(195,672)	(220,968)
Other receipts from financing activities	4,542	20,865
Payments for the reduction of a PFI liability	(4,296)	(16,170)
Net Cash Flows from Financing Activities	108,144	51,086

23.4 Cash Flow Statement – Cash and Cash Equivalents

Analysis of Cash and Cash Equivalents	2023/24	2024/25
	£000	£000
Cash and bank balances	1,890	2,239
Cash Investments - regarded as cash equivalents	23,795	36,075
Tamar Bridge and Torpoint Ferry	1,313	1,289
Net Cash Flows from Cash and Cash Equivalents	26,998	39,603

24 Pooled Budgets – Integrated Fund

The Council has a pooled budget arrangement with the NHS Devon Integrated Care Board (Devon ICB), under Section 75 of the NHS Act 2006, to enable an integrated approach to commissioning a range of health, public health and social care services to meet the needs of people living in the Plymouth area. The pooled budget is currently hosted by NHS Devon ICB on behalf of the two partners to the agreement, although the two partners keep their own accounts in their separate ledgers. All spend is allocated a lead commissioner. The risk share allows for the Council and NHS Devon ICB to share the risk and reward of over and under-spends, up to the value of 0.5% of the agreed applicable value of the Integrated Fund, is proportional to the value of the contribution of each party to the Integrated Fund and also ensures that the risk to each partner is capped. In 2020/21, because of the global pandemic, and

its effects on the costs of health and social care, it was agreed to amend the risk share for the year to 0% risk on both parties to the agreement and this was again agreed for 2021/22 through to 2024/25. This decision will be reviewed for 2025/26.

Pooled Budget - Integrated Fund	2023/24	2024/25
	£000	£000
Contribution to the Pooled Budget:		
Plymouth City Council's contribution:		
Pooled	215,968	246,692
Aligned	69,514	77,974
Total Plymouth City Council	285,482	324,666
NHS Devon ICB's contribution:		
Pooled	164,583	208,417
Aligned	321,515	362,870
Total NHS Devon ICB	486,098	571,287
Total Combined Integrated Fund	771,580	895,953
Expenditure Met from the Pooled Budget:		
Plymouth City Council	300,284	328,418
NHS Devon ICB	491,390	574,112
Total Expenditure on Integrated Fund	791,674	902,530
Net (Surplus)/Deficit on the Integrated Fund During the Year	20,094	6,577

The figures above include amounts of the Plymouth Better Care Fund, of whom the lead commissioners are:

Plymouth Better Care Fund	2023/24	2024/25
	£000	£000
NHS Devon ICB Lead Commissioner	14,791	15,633
Plymouth City Council Lead Commissioner	8,601	9,087
Total Plymouth Better Care Fund	23,392	24,720

25 Members' Allowances

Allowances paid to Members of the Council in 2024/25 totalled £1.189m (2023/24: £1.156m). These figures include Members' allowances and expenses. Further information can be found on the Council's website.

26 Officers' Remuneration

26.1 Senior Employees

Senior employees earning £50,000 or more per annum who have responsibility for the management of the Council or power to directly control the major activities of the Council are required to be listed by way of job title within the accounts. Where an employee's remuneration exceeds £150,000 there is an additional requirement that they are identified by name. Plymouth defines relevant senior staff as members of the Corporate Management Team (Directors) and Departmental Management Teams (Service Directors).

Senior Management Post	Financial Year	Salaries, Fees and Allowances*	Pension Contributions	Total Remuneration	Notes
Salary over £150,000		£	£	£	
Tracey Lee - Chief Executive (Head of Paid Service)	2024/25	231,133	36,709	267,842	Includes election duty payments as the Returning Officer.
	2023/24	184,773	32,356	217,129	Includes election duty payments as the Returning Officer.
David Haley - Director of Children's Services	2024/25	168,596	31,920	200,516	Includes election duty payments.
	2023/24	105,934	19,323	125,257	A new post holder commenced on 27 December 2023. A post holder commenced on 31 July 2023 until 26 December 2023 via an Agency [†] . Previous post holder left the authority on 1 September 2023.
Salary over £50,000 but less than £150,000					
Assistant Chief Executive	2024/25	82,738	13,262	96,000	Post holder left the authority on 31 October 2024. Includes election duty payments as the Deputy Returning Officer.
	2023/24	119,975	21,295	141,270	Includes election duty payments as the Deputy Returning Officer.
Director of Public Health	2024/25	39,849	7,571	47,420	A new post holder commenced on 16 December 2024.
	2024/25	85,796	12,337	98,133	Post holder left the authority 15 December 2024.
	2023/24	118,394	17,025	135,419	
Chief Operating Officer for Customer and Corporate Services (Previously Director of Resources)	2024/25	0	0	0	Post covered via an Agency from 7 October 2024 [†] .
	2023/24	47,264	1,768	49,032	Post vacant. Post holder left the authority on 28 April 2023. Includes election duty payments.

Senior Management Post	Financial Year	Salaries, Fees and Allowances*	Pension Contributions	Total Remuneration	Notes
		£	£	£	
Strategic Director for Adults Health and Communities (Previously Strategic Director for People).	2024/25	81,477	15,481	96,958	A new post holder commenced on 2 September 2024.
	2023/24	141,698	22,327	164,025	Post holder left the authority on 16 February 2024. Includes election duty payments.
Strategic Director for Growth (Previously Strategic Director for Place)	2024/25	55,825	0	55,825	A new post holder commenced on 2 September 2024 and left the authority on 28 February 2025.
	2024/25	66,340	13,039	79,379	Post holder left the authority on 22 September 2024.
	2023/24	137,394	25,555	162,949	
Service Director for Children, Young People and Families	2024/25	84,904	16,132	101,036	A new post holder commenced on 17 June 2024. Post covered via an Agency until 8 July 2024 [†] .
	2023/24	31,976	0	31,976	A new post holder commenced on 17 July 2023 via an Agency [†] . Previous post holder left the authority on 23 July 2023.
Service Director for Community Connections	2024/25	84,873	17,676	102,549	Includes election duty payments.
	2023/24	82,095	17,053	99,148	Includes election duty payments.
Service Director for Digital and Customer Experience	2024/25	0	0	0	Post vacant.
	2023/24	0	0	0	Post vacant.
Service Director for Economic Development	2024/25	105,105	24,707	129,812	Includes election duty payments.
	2023/24	107,257	20,146	127,403	
Service Director for Education, Participation and Skills	2024/25	98,511	18,717	117,228	Post covered via an Agency from 10 February 2025 [†] . Post holder left the authority on 31 January 2025.
	2023/24	13,256	2,519	15,775	A new post holder commenced on 19 February 2024. Post covered via an Agency until 18 January 2024 [†] .
Service Director for Finance (Section 151 Officer)	2024/25	309	59	368	A new post holder commenced on 31 March 2025.
	2024/25	122,156	22,461	144,617	Previous post holder left the authority on 31 March 2025.
	2023/24	108,299	20,089	128,388	Includes election duty payments.

Senior Management Post	Financial Year	Salaries, Fees and Allowances*	Pension Contributions	Total Remuneration	Notes
Service Director for Human Resources and Organisational Development	2024/25	118,424	22,461	140,885	Includes election duty payments.
	2023/24	76,235	12,544	88,779	A new post holder commenced on 16 November 2023. A new post holder commenced on 23 July 2023 until 26 November 2023 via an Agency [†] . Previous post holder left the authority on 26 June 2023. Includes election duty payments.
Service Director for Integrated Commissioning	2024/25	60,440	13,267	73,707	A new post holder commenced on 9 July 2024.
	2023/24	0	0	0	Post vacant.
Service Director for Strategic Planning and Infrastructure	2024/25	111,019	21,094	132,113	
	2023/24	111,369	20,727	132,096	
Service Director for Street Services	2024/25	107,449	20,358	127,807	Includes election duty payments.
	2023/24	104,787	19,444	124,231	Includes election duty payments.
Consultant in Public Health	2024/25	84,881	12,021	96,902	
	2023/24	83,793	11,728	95,521	
Consultant in Public Health	2024/25	22,245	3,199	25,444	A new post holder commenced on 16 December 2024.
	2024/25	19,919	2,360	22,279	Post holder left the authority in May 2024.
	2023/24	96,075	13,816	109,891	
Consultant in Public Health	2024/25	44,084	6,339	50,423	A new post holder commenced in October 2024.
	2023/24	0	0	0	Post vacant.
Consultant in Public Health	2024/25	74,895	10,770	85,665	A new post holder commenced in May 2024.
	2023/24	0	0	0	Post vacant.
Service Director for Legal (Monitoring Officer)	2024/25	103,186	19,525	122,711	Includes election duty payments.
	2023/24	94,412	17,537	111,949	A new post holder commenced on 4 March 2024. Post holder covering on acting up allowance from 7 August 2023 until 10 March 2024. Post holder left the authority on 6 August 2023.

* Salaries, Fees and Allowances exclude immaterial expenses such as travel and subsistence.

[†] Fees paid in respect of individuals engaged on an interim basis via an Agency.

External Agency Staff

The Council secured services from various individuals on an interim basis during 2024/25. The amounts disclosed below in respect of these posts are the costs incurred by the Council to the Agency and are not the amounts individuals actually received which would have been lower:

- Chief Operating Officer for Customer and Corporate Services - from 7 October 2024 to 31 March 2025 was £155,984
- Service Director for Children, Young People and Families - from 1 April 2024 to 8 July 2024 was £80,003
- Service Director for Education, Participation and Skills - from 10 February 2025 to 31 March 2025 was £32,195.

Election Fees

The allowances for 2024/25 cover one local election, one Police and Crime Commissioner election and one national election.

The allowances for 2023/24 cover one local election and two local by-election.

26.2 Remuneration Above £50,000

The Council is required by statute to disclose the number of employees whose remuneration for the year (excluding employer pension contributions) was £50,000 or more.

The following numbers do not include the senior management as disclosed in note [26.1](#).

Remuneration Bandings	2023/24		2024/25	
	Schools	Non-schools	Schools	Non-schools
£50,000 - £54,999	17	78	40	69
£55,000 - £59,999	11	36	24	64
£60,000 - £64,999	2	18	12	28
£65,000 - £69,999	3	17	7	17
£70,000 - £74,999	4	10	2	8
£75,000 - £79,999	1	3	5	2
£80,000 - £84,999	0	3	2	6
£85,000 - £89,999	2	3	1	4
£90,000 - £94,999	2	1	2	2
£95,000 - £99,999	2	1	0	1
£100,000 - £104,999	0	0	2	0
£105,000 - £109,999	0	0	1	0
£110,000 - £114,999	0	0	1	0
£115,000 - £119,999	0	0	0	0
£120,000 - £124,999	1	1	0	0
£125,000 - £129,999	0	0	1	0
Total	45	171	100	201

26.3 Employee Exit Packages

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

Banding	Number of Compulsory Redundancies		Number of Other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in Each Band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
							£000	£000
£00,001 - £20,000	2	2	11	5	13	7	102	88
£20,001 - £40,000	1	0	1	0	2	0	58	0
£40,001 - £60,000	1	0	1	0	2	0	89	0
£60,001 - £80,000	0	0	0	0	0	0	0	0
£80,001 - £100,000	0	0	0	0	0	0	0	0
£100,001 - £150,000	1	0	0	0	1	0	108	0
Total	5	2	13	5	18	7	357	88

The Council terminated the contracts of a number of employees in 2024/25, including school-based staff, incurring liabilities of £0.088m (2023/24: £0.383m). The Council's expenditure on schools is primarily funded from the Dedicated Schools Grant provided by the Department of Education.

27 External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts:

Analysis of External Audit Costs	2023/24		2024/25	
	£000	£000	£000	£000
Fees payable to Grant Thornton LLP with regard to external audit services carried out by the appointed auditor for the year		393		427
Fees payable in respect of other services provided by Grant Thornton LLP during the year		73		48
Total External Auditor Costs	466		475	

28 Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency (ESFA), the Dedicated Schools Grant (DSG). The DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2024. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable are as follows:

Analysis of Dedicated Schools Grant	Central Expenditure	Individual Schools Budget	Total
	£000	£000	£000
Final DSG for 2024/25 before academy and high needs recoupment			283,685
Academy and high needs figure recouped for 2024/25			190,460
Total DSG After Academy and High Needs Recoupment for 2024/25			93,225
Plus: Brought forward from 2023/24			0
Less: Carry-forward to 2025/26 agreed in advance			0
Agreed initial budgeted distribution in 2024/25	33,072	60,152	93,224
In year adjustments	(443)	0	(443)
Final Budgeted Distribution for 2024/25	32,629	60,152	92,781
Less: Actual central expenditure	31,383		31,383
Less: Actual ISB deployed to schools		75,643	75,643
Plus: Local authority contribution	0	0	0
In-Year Carry-Forward to 2025/26	1,246	(15,491)	(14,245)
Plus: Carry-forward to 2025/26 agreed in advance			0
Carry-Forward to 2025/26			0
DSG unusable reserve at the end of 2023/24			(4,253)
Addition to DSG unusable reserve at the end of 2024/25			(14,245)
Total of DSG Unusable Reserve at the End of 2024/25			(18,498)
Net DSG Position at the End of 2024/25			(18,498)

Please see the Dedicated Schools Grant Adjustment Account note [22.6](#) for more information.

29 Grant Income

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

Credited to Taxation and Non-specific Grant Income and Expenditure	2023/24	2024/25
	£000	£000
Section 31 grants	(18,078)	(21,347)
Capital grants and contributions	(66,268)	4,022
PFI credits	(6,948)	(7,428)
Revenue Support Grant	(11,562)	(12,328)
Total	(102,856)	(37,081)

Grants Credited to Services	2023/24	2024/25
	£000	£000
Benefits Admin Grant	0	(874)
Dedicated Schools Grant and Other Education Grants	(83,575)	(95,920)
Housing Benefit Subsidy	(56,375)	(57,037)
Learning and Skills Council	(2,440)	(3,110)
Improved Better Care Fund	(12,933)	(12,933)
Transforming Social Care Grant	(21,707)	(28,508)
New Homes Bonus	(22)	(43)
Public Health Grant	(16,460)	(16,876)
Troubled Families Grant	(1,009)	(1,428)
Arts Council	(529)	(314)
Department of Health Grant	(242)	(324)
Household Support Grant	(4,590)	(5,167)
Market Sustainability Fair Costs of Care	(3,007)	(5,618)
New Burdens - Breathing Space	(2,359)	(407)
Universal Grant - Drug Treatment	(1,884)	(2,997)
Other Revenue Grants	(45,326)	(55,904)
Total	(252,458)	(287,460)

29.1 Current Liabilities

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the grantor. The grants are held on the Balance Sheet as a creditor in a Grants Receipts in Advance Account and are split between Revenue and Capital Grant Receipts in Advance as follows:

Revenue Grant Receipts in Advance - Current Liabilities	2023/24	2024/25
	£000	£000
Afghan Citizens Resettlement Scheme	597	1,703
Bus Service Improvement Plan	712	563
D2 Grids	443	172
Domestic Abuse Bill preparation	765	0
Homes for Ukraine	1,222	915
Nature Based Solutions	518	0
RegEnergy	434	432
Section 256 Revenue Grant (SARC)	608	373
Sub-National Transport Body	485	542
Other	4,046	3,893
Total	9,830	8,593

Capital Grant Receipts in Advance - Current Liabilities	2023/24	2024/25
	£000	£000
Department for Transport	46,324	66,230
Department for Environment Food & Rural Affairs	3,398	11,143
Department for Digital, Culture, Media and Sport	2,063	4,367
Football Foundation	0	195
Growth Deal (LEP)	6,080	6,080
Get Building Fund (LEP)	4,087	4,087
Department for Levelling Up, Housing & Communities	23,685	42,599
European Regional Development Funding	0	448
Department for Business, Energy & Industrial Strategy	2,452	5,371
Department for Education	435	435
Heritage Lottery Fund	0	844
Warm Homes Fund	1,060	0
Heatnet	1,000	0
NHS England	580	0
Other	936	317
Total	92,100	142,116

29.2 Long-Term Liabilities

Capital Grant Receipts in Advance - Long-Term Liabilities	2023/24	2024/25
	£000	£000
Department for Transport	7,596	17,929
Heritage Lottery Fund	12	0
S106	11,310	11,802
Growth Deal	4,694	4,694
Department for Levelling Up, Homes & Communities	4,800	4,800
Total	28,412	39,225

30 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.

The following table outlines transactions between the Council and its subsidiaries, associates, jointly controlled and other assisted organisations where the influence is considered to be material, either to the Council or to the organisation.

Related Party Transactions	Details of Arrangement	2023/24			2024/25		
		Receipts	Payments	Outstanding Balances/ Commitments	Receipts	Payments	Outstanding Balances/ Commitments
Subsidiaries, Associates and Joint Arrangements		£000	£000	£000	£000	£000	£000
Subsidiaries							
@ PlymouthCare Ltd	@PlymouthCare was incorporated on the 10 June 2021. The company is a wholly owned subsidiary of the Council and was created to help people remain as independent in their own home, by providing support and care services for people.	(19)	419	357	(7)	522	479
Arca (Plymouth) Ltd	Arca is responsible for the administration and management of The Box and St Luke's Church and is a wholly owned by the Plymouth City Council.	(11)	832	0	(11)	741	2,366
CATERed Ltd	CATERed is a co-operative trading company which is jointly owned by 67 local schools and Plymouth City Council. Plymouth City Council is the majority shareholder with 51% of the shares.	(200)	1,254	(131)	(204)	1,038	58
Plymouth Active Leisure	Plymouth Active Leisure Limited was incorporated on the 17th November 2021. The company is a wholly owned subsidiary of the Council and took back responsibility for operating the Council's leisure centres from Sports and Leisure Management LTD (SLM) on the 1 April 2022.	(164)	402	21	(142)	2,987	1,709
Plymouth Investment Partnerships Ltd (PIP)	PIP invests in the promotion, assistance and establishment of business to improve the employment and economy of Plymouth and its surrounding area. Plymouth City Council has full ownership of PIP.	(84)	0	0	(85)	0	0

Related Party Transactions	Details of Arrangement	2023/24			2024/25		
		Receipts	Payments	Outstanding Balances/ Commitments	Receipts	Payments	Outstanding Balances/ Commitments
	Subsidiaries, Associates and Joint Arrangements - Continued	£000	£000	£000	£000	£000	£000
	Joint Arrangements						
DELT Shared Services Ltd	DELT provide ICT and systems to partners. DELT is jointly and equally controlled and owned by Plymouth City Council and Devon CCG.	(198)	11,298	1,197	(246)	12,337	391
Plymouth Science Park Ltd	Plymouth Science Park is a science and technology park for businesses and provide provision of support, advisory and facilities management services. Plymouth Science Park is jointly and equally owned by Plymouth City Council and Plymouth University.	(50)	0	(1,956)	(68)	21	(1,977)

Central Government

Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (for example Housing Benefits). Details of transactions with Government Departments are set out in note [29](#).

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 disclosed in note [25](#).

Under the Code of Conduct, incorporated in the Council's constitution, Members are required to record in the Register of Members' Interests any financial and other personal interests, together with any gift, hospitality, material benefit or advantage. The register is open to inspection by the public and is available on an individual Member basis on the Council's website. Members who declare an interest do not take part in any discussion or decision relating to grants made or works or services commissioned. Details of all interests declared are recorded in the meetings of relevant meetings.

Members of the Council are nominated to serve on numerous outside bodies some of which either receive funding from the Council or issue levies and precepts to be paid by the Council. When sitting on these bodies Members are expected to act independently and not to represent the views of the Council.

Senior Officers

Under the Employees' Code of Conduct, officers are required to declare potential conflicts of interest arising from employment arrangements together with gifts or hospitality and offers thereof and, under Section 117 of the 1972 Local Government Act, contractual arrangements where there is a conflict of interest whether it be by direct or indirect involvement. Most professional bodies also have codes of professional conduct to which members of those bodies are expected to adhere. During the financial year 2024/25 17 officers were company directors or board members on behalf of the Council. For 2024/25, there are no material transactions for services to organisations in which officers have declared interests.

Other Public Bodies

The Council has a pooled budget arrangement with NHS Devon Integrated Care Board (NHS Devon ICB) for the provision of care services. Further details of the arrangement, the transactions and balances outstanding are detailed in note [24](#).

Other Interests in Companies

There are a number of companies which are also linked to the Council which fall under the definition of an assisted organisation. This includes the provision of financial assistance to voluntary organisations. However they are not considered material in financial terms. Examples include Access Plymouth Ltd, Plymouth Citizens Advice Bureau and the Shekinah Mission (Plymouth) Limited. Independent Futures and the Plymouth City Centre Company Limited are examples of larger organisations supported by the Council.

▪ **DELT Shared Services Limited**

DELT was launched 1 October 2014 and is a publicly owned private limited company (09098450). It was set up to deliver ICT services and systems to its partners; Plymouth City Council and NHS Devon ICB.

DELT is jointly and equally controlled by its partners with both partners carrying equal full voting rights. The collaborative arrangement is classed as a joint venture.

For more information about DELT and its financial performance, please visit the DELT Services website.

- **CATERed Limited**

CATERed is a cooperative trading company (09355912) which is jointly owned by Plymouth City Council and 67 local schools, providing all school meals in the city. CATERed is 49 per cent owned by schools and 51 per cent by the Council and serves almost 2.5 million meals to Plymouth school children every year.

Plymouth City Council is the majority shareholder of CATERed with 51 per cent of shares and voting rights allocated one vote per share. The collaborative arrangement is classed as a subsidiary of the Council.

For more information about CATERed and its financial performance, please visit the CATERed website.

- **Arca (Plymouth) Limited**

Arca (Plymouth) Ltd (12187662) is a wholly owned subsidiary of the Council which is responsible for the administration and management of The Box and St Luke's Church which opened in September 2020.

- **@PlymouthCare Limited**

@PlymouthCare (13449128) was incorporated on the 10 June 2021. The company is a wholly owned subsidiary of the Council and was created to help people remain as independent in their own home, by providing support and care services for people.

- **Plymouth Active Leisure Limited**

Plymouth Active Leisure Limited (13749536) was incorporated on the 17 November 2021. The company is a wholly owned subsidiary of the Council and took back responsibility for operating the Council's leisure centres from Sports and Leisure Management LTD (SLM) on the 1 April 2022.

Joint Committees

The Council is a member of a couple of joint committees where local authorities have joined together to provide a service. These are listed as follows:

- **Devon Audit Partnership (DAP)**

From April 2009 Plymouth City Council set up a Joint Committee with Devon County Council and Torbay Council for the provision of a shared internal audit service. The service is also able to provide audit services to other organisations. This is a shared service arrangement and is constituted under section 20 of the Local Government Act 2000.

Devon County Council is the host Council for the Joint Committee with all staff now employed by Devon County Council. Assets and Liabilities of the Joint Committee are split on an agreed basis (number of FTE's on inception of the Committee); Plymouth's share equates to 27 per cent and its contribution to the partnership for 2024/25 was £0.330m (2023/24: £0.324m). The Council also pays DAP for Counter Fraud Services at a cost of £0.114m for 2024/25 (£0.228m for 2023/24).

- **South West Devon Waste Disposal Partnership**

Plymouth City Council, Torbay Council and Devon County Council have jointly contracted a PFI project for an Energy from Waste Plant (based in Plymouth) to dispose of residual waste collected by the three Councils. As part of the Joint Working Agreement between the three Councils the South West Devon Waste Partnership Joint

Committee has been established to facilitate the procurement and subsequent operation and management of the facilities (by the selected contractor). The Plant became operational in April 2015.

Plymouth is the Lead Authority with the expenditure associated with this project is incurred and then allocated on an estimated tonnage share basis to Torbay and Devon County Councils. Plymouth's share of the expenditure is reflected within the cost of services on the Comprehensive Income and Expenditure Statement.

For more information about external bodies which Plymouth City Council have an interest in please visit the Council's website.

31 Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are 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. The CFR is analysed in the second part of this note.

Capital Financing Requirements	2023/24	2024/25
	£000	£000
Opening Capital Financing Requirement 1 April	816,483	807,746
Adjustments to PFI liability arising from IFRS16 restatement	0	(10,985)
Adjustment to opening balance arising from the original recognition of the Energy from Waste PFI asset in 2015/16	0	0
Total	816,483	796,761
Capital Investment		
Property, Plant and Equipment	71,129	79,240
Intangible Assets	0	405
Assets Held for Sale	25	141
Initial recognition of assets arising from IFRS 16 restatement	0	5,890
Revenue Expenditure Funded from Capital Under Statute	23,193	32,466
Other capital expenditure	735	769
Total	95,082	118,911
Sources of Finance		
Capital receipts	(6,348)	(4,375)
Other movements in Long-Term Debtors	637	1,398
Grants and contributions applied in year	(79,044)	(21,264)
Revenue and other funds	(273)	(466)
Minimum Revenue Provision	(19,182)	(21,840)
Use of landfill provision	391	391
Total	(103,819)	(46,156)
Closing Capital Financing Requirement 31 March	807,746	869,516
Explanation of Movement in Year		
Increase in underlying need to borrow	46,589	39,739
Increase in underlying need to borrow resulting from other changes in capital financing requirement	(55,326)	38,111
Recognition of leases arising from IFRS16 restatement	0	5,890
Adjustment arising from the IFRS16 PFI lease restatements	0	(10,985)
Adjustment arising from the original recognition of the Energy from Waste PFI asset in 2015/16	0	0
Increase/Decrease in Capital Financing Requirement	(8,737)	72,755

32 Leases

32.1 Change in Accounting Policies for Leases - Authority as Lessee

In 2024/25, the Council has changed its accounting policies to align with those in IFRS 16 Leases as adopted by the CIPFA Code of Practice on Local Authority Accounting. In previous years, property, plant and equipment was only brought onto the Balance Sheet as an asset where the Council secured substantially all the risks and rewards incidental to ownership of the leased item (finance leases). For all

other leases (operating leases), no assets were recognised and rents were charged as expenses when they became payable.

From 1 April 2024, an asset representing the right to use the item over the lease term will be recognised for all leases (except for those that are for low value items or whose term is less than one year).

Liabilities are also recognised in the Balance Sheet for the obligations that the Council has to pay rents for the rights acquired, discounted to their present value.

The transitional provisions of the Code are for the following amounts to be brought onto the Balance Sheet by adjusting the opening balances at 1 April 2024:

- liabilities for leases previously accounted for as operating leases, calculated as the present value of the remaining lease payments fixed at 1 April 2024, discounted by the Council's incremental borrowing rate at that date
- right-of-use assets for the leased items, 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.

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles.

Right-of-Use Assets

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

Changes in Value of Right of Use Assets	Land & Buildings	Vehicles, Plant & Equipment	Total			
				£000	£000	£000
Balance at 1 April	0	0	0			
Additions	7,036	147	7,183			
Depreciation and amortisation	(420)	(33)	(453)			
Balance at 31 March	6,616	114	6,730			

Transactions Under Leases

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

Analysis of Amounts Included in the Comprehensive Income and Expenditure Statement	2023/24		2024/25	
	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement				
Interest expense on lease liabilities	0		0	363
Expense relating to short-term leases		0		27
Expense relating to exempt leases of low-value items		0		18
Cash Flow Statement				
Minimum lease payments	0		0	401

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 cash payments):

Maturity Analysis of Lease Liabilities	2023/24	2024/25
	£000	£000
Less than one year	0	424
One to five years	0	1,770
More than five years	0	4,588
Total Undiscounted Liabilities	0	6,782

32.2 Authority as Lessor

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

- For economic development purposes to provide suitable affordable accommodation for local businesses.

Transactions Under Leases

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

Transactions Under Leases Analysis	2023/24	2024/25
	£000	£000
Operating Leases		
Total lease income	332,996	308,852

Maturity Analysis of Lease Receivables

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

Maturity Analysis of Lessor Leases	Operating Leases	
	31 March 24	31 March 25
	£000	£000
Less than one year	17,774	17,354
One to two years	14,547	15,963
Two to three years	14,547	15,027
Three to four years	14,547	13,312
Four to five years	14,547	10,681
More than five years	257,034	236,515
Total Undiscounted Receivables	332,996	308,852

33 Private Finance Initiatives (PFI) and Similar Contracts

33.1 Schools PFI

The Council makes an agreed payment each year, part of which is subject to an annual inflation increase and can be reduced if the contractor fails to meet availability and performance standards in any one year but which is otherwise fixed. A total payment of £6.614m was made in 2024/25 (2023/24: £6.332m).

Payments remaining to be made under the PFI contract at 31 March 2025, excluding any estimation of inflation and availability/performance deductions, are as follows:

PFI Outstanding Liabilities	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Total payments to operator in 2024/25	3,503	1,440	1,671	6,614
Payable in 2025/26	3,747	1,440	1,545	6,732
Payable within two to five years	14,889	7,208	4,833	26,930
Payable within six to ten years	12,181	9,044	1,779	23,004
Total	30,817	17,692	8,157	56,666

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred, and interest payable, whilst the capital expenditure remains to be reimbursed. The liability outstanding to pay the liability to the contractor for capital expenditure incurred is as follows:

Movement in PFI Liability	2023/24		2024/25
	£000	£000	
Balance outstanding 1 April	20,449	19,036	
Payments during the year	(1,413)	92	
Opening Balances on 1 April Following Transition to IFRS16	19,036	19,128	
Payments during the year	(1,413)	(1,440)	
Remeasurement	0	4	
Balance Outstanding 31 March	17,623	17,692	

The Council has secured PFI credits to the value of £53m, to which interest is added resulting in total Government support of £105.871m over the contract period, and this together with an annual contribution from the Council and the schools which will be used to meet the running costs of the contract, including the loan repayments.

The PFI credits will be paid to the Council at a rate of £3.983m per annum. Spend to be incurred during the contract will vary from year to year as lifecycle works are undertaken. The Council transfers any surplus resources for the PFI scheme to a PFI reserve to match commitments that will be incurred in future years.

33.2 South West Devon (SWD) Energy from Waste (EfW) Partnership

2015/16 was the first year of operation of the EfW public/private service concession arrangement whereby the SWD local authority partnership granted the right to MVV Umwelt (MVVU), the operator, to treat and render inert waste that otherwise would have been disposed of in landfill sites. The SWD partnership comprising Plymouth City Council, Devon County Council and Torbay Council appointed MVVU under a fixed price contract to finance, construct and design the 245,000 tonne capacity facility and to maintain it to a minimum acceptable condition over a 50 year term.

PFI Outstanding Liabilities	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£000	£000	£000	£000
Total payments to operator in 2024/25	5,852	599	2,289	8,740
Payable in 2025/26	6,442	313	2,159	8,914
Payable within two to five years	26,671	1,437	8,413	36,521
Payable within six to ten years	31,944	7,372	8,379	47,695
Payable within eleven to fifteen years	31,986	10,908	3,573	46,467
Total	97,043	20,030	22,524	139,597

The EfW facility is located on MOD land at Camel's Head, North Yard in Devonport Dockyard, Plymouth. The SWD partnership specifies the activities offered by the facility, the opening hours and the expected minimum standard of service to be provided by the operator. MVVU is required to receive all the residual waste from the defined area of the local authority partnership for which the councils are obliged to pay a fixed gate fee based on a guaranteed minimum tonnage of waste, with an additional charge for any extra waste delivered by the councils over and above the contractual waste.

Movement in PFI Liability	2023/24 Plymouth Share	2023/24 Deferred Income	2024/25 Plymouth Share	2024/25 Deferred Income
	£000	£000	£000	£000
Balance outstanding 1 April	32,964	39,502	32,465	37,178
Payments during the year	(498)	(2,324)	(11,077)	0
Opening Balance on 1 April Following Transition to IFRS16	32,466	37,178	21,388	37,178
Payments during the year	(498)	(2,324)	(599)	(2,323)
Remeasurement	0	0	(759)	0
Balance Outstanding 31 March	31,968	34,854	20,030	34,855

Under a separate 25 year agreement between the operator and the MOD, MVVU processes the waste to provide environmentally sustainable heat and electricity to HM Naval Base Devonport. Power is sold at a capped, index linked, guaranteed base price, with any surplus electricity being exported to the National Grid based on a long-term Power Purchase Agreement (PPA) to a company within the MVV group.

The SWD partnership receives 50% of the income earned by EVVU from any excess waste it processes or any excess energy it supplies to third parties. EMVU 3rd party revenues are unrestricted and the SWD partnership is obliged to compensate the operator for any loss of third-party income should the councils exceed their contractual maximum tonnage.

Income and expenditure, assets and liabilities are recorded in each of Plymouth City Council, Devon County Council and Torbay Council's Statements of Accounts respectively in the ratio 48:35:17. Plymouth City Council's share of the total construction costs of £195.324m is carried at depreciated replacement cost in its balance sheet as detailed in note [15.1](#) (Property, Plant and Equipment) together with a corresponding liability.

34 Pensions

As part of the terms and conditions of employment of its officers and other employees, the Council

offers retirement benefits. Although these benefits will not actually be payable until the 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.

34.1 Pension Scheme Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension scheme administered by Capita Teachers Pensions on behalf of the Department for Education. The scheme provides teachers with specified benefits upon their retirement, and the Council contributes towards the cost by making contributions based on a percentage of member's pensionable salaries.

The scheme is technically a defined benefit scheme. However, the scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2024/25, Plymouth City Council paid £5.494m to Teachers' Pensions in respect of teachers' retirement benefits (2023/24: £4.624m). There were no contributions remaining payable at the year-end. In 2024/25 the minimum member contribution was 7.4 per cent of salary, the maximum was 11.7 per cent.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in note [34.2](#).

34.2 Defined Benefit Pension Schemes

Local Government Pension Scheme (LGPS)

Plymouth City Council and Tamar Bridge and Torpoint Ferry Joint Committee participate in the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit scheme with benefits earned up to 31 March 2014 being linked to final salary. Benefits earned after 31 March 2014 are based on Career Average Revalued Earnings (CARE). The Plymouth City Council scheme is administered by Devon County Council, however, the Joint Committee Scheme is administered by Cornwall Council and so separate notes have been included to represent Plymouth City Council's 50 per cent interest.

As a result of the High Court's recent Lloyds ruling on the equalisation of Guaranteed Minimum Pension (GMP), a number of pension schemes have made adjustments to accounting disclosures. On 23 March 2021, the Government published the outcome to its GMP indexation consultation, concluding that all public service pension schemes, including LGPS, will be directed to provide full indexation to members with a GMP reaching State Pension Age (SPA) beyond 5 April 2021. This is a permanent extension of the existing 'interim solution' that has applied to members with a GMP reaching SPA on or after 6 April 2016. This outcome is consistent with the approach adopted by the actuary and there are no adjustments to be made to the value placed on liabilities.

The McCloud/Sargeant cases relate to age discrimination within the Judicial and Fire Pension Schemes respectively. Regulations in respect of the McCloud and Sargeant judgements came into force on 1 October 2023. The estimated cost of the impact of the McCloud/Sargeant judgement was incorporated into the pension notes as at 31 March 2022, any changes to these costs in 2024/25 are not expected to be material.

PENSION INFORMATION FOR THE PLYMOUTH CITY COUNCIL (PCC) SCHEME

Transactions Relating to Post-Employment Benefits

The Council recognises the cost of retirement benefits in the surplus/deficit on continuing services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, and the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the CIES and the General Fund Balance via the MiRS during the year:

Comprehensive Income and Expenditure Statement	2023/24	2024/25
	£000	£000
Cost of Services		
Service cost comprising:		
current service cost	13,748	16,345
past service cost	119	0
(gain)/loss from settlements	(261)	(469)
Financing and Investment Income and Expenditure		
Net interest expense	(2,069)	2,569
Other Operating Expenditure		
Administration expenses	571	626
Total Post-employment Benefit Charged to the Surplus/Deficit on the Provision of Services	12,108	19,071
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:		
return on plan assets (excluding the amount included in the net interest expense)	(56,767)	11,945
actuarial gains and losses arising on changes in demographic assumptions	(12,778)	(2,357)
actuarial gains and losses arising on changes in financial assumptions	(19,142)	(117,990)
experience gain/(loss) on defined benefit obligation	2,453	(2,157)
changes in effect of asset ceiling	129,924	108,492
Total Premeasurements Recognised in the Comprehensive Income and Expenditure Statement	43,690	(2,067)
Total Post-employment Benefits Charged to the Comprehensive Income and Expenditure Statement	55,798	17,004
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefit in accordance with the Code	(12,108)	(19,071)
Actual Amount Charged Against the General Fund Balance for Pensions in the Year:		
employers' contribution payable to the scheme	18,464	20,048
retirement benefits payable to pensioners	3,260	3,355
adjustment re: net increase/(decrease) per LGR pension liability	851	1,138

34.3 Assets and Liabilities in Relation to Post-Employment Benefits (PCC)

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

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

2024/25	Scheme Assets	Pension Obligations	Effect of Asset Ceiling	Net Pensions (Liability) or Asset
	£000	£000	£000	£000
Opening balance at 1 April	975,097	(909,435)	(129,924)	(64,262)
Current service cost	0	(16,345)	0	(16,345)
Employee contributions	7,208	(7,208)	0	0
Past service cost and gains/losses on settlements	4,181	(3,712)	0	469
Interest Income and Expenses	47,941	(44,144)	(6,366)	(2,569)
Admin expenses	(626)	0	0	(626)
Remeasurements:				
actuarial gains/losses arising from changes in demographic assumptions	0	2,357	0	2,357
actuarial gains/losses arising from changes in financial assumptions	0	117,990	0	117,990
other actuarial gains and losses	(11,945)	2,157	0	(9,788)
change on the effect of the assets ceiling	0	0	(108,492)	(108,492)
Council employers contribution	20,048	0	0	20,048
Retirement grants and pensions	(47,226)	47,226	0	0
Closing Balance at 31 March	994,678	(811,114)	(244,782)	(61,218)

2023/24	Scheme Assets	Pension Obligations	Effect of Asset Ceiling	Net Pensions (Liability) or Asset
	£000	£000	£000	£000
Opening balance at 1 April	891,135	(918,063)	0	(26,928)
Current service cost	0	(13,748)	0	(13,748)
Employee contributions	6,701	(6,701)	0	0
Past service cost and gains/losses on settlements	(1,796)	1,938	0	142
Interest Income and Expenses	45,655	(43,586)	0	2,069
Admin expenses	(571)	0	0	(571)
Remeasurements:				
actuarial gains/losses arising from changes in demographic assumptions	0	12,778	0	12,778
actuarial gains/losses arising from changes in financial assumptions	0	19,142	0	19,142
other actuarial gains and losses	56,767	(2,453)	0	54,314
change on the effect of the assets ceiling	0	0	(129,924)	(129,924)
Council employers contribution	18,464	0	0	18,464
Retirement grants and pensions	(41,258)	41,258	0	0
Closing Balance at 31 March	975,097	(909,435)	(129,924)	(64,262)

The effect of the asset ceiling has been determined by the Scheme's actuaries on the basis of the limitation on the Council's ability to recover the full economic benefit of its assets through reductions in future employer's contributions because of the minimum funding requirement imposed on it by the funding strategy for the Scheme in place at 31 March 2025. Under this strategy, the Council has an obligation to fund a deficit of £61.218m.

The Scheme actuaries have assessed the Council's estimated future service costs less the estimated minimum funding requirement contributions to establish the economic benefit that is available to the Council. The net pensions asset has therefore been adjusted by this effect of the asset ceiling.

34.4 Scheme History (PCC)

The liabilities show the underlying commitments that the Council has in the long run to pay post-employment (retirement) benefits. The total liability of £61.218m is shown as a negative balance and therefore has an impact on the net worth of the Council as recorded in the Balance Sheet. However the negative balance that arises measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2026 is £21.774m.

34.5 Basis for Estimating Assets and Liabilities (PCC)

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, gender, salary levels, investment returns, interest rates, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Barnett Waddingham LLP, an

independent firm of actuaries, with the estimates for the City Council's share of the Fund being based on the latest full valuation of the scheme as at 31 March 2025.

Basis for Estimating Assets and Liabilities	2023/24	2024/25
Mortality assumptions:		
Longevity at 65 for current pensioners:		
men	21.5	21.4
women	22.7	22.7
Longevity at 65 for future pensioners:		
men	22.8	22.7
women	24.1	24.1
Rate of inflation (CPI)	2.90%	2.90%
Rate of increase in salaries	3.90%	3.90%
Rate of increase in pensions	2.90%	2.90%
Rate for discounting scheme liabilities	4.90%	5.80%

Impact on the Defined Benefit Obligation in the Scheme	Decrease in Assumption	No Change	Increase in Assumption
	£000	£000	£000
Longevity (increase or decrease in 1 year)	783,585	81,114	839,745
Rate of increase in salaries (increase or decrease by 0.1%)	810,341	811,114	811,894
Rate of increase in pensions (increase or decrease by 0.1%)	800,582	811,114	821,889
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	822,359	811,114	800,126

34.6 Total Assets (PCC)

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

Categories by Proportion of the Total Assets Held	2023/24	2024/25
	%	%
Equities	56	55
Gilts	0	0
Property	18	19
Cash	2	2
Other investments	24	24
Total	100	100

34.7 Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plan is as follows:

Pension Assets and Liabilities Recognised in the Balance Sheet	2023/24	2024/25
	£000	£000
Present value of the defined benefit obligation	885,224	789,892
Fair value of plan assets	(975,097)	(994,678)
Net Liability	(89,873)	(204,786)
Other movements in the liability	24,211	21,222
Impact of Asset Ceiling	129,924	244,782
Net Liability Arising from Defined Benefit Obligation	64,262	61,218

PENSION INFORMATION FOR TAMAR BRIDGE AND TORPOINT FERRY JOINT COMMITTEE (TBTF)

34.8 Transactions in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement (TBTF)

Comprehensive Income and Expenditure Statement	2023/24	2024/25
	£000	£000
Cost of Services		
Service cost	455	420
Financing and Investment Income and Expenditure		
Net interest expense	40	3
Total Post-employment Benefit Charged to the Surplus/Deficit on the Provision of Services	495	423
Other Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:		
return on plan assets (excluding the amount included in the net interest expense)	(247)	485
actuarial gains and losses arising on changes in demographic assumptions	(71)	(22)
actuarial gains and losses arising on changes in financial assumptions	(800)	(1,765)
experience gain/(loss) on defined benefit obligation	376	(110)
changes in effect of asset ceiling	0	7,731
Total Premeasurements Recognised in the Comprehensive Income and Expenditure Statement	(742)	6,319
Total Post-employment Benefits Charged to the Comprehensive Income and Expenditure Statement	(247)	6,742
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefit in accordance with the Code	(494)	(422)
Actual Amount Charged Against the General Fund Balance for Pensions in the Year:		
Employers' contribution payable to the scheme	504	526

34.9 Assets and Liabilities in Relation to Post-Employment Benefits (TBTF)

2024/25	Scheme Assets	Pension Obligations	Effect of Asset Ceiling	Net Pensions (Liability) or Asset
	£000	£000	£000	£000
Opening Balance at 1 April	12,091	(12,200)	0	(110)
Current service cost	0	(420)	0	(420)
Employee contributions	150	(150)	0	0
Interest income and expenses	591	(593)	0	(2)
Remeasurement				
actuarial gains/losses arising from changes in demographic assumptions	0	22	0	22
actuarial gains/losses arising from changes in financial assumptions	0	1,765	0	1,765
other actuarial gains and losses	(485)	110	0	(375)
change on the effect of the assets ceiling	0	0	(7,731)	(7,731)
Council employers contribution	526	0	0	526
Retirement grants and pensions	(494)	494	0	0
Closing balance at 31 March	12,379	(10,972)	(7,731)	(6,325)

2023/24	Scheme Assets	Pension Obligations	Effect of Asset Ceiling	Net Pensions (Liability) or Asset
	£000	£000	£000	£000
Opening Balance at 1 April	11,573	(12,110)	0	(537)
Adjustment to opening balance	(324)	0	0	(324)
Current service cost	0	(455)	0	(455)
Employee contributions	143	(143)	0	0
Interest income and expenses	536	(576)	0	(41)
Remeasurement				
actuarial gains/losses arising from changes in demographic assumptions	0	71	0	71
actuarial gains/losses arising from changes in financial assumptions	0	800	0	800
other actuarial gains and losses	248	(376)	0	(128)
Council employers contribution	504	0	0	504
Retirement grants and pensions	(589)	589	0	0
Closing balance at 31 March	12,091	(12,200)	0	(110)

The liabilities show the underlying commitments that the Joint Committee has to pay in the long run to pay post-employment (retirement) benefits. The total asset of £1.406m has an impact on the net worth of the Council as recorded in the Balance Sheet. However the negative balance that arises measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits earned by employees.

The total contributions expected to be made to the Local Government Pension Scheme via the Joint Committee in the year to 31 March 2026 is £0.526m.

34.10 Scheme History (TBTF)

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, gender, salary levels, investment returns, interest rates, etc. The Cornwall Council pension scheme liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, with the estimates for the City Council's share of the Fund being based on the latest full valuation of the scheme as at 31 March 2025.

34.11 Basis for Estimating Assets and Liabilities (TBTF)

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, gender, salary levels, investment returns, interest rates, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, with the estimates for the City Council's share of the Fund being based on the latest full valuation of the scheme as at 31 March 2025.

Basis for Estimating Assets and Liabilities	2023/24	2024/25
Mortality assumptions:		
Longevity at 65 for current pensioners:		
men	19.6	19.5
women	21.7	21.7
Longevity at 65 for future pensioners:		
men	21.5	21.4
women	25.3	25.2
Rate of increase in salaries	2.75%	2.80%
Rate of increase in pensions	2.75%	2.80%
Rate for discounting scheme liabilities	4.85%	5.80%

35 Contingent Assets and Liabilities

35.1 Contingent Assets

The Council has the following contingent assets to report:

Plymouth Airport

Plymouth City Airport is let on a 150 year lease from 2004. The Council's Lessee served notice of its intention to close the airport in December 2010 because of continuing trading losses. On 23 August 2011 the Council's Cabinet accepted the notice of non-viability from the Lessee following receipt of three independent reviews of the airport business and options for its financial viability. The Airport closed for business in December 2011. Under the terms of the lease the Council's freehold and the Lessee's leasehold interest are due to be merged and the former Lessee will then be responsible for obtaining planning permission and marketing the site. Any eventual net land disposals proceeds will be divided between the Council and the former Lessee 75%/25% less certain deductions. However, the

timing and amount of any such receipts, if any, is uncertain. In February 2024 the Council served Section 146 Notices on the Lessee.

35.2 Contingent Liabilities

The Council has no known material contingent liabilities to report.

COLLECTION FUND FOR THE YEAR ENDED 31 MARCH 2025

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

2023/24				Note	2024/25		
Business Rates	Council Tax	Total			Business Rates	Council Tax	Total
£000	£000	£000	Income		£000	£000	£000
0	(160,460)	(160,460)	Council tax receivable	1	0	(169,369)	(169,369)
(86,183)	0	(86,183)	Business rates receivable	2	(84,022)	0	(84,022)
(86,183)	(160,460)	(246,643)			(84,022)	(169,369)	(253,391)
			Expenditure				
			Apportionment of Previous Year's Surplus/ (Deficit)				
4,748	0	4,748	Central Government		(809)	0	(809)
4,653	1,473	6,126	Plymouth City Council		(793)	1,916	1,123
0	222	222	Devon and Cornwall Police and Crime Commissioner		0	286	286
95	84	179	Devon and Somerset Fire and Rescue Service		(16)	106	90
9,496	1,779	11,275			(1,618)	2,308	690
			Precepts, Demands and Shares				
43,590	0	43,590	Central Government		44,685	0	44,685
42,719	131,300	174,019	Plymouth City Council		43,792	138,768	182,560
0	19,588	19,588	Devon and Cornwall Police and Crime Commissioner		0	20,694	20,694
872	7,249	8,121	Devon and Somerset Fire and Rescue Service		894	7,515	8,409
87,181	158,137	245,318			89,371	166,977	256,348
			Charges to the Collection Fund				
233	0	233	Renewable Energy Disregard		245	0	245
0	0	0	Designated Areas Disregard		26	0	26
133	443	576	Write offs of uncollectable amounts		154	605	759
213	1,565	1,778	Increase/(Decrease) in Bad Debt Provision		544	1,907	2,451
(2,584)	0	(2,584)	Increase/(Decrease) in Provision for Appeals		(2,968)	0	(2,968)
80	0	80	Interest paid on refunds to ratepayers		596	0	596
306	0	306	Cost of collection allowance		310	0	310
(1,619)	2,008	389			(1,093)	2,512	1,419
8,875	1,464	10,339	(Surplus)/Deficit for the Year		2,638	2,428	5,066
			Collection Fund Balance				
(8,383)	(4,536)	(12,919)	Balance as at 1 April		492	(3,072)	(2,580)
8,875	1,464	10,339	(Surplus)/Deficit for the year (as above)		2,638	2,428	5,066
492	(3,072)	(2,580)	Balance as at 31 March		3,130	(644)	2,486
			Allocated to:				
246	0	246	Central Government		1,565	0	1,565
241	(2,551)	(2,310)	Plymouth City Council		1,533	(535)	998
0	(381)	(381)	Devon and Cornwall Police and Crime Commissioner		0	(80)	(80)
5	(140)	(135)	Devon and Somerset Fire and Rescue Service		31	(29)	2
492	(3,072)	(2,580)	Total Allocated		3,129	(644)	2,485

NOTES TO THE COLLECTION FUND

1 Council Tax Income

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into 8 valuation bands based on an estimated 1 April 1991 value for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Devon and Cornwall Police and Crime Commissioner, Devon and Somerset Fire and Rescue Authority and the City Council for the forthcoming year and dividing this by the Council Tax base. The tax base is the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and estimated collection rates: 75,389 in 2024/25 (2023/24: 74,891).

The basic amount of Council Tax for a Band D property (2024/25: £2,214.87) is multiplied by the proportion specified for the particular band to give an individual amount due. The calculation of the Council Tax Base is shown in the following table:

Band	No of Properties Before Discounts	No of Properties After Discounts	Band D Equivalents	Estimated Collection Rates	Adjusted Band D Equivalents
A	45,127	30,296	20,186	97.5%	19,681
B	31,953	26,079	20,284	97.5%	19,776
C	22,667	20,222	17,975	97.5%	17,525
D	9,538	8,787	8,787	97.5%	8,567
E	4,981	4,713	5,760	97.5%	5,616
F	1,847	1,758	2,540	97.5%	2,477
G	561	535	892	97.5%	870
H	30	23	46	97.5%	45
	116,704	92,413	76,470		74,557
Adjustment for MOD properties					832
Tax Base Totals			76,470		75,389

The Council Tax Base was calculated at the time the 2024/25 budget was set, based on the estimated number of properties and value of discounts applicable to each band at that time. The estimated income, allowing for non-collection, was £166.977m (£2,214.87 x 75,389). In practice, however, the average number of properties and values of discounts vary from the estimates, and the actual income increased to £169.369m (2023/24: £160.460m).

2 Income from Business Ratepayers

The Council collects Non-Domestic Rates (NDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government, the standard multiplier was set at 54.6p for 2024/25 and the rate for properties in receipt of Small Business Rate Relief was kept at 49.9p.

The administration of NDR is governed by the Business Rates Retention Scheme which was introduced in 2013/14. This aims to give councils a greater incentive to grow businesses but also increases the financial risk due to volatility of the NDR tax base and non-collection of rates due. In the case of Plymouth, the retained proportion of NDR income is 49 per cent. The remainder is distributed to preceptors: 1 per cent to the Devon and Somerset Fire and Rescue Authority (DSFRA) and 50 per cent to Central Government.

The business rates shares payable for 2024/25 were estimated before the start of the financial year as £44.685m to Central Government, £0.894m to DSFRA and £43.792m to Plymouth City Council.

These sums have been paid during 2024/25 and charged to the Collection Fund in year and include the previous year's surplus.

When the scheme was introduced the Government set a baseline funding level (based on local demand for services) for each authority and applied the system of tariffs and top-ups to ensure all authorities receive their baseline amount. In 2024/25 Plymouth had a baseline amount of £63.250m and received a top-up of £16.191m which was charged to the General Fund and included in note [14](#).

In addition to the top-up and tariffs, a safety net figure is calculated by Central Government. This mechanism is designed to protect local authorities from large fluctuation in their business rates income. The safety net threshold for Plymouth is £58.506m. As our adjusted retained income is above this level no safety net payment was due to Plymouth for 2024/25.

Section 31 Grant funding for Business Rate reliefs awarded by Central Government in 2024/25 was £21.390m based on the original estimates made in January 2024. Under the rates retention scheme local authorities became liable for their share of the liability arising from the in-year and backdated impact of successful business rate appeals. Based on the analyses of previous year trends and the list of outstanding appeals provided by the VOA as at 31 March 2025 the Council included a provision of £6.720m.

For 2024/25, the total non-domestic rateable value at the end of the year was £241.429m (2023/24: £241.199m).

3 Precepts and Demands

3.1 Council Tax

The budgets of the City Council, Devon and Cornwall Police and Crime Commissioner, Devon and Somerset Fire and Rescue Authority are partly financed from the Council Tax. The sums required from Council Tax by the Council, Fire Authority and Police Commissioner are determined by each body as part of the budget process and are called demands (Council) and precepts (Fire and Police). The income from Council Tax payers is paid into the Collection Fund and payments are made from the Collection Fund for the demands and precepts due to the Council, Fire Authority and Police Commissioner.

3.2 Non-Domestic Rates

As described previously in note [2](#), the administration of NDR is governed by the Business Rate Retention Scheme.

NDR surpluses declared by the billing authority in relation to the Collection Fund are apportioned to the relevant precepting bodies in the subsequent financial year in their respective proportions. Deficits likewise are proportionately charged to the relevant precepting bodies in the following year.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PLYMOUTH CITY COUNCIL

Please see Appendix D