



# Statement of Account for 2024/25



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# Narrative Report

## Introduction

This document presents the statutory financial statements for Milton Keynes City Council (the Council) for the period 1 April 2024 to 31 March 2025 and gives a comprehensive summary of the overall financial position of the Council giving a true and fair view.

The accounts are presented in the format recommended by the Chartered Institute of Public Finance and Accountancy (CIPFA), as set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code). Our core financial statements use this format and meet the conditions of the Code.

This narrative report provides an overview of the financial and operational performance of Milton Keynes City Council for the financial year ending 31 March 2025. It aims to offer a clear and concise summary of our achievements, challenges, and financial position, ensuring transparency and accountability to our stakeholders.

## Milton Keynes Council Overview

Milton Keynes City Council (MKCC) is a unitary Authority with city status and a growing population of c288,000. MKCC is the landlord for over c12,000 properties of which 929 is the Council's portion of shared ownership dwellings, whose income and expenditure is operated through a Housing Revenue Account (HRA).

Milton Keynes is known for its extensive parkland and woodland, which make up about 25% of the urban area. It includes notable sites such as Bletchley Park, the Peace Pagoda, and the Milton Keynes Gallery. The city also boasts various facilities, including a large football stadium, an indoor ski slope, and a concert venue.

Last year has been one of significant progress and resilience for Milton Keynes City Council. Despite the ongoing economic challenges and increase in demand, we have successfully delivered key services and initiatives that align with our strategic objectives and in line with budget. Our commitment to financial prudence and effective resource management has been pivotal in achieving these outcomes.

Throughout 2024/25, we accomplished several key achievements:

- To perform essential tasks effectively – Following the introduction of waste wheeled bins in September 2023, we have achieved enhanced recycling rates by more than a third in 2024/25, positioning Milton Keynes among the top 25% of councils for recycling in the country. In addition, we invested in new equipment that accelerates pothole repairs using up to 80% recycled materials.
- To provide our children with an excellent start - 95% of children in Milton Keynes secured a place at their first choice of primary school. All council-maintained schools in Milton Keynes received ratings of either 'good' or 'outstanding' in their Ofsted reports. Furthermore, MKCC allocated £6.1 million to MK College to upgrade facilities and increase capacity from Developer Contributions.

- To advance our green initiatives - We have installed additional electric vehicle chargers, achieving the highest number per capita outside London. We are powering an increasing proportion of our electric waste fleet with energy generated from Milton Keynes' waste, aiming for 100% utilisation. Additionally, 1,500 council homes have been made more energy efficient, reducing residents' fuel bills.
- To provide decent, affordable housing - We commenced construction of hundreds of new, greener council homes on The Lakes Estate in Bletchley. We also launched initiatives to make renting more affordable for local residents, including a scheme to 'top up' certain rent payments. MKCC has exceeded national homebuilding targets for the seventh consecutive year.
- To help the city thrive - Our inaugural free Midsummer Festival was highly successful, prompting plans to host it again this year. We collaborated with contractors to create new apprenticeships and local jobs. We attracted over 2,300 participants to an AI Festival, highlighting that one in three jobs in MK are in the tech sector. Milton Keynes has been recognised as one of the UK's leading cities for innovation and employment, and one of the best places to live according to media and independent reports. Local business growth has also been stimulated through targeted economic development initiatives.
- To support our communities - We organised thousands of free activities and provided hot meals for families in need during school holidays, including at Family Centres. Additional financial support was granted to 1,500 residents aged 65+ during the winter months. A Changing Places toilet was installed at Emberton Country Park. Our shared ride service, MK Connect, facilitated half a million trips. Moreover, all council services inspected by Ofsted or the Care Quality Commission received ratings of 'good' or better.
- The council, even with the pressure in Social Care has maintained its strong track record of delivering services overall within budget and achieving planned savings, and successfully balancing the budget for 2025/26 without resorting to reserves for ongoing pressures. Although reserve balances have slightly decreased, we continue to hold robust financial reserves designated for specific one-off purposes to support the achievement of corporate objectives and to mitigate risks.

Some challenges the Council has faced throughout 2024/25 included:

- Navigating the financial uncertainties posed by the broader economic environment.
- Addressing the increased demand for social care, particularly for Childrens services.
- Continued increased demand for temporary accommodation.

## **Strategic Objectives and Performance**

Milton Keynes is the pinnacle of post-war planning and innovation.

Designed on the founding principle that each and every citizen has the right to a high quality of life through the provision of good-quality affordable housing, well paid employment and access to open space, our city is a unique and special place of character, innovation, and community.

Milton Keynes City Council is committed to strengthening and enhancing the qualities that make us special while ensuring we are ambitious for the next chapter in our history as an internationally

recognised economic powerhouse, centre of innovation and cultural creativity, and pioneer of high-quality sustainable growth.

The Council Plan sets out the vision, values and objectives for the Council. The Council Plan 2022 - 2026 was adopted at Council in June 2022 and refreshed at Cabinet in June 2024.

The delivery of this Council Plan will determine the financial choices we need to make over the medium term. However, the overall financial position is very challenging; the choices we will need to make will be very difficult.

Our key objectives are:

- A thriving city - We will continue to improve our city as a unique regional and national economic powerhouse, with a growing cultural significance that builds on our success and innovates for the future.
- An inclusive city - Everyone in Milton Keynes deserves to have the same opportunities and chances in life, where people are valued, feel safe and are encouraged to participate in their community and lead healthier, fulfilled lives.
- A sustainable city - We will ensure that we grow sustainably and deliver value for money services that put tackling climate change at the heart of our actions.

Further details on the Council's aims, visions and priorities can be found in the Milton Keynes City Council Plan 2022-2026 which is published on the Internet <https://www.milton-keynes.gov.uk/sites/default/files/2024-07/Council%20Plan%202024%20to%202026.pdf>

The Strategy for 2050 is our long-term vision for our city and the future, seeking to ensure that everyone in Milton Keynes can lead happy, healthy lives.

The Strategy sets out a long-term approach to spatial development. It aims for a steady population increase to around 410,000 people in the City by 2050 as the best means of achieving our key Priorities:

- A diverse and inclusive economy
- Decent, affordable, homes in a high-quality environment
- Tackling social inequalities
- Supporting cleaner, safer and healthier communities
- Action on climate change

The Strategy for 2050 has been prepared to provide ambition and focus at a time of great uncertainty but to be flexible to adapt to changing circumstances. The delivery programme will explore the potential of new forms of delivery vehicles and seek new partnerships, including with government and Homes England, that will help secure the investment in public services and infrastructure necessary to secure high quality growth.

## **Sustainability**

In 2019 Milton Keynes City Council declared a climate emergency and made the commitment to become Carbon Neutral by 2030 and Carbon Negative by 2050. The Sustainability Strategy 2019-50 was developed, expressing the commitment to make Milton Keynes a world leading sustainable city which embraces innovation, creates high quality jobs whilst recognising it has a vital role in tackling the global

challenges of climate change. It agreed to strive to be carbon neutral by 2030 and carbon negative by 2050 while creating one of the world's most truly sustainable economies and models for growth.

Since then, the Council has continued to track progress against an action plan, aimed to demonstrate the City Council's civic and climate leadership to becoming carbon neutral. An update report was presented to [Cabinet 4 February 2024](#), which reported progress on [emissions](#) and key Council projects being undertaken. During 2024/25 work has continued with a new "Five Year Plan: Pathway to Net Zero 2030" to be presented in 2025/26. This will provide further information demonstrating the key themes and programme deliverables that we will undertake over the next five years to work towards the ambition to be a Net Zero Authority and City by 2030.

Further information on how the Council is building sustainability into Council Policy and Services can be found in the [Capital Strategy](#) published as part of the 2025-26 budget proposals.

## Workforce

In order to meet the above aims, Milton Keynes City Council had a total establishment of 2,230.63 FTE at 31 March 2025. We currently have 131 live learners in apprenticeships part-funded by the apprentice levy. Our offerings range from Level 2 (intermediate) to Level 7 (postgraduate), providing accessible pathways for early-career entrants and colleagues seeking professional advancement. Apprenticeships are a key component of our Learning and Development strategy, helping us build capacity, retain talent, and offer development across all areas of the City Council. Our workforce reflects the diversity of the residents of the City.

## Political Structure 2024/25

Milton Keynes City Council operates as a unitary authority, meaning it provides the majority of local government services for Milton Keynes.

The Council comprises 57 Councillors. With 30 seats, Labour now has overall control of Milton Keynes City Council, the Liberal Democrats have 18 and the Conservatives have 9 seats. Milton Keynes City Council has been under Labour majority control since 2024 and the Leader of the Council is Councillor Pete Marland (Labour).

How decisions are made

- **Cabinet/Executive System:** The Cabinet, led by the Council Leader, is responsible for most day-to-day decisions. It consists of the Leader and up to 9 other councillors.
- **Scrutiny Committees:** There are five Scrutiny Committees that allow public involvement in council matters. They review decisions made by the Cabinet and can recommend reconsideration.
- **Council Meetings:** All councillors meet together to decide on overall policies and set the budget. These meetings are generally open to the public.

# The Council's 2024/25 Financial Position

## General Fund

The Council's 2024/25 reported draft outturn shows an overall surplus of (£0.076m) for the year. There was an overspend across Council services of £5.360m, which we have offset with a range of one-off corporate savings (£5.436m). The overspend in the services is mainly due to high-cost external residential placements in Children Services.

The table below shows the General Fund outturn position for the year ending 31 March 2025.

### General Fund - Income & Expenditure Summary at 31 March 2025

General Fund High Level Revenue Summary	Outturn Position			
	2024/25 Full Year Budget	Outturn	Variance	% variance
Service	£m's	£m's	£m's	%
Adult Social Care	113.071	111.906	(1.165)	-1.0%
Public Health	13.226	13.226	0.000	0.0%
Children's Services	61.889	73.163	11.274	18.2%
Customer and Community	9.111	7.860	(1.251)	-13.7%
Planning and Placemaking	3.399	2.838	(0.561)	-16.5%
Environment & Property	81.480	80.598	(0.882)	-1.1%
Resources - Retained MKC	7.030	4.913	(2.117)	-30.1%
Resources - Shared Services	0.138	0.138	0.000	0.0%
Law & Governance	2.793	2.855	0.062	2.2%
Corporate Codes & Debt Financing	9.121	3.685	(5.436)	-59.6%
Assets Management	(32.215)	(32.215)	0.000	0.0%
<b>General Fund Requirement</b>	<b>269.043</b>	<b>268.967</b>	<b>(0.076)</b>	
New Homes Bonus	(5.377)	(5.377)	0.000	0.0%
NNDR	(80.356)	(80.356)	0.000	0.0%
RSG	(7.177)	(7.177)	0.000	0.0%
Public Health	(13.226)	(13.226)	0.000	0.0%
Other Government Grants	(0.325)	(0.325)	0.000	0.0%
Council Tax	(162.582)	(162.582)	0.000	0.0%
<b>Total Financing</b>	<b>(269.043)</b>	<b>(269.043)</b>	<b>0.000</b>	
<b>Net Surplus / Deficit</b>	<b>0.000</b>	<b>(0.076)</b>	<b>(0.076)</b>	

The significant overall revenue variances on the general fund by service are as follows:

### Adult Services – (£1.165m) underspend

- **Adult Service (£1.165m)** - Packages and placement costs across Adult Social Care overspent by £1.999m. However, this was offset by higher than budgeted client contributions (£2.889m); resulting in an overall underspend on packages and placements across Adult Social care of (£0.890m). Furthermore, various underspends within the service area, including Commissioning (£0.276m), Provider Services (£0.388m) and internal homecare and reablement (£0.551m) have

resulted in the overall Adults Services position being (£1.149m) underspent. Temporary Accommodation overspent by £1.118m due to nightly let costs for larger families, however this was offset by underspends on the Homelessness Prevention Fund (£0.374m) and staffing underspends of (£0.456m).

## **Children's Services – £11.274m overspend**

- **External Residential placements £11.400m** - Increasing number of high cost external residential placements required for our most complex children. The average number of these placements across the 2024/25 financial year has been 46 (increasing from 26 in 2023/24). The 2024/25 budget was set at 25. These placements cost the Council (on average this financial year) £0.429m per placement per year.
- **External Fostering placements £1.250m** - The number of external fostering placements required in Children's services has increased during the financial year due to the rising numbers of Looked After Children and the lack of in-house capacity. There was a total average of 145 placements during 2024/25 (increasing from 110 in 23/24). This is far higher than the 119 placements the 2024/25 budget was set at. These placements have cost on average during 2024/25 a total of £0.054m per placement per year.
- **School Travel Support (STS) (£0.827m)** - The re-procurement of contracts was finalised in September 2024 which has delivered lower costs compared to budget. Furthermore, a number of additional special education places have been created in special and mainstream schools locally, reducing costs further.

## **Customer and Community – (£1.251m) underspend**

- **Registration income (£0.417m)** - Additional Income of (£0.417m) greater than budget was achieved across the Regulatory Unit, with most of it applicable to the Registrations service.
- **Salary savings c(£0.734m)** – Salary savings achieved in year across the service due to review of structure & vacancies not yet filled within the service and using one-off grant funding to cover staffing costs.

## **Planning and Placemaking – (£0.561m) Underspend**

- **Planning Appeals (£0.255m)** - The cost of planning appeals was lower than the provision previously provided for.
- **Salary savings c(£0.555m)** - There are also vacancies within the service and resources directed to Capital projects leading to an underspend on the core revenue budget.
- **Development Management income £0.113m** – Reduction in income compared to budget due to lower demand.

## **Environment & Property – (£0.882m) underspend**

- **Parking Income (£1.705m)** - Income from car parking is above budget mainly due to additional income from pay and display and employee permits (£2.295m), this is offset by an increase in the parking contract costs of £0.590m which is linked to income activity levels.

- **Highways & Transport £0.974m** – There was a one-off £0.600m pressure due to a delayed start to the rollout of the LED replacement programme for on street lighting. Whilst 2024/25 usage is in line with expectations the virtual power purchase agreement (vPPA) rate, which started in September, has a higher than that assumed non commodity price, resulting in a pressure of £0.374m. Further works are planned for 2025/26 to enable this pressure to be reduced going forward.
- **Property £1.143m** - The overspend was largely due to a one-off pressure of £0.436m for business rates on Saxon Court due to the delayed completion of sale. There is also a pressure of £0.707m for costs (mainly business rates and council tax) on vacant corporate properties, being incurred before a sale completes or development commences.
- **Environment & Waste £0.557m** - The residual waste recovery park (MKWRP) incurred an engineering breakdown in January which resulted in part of the plant not being operational for 2 weeks. The result of this is that the Authority is contractually obliged to contribute to the loss of business as usual income and any additional costs incurred by the operator after day 5. Whilst the final cost is still being agreed, a provision of £0.557m has been included within the outturn position.

### **Resources MKCC – (£2.117m) underspend**

- **Insurance £0.694m** - The increase in employer's and public liability premiums has led to a pressure of £0.376m, with an additional £0.318m added to the insurance reserve as per the annual Actuary Report recommendations.
- **Revenues and Benefits (£0.539m)** - underspend of (£0.539m) related to subsidy, court costs, grants, and provisions within the Revenues and Benefits Service. The main reason for this variance is the slower-than-expected migration to Universal Credit, which results in higher subsidy receipts for MKCC. This transition is now anticipated to be completed in 2025/26.
- **ICT savings (£0.350m)** – Savings achieved from obsolete contracts and efficiencies due to the faster implementation of the current Microsoft contract. Additionally, there is an underspend of (£0.356m) in Centralised IT, (£0.200m) from the centralisation of phone budgets, cessation of additional lines and a move to new suppliers.
- **Salary savings** - Savings were also achieved from vacancies across the service by holding vacant posts circa £0.900m.

### **Law & Governance – £0.062m overspend**

- **Children Social Care External legal fees £0.126m** - External resource has been required for more complex cases and to cover staff absence.
- **Salary savings (£0.046m)** - Salary saving within the service.

### **Debt Financing & Corporate Codes – (£5.436m) underspend**

- **One-off contingency (£2.647m)** – This was released earlier in the financial year to mitigate the impact of known budget pressures.

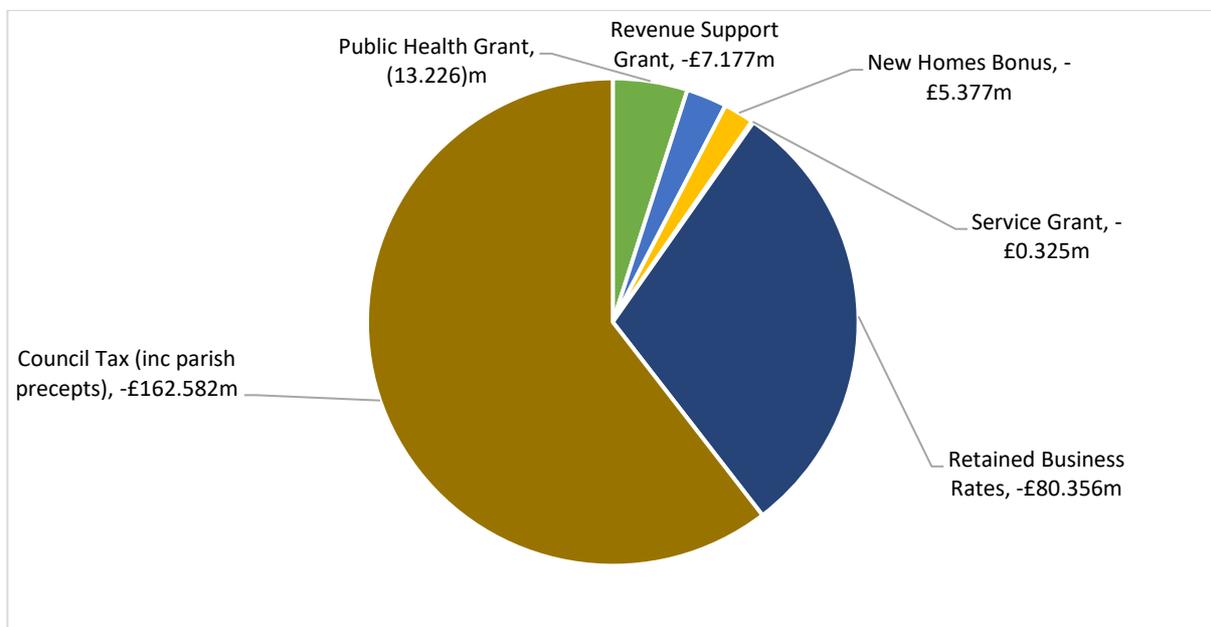
- **Term Time Only Provision (£0.335m)** – Based on a review of the provisions, we have released half of the provision made in prior year accounts. The current provision is based on a reasonable estimate of the expected liability.
- **Base Budget Contingency (£2.452m)** - Unused contingency no longer needed to off-set in year pressures in the services.

## Cost Reductions and Income in 2024/25

Savings of £6.970m were approved for implementation in 2024/25, and £0.685m savings were carried forward from 2023/24, resulting in a total target of £7.655m to deliver in 2024/25. £6.762m (88%) were achieved in year, £0.873m (11%) will be delivered next year and £0.020m (1%) is undeliverable and amended in the 2025/26 budget.

## Sources of Financing

Milton Keynes City Council’s net cost of service is funded through Council Tax, Business Rates and Grants. The chart below details how the 2024/25 budget requirement of £269.043m was financed.



In addition, some services receive specific grants, which are held within the relevant service budgets. There are conditions attached to many specific grants, which set out how, when and on what service or activity the grant may be spent.

## Public Health

Public Health has contributed (£1.026m) to the Public Health Reserve in year, (£0.670m) was a budgeted contribution to the reserve and (£0.356m) is from underspends within the service. This was offset by a drawdown from the reserve of £1.072m for one-off projects agreed as part of the budget including: Rough Sleeping Support, Youth Counselling and Mental Health. This has reduced the value of the reserve from £2.460m to £2.415m.

## Dedicated Schools Grant (DSG)

When the budget was set, it was anticipated that there would be a surplus carry forward of £6.500m into 2025/26, however the carry forward is a surplus of £5.056m, an adverse movement of £1.444m. As

the blocks are ring-fenced the surplus will be carried forward against the relevant block and will be considered as part of future year's budget setting.

There is an adverse movement on the Early Years Block of £1.422m due to the 2023/24 carry forward being lower than expected. This variance is as a result of the adjustment made to our funding allocation by the Department for Education (DfE) to reflect the January 2024 census data.

There is an adverse movement on the High Needs Block (HNB) of £0.649m. Whilst there was an in-year pressure of £1.849m, largely due to pressures on special school top up funding, our actual carry forward from 2023/24 was £1.200m more favourable compared to the budget set in January 2024. The high needs block is under significant pressure and based on forecast demand it is expected that the block will go into deficit in 2026/27.

## Housing Revenue Account (HRA)

The HRA is reporting an underspend of (£4.798m). The underspend was offset by an increase in the revenue reserves £2.553m and a voluntary transfer made through depreciation to the Major Repairs Reserve £2.245m. The key variance in the HRA forecast related to:

- **Tenant and Leaseholder Income (£3.300m)** - Rent income from tenants is £0.452m adverse due to a higher number of voids in Serpentine and Reema. This was offset by a lower level of general voids and higher rents from relets of (£0.704m). Leasehold major works income is (£3.040m) favourable. Several major works projects have been completed and billed this year, however there will be an increase in major work debts, which is expected to reduce over time through agreed payment plans. Due to the faster deterioration of Serpentine and Reema, decant is progressing quicker than originally planned with a total of 181 voids v's budget of 96. As a result of improved collection rates driven by enforcement actions, revised business processes and a slower migration to Universal Credit than anticipated, the bad debt provision hasn't been required and (£0.364m) from tenants and (£0.053m) from leaseholders have been released.
- **Housing Management £1.267m** - Interest receivable was (£0.407m) higher than budgeted due to a more favourable cashflow position and higher than expected investment rates. The slippage in the capital programme meant that borrowing did not need to be drawn as planned, resulting in lower than budgeted financing costs (£2.075m). We have transferred £3.643m to reserves to cover future financing costs to cover future borrowing costs.
- **Asset Management (£0.597m)** – We underspent due to some work being done internally rather than through external bodies. Additionally, the re-procurement of the repairs and maintenance contract was delayed from March 25 to August 25, causing the associated costs of the procurement to also be delayed £0.606m.
- **Staff savings** - due to vacancies across the service and increased charges to the general fund c£0.650m.

## Capital Outturn & Slippage

The Capital outturn position is reporting an underspend of (£75.561m) against a budget of £246.511m; £72.106m is forecast to slip into 2025/26, resulting in an underspend of (£3.455m) in year.

Most of the slippage in capital spend is due to either timing of works on maintenance allocations in Childrens, HRA, and Highways & Transport (£17.206m) where money is set aside for Funds for

replacement elements which have not yet failed. eg MKWRP investment (£6.304m), building maintenance Fund (£0.864m), Health & Safety Fund (£0.482m), Asset Rationalisation Fund (£0.379m), Schools Asset Management Programme (£3.069m), and ICT Asset Fund (£0.099m). Other amounts relate to demand eg. Disabled Facilities Grants (£0.966m), HRA asset replacement (£3.609m). The largest underspend is on ongoing projects spanning several years, where the slippage is reflecting a change in the project's cashflow forecast £44.148m. A total of £9.570m relates to delays in project delivery, where £0.994m is still in planning stage, £5.134m is in design and the remainder currently out to tender or under construction.

2024/25 Key Slippage to later Years:

- **SHDF Wave 2 £17.385m** – Slippage due to resources not being released as expected from the Netherfield Decarbonisation (Wave 1) programme leading to delays in Wave 2 work being agreed and delivered.
- **The Lakes Estate Regeneration - £11.071m** – Slippage is due to the Contractor rephasing works from the original programme and consequential changes to the cashflow. However, the project remains on track to the overall completion date and within approved budget.
- **HRA Asset Management Programme £4.309m** - Slippage required into next year as part of the 5 year rolling programme.
- **Towns Fund - 3. Transport Hub £3.110m** – Slippage requested; Designs being reviewed following public consultation. Delivery now not expected until early in 2026.
- **Brinklow V11 Improvement £2.389m** - Consultation completed. Preliminary & detailed design in carried out in Winter 24. Construction to start June 2025, subject to traffic signal equipment being delivered.
- **MKWRP Investment Programme £6.304m** – Funding was not all required in 24/25. Ash conveyor and Anaerobic Digester floor replacement to be completed and invoiced in 2025. £6.3m of resource allocation is moved into 2025-26. Schedule of works for next 5 years to be developed through the new procurement for the management of MKWRP.
- **Children's Asset Management Programme £3.070m** – Slippage required into next year as part of the 5 year rolling programme.

Slippage has been added into the 2025/26 Capital Programme, along with any new projects that have been approved by Cabinet on 8<sup>th</sup> July. A review of all projects in the 2025/26 Capital Programme has been undertaken to confirm deliverability and spend approval for the capital programme in year and over the medium term. The Capital Programme has been rebased to reflect current expected deliverability with a revised 2025/26 in year Programme of £222.792m and £500.586m agreed programme over the medium term. This programme is fully funded.

The main capital schemes in 2025/26 Programme are:

- Social Housing Decarbonisation Fund (SHDF) Wave 2 £45.497m
- HRA Asset Management £34.363m
- HRA Lakes Estate Regeneration £30.558m
- Agora £12.290m
- Waste Initiatives £10.194m

- Towns Fund projects £9.452m
- Adult Social Care hub £9.278m
- Cripps Lodge £5.746m
- HRA - Other New Build & Regeneration programme £5.075m

Details of the 2024/25 Outturn reported can be found on the Council website on the following link [Agenda for Cabinet on Tuesday 8th July, 2025, 6.30 pm | Milton Keynes City Council](#)

## Financial Outlook

The Council Medium Term Financial Plan 2025/26 set out how the Council will address its financial challenges, prioritise the resources it has and support the delivery of the Council Plan. The financial plans are based on the 2025/26 final Local Government Financial Settlement.

The Council remained under significant financial pressure from demand particularly in Social Care in 2024/25, which was expected to continue into 2025/26. In developing the final budget proposals for 2025/26 the Council made some difficult choices in some service areas to manage very significant cost pressures.

Further details of the Council 2025/26 Budget and Medium Term Financial Plan can be found on the Council's Website here [Agenda for Cabinet on Tuesday 6th February, 2024, 6.30 pm | Milton Keynes City Council](#).

The current General Fund Services forecast at the end of December 2025 was an overspend of £0.264m. The overspend in the services is mainly due to high-cost external residential placements in Children Services £8.6m. This has been almost fully offset by underspending across all other service area.

The Council will need to continue to ensure a firm grip of spending is maintained and savings are delivered at pace.

Details of the 2025/26 Forecast Outturn reported can be found on the Council website on the following link <https://milton-keynes.moderngov.co.uk/documents/s26969/Q3%20Forecast%20Outturn%20Report.pdf>

### Future Challenges

The Council is currently facing significant financial pressure due to sharp increases in inflation and demand as well as the wider economic, social and environmental risks over which the Council has limited control. As we developed the final budget proposals for 2026/27, we have had to make some difficult choices in certain service areas to manage these substantial cost pressures. However, the government's publication of the 2026/27 Provisional Local Government Finance Settlement in December 2025 has provided some certainty. It confirms the funding that MKCC will receive for the next three years, aiding our ability to plan.

Looking beyond 2026/27, we are currently facing a funding gap of £14.139 million. To address these challenges over the upcoming period, the Council will need to make further difficult decisions. To help tackle these issues and close the gap in the Medium-Term Financial Plan (MTFP), we have implemented the 'Change Because We Have to Programme'. It is crucial that we continue to maintain a firm grip on spending and ensure the delivery of savings.

The table below, shows the financial pressures we must address over the next four years, there is still significant work for the Council to do to close the gap, and to ensure that it remains financially sustainable.

## Medium Term Financial Plan Gap

	2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
Government Funding Adjustments	(10.032)	(6.070)	(5.814)	(4.896)	(26.812)
Local Funding Sources	(12.799)	(13.330)	(14.126)	(10.644)	(50.899)
Pay, Contract and Other Inflation	12.304	12.213	11.617	12.064	48.198
Budget Service Pressures	21.052	6.945	10.150	11.210	49.357
Capital Financing Costs	0.911	0.023	0.917	(0.159)	1.692
Corporate Measures	(2.574)	3.370	3.547	0.015	4.358
One-off Pressures	1.590	1.240	0.775	0.250	3.855
<b>Total Pressures</b>	<b>10.452</b>	<b>4.391</b>	<b>7.066</b>	<b>7.840</b>	<b>29.749</b>
Total Service Budget Reductions and Income Proposals	(8.862)	(1.519)	(0.996)	(0.378)	(11.755)
Less Reserves applied to one-off pressures	(1.590)	(1.240)	(0.775)	(0.250)	(3.855)
<b>Budget Gap</b>	<b>0.000</b>	<b>1.632</b>	<b>5.295</b>	<b>7.212</b>	<b>14.139</b>
<b>Budget Gap (cumulative)</b>	<b>0.000</b>	<b>1.632</b>	<b>6.927</b>	<b>14.139</b>	

Details of the 2026/27 Council Budget reported can be found on the Council website on the following link <https://milton-keynes.moderngov.co.uk/documents/s27033/Council%20Budget%202026-27.pdf>

### ***Changing because we have to* – Our new corporate stability strategy.**

*Changing because we have to* is the name of a new corporate stability strategy. It is being brought into effect to help close the forecast gap over the medium term. We have received a three-year financial settlement from the Government which means we can prepare to take a multi-year approach and focus on some fundamental changes to the organisation. *Changing because we have to* aims to provide a framework to do that.

The strategy sets out the current challenges we face and proposes three ‘must do’ areas where we should focus our efforts. These are:

- Become a highly productive organisation.
- Use evidence to improve service impact.
- Only do things ourselves where it makes sense.

Whilst Milton Keynes City Council is a well-run, high performing council, the funding challenge we face is substantial. Although our income has increased, rising demand in children’s social care, adult social care and homelessness means we are forecasting a £14.149m gap between 2027 and 2030. The strategy sets out how we plan to tackle this, and further change the organisation and the way we work, to reduce spending.

Further details of the *Change because we have to* strategy can be found here [Agenda for Cabinet on Tuesday 3rd June, 2025, 6.30 pm | Milton Keynes City Council](#)

## Reserves

There are a number of reasons the Council holds reserves, some of the key ones are as follows:

- To manage known financial risks
- To hold funding as one-off contributions to expenditure, which has allowed the Council to make ongoing revenue budget reductions.
- To manage timing differences between the receipt of funding and actual spend
- To hold ring-fenced balances for example, specific grants, trusts, schools or the Housing Revenue Account

The Council continues to hold a strong level of financial reserves and the General Fund working balance of £34.583m is above the minimum recommended level for 2024/25. In addition to this the Council also holds separate risk reserves for a number of other key business areas providing a further risk buffer.

The Council's overall reserves have decreased slightly in 2024/25 from £249.369m to £247.608m. Details of the Council's earmarked reserves can be found in note 11 to the Financial Statement.

The table below present the total reserves available to meet known and unknown risks.

Reserve Summary	Balance 31/03/25 £m	Forecast Balance 31/03/26 £m
GF Working Balance	34.583	34.583
<b>% Net Revenue Budget</b>	<b>13.52%</b>	<b>12.64%</b>
GF Risk Reserves	40.588	36.363
<b>Total: Reserves Available to meet known and unknown risks</b>	<b>75.171</b>	<b>70.946</b>
<b>% Net Revenue Budget</b>	<b>29.38%</b>	<b>25.93%</b>

## Risks

A detailed risk assessment was carried out as part of the budget and used to inform the Councils approach to the budget and also the level of reserves.

We have identified 42 significant budget risks as part of this assessment, which have been categorized as follows:

- Service Cost – Demand and Pricing
- Service – Fees and Charges
- Commercial Contract Risks
- Critical Service Performance Failure
- Supporting our Residents
- Government Funding
- Balance Sheet Risks
- Major Events

The risk assessment sets out the key controls, risk level and how the Council proposes to fund the impact of each risk if this should materialise.

## Risks and opportunities

The aim of Risk Management is to improve the Council's ability to deliver its identified priorities, by managing the threats, taking opportunities and creating an environment that allows innovation and adds value.

All risks are monitored, and the Audit Committee receives updates on risks and their management actions on a quarterly basis. The last corporate risks register went to Audit Committee on the 27 February 2025, details of which can be found on the Councils Internet page: [Agenda for Audit Committee on Thursday 27th February, 2025, 7.00 pm | Milton Keynes City Council](#)

## Non-Current asset Disposals

Major non-current asset disposals during the year included:

- Conversion of Emerson Valley Junior School to Academy Status £4.483m
- Conversion of Drayton Park School to Academy Status £3.337m
- Conversion of Willen primary School to Academy Status £3.333m
- Conversion of Merebrook Infant School to Academy Status £2.060m

Other non-current asset disposals include the sale of Council dwellings main stock of 43 properties for £7.594m and Council dwellings shared ownership stock of 8 part properties for £1.307m.

## Contingencies, Provisions and Material Write-offs

During 2024/25 Milton Keynes City Council raised general debts (including adult social care, rents and traded services) totalling £101.247m. The in-year collection rate is 92% based on the value of invoices raised and cleared by year end. The total debt written off in 2024/25 is £0.474m.

The Council has 7 Contingent Assets and Liabilities which are detailed in note 30 to the accounts.

The total provisions in the Balance Sheet at 31 March 2025 were £10.240m, of which £4.524m relates to the business rate appeals provisions, £4.733m Insurance Provisions, £0.557m for Milton Keynes Waste Recovery Park provision and £0.201m Term Time Only Provision. Further details can be found in note 29 to the Account.

## Annual Investment Strategy

CIPFA and Department for Levelling Up, Housing and Communities (DLUHC) guidance requires Councils to invest its funds prudently, and to have regard to the security and liquidity of its investments before seeking the highest rate of return, or yield. The objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults as well as the risk of receiving unsuitably low investment income.

The Treasury Management Strategy Statement (TMSS) for 2024/25, which included the Annual Investment Strategy, was approved by Council on 21 February 2024. It set our investment priorities as being:

- Security of Capital;
- Liquidity; and then
- Yield

Bank of England Bank rate decreased from a starting point of 5.25% to 4.50% by the end of the financial year. Borrowing became increasingly expensive in the wake of the Chancellor's Autumn Statement and the loosening of fiscal policy. 2024/25 saw all three primary investment cycles materialise: the tail end of rising interest rates, a period of flattening for a short while, and then gradual falling interest rates.

At the 31 March 2025, the Council held £296.745m invested with various financial institutions (including total accrued interest of £6.033m); of this amount £37.009m has been classified as cash equivalents in accordance with Accounting Policy F, £245.750m has been classified as short-term investments, and £13.986m has been classified as long-term investments.

## **Expenditure – Borrowing**

Although capital expenditure plans are the primary driver of the Council's borrowing requirement, loans are not attached to particular capital schemes and actual borrowing is a separate aggregated treasury management decision based on cashflow analysis.

During 2024/25, £10m of maturity loans and a further £3.337m annuity loan principal repayments were made to the Public Works Loan Board (PWLB) in line with loan agreements. Furthermore, the Council repaid two loans early totalling £25m that had been due to mature in 32- and 33-years respectively giving an early repayment discount of £1.747m. No new loans to fund expenditure on capital projects were undertaken.

At the end of the financial year the Council had outstanding external borrowing totalling £380.263m. This full amount (including accrued interest of £1.219m) represents funding of capital projects. Further details of the composition of this sum can be found in the note 28 to the Financial Statements.

It was not necessary during the year for the Council to borrow temporary funds for cash flow purposes. Consequently, there were no temporary loans outstanding at 31 March 2025. Depending upon economic conditions and cash availability to borrow internally, the Council expects to undertake new borrowing in 2025/26 to finance HRA capital investment.

## **Partnerships**

During 2024/25 the Council had an interest in the following entities:

### **Milton Keynes Development Partnership**

Milton Keynes City Council wholly owns Milton Keynes Development Partnership (MKDP), a body set up to facilitate growth and economic success in line with the corporate plan. MKDP is a Limited Liability Partnership created to manage and exploit the commercial assets purchased from the Homes and Communities Agency. It uses and develops its land assets to help the city become a better place to live, socialise and work.

MKCC set up a company called DevelopMK Ltd; the directors of this organisation are three senior MKCC staff members. DevelopMK is, together with MKCC, a parent of MKDP.

In 2012/13, the Council funded the purchase of the assets, and the debt was passed on to MKDP along with the assets. The loan has since been repaid, however MKDP do have a revolving cashflow facility with MKCC, at the 31 March this was nil. Any cash flow loan would be reflected in the balance sheet under short-term investments.

MKDP estate comprises around c265 developable acres which are used to develop Milton Keynes in line with the Council Plan. Further information on MKDP and its up and coming projects can be found at [www.mkdp.org.uk](http://www.mkdp.org.uk)

## **Flexible Home Improvement Loans**

The Council has an interest in the Flexible Home Improvement Loans Ltd – the company is a private company limited by guarantees with Milton Keynes City Council being one of 13 members. The company arranges the provision of loans on behalf of the members to individuals for home improvements to enable them to stay within their own homes.

## **Shared Public Health Collaboration**

Milton Keynes City Council is a partner of a shared Public Health function with two other Unitary Authorities (Bedford Borough Council and Central Bedfordshire Council). Since September 2017 the Parties collaborate and co-operate to ensure that service activities are delivered efficiently, and actions are taken on a joint basis. The Parties work together to constantly improve their service and create efficiencies for the future.

## **OPUS (East)**

In September 2018 Milton Keynes City Council was admitted as a shareholder in Opus (East) LGSS People Solutions Ltd, a Joint Venture with Opus (East) (wholly owned by Suffolk CC), North Northants Council (NNC), West Northants Council (WNC) and Cambridgeshire County Council (CCC) to provide more cost effective interim and permanent employment services. Whilst the company is performing well the Council has received a small dividend to date and it is not viewed as material for Group Accounts.

## **The 2024/25 Statement of Accounts**

The Council is required to present a complete set of financial statements (including comparative information). The core financial statements are set out on pages 55 to 59 and are presented as follows (The Expenditure & Funding Analysis (EFA) is not a core financial statement but is detailed below to aid users of the accounts):

### **Comprehensive Income and Expenditure Statement (CIES)**

The CIES shows the accounting cost in the financial year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation or rents. Authorities raise taxation and rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the EFA and the Movement in Reserves Statement (MIRS).

### **Balance Sheet**

This sets out the assets and liabilities recognised by the Council at the balance sheet date, the bottom line is effectively the net worth of the organisation. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

## **Movement in Reserves Statement (MIRS)**

This statement represents the movements on the reserves held by the Council during the financial year analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The 'surplus or (deficit) on provision of services' line shows the true economic cost of providing the Council's services, more details of which are shown in the CIES. These are different from the statutory amounts required to be charged to the General Fund to balance for Council Tax setting purposes. The 'net increase/decrease before transfers to earmarked reserves' line shows the statutory General Fund balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

## **Cash Flow Statement**

This statement outlines the changes in the cash and cash equivalents, for example changes in debtor balance (those owing the Council money) and creditor balances (those which the Council owes money to) during the year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

## **Expenditure & Funding Analysis (EFA)**

The objective of the EFA is to demonstrate to Council tax and rent payers how the funding available to the Council (i.e. government grants, rents, Council tax and business rates) for the year has been used in providing services, in comparison to the resources consumed or earned by the Council in accordance with generally accepted accounting practices. The EFA 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 fully in the Comprehensive Income and Expenditure Statement. The analysis of income and expenditure on the face of the EFA is specified by the Council's operating segments which are based on the Council's internal management reporting structure.

## **Supplementary Financial Statements:**

### **Collection Fund**

The transactions of the billing authority are shown on the Collection Fund Statement in accordance with the code of accounting practice.

### **Housing Revenue Account (HRA)**

The Housing Revenue Accounts shows the in-year cost of providing landlord housing services in accordance with generally accepted accounting practices.

### **Group Accounts**

The Council is required by the Code to prepare Group Accounts. These consolidate the financial statements of the Council together with those of organisations in which the Council has material financial interests and a significant level of control. The Group accounts contained in this document consolidate the accounts of the Milton Keynes Development Partnership with Milton Keynes City Council.

## **External Audit Backlog**

There is a significant national backlog in the audit of local authority accounts. The Government has introduced measures to resolve the legacy local government financial reporting and audit backlog.

Amendments were made to the Accounts and Audit Regulations and NAO's Code of Audit Practice which allowed auditors to give disclaimed opinions over any open, incomplete audits up to the period ending 31 March 2023. These were required to be delivered by 13th December 2024. For Milton Keynes City Council this had the impact of receiving a disclaimed audit opinion for the 2022/23 financial year (as issued by the previous auditors – Ernst & Young) and our current Auditors, KPMG, issued a disclaimed audit opinion for 2023/24 on 28 February 2025 due to the non-completion of the 2022/23 financial statements audit and the absence of assurance and reliance on the opening balances, and due to the Backstop date.

In line with the back stop date, the audit of the MKCC accounts for 2024/25 must be completed by 27<sup>th</sup> February 2026.

## **Further Information**

For information please contact: [CorporateFinance@milton-keynes.gov.uk](mailto:CorporateFinance@milton-keynes.gov.uk)

# **Independent Auditor’s Report to the Members of Milton Keynes City Council**

## **REPORT ON THE AUDIT OF THE COUNCIL’S FINANCIAL STATEMENTS**

### **Qualified opinion**

We have audited the financial statements of Milton Keynes City Council (“the Council”) for the year ended 31 March 2025 which comprise the Group and Council Comprehensive Income and Expenditure Statements, Group and Council Balance Sheets, Group and Council Movement in Reserves Statements, Group and Council Statements of Cash Flows, Collection Fund, Housing Revenue Account and the related notes, including the Expenditure and Funding Analysis and the accounting policies. In our opinion, except for the possible effects solely on the comparative information for the year ended 31 March 2024 of the matters described in the *Basis for qualified opinion* section of our report, the financial statements:

- give a true and fair view of the financial position of the Group and the Council as at 31 March 2025; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2024/25.

In our opinion, except for the possible effects solely on the comparative information for the year ended 31 March 2024 of the matters described in the *Basis for qualified opinion* section of our report, the financial statements give a true and fair view of the Group’s and the Council’s income and expenditure for the year ended 31 March 2025.

### **Basis for qualified opinion**

The Accounts and Audit (Amendment) Regulations 2024 (the “Amendment Regulations”) require the Council to publish its financial statements and our opinion thereon for the year ended 31 March 2025 by 27 February 2026 (the “Backstop Date”).

We have been unable to obtain sufficient appropriate audit evidence over the short-term and long-term revenue and capital grants received in advance in relation to both the Group and the Council as at 31 March 2024 because we have been unable to perform the procedures that we consider necessary to obtain sufficient appropriate audit evidence on these areas ahead of the Backstop Date. Therefore, we were unable to determine whether any adjustments were necessary to the Group’s and the Council’s short-term and long-term revenue and capital grants received in advance balances as at 31 March 2024, or whether there were any consequential effects on the income and expenditure recognised for the year then ended and the unusable reserves balance at 31 March 2024.

In addition, with respect to the Group and the Council’s comparative income and expenditure for the year ended 31 March 2024, we have been unable to obtain sufficient appropriate audit evidence over these figures. This is because we have been unable to obtain sufficient appropriate audit evidence over the Group’s and the Council’s net assets as at 1 April 2023 as we have been unable to perform the procedures that we consider necessary to obtain sufficient appropriate audit evidence on these

balances ahead of the Backstop Date. As a result, we were unable to determine whether there were any consequential effects on their income and expenditure for the year ended 31 March 2024.

Any adjustments from the above matters would have a consequential effect on the Group's and the Council's split between usable reserves and unusable reserves, including the Housing Revenue Account, as at 31 March 2024 and 31 March 2025, the Collection Fund and on its income and expenditure and cash flows for the year ended 31 March 2024.

We disclaimed our audit opinion on the financial statements for the year ended 31 March 2024 regarding this same limitation. We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our qualified opinion.

## Going concern

The Director of Finance and Resources ("the Section 151 Officer") has prepared the financial statements on the going concern basis as they have not been informed by the government of the intention to either cease the Group and the Council's services or dissolve the Group and the Council without the transfer of their services to another public sector entity. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Section 151 Officer's conclusions, we considered the inherent risks associated with the continuity of services provided by the Group and the Council over the going concern period.

Our conclusions based on this work:

- we consider that the Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate; and
- we have not identified, and concur with the Section 151 Officer's assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Group's and the Council's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group and the Council will continue in operation.

### *Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of management, the Audit Committee and internal audit and inspection of policy documentation as to the Group's high-level policies and procedures to prevent and detect fraud including the internal audit function, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected, or alleged fraud.

- Assessing the incentives for management to manipulate reported financial performance as a result of financial pressures in order to be able to set a balanced budget for future periods.
- Reading Council and Audit Committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and taking into account possible financial pressures at the Council/our overall knowledge of the control environment, we performed procedures to address the risk of management override of controls in particular the risk that Group and component management may be in a position to make inappropriate accounting entries and the risk of bias in accounting estimates and judgements such as accruals and provisions. On this audit we did not identify a fraud risk related to revenue recognition due to our assessment that there was limited opportunity for manipulation of revenue reported given the nature of the funding provided to the Group during the year.

We did not identify any additional fraud risks.

In determining the audit procedures, we took into account the results of our evaluation of Group and Council-wide fraud risk management controls.

We performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unexpected account combinations for cash, borrowings and revenue.
- Assessing whether the judgements made in making accounting estimates are indicative of a potential bias.

## **Identifying and responding to risks of material misstatement related to compliance with laws and regulations**

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general sector experience and through discussion with the Section 151 Officer and other management (as required by auditing standards), and from inspection of the Group's and the Council's regulatory and legal correspondence and discussed with the Section 151 Officer and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements, including the financial reporting aspects of local government legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

The *Qualified opinion* section of our report explains the implications of the matter described in the *Basis for qualified opinion* section, including whether the financial statements have been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Council Accounting in the United Kingdom 2024/25.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, data protection laws, anti-bribery, and employment law recognising the nature of the Group's and the Council's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Section 151 Officer and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

## **Context of the ability of the audit to detect fraud or breaches of law or regulation**

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

## **Other information**

The Section 151 Officer is responsible for the other information, which comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, accordingly, in this audit report we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- in our opinion the other information included in the Statement of Accounts for the financial year is consistent with the financial statements; and
- except for the possible consequential effects of the matters described in the *Basis for qualified opinion* section of our report on the related disclosures in the other information, we have not identified material misstatements in the other information.

## **Section 151 Officer's and Audit Committee's responsibilities**

As explained more fully in the statement set out on page [28], the Section 151 Officer is responsible for the preparation of financial statements that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group's and the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the government of the intention to either cease the services provided by the Group and the Council or dissolve the Group and the Council without the transfer of their services to another public sector entity.

The Audit Committee of the Council is responsible for overseeing the Council's financial reporting process.

### **Auditor's responsibilities**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

# **REPORT ON OTHER LEGAL AND REGULATORY MATTERS**

## **Report on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources**

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the "NAO Code of Audit Practice"), we are required to report to you if we identify any significant weaknesses in the arrangements that have been made by the Council to secure economy, efficiency and effectiveness in its use of resources.

We have nothing to report in this respect.

## **Respective responsibilities in respect of our review of arrangements for securing economy, efficiency, and effectiveness in the use of resources**

The Council is responsible for putting in place proper arrangements for securing economy, efficiency, and effectiveness in its use of resources. We are required under section 20(1) of the Local Audit and Accountability Act 2014 to be satisfied that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively. We are also not required to satisfy ourselves that the Council has achieved value for money during the year.

We planned our work and undertook our review in accordance with the NAO Code of Audit Practice and related statutory guidance, having regard to whether the Council had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

## **Statutory reporting matters**

We are required by Schedule 2 to the NAO Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make written recommendations to the Council under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in this respect.

## **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the members of the Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Council, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

## **DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT**

As at the date of this audit report, we are unable to confirm that we have completed our work in respect of the Council's Whole of Government Accounts consolidation pack for the year ended 31 March 2025 because we have not received confirmation from the NAO that the NAO's audit of the Whole of Government Accounts is complete.

Until we have completed this work, we are unable to certify that we have completed the audit of the Milton Keynes City Council for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the NAO Code of Audit Practice.

**Duncan Laird**  
**for and on behalf of KPMG LLP**  
*Chartered Accountants*  
66 Queen Square,  
Bristol,  
BS1 4BE  
27 February 2026

# Statement of Responsibilities

## The Council's Responsibilities

The Council is required:

- a) 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 Chief Finance Officer;
- b) to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- c) to approve a Statement of Accounts.

Councillor Hannah O'Neill

Chair of the Audit Committee

Date: 26 February 2026

## The Responsibilities of the Chief Finance Officer

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

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

- a) selected suitable accounting policies and then applied them consistently;
- b) made judgements and estimates that were reasonable and prudent;
- c) complied with the Local Authority Code.

The Chief Finance Officer has also:

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

The Statement of Accounts provides a true and fair view of the Council's financial position of the authority at the reporting date, and of its income and expenditure for the year ended 31 March 2025.

Steve Richardson

Director of Finance and Resources

Date: 26 February 2026

# Accounting Policies

## a) General Principles

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The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The authority is required to prepare an annual Statement of Accounts in accordance with the Accounts and Audit Regulations 2015 as amended by the Accounts and Audit (Amendment) Regulations 2024 which require the Accounts to be prepared in accordance with proper accounting practices. These practices, under section 21 of the Local Government Act 2003 primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12, of the 2003 Act.

The accounting policies have been applied consistently in dealing with items considered material to present a true and fair view of the financial position and transactions of the Council.

### Going Concern

The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Local authorities carry out functions essential to the local community and are themselves revenue raising bodies (with limits on their revenue raising powers, arising only at the discretion of central government). If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis. The Councils accounts are therefore produced under the Code and assume that the Councils services will continue to operate for the foreseeable future.

The Council has undertaken an assessment of the financial position, the key risks and put in measures to address these, some of which continue to operate to ensure that the Council remains financially sustainable.

## 2024/25

### Financial year

The Council's 2024/25 budget and Medium Term Financial Plan 2024/25 – 2027/28 was approved by Council on the 21 February 2024. Details of which can be found here [Issue - items at meetings - Council Budget 2024/25 | Milton Keynes City Council](#)

The Council's 2024/25 reported outturn shows an underspend of (£0.076m) for the year which will be used to fund future one-off pressure. Even with the underspend, there was an overspend across Council services of £5.360m, which we have offset with a range of one-off corporate savings (£5.436m). The overspend in the services is mainly due to high-cost external residential placements in Children Services.

The General Fund Balance at £34.583m is above our minimum prudent balance.

## 2026/27

### Budget

Our Budget and Medium-Term Financial Planning is based on 12 core principles, which have and continue to be endorsed by the Cabinet:

- Emerging pressures are managed, where possible within existing budgets.
- Spending is aligned to key priorities as set out in the Council Plan.
- Income is only included in the budget, where supported by robust proposals and is deliverable.
- Future liabilities are anticipated.
- Budgets are sustainable.
- Base Budget / one-off expenditure/ capital expenditure are distinguished.
- Savings proposals are supported by implementation plans and the impact on service delivery is clear.
- The allocation of capital resources is separate from expenditure approval.
- Capital and revenue planning needs to be integrated to ensure implications are fully anticipated.
- The use of specific grant funding does not lead to revenue budget pressures.
- The Council's reserves (and other one-off resources) are not to be used as a primary method to balance the ongoing pressures in the budget.
- Earmarked reserves are used for specific one-off purposes to support the delivery of corporate objectives and to mitigate risks.

The Councils approach to budget planning aims to balance the uncertainty from both government funding decisions and general economic factors through a measured approach to delivering new savings, holding prudent levels of reserves and putting in place change programmes which can deliver future efficiencies over a longer timescale. It is recognised that if government support is withdrawn or the wider economic impact is worse than predicted then the Council would need to reconsider the scope of services that it can provide.

### Medium Term Financial Plan Forecasted Gap

Summarised below our current view on the MTFP position which shows that by 2029/30 we have a projected gap of £14.138m.

2026/27 £m	2027/28 £m	2028/29 £m	2029/30 £m	Total £m
0.000	1.631	5.295	7.212	14.138

### Risks

A key part of the budget is the review of key financial risks. We have reassessed the budgetary risks and where possible looked to mitigate these. It should be noted however that most of the significant risks are not within the direct control of the Council, and it is therefore critical in setting a robust and legal budget that we make sufficient provision within service budgets using available evidence to manage reasonable variations.

The key external risks are summarised below:

- Service Cost – Demand and Pricing

- Service – Fees and Charges
- Commercial Contract Risks
- Critical Service Performance Failure
- Supporting our Residents
- Government Funding
- Balance Sheet Risks
- Major Events

Further details on these external risks are included in the narrative report.

## **Reserves**

The Council continues to hold a strong level of financial reserves and the General Fund Working Balance remains unchanged and above the minimum prudent balance. In addition to this the Council also holds separate risk reserves for a number of other key business areas providing a further risk buffer. Further details are outlined in the Narrative Statement and Note 11 to the Financial Statements.

## **Commercial Activity**

The Council has very limited commercial income within its General Fund budget and has not undertaken commercial property transactions in the way that some other authorities have.

The Council owns MKDP to which it has originally provided a commercial loan facility of up to £22m. The balance amount outstanding on 31 March 2025 was nil. During 2024/25 the Council received a dividend payment of £2.563m and loan interest payments of £0.198m (£0.108m recognised in 2024/25 and £0.090m accrued in 2023/24). From 2025/26 onwards, the Council has budgeted for £2.778m of dividend payments. There are no concerns about MKDP's ability to service the loan commitment or dividend payment, which are paid in full and on time.

## **Cashflow**

On 31 March 2025 the Council held £296.745m of investments including accrued interest; of which £37.009m was held in liquid cash instruments, £87.844m in investments with less than three months to maturity, £57.731m with between three months and one year to maturity, and £14.161m with greater than one year to maturity. Investment balances are projected to fall to c.£257.5m by 31 March 2026. External Borrowing on 31 March 2025 stood at £380.263m including accrued interest, of which £15.238m is due for repayment within 12 months. Should no new external borrowing take place during the 2025/26 financial year, the balance outstanding on 31 March 2026 would be £365.1m. The Council continues to have a very strong cashflow position to repay its external debt & liabilities as they fall due. Further information can be found in the Council's Treasury Management Strategy and Capital Strategy.

The Council remains in a stable financial position and is continuing to work on addressing the medium term financial pressures to ensure that it continues to remain financially strong. The Council therefore remains a going concern.

## **b) Accruals of Income and Expenditure**

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

- Revenue from the sale of goods is recognised when the authority transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the authority;
- Revenue from the provision of services is recognised when the authority can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the authority;
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet;
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the Balance Sheet;
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year;
- Annual leave that has not been taken at 31 March is accrued and full details can be found in Accounting Policy H – Employee Benefits.

## **c) Fair Value Measurement**

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

- in the principal market for the asset or liability, or
- 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 participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

## **d) Acquired and Discontinued Operations**

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IFRS5 defines a discontinued operation as a component of an entity that either has been disposed of or is classified as held for sale, and:

- represents either a separate major line of business or a geographical area of operations, and;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or;
- is a subsidiary acquired exclusively with a view to resale and the disposal involves loss of control.

The surplus or deficit on discontinuing the operation is presented as a single amount on the face of the Comprehensive Income and Expenditure Statement where applicable.

## **e) Capital Receipts**

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The treatment and usage of capital receipts is accounted for in accordance with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended).

Milton Keynes City Council has entered into an agreement in accordance with Section 11(6) of the Local Government Act 2003; this enables the Council to retain additional Capital Receipts which must be used towards the provision of new affordable housing. A maximum of 100% from 1 April 2024 (an increase from the previous 40% cap in 2023/24) of the expenditure incurred on new affordable housing can be funded using these receipts for 2024/25 and 2025/26.

## **f) Cash and Cash Equivalents**

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

Cash equivalents are highly liquid investments held for cash flow purposes that mature in three months 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 Balance Sheet and Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and that form an integral part of the Council's cash management.

## **g) Charges to Revenue for the use of Non-Current Assets**

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Service revenue accounts and support services 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.

External interest payable is charged to the Financing and Investment Income and Expenditure section of the Comprehensive Income and Expenditure Statement.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement calculated in accordance with Accounting Policy K (Minimum Revenue Provision or MRP). Depreciation, revaluation and impairment losses and amortisation are adjusted through the Capital Adjustment Account in the Movement in Reserves Statement in order that there is no impact on the level of Council Tax.

## **h) Employee Benefits**

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### **Benefits Payable during Employment**

Short term employee benefits are those due to be settled wholly within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu) earned by employees but not taken before the year end which employees are permitted to carry forward into the next financial year. The accrual is made at the wage and salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that the holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Untaken leave is accrued on the basis of actual leave untaken at 31 March 2025 for non-school staff and a calculation of the accrued benefit for schools staff based on the number of days in each term.

### **Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the authority to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Benefits are charged on an accruals basis to the appropriate service or, where applicable, to the Non Distributed Costs line in the Comprehensive Income and Expenditure Statement at the earlier of:

- when the authority can no longer withdraw the offer of those benefits, or
- when the authority recognises costs of restructuring and involves the payment of termination benefits.

## **Post-Employment Benefits**

Employees of the Council are entitled to become members of one of two separate pension schemes according to the terms of their employment:

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

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot be identified to the Council. The teachers' scheme is therefore accounted for as if it were a defined contribution scheme; no liability for future payments of benefits is recognised in the Balance Sheet. The Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

On 1 April 2013 the statutory responsibility for Public Health activities transferred to the Council from the NHS primary care trusts. There were 14 members of staff who transferred along with their pensions in the NHS pension's scheme to the Council, of which one member remains. This scheme is not available for other current Milton Keynes City Council staff to participate in. The pension contributions are included within the Comprehensive Income and expenditure Statement, but full disclosure is not considered to be material to include in note 37 to the Financial Statements.

## **Local Government Pension Scheme**

The Local Government Pension Scheme is accounted for as a defined benefits scheme. The liabilities of the Buckinghamshire 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, and projected earnings for current employees).

Liabilities are discounted to their value at current prices using a discount rate of 5.85% (2.90% real). The assets of the Local Government Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

The assets of the Local Government 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:

Service cost comprising:

- Current Service Cost – the increase in liabilities as a result of years of service earned this year, allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
- Past Service Cost – the increase or decrease in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years, charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;
- Any gain or loss on settlement – arising when an authority enters into a transaction that eliminates all further legal or constructive obligations for part or all of the benefits provided under a defined benefit plan.
- Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the defined benefit liability (asset) – charged to the Pensions 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 actuary has updated its assumptions – charged to the Pensions Reserve as other Comprehensive Income and Expenditure.

Administrative expenses are now accounted for within the Comprehensive Income and Expenditure Statement; previously the actuary made a deduction to the actual and expected return on assets.

Contributions paid to the Buckinghamshire Pension Fund – cash paid as employer’s contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

The accounting treatment for pension’s benefits is in accordance with International Financing Reporting Standard (IAS) 19. This is a complex accounting standard, but it is based on a simple principle – that the Council has to account for accumulated retirement benefits earned at the Balance Sheet date, even if the actual benefits are paid out over many years into the future.

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

Full disclosures in respect of the Local Government Pension Scheme can be found in note 37 to the Financial Statements.

## **Discretionary Benefits**

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

### **i) Material Events After The Balance Sheet Date**

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Events after the Balance Sheet reporting period are those events, which could be favourable or unfavourable, that occur between the Balance Sheet date and the date that the Financial Statements are authorised for issue.

Events can be classified as adjusting or non-adjusting, with definitions as follows:

- Adjusting - An event after the reporting period that provides further evidence of conditions that existed at the end of the reporting period, including an event that indicates that the going concern assumption in relation to the whole or part of the Council is not appropriate.
- Non-Adjusting - An event which takes place after the reporting period that is indicative of a condition that arose after the end of the reporting period.

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

The Council discloses details of any such events at Note 10 to the Financial Statements.

### **j) Exceptional Items and Prior Period Adjustments**

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Exceptional items are included in the cost of the service to which they relate or on the face of the Comprehensive Income and Expenditure Statement if such a degree of prominence is required for a fair view of the accounts. A disclosure note is provided where the authority has any exceptional items in the Accounts (there were none in 2024/25).

Prior period adjustments that are the result of corrections and adjustments arising from the use of estimates inherent in the accounting process are adjusted in the accounts in the year that they are identified. However, prior period adjustments arising from changes in accounting policies or from the correction of fundamental errors are accounted for by restating the comparative figures for the preceding period in the Statement of Accounts and notes and by adjusting the opening balance of reserves for the cumulative effect. Details of any Prior Period Adjustments are fully explained as a note to the accounts where applicable.

## **k) Financial Instruments**

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### **Financial Liabilities:**

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

The amount presented in the Balance Sheet is the outstanding principal repayable and any accrued interest and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund and Housing Revenue Account Balance to be spread over future years. The Council has a policy of spreading the losses from premiums payable over the unexpired term that would have been remaining on settled loan, and the gains from discounts receivable over a minimum of 10-years as required by accounting regulations. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund and Housing Revenue Account Balance is managed by a transfer to or from the Movement in Reserves Statement, taken to or from the Financial Instrument Adjustment Account.

### **Soft Loan:**

A soft loan is a loan which carries a favourable rate of interest compared to market rates. The Council does not hold any soft loans.

### **Debt Redemption:**

The Council sets aside a statutory amount each year from its General Fund Revenue Account for debt redemption, in the form of a Minimum Revenue Provision (MRP), as required by the Local Authority (Capital Finance and Accounting) regulations.

### **Debt Restructuring:**

In November 2024, uncertainty in financial markets caused by the US presidential elections and speculation around the UK's timing of bank rate cuts fuelled a rise in gilt yields (up 40 to 45 bps since previous month) – from which PWLB loan and early redemption rates are derived – that presented an opportunity to repay some General Fund PWLB loans early. Two of the Council's General Fund PWLB loans totalling £25.0m, both carrying coupon rates of 4.50% and that had been due to mature in August 2054 and September 2056 respectively, were subsequently repaid early and not replaced. Future interest costs avoided totalled £34.9m versus a projected £25.4m cost from investment interest relinquished. The redemption discount secured was £1.747m which in line with accounting regulations is to be released to the General Fund over the next 10 years. Details of these transactions were reported to Cabinet on 4 February 2025 as part of the quarter 3 2024/25 treasury management update report.

## **Financial Assets:**

Financial Assets are classified based upon a classification and measurement approach that best reflects the business model for holding such assets and their cashflow characteristics. The three main classes are:

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

The Council's policy is to hold investments to collect contractual cash flows. Financial assets are therefore classified at amortised cost, except those whose contractual payments are not solely either payments of principal or interest.

### **Amortised cost:**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are initially measured at Fair Value. They are subsequently measured at their amortised cost. Credits to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset at the effective rate of interest. For most of the financial assets held by the Council, this means the amount presented on the Balance Sheet is the outstanding principal receivable plus accrued interest. Interest credited to the Comprehensive Income and Expenditure Statement is therefore the amount receivable for the year per the contractual provisions.

### **Fair Value through Profit or Loss:**

Financial assets that are measured at Fair Value through Profit or Loss are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are measured at Fair Value. Fair Value gains and losses are recognised in the Surplus or Deficit on the Provision of Services line of the Comprehensive Income and Expenditure Statement.

The fair value measurements are based on the following techniques:

- Instruments with quoted market prices, or;
- Discounted cashflow analysis based on fixed and determinable payments.

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

- Level 1 – quoted prices in active markets for an identical asset that the Council can access at the measurement date;
- Level 2 – inputs other than quoted prices included with Level 1 that are observable for the asset, either directly or indirectly, or;
- Level 3 – unobservable inputs for the asset.

Any gains or losses that arise on derecognition of the assets are credited or debited to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

The Council holds a £15.0m (cash terms) long-term investment in the CCLA Local Authority Property Fund (LAPF). Ordinarily under IFRS 9, annual movements in Fair Value would represent a gain or loss that should be charged to the revenue account. The Government has extended a time-limited statutory

override requiring Local Authorities to reverse out fair value movements on pooled investment funds to an unusable reserve, thus mitigating the impact on the revenue account. This override will remain in place for existing pooled fund investments held as of 1 April 2024 and continue to apply to these investments until 1 April 2029. On 31 March 2025 the bid price of the Council's holding (excluding accrued interest) in the CCLA LAPF was £14.0m (£13.7m in 2023/24).

### **Fair Value through Other Comprehensive Income:**

Financial assets that are measured at Fair Value through Other Comprehensive Income (FVOCI) are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument and are measured at Fair Value. Fair Value gains and losses are recognised in the Financial Instruments Revaluation Reserve on the Balance Sheet. Any gains or losses that arise on derecognition of the assets are credited or debited to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement.

The Council does not hold any investments classified as FVOCI. Future investments that meet the criteria may be elected to FVOCI upon initial recognition, subject to review.

### **Expected Credit Loss Model:**

IFRS 9 requires an Expected Credit Loss model calculation for impairment of financial assets. This requires the Council to assess the potential probability risk of default by calculating the likely loss that would be incurred if a default event occurred and consequential altered timing of payment receipts, instead of an assessment based on evidence that a default has occurred.

The Council will recognise material expected credit losses on financial assets held at amortised cost, either on a 12-month or lifetime basis. Credit risk plays a crucial part in assessing potential losses and the Council's Treasury Management Strategy sets out the assessment framework and techniques applied to monitor, manage and mitigate those risks. Where the risk has not increased significantly since initial measurement or remains low, losses are assessed on a 12-month expected losses. Where the risk has increased significantly since initial measurement, losses are assessed on a lifetime basis.

On 31 March 2025 the expected credit loss against the Council's fixed term investments has been calculated at £0.127m (0.211m on 31 March 2024) and, being an immaterial amount, has not been recognised in the accounts.

Loss allowances reduce the carrying amount of financial assets on the Balance Sheet and are charged either against the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement, or for financial assets classed as capital expenditure, the Capital Adjustment Account. On derecognition, the loss allowance is reversed and the carrying amount of financial assets on the Balance Sheet reinstated.

## **1) Government Grants and Other Contributions**

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as short term or long term receipts in advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (for attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income line (for non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Revenue grants or contributions with no conditions attached are recognised as income within the Comprehensive Income & Expenditure Statement at the point of receipt.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund and Housing Revenue Account Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grant 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.

A Business Improvement Districts (BID) scheme applies in Central Milton Keynes. The scheme is funded by a BID levy paid by non-domestic ratepayers. The authority acts as a principle under the scheme, and accounts for income received and expenditure incurred (including contributions to the BID project) within the relevant services within the Comprehensive Income and Expenditure Statement.

## **m) Housing Revenue Account Self-Financing**

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Following the introduction of the Housing Self-Financing regime in March 2012, the Council initially adopted a single pool approach to managing external borrowing (interest costs apportioned between the General Fund and Housing Revenue Account in proportion to debt held by each at a consolidated rate of interest). From 2021/22 the Council has chosen to adopt a two-pool approach, whereby the Council's external borrowing loans have been equitably split into two separate pools (one for General Fund and one for Housing Revenue Account). This approach allows each respective fund to pursue its own debt strategy most appropriate to its capital programme and refinancing objectives. Any new loans raised will be added to the respective fund's loans pool.

## **n) Insurance**

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To obtain insurance cover in the most cost effective manner the Council arranges its insurance by utilising a mix of self-insured and externally insured arrangements. Where the Council buys external insurance it generally does so with substantial self-insurance arrangements (excesses) for any claims and always via fully regulated and recognised insurance providers.

Internal funds are maintained to cover those claims that fall below the policy excess or are not catered for within the Council's insurance arrangements. These funds are based on an actuarial review of the total potential liability that the Council could incur up to the 31 March 2025. Set out below are the risks

and levels to which the Council self-insures or is responsible for self-financing, anything in excess of these figures would be, subject to insurance policy terms and conditions, insured.

	<b>Maximum Self Retention Each Claim</b>	<b>Maximum Self Retained Amount Each Policy Period</b>	<b>Notes</b>
	<b>(£)</b>	<b>(£)</b>	
Casualty - Public & Employers Liability	100,000	3,000,000	
Material Damage	Housing Properties 100,000 General Properties 50,000	Unlimited	
Business Interruption	50,000	Unlimited	
Property Owners (Commercial)	250	Unlimited	
Property Owners (Leasehold)	0	0	Excess on claims payable by leaseholders not MKCC
Contract Works	1,000	Unlimited	
Terrorism	100,000	Unlimited	
Motor	500	Unlimited	Any one event with more than one vehicle involved subject to excess Limit of £2,000
Crime	50,000	10,000,000	
Computer	50,000	Unlimited	
Contents Accidental Damage (General Properties)	100% Self insured	Unlimited	Uninsured

## **o) Interest in Companies**

The Comprehensive Income and Expenditure Statement reflect all of the Council's revenue activities. The Balance Sheet has been prepared by aggregating the account balances of all of the Council's services and funds.

The Council is invited to appoint Councillors to many entities of local, regional and national significance. These appointments have been examined; together with Councillors' own declarations of interest and also those of the Corporate Leadership Team. No material reportable interests were identified. Minority interests in companies are detailed in note 36 to the Financial Statements.

The Council wholly owns Milton Keynes Development Partnership (MKDP) LLP and DevelopMK Ltd (established in March 2020). Further details of these bodies can be found in the Group Accounts notes.

## p) Investment Property

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Investment property is property (land or a building, or part of a building, or both) that is held solely to earn rentals or for capital appreciation or both. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

An investment property is recognised as an asset when and only when:

- It is probable that the future economic benefits that are associated with the investment property will flow to the entity, and;
- The cost or fair value of the investment property can be measured reliably.

Investment properties are measured at cost initially. The cost of an investment property includes its purchase price, transaction costs and directly attributable expenditure. After initial recognition, investment properties are measured at fair value. The fair value of an investment property reflects market conditions at the Balance Sheet date. Investment properties are not depreciated but are revalued annually according to market conditions at the end of each year.

Gains and losses on revaluation are posted to the Financing and Investment Income and expenditure line in the Comprehensive Income and expenditure Statement. The same treatment is applied to gains and losses on disposal. See Accounting Policy C on Fair Value Measurement for a more detailed explanation of the valuation techniques adopted.

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, revaluations and disposals gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and for any sale proceeds greater than £10,000 to the Capital Receipts Reserve.

## q) Leases

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### The Authority as Lessee

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

### Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options. The 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, including in-substance fixed payments.
- Variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date.
- Amounts expected to be payable under a residual value guarantee.
- The exercise price under a purchase option that the 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 on a straight-line basis over the shorter period of the remaining lease term and useful life of the underlying asset as at the date of adoption.

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

- There is a change in future lease payments arising from a change in index or rate.
- There is a change in the group's estimate of the amount expected to be payable under a residual value guarantee.
- The 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 Milton Keynes City Council excludes leases:

- For low-value items that cost less than £20,000 when new (with the exception of Vehicles see accounting policy t Property, Plant and Equipment for further details on Capital de-minimus), provided they are not highly dependent on or integrated with other items, and
- With a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the 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 charged 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 Authority as Lessor**

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

## **Finance Leases**

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

For Academy Schools, where finance leases have been granted at peppercorn rents, no long-term debtors are created.

## **Operating Leases**

Where the authority 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 appropriate service area on a straight line basis over the life of the lease.

## **r) Council Tax and Non Domestic Rates**

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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 (for NDR) 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 authority's share of accrued income for the year. However, regulations determine the amount of council tax and NDR that must be included in the authority'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. The Balance Sheet includes the authority'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, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

## **s) Overheads**

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

## **t) Property, Plant and Equipment**

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Property, Plant and Equipment (PPE) are assets that have physical substance and are held for use in the provision of services, or for administrative purposes, and are expected to be used for more than one financial year.

### **Recognition**

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual basis, provided that it yields benefits to the Council and the services that it provides last for more than one financial year. Expenditure that secures but does not extend the previously assessed standard of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred.

The Foundation Schools' assets are not included within Milton Keynes City Council's Property, Plant and Equipment.

### **Measurement**

Assets are carried in the Balance Sheet using the following measurement bases and with a guideline de-minimus level of £20,000 except for Vehicles:

- Community assets (excluding investment property) - depreciated historical cost.
- Assets under construction – historical cost.

- Council dwellings – current value is determined using the basis of existing use value for social housing.
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use.
- School buildings – current value, because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value.
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective.
- All other classes of asset – current value, determined as the amount that would be paid for the asset in its existing use.

Vehicles will always be considered assets of Milton Keynes City Council, regardless of their acquisition method or value, even if below the de-minimus level is below £20,000.

Where there is no market-based evidence of current value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value. Assets included in the Balance Sheet at carrying amount are revalued where there have been material changes in the value, but as a minimum every five years.

## **Estimation Techniques**

The accounting policy specifies the basis on which an item is measured. However, where there is uncertainty over the monetary amounts corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves the amount is arrived at using an estimation technique that most closely reflects the economic reality of the transaction.

## **Disposals**

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

Amounts received for disposals are categorised as capital receipts. The usable proportion of housing capital receipts is net of amounts subject to the pooling arrangements under the Local Government Act 2003. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council’s underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund and Housing Revenue Account Balance in the Movement in Reserves Statement.

The net cost 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 and Housing Revenue Account Balance in the Movement in Reserves Statement.

## **Impairment**

At the end of each reporting period an assessment is undertaken to determine whether there is any indication that assets may be impaired.

If any indication exists, the recoverable amount is estimated having regard to the concept of materiality in identifying whether the recoverable amount of any specific asset needs to be estimated.

All impairment losses on re-valued assets are recognised in the Revaluation Reserve up to the amount in the Revaluation Reserve for each respective asset. Any excess is charged to the relevant Cost of Service in the Comprehensive Income and Expenditure Statement.

## Impairment Losses and Revaluation Losses

A clear distinction is made between impairment losses and revaluation losses. Impairment losses are those attributable to consumption of economic benefit or a fall in prices that are specific to an asset.

Revaluation losses are any related losses attributable to a general fall in prices that are not specific to an asset.

As with impairment losses, the relevant service revenue account will be charged when the balance on the Revaluation Reserve for any specific asset has been used in full against the relevant revaluation loss.

## Depreciation

Depreciation is provided for on all assets with a determinable finite life (except for investment properties, assets held for sale and land), by allocating the value of the asset in the Balance Sheet over the periods expected to benefit from their use.

Depreciation is provided in accordance with the following policy on all assets (except for investment properties) where, at the time of acquisition or revaluation, a finite useful life can be determined:

- a) Newly acquired assets are depreciated from the year following acquisition. Assets in the course of construction are not depreciated until they are brought into use;
- b) Depreciation is calculated by allocating the costs (or re-valued amounts), less the estimated residual value of the relevant assets, on a straight line basis over their useful economic lives. This is deemed to be the most appropriate method given the nature of the assets held by the Council;
- c) Depreciation is calculated on the opening balances. Transactions in year including additions and revaluations are not charged depreciation until the following year.
- d) The bases for calculating the lives of different classes of assets at acquisition are as follows:

Property, Plant & Equipment: Other Buildings, Community Assets and Surplus Assets	Up to 60 years life from the completion date.
Property, Plant & Equipment: Council Dwellings	Actual life of Right To Buy Council Dwellings. Shared Ownership Dwellings not depreciated.
Property, Plant & Equipment: Vehicles, Plant and Equipment	Varies from 3 to 40 years according to the estimated life of each asset.
Property, Plant & Equipment: Right of Use	Varies from 3 to 125 years according to the length of the lease of each asset.
Investment Properties	Not depreciated.
Assets Held for Sale	Not depreciated.
Land	Not depreciated.

- e) The useful lives of assets are reviewed regularly. Where necessary, the life of an asset is revised and the carrying amount of the asset is then depreciated over the remaining useful life;
- f) Council Dwellings – for Right to Buy Council dwellings depreciation is calculated on an actual life basis. No depreciation is charged on Shared Ownership Dwellings;
- g) Revaluation gains are also depreciated. An amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been charged based on their historical cost is transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

The Council has carried out component based depreciation for Housing Revenue Account properties from financial year 2017/18 onwards.

## Revaluation Reserve

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only (the date of its formal implementation when it was created with a zero balance). Gains arising before that date have been consolidated into the Capital Adjustment Account.

## General Fund Componentisation

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

Asset groups have been identified for property (building) assets which categorise assets with similar characteristics into relevant groups for their potential impact on depreciation calculations.

The average net book value (NBV) of each property (building) asset group has been used to set the de-minimus threshold level as illustrated on the materiality table for componentisation below:

Average NBV of Asset Group	De-minimus Threshold for Componentisation
Under £0.5m	£0.5m
Between £0.5m - £1.0m	£1.0m
Between £1.0m - £1.5m	£1.5m
Between £1.5m - £2.0m	£2.0m

The average NBV of each asset group has been compared with a materiality table to identify the relevant de-minimus level. The de-minimus level of each asset group will be reviewed annually.

Some specialist property sites have been assessed by using their individual net book values as their materiality level.

Property assets which are identified for review by the Valuer are assessed in relation to three types of components with useful lives as follows:

Type of Property Component	Component Useful Life
Structure of Building	Normally 60 years
Mechanical and Electrical	25 years
Externals	Normally 60 years

A component is considered to be significant if it is more than 10% of the total cost of the property asset (building).

The componentisation policy may be altered to fit individual circumstances where the Valuer deems it to be a better representation of the asset.

Derecognition of General Fund components is based on capital expenditure recognised as an addition in year to the component and is therefore treated as a disposal, using the addition value as a proxy.

## **Housing Componentisation**

The authority fully componentised its Housing Stock for the first time in 2017/18. The authority provided the Valuer with a list of components required.

<b>Type of Component</b>	<b>% of total cost</b>	<b>Component Useful Life</b>
Land	35	Nil
Kitchen	7	10 – 15 years
Bathroom	5	10 – 25 years
Windows/Doors	6	10 – 25 years
Heating/Lighting/Electrics	10	10 – 25 years
Roof	8	10 – 65 years
Structure	29	10 – 85 years

In order to achieve this full componentisation, the Valuer prepared an assessment of Life Cycle and Replacement Costs for each Component under review, using their own experience of the sector and also referred to their Building Consultancy Department who are experienced in preparing Stock Condition Surveys and Audits of similar stock.

The Valuer varied their cost assessments by property size (ranked by number of bedrooms) in order to give a more representative assessment overall, further fine-tuned by applying a discount to flats in order to reflect their typically smaller size.

Finally, for each property address, the assessed Life Cycle for each component was compared to the previously assessed Life Cycle for the building element of that property.

Derecognition of Housing Council dwelling asset components is calculated on the basis that where capital expenditure recognised as an addition in year is greater than 50% of the existing component value the component has been replaced and is therefore treated as a disposal.

## **u) Infrastructure Assets**

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Infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. 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, if it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

## Measurement

Infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for infrastructure assets were originally recorded in Balance Sheet at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Milton Keynes City Council has balances of assets transferred at local government reorganisation which were transferred at their carrying value in 1997 when MKCC became a Unitary Authority.

## Depreciation

Depreciation is provided on the parts of the 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.

Useful lives of the various parts of the highways network are assessed by the Highways Strategic Asset Manager and the Senior Engineer Structures using industry standards where applicable as follows:

Carriageways	Resurfacing 7 to 25 years and New or Reconstructed 60 years
Footways and Redways	Resurfacing 7 to 40 years and New or Reconstructed 60 years
Structures (Bridges, Underpasses, Port Cocheres, Retaining Walls)	50 to 120 years
Bridge Joints, Safety Barriers, Protective Coatings	20 to 30 years
Drainage	40 to 60 years
Street Lighting	25 to 50 years
Street Furniture	Bus Stops and Traffic Management 25 years and other assets 5 to 40 years
Other Infrastructure Assets	5 to 20 years

## Disposals and derecognition

When a component of the network 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 (ie 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

## **v) Provisions, Contingent Liabilities and Contingent Assets**

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### **Provisions**

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

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

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less probable that a transfer of economic benefit will now be required, the provision is reversed and credited back to the relevant service.

### **Contingent Liabilities**

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

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

### **Contingent Assets**

A contingent asset arises where an event has taken place that gives the authority 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 authority.

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

## **w) Reserves**

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The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund and Housing Revenue Account in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year to score against the Surplus or Deficit

on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund and Housing Revenue Account Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax or rent payers for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets (Revaluation Reserve, Capital Adjustment Account, financial instruments, retirement and employee benefits) and do not represent usable resources for the Council – these reserves are explained in the relevant policies and note 31 to the Financial Statements.

## **x) Revenue Expenditure Funded from Capital Under Statute**

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

## **y) VAT**

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Income and expenditure exclude any amounts related to Value Added Tax (VAT), as all VAT collected is payable to Her Majesty's Revenue and Customs (HMRC) and all VAT paid is recoverable from it.

## **z) Accounting for Schools**

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A maintained school is a school which is funded by the local education authority; these are divided into the following categories:

- Community Schools
- Foundation Schools
- Voluntary Schools
  - Voluntary Aided
  - Voluntary Controlled
- Community Special Schools

Schools that are maintained by Milton Keynes City Council are treated as follows:

- Income and Expenditure is taken through the Comprehensive Income and Expenditure Statement, and is reported against the Children's Services line within Cost of Services;
- Current assets and Liabilities are reported as part of the Council's Balance Sheet;
- Reserves held by the maintained schools are included in the Net Worth on the Balance Sheet within the Local Management of School (LMS) Reserve.
- Maintained school non-current assets are reported as such on the Council's Balance Sheet, however:

- Voluntary schools are reported at nil value on the Balance Sheet, except for some pieces of land used as playing fields.
- Foundation schools are reported at nil value on the Balance Sheet.
- Information is reviewed from both voluntary and foundation schools on an ongoing basis to establish if assets should be recognised on the Balance Sheet.

Academy Schools are not included on the Council's Balance Sheet and the Income and Expenditure is not taken through the Comprehensive Income and Expenditure Statement as they are not within the control of the Council.

## **aa) Better Care Fund**

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In 2015/16 a single pooled budget known as the Better Care Fund (BCF) was created by Milton City Keynes Council (MKCC) in partnership with Milton Keynes Clinical Commissioning Group (MKCCG) now known as Integrated Care Board (ICB). The fund is comprised of revenue and capital. The purpose of the BCF is to improve the lives of some of the most vulnerable people in our society, placing them at the centre of their care and support, and providing them with 'wraparound' fully integrated health and social care, resulting in an improved experience and better quality of life. In 2024/25 the fund received £32.027m for BCF; improved Better Care Fund; Hospital Discharge and Dedicated Facilities Grant to spend across various Adult Social Care and Health projects which were evaluated and monitored by the partners throughout the year to ensure their desired objectives were achieved and to agree the reallocation of funds if required.

Milton Keynes City Council's share of the Income and Expenditure is included within the Comprehensive Income and Expenditure Statement and the Assets & Liabilities in the Balance Sheet.

# Comprehensive Income and Expenditure Statement

The Comprehensive Income and Expenditure 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 (or rents). Authorities raise taxation (and rents) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Expenditure	2023/24		Note	2024/25		
	£'000	Income £'000		Net £'000	Expenditure £'000	Income £'000
175,432	(74,193)	101,239	Adult Social Care	185,349	(76,361)	108,988
15,296	(14,935)	361	Public Health	15,845	(15,835)	10
273,637	(216,566)	57,071	Children Services	317,015	(247,997)	69,018
15,997	(8,737)	7,260	Customer & Community	13,883	(9,687)	4,196
56,665	(65,595)	(8,930)	Housing Revenue Account <sup>^</sup>	77,968	(74,763)	3,205
10,689	(10,296)	393	Planning & Placemaking	8,918	(10,239)	(1,321)
145,118	(26,871)	118,247	Environment & Property	128,965	(30,576)	98,389
73,121	(67,290)	5,831	Finance & Resources	69,717	(63,837)	5,880
1,573	(1,711)	(138)	Resources - Shared Services	332	(14)	318
3,675	(402)	3,273	Law & Governance	4,578	(1,464)	3,114
1,152	(2,033)	(881)	Corporate Items	66	(3,247)	(3,181)
<b>772,355</b>	<b>(488,629)</b>	<b>283,726</b>	<b>Cost of Services</b>	<b>822,636</b>	<b>(534,020)</b>	<b>288,616</b>
		30,113	12 Other Operating Expenditure			27,738
		3,334	13 Financing and Investment Income and Expenditure			(22,028)
		(362,702)	14 Taxation and Non-Specific Grant Income			(326,374)
		<b>(45,529)</b>	<b>Surplus or Deficit on Provision of Services</b>			<b>(32,048)</b>
		(16,117)	31.2a Surplus or deficit on revaluation of Property, Plant and Equipment			(34,200)
		7,146	31.2a Impairment losses on non-current assets charged to the Revaluation Reserve			12,979
		0	31.2d Surplus or deficit on revaluation of available for sale financial assets and financial instruments at fair value through other comprehensive income and expenditure			0
		(20,614)	31.2e Remeasurement of the net defined benefit liability / asset			8,131
		<b>(29,585)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(13,090)</b>
		<b>(75,114)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(45,138)</b>

## Movement in Reserves Statement

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, 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 authority'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 (or rents) for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments. Detailed movements to usable reserves are set out at note 31.

	Total General Fund Balance	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2024</b>	(203,791)	(45,578)	(53,404)	0	(47,916)	<b>(350,689)</b>	(1,293,635)	<b>(1,644,324)</b>
<b>Opening Balance Adjustment IFRS 16</b>	0	0	0	0	0	<b>0</b>	188	<b>188</b>
<b>Balance at 1 April 2025</b>	(203,791)	(45,578)	(53,404)	0	(47,916)	<b>(350,689)</b>	(1,293,447)	<b>(1,644,136)</b>
<b>Movement in reserves during 2024/25</b>								
Surplus or deficit on the provision of services	(25,034)	(7,014)	0	0	0	<b>(32,048)</b>	0	<b>(32,048)</b>
Other Comprehensive Income / Expenditure	0	0	0	0	0	<b>0</b>	(13,090)	<b>(13,090)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(25,034)</b>	<b>(7,014)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(32,048)</b>	<b>(13,090)</b>	<b>(45,138)</b>
Adjustments between accounting basis and funding basis under regulations	5,693	28,116	5,453	0	(797)	<b>38,465</b>	(38,465)	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(19,341)</b>	<b>21,102</b>	<b>5,453</b>	<b>0</b>	<b>(797)</b>	<b>6,417</b>	<b>(51,555)</b>	<b>(45,138)</b>
Transfers to / from Earmarked Reserves	0	0	0	0	0	<b>0</b>	0	<b>0</b>
<b>Increase or Decrease in 2024/25</b>	<b>(19,341)</b>	<b>21,102</b>	<b>5,453</b>	<b>0</b>	<b>(797)</b>	<b>6,417</b>	<b>(51,555)</b>	<b>(45,138)</b>
<b>Balance at 31 March 2025</b>	<b>(223,132)</b>	<b>(24,476)</b>	<b>(47,951)</b>	<b>0</b>	<b>(48,713)</b>	<b>(344,272)</b>	<b>(1,345,002)</b>	<b>(1,689,274)</b>

	Total General Fund Balance	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2023</b>	(119,893)	(52,600)	(53,825)	0	(45,593)	<b>(271,911)</b>	(1,297,299)	<b>(1,569,210)</b>
<b>Movement in reserves during 2023/24</b>								
Surplus or deficit on the provision of services	(30,456)	(15,073)	0	0	0	<b>(45,529)</b>	0	<b>(45,529)</b>
Other Comprehensive Income / Expenditure	0	0	0	0	0	<b>0</b>	(29,585)	<b>(29,585)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(30,456)</b>	<b>(15,073)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(45,529)</b>	<b>(29,585)</b>	<b>(75,114)</b>
Adjustments between accounting basis and funding basis under regulations	(53,442)	22,095	421	0	(2,323)	<b>(33,249)</b>	33,249	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>	<b>(83,898)</b>	<b>7,022</b>	<b>421</b>	<b>0</b>	<b>(2,323)</b>	<b>(78,778)</b>	<b>3,664</b>	<b>(75,114)</b>
Transfers to / from Earmarked Reserves	0	0	0	0	0	<b>0</b>	0	<b>0</b>
<b>Increase or Decrease in 2023/24</b>	<b>(83,898)</b>	<b>7,022</b>	<b>421</b>	<b>0</b>	<b>(2,323)</b>	<b>(78,778)</b>	<b>3,664</b>	<b>(75,114)</b>
<b>Balance at 31 March 2024</b>	<b>(203,791)</b>	<b>(45,578)</b>	<b>(53,404)</b>	<b>0</b>	<b>(47,916)</b>	<b>(350,689)</b>	<b>(1,293,635)</b>	<b>(1,644,324)</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority.

2023/24	Note		Restated as at 1 April 24*	2024/25
£'000			£'000	£'000
1,587,899	23.1	Property, Plant and Equipment	1,591,917	1,646,947
267,831	23.2	Infrastructure Assets	267,831	271,253
826		Heritage Assets	826	821
101,232	24	Investment Property	101,232	119,375
726		Intangible Assets	726	855
13,722	34a	Long-Term Investments	13,722	13,986
3,372	26a	Long-Term Debtors	3,372	361
<b>1,975,608</b>		<b>Long Term Assets</b>	<b>1,979,626</b>	<b>2,053,598</b>
249,323	34a	Short-Term Investments	249,323	245,750
9,406	23.3	Assets Held for Sale	9,406	5,427
174		Inventories	174	55
92,201	26b	Short-Term Debtors	92,201	87,978
101,620	32	Cash and Cash Equivalents	101,620	40,157
<b>452,724</b>		<b>Current Assets</b>	<b>452,724</b>	<b>379,367</b>
(15,879)	28b	Short-Term Borrowing	(15,879)	(15,238)
(117,956)	27	Short-Term Creditors	(119,151)	(107,292)
(6,254)	29	Provisions	(6,254)	(5,716)
(80,058)	22	Grants Receipts in Advance - Revenue	(80,058)	(73,651)
(12,677)	22	Grants Receipts in Advance - Capital	(12,677)	(8,356)
<b>(232,824)</b>		<b>Current Liabilities</b>	<b>(234,019)</b>	<b>(210,253)</b>
(6,786)	29	Provisions	(6,786)	(4,524)
(403,990)	28b	Long-Term Borrowing	(403,990)	(365,025)
(3,988)	35	Other Long-Term Liabilities - Finance Lease	(6,999)	(16,393)
(6,174)	37	Other Long-Term Liabilities - Pensions Liability	(6,174)	(5,456)
(121,246)	22	Grants Receipts in Advance - Revenue	(121,246)	(133,206)
(9,000)	22	Grants Receipts in Advance - Capital	(9,000)	(8,834)
<b>(551,184)</b>		<b>Long Term Liabilities</b>	<b>(554,195)</b>	<b>(533,438)</b>
<b>1,644,324</b>		<b>Net Assets</b>	<b>1,644,136</b>	<b>1,689,274</b>
(350,689)	31.1	Usable Reserves	(350,689)	(344,272)
(1,293,635)	31.2	Unusable Reserves	(1,293,447)	(1,345,002)
<b>(1,644,324)</b>		<b>Total Reserves</b>	<b>(1,644,136)</b>	<b>(1,689,274)</b>

\* The opening balance has been restated at the 1 April 2024 to reflect the implementation of the change in accounting policy for the introduction of the revised treatment in leases IFRS16. This change was required by the Code of Practice for Local Authority Accounting in the United Kingdom. Further details can be found in Note 1 to the Statement of Accounts.

Steve Richardson  
Director of Finance and Resources

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority 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 authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

2023/24 £'000	Note		2024/25 £'000
(45,529)		Net (surplus) or deficit on the provision of services	(32,048)
3,301	33.1	Adjustment to surplus or deficit on the provision of services for noncash movements	(91,560)
125,747	33.1	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	79,921
<b>83,519</b>		<b>Net cash flows from operating activities</b>	<b>(43,687)</b>
10,967	33.2	Net cash flows from investing activities	57,954
30,313	33.3	Net cash flows from financing activities	47,196
<b>124,799</b>		<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>61,463</b>
226,419		Cash and cash equivalents at the beginning of the reporting period	101,620
<b>101,620</b>	<b>32</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>40,157</b>

## Note 1 – Disclosure of the Impact of a Change in Accounting Policy

Milton Keynes City Council has implemented a change in accounting policy in 2024/25 for the introduction of the revised treatment in leases IFRS16. This change was required by the Code of Practice for Local Authority Accounting in the United Kingdom, see the revised accounting policy Q, details of the changes and impacts are as follow:

### IFRS 16 Implementation

In 2024/25, Milton Keynes City Council applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases a right-of- use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

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

- lease liabilities are measured at the present value of the lease payments, discounted by the authority's incremental borrowing rate at 1 April 2024.
- a single discount rate has been applied to portfolios of leases with reasonably similar characteristics.
- the weighted average of the incremental borrowing rates used to discount liabilities was 5.13%.
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded.
- all leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 Balance Sheet.

This has resulted in the following additions to the Balance Sheet, as at 1 April 2024:

IFRS 16 Opening Balance adjustments	Adjustment at 1 April 24 £'000
Property, Plant and Equipment - Land and Building - Right of Use	619
Property, Plant and Equipment - Vehicle Plant and Equipment - Right of Use	3,399
Short-Term Creditors	(1,195)
Long-Term Borrowing	(3,011)
Unusable Reserves - Capital Adjustment Account	188
<b>Total</b>	<b>0</b>

The future operating lease payments disclosed in the notes to the 2023/24 financial statements £1.480m did not include the councils Vehicles, Plant and Equipment operating lease payments; in assessing for IFRS16 we completed a review of all leases and contracts for any lease type arrangements. The 1 April 2024 adjustments include Schools and Embedded Vehicle, Plant and Equipment Leases.

The newly recognised lease liabilities of £4.206m compares to the revised total of Operating Lease payments assessed as part of the implementation of IFRS16 Leases of £5.456m. When these are discounted to their present value of £4.206m (using the incremental borrowing rate at 1 April 2024).

## Impacts on the reports of the Balance Sheet 1 April 2024:

IFRS 16 Opening Balance adjustments	2023/24	Adjustment at 1 April 24	Revised 1 April 2024 Position
	£'000	£'000	£'000
Property, Plant and Equipment	1,587,899	4,018	1,591,917
Short-Term Creditors	(117,956)	(1,195)	(119,151)
Long-Term Borrowing	(3,988)	(3,011)	(6,999)
<b>Total Net Assets</b>	<b>1,644,324</b>	<b>(188)</b>	<b>1,644,136</b>
Unusable Reserves - Capital Adjustment Account	(992,168)	188	(991,980)
<b>Total Reserves</b>	<b>(1,644,324)</b>	<b>188</b>	<b>(1,644,136)</b>

## Note 2 – Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate how funding available to the authority (i.e. government grants, rents, Council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services.

Net Expenditure Chargeable to the General Fund and HRA Balance	2023/24			Net Expenditure in the Comprehensive Income and Expenditure Statement	Outturn Reported to Cabinet	Contribution to/from reserves	2024/25			Net Expenditure in the Comprehensive Income and Expenditure Statement
	Adjustments between services^	Adjustments (Note 3)	£'000				Adjustments between services^	Adjustments (Note 3)	£'000	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
104,178	(221)	(2,718)	101,239	Adult Social Care	111,906	(873)	111,033	(416)	(1,629)	108,988
12,900	(12,522)	(17)	361	Public Health	13,226	33	13,259	(13,226)	(23)	10
59,987	368	(3,284)	57,071	Children Services	73,163	881	74,044	(211)	(4,815)	69,018
4,686	(288)	2,862	7,260	Customer & Community	7,860	(2,912)	4,948	(271)	(481)	4,196
7,021	(6,041)	(9,910)	(8,930)	Housing Revenue Account	0	21,102	21,102	(7,592)	(10,305)	3,205
5,025	(4,530)	(102)	393	Planning & Placemaking	2,838	2,059	4,897	(5,378)	(840)	(1,321)
99,302	(17,024)	35,969	118,247	Environment & Property	80,598	4,280	84,878	(17,225)	30,736	98,389
6,161	91	(421)	5,831	Finance & Resources	4,913	1,503	6,416	34	(570)	5,880
(136)	0	(2)	(138)	Resources - Shared Services	138	183	321	0	(3)	318
3,326	0	(53)	3,273	Law & Governance	2,855	347	3,202	0	(88)	3,114
(44,860)	26,433	17,546	(881)	Corporate Items	(28,530)	(20,385)	(48,915)	28,248	17,486	(3,181)
<b>257,590</b>	<b>(13,734)</b>	<b>39,870</b>	<b>283,726</b>	<b>Net Cost of Services</b>	<b>268,967</b>	<b>6,218</b>	<b>275,185</b>	<b>(16,037)</b>	<b>29,468</b>	<b>288,616</b>
(334,466)	13,734	(8,523)	(329,255)	Other Income and Expenditure	(269,043)	(4,381)	(273,424)	16,037	(63,277)	(320,664)
<b>(76,876)</b>	<b>0</b>	<b>31,347</b>	<b>(45,529)</b>	<b>Surplus or Deficit on Provision of Services</b>	<b>(76)</b>	<b>1,837</b>	<b>1,761</b>	<b>0</b>	<b>(33,809)</b>	<b>(32,048)</b>
(172,493)				Opening Combined General Fund and HRA Balance			(249,369)			
(76,876)				Plus / less Surplus or Deficit on the General Fund and HRA Balance for the Year (Statutory basis)			1,761			
<b>(249,369)</b>				<b>Closing Combined General Fund and HRA Balance</b>			<b>(247,608)</b>			

## Note 3 – Note to the Expenditure and Funding Analysis

	2024/25			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Adult Social Care	(721)	(798)	(110)	(1,629)
Public Health	0	(22)	(1)	(23)
Children Services	(174)	(4,513)	(128)	(4,815)
Housing and Regeneration	(246)	(253)	18	(481)
Housing Revenue Account	(10,134)	(178)	7	(10,305)
Planning & Placemaking	(726)	(112)	(2)	(840)
Environment & Property	31,025	(282)	(7)	30,736
Finance & Resources	(171)	(421)	22	(570)
Resources - Shared Services	0	(3)	0	(3)
Law & Governance	0	(88)	0	(88)
Corporate Items	19,503	0	(2,017)	17,486
<b>Net Cost of Services</b>	<b>38,356</b>	<b>(6,670)</b>	<b>(2,218)</b>	<b>29,468</b>
Other Income and Expenditure	(68,622)	(2,179)	7,524	(63,277)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(30,266)</b>	<b>(8,849)</b>	<b>5,306</b>	<b>(33,809)</b>

	2023/24			
	Net Capital Statutory Adjustments	Net Pensions Statutory Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Adult Social Care	(2,446)	(570)	298	(2,718)
Public Health	0	(19)	2	(17)
Children Services	(13)	(3,419)	148	(3,284)
Customer & Community	0	0	0	0
Strategy & Futures	0	0	0	0
Housing and Regeneration	3,026	(190)	26	2,862
Housing Revenue Account	(9,794)	(131)	15	(9,910)
Planning & Placemaking	(35)	(84)	17	(102)
Environment & Property	36,150	(201)	20	35,969
Finance & Resources	(127)	(322)	28	(421)
Resources - Shared Services	0	(2)	0	(2)
Law & Governance	0	(62)	9	(53)
Corporate Items	16,453	0	1,093	17,546
<b>Net Cost of Services</b>	<b>43,214</b>	<b>(5,000)</b>	<b>1,656</b>	<b>39,870</b>
Other Income and Expenditure	(90,520)	(1,461)	83,458	(8,523)
<b>Difference between the Statutory Charge and the Surplus or Deficit in the Comprehensive Income and Expenditure Statement</b>	<b>(47,306)</b>	<b>(6,461)</b>	<b>85,114</b>	<b>31,347</b>

Adjustments for capital purposes – this column adds in depreciation and impairment and revaluation gains and 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 Change for the Pensions Adjustments - Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

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

- Includes the adjustment for the accrued employee leave and flexi leave which are charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that the holiday entitlements and flexi leave are reflected in revenue in the financial year in which the holiday/absence occurs. Further details can be located in Accounting Policy H.
- For Financing and investment income and expenditure the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts.
- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council tax and 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.

## Note 4 – Expenditure and Income Analysed by Nature

2023/24	Note	Nature of Expenditure or Income	2024/25
£'000			£'000
(120,089)		Fees, charges and other service income	(135,592)
(15,770)	13	Interest and investment income	(36,500)
(236,611)	14	Income from local taxation	(252,333)
(485,785)	14 & 22	Government grants and contributions	(467,233)
(8,846)		Other income	(5,236)
247,385		Employee benefits expenses	250,446
58,139		Depreciation, amortisation and impairment	86,282
19,104	13	Interest payments	14,472
11,820	12	Precepts and levies	13,145
284	12	Payments to Housing Capital Receipts Pool	0
18,009	12	Gain or loss on disposal of non-current assets	14,593
466,831		Other expenditure	485,908
<b>(45,529)</b>		<b>Surplus or Deficit for Year</b>	<b>(32,048)</b>

## Note 5 – 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 authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

**General Fund Balance** - The General Fund is the statutory fund into which all the receipts of an authority are required to be paid and out of which all liabilities of the authority 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. [For housing authorities – however, the balance is not available to be applied to funding HRA services.]

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

**Major Repairs Reserve** - The authority is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end.

**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.

2024/25	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	
<b>Reversal of items Impacting the Usable Capital Reserves</b>						
Charges for depreciation, impairment and Revaluation Losses of non-current assets	(46,394)	(39,425)	0	0	0	85,819
Movements in the market value of Investment Properties	16,675	0	0	0	0	(16,675)
Amortisation of intangible fixed assets	(487)	0	0	0	0	487
Capital grants and contributions applied	0	0	0	0	65,743	(65,743)
Revenue Expenditure Funded from Capital Under Statute	(18,834)	(2,918)	0	0	0	21,752
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(17,714)	(10,260)	0	0	0	27,974
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	14,777	0	(14,777)
HRA Self Financing	0	0	7,752	0	0	(7,752)
Statutory provision for the financing of capital investment	14,660	419	0	0	0	(15,079)
Capital expenditure charged against the General Fund and HRA balance	2,565	37,281	0	0	0	(39,846)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	47,315	19,225	0	0	(66,540)	0
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	4,592	8,789	(13,381)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	13,083	0	0	(13,083)
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	0	0	0	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(2,001)	0	0	2,001
Other Capital receipts in year	0	0	0	0	0	0
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Reversal of Notional Major Repairs Allowance credited to the HRA	0	14,777	0	(14,777)	0	0
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(17,604)	(482)	0	0	0	18,086
Employers pensions contributions and direct payments to pensioners payable in year	26,218	717	0	0	0	(26,935)
<b>Adjustments impacting Other Reserves</b>						
Reversal of Accrued Employee benefits	208	(7)	0	0	0	(201)
Council's share of Movement in Collection Fund Surplus/(Deficit)	(7,524)	0	0	0	0	7,524
Financial Instruments	2,017	0	0	0	0	(2,017)
<b>Total Adjustments</b>	<b>5,693</b>	<b>28,116</b>	<b>5,453</b>	<b>0</b>	<b>(797)</b>	<b>(38,465)</b>

2023/24	Usable Reserves					Movement in Unusable Reserves
	General Fund Balance	Housing Revenue Account	Usable Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000	£'000	
<b>Reversal of items Impacting the Usable Capital Reserves</b>						
Charges for depreciation, impairment and Revaluation Losses of non-current assets	(32,914)	(24,638)	0	0	0	57,552
Movements in the market value of Investment Properties	(8,668)	0	0	0	0	8,668
Amortisation of intangible fixed assets	(606)	0	0	0	0	606
Capital grants and contributions applied	0	0	0	0	115,158	(115,158)
Revenue Expenditure Funded from Capital Under Statute	(56,289)	(563)	0	0	0	56,852
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(16,325)	(9,950)	0	0	0	26,275
Use of the Major Repairs Reserve to finance new capital expenditure	0	0	0	16,617	0	(16,617)
HRA Self Financing	0	0	2,351	0	0	(2,351)
Statutory provision for the financing of capital investment	12,678	3,740	0	0	0	(16,418)
Capital expenditure charged against the General Fund and HRA balance	24,122	14,639	0	0	0	(38,761)
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	102,873	14,608	0	0	(117,481)	0
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	778	7,488	(8,266)	0	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	0	26,053	0	0	(26,053)
Contribution from the Capital Receipts Reserve to finance payments to the Government capital receipts pool	(284)	0	284	0	0	0
Transfer from Deferred Capital Receipts Reserve upon receipt of cash	0	0	(20,001)	0	0	20,001
Other Capital receipts in year	0	0	0	0	0	0
<b>Adjustments primarily involving the Major Repairs Reserve:</b>						
Reversal of Notional Major Repairs Allowance credited to the HRA	0	16,617	0	(16,617)	0	0
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(17,811)	(479)	0	0	0	18,290
Employers pensions contributions and direct payments to pensioners payable in year	24,103	648	0	0	0	(24,751)
<b>Adjustments impacting Other Reserves</b>						
Reversal of Accrued Employee benefits	(548)	(15)	0	0	0	563
Council's share of Movement in Collection Fund Surplus/(Deficit)	(83,458)	0	0	0	0	83,458
Financial Instruments	(1,093)	0	0	0	0	1,093
<b>Total Adjustments</b>	<b>(53,442)</b>	<b>22,095</b>	<b>421</b>	<b>0</b>	<b>(2,323)</b>	<b>33,249</b>

## Note 6 – Accounting Standards Issued, Not 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:

- a) IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- b) IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

These standards all apply to Local Authority accounts in 2024/25. They are not expected to have a material effect on the Council's financial statements.

## Note 7 – Critical Judgements in Applying Accounting Policies

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

- There is a high degree of uncertainty about future levels of funding for local government. However, the authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the authority might be impaired as a result of a need to close facilities and reduce levels of service provision.
- Land & Buildings are valued on a 5 year rolling programme each year as at the 31 December. A full property review was also carried out as at the 31 March 2024 in order to identify any significant movements in the asset base during the year. The effect of the valuation methodology is to ensure that any changes in the asset base are reflected correctly in the accounts. More details are disclosed in note 23 and Accounting Policy T - Property, Plant & Equipment.
- Properties are classed as Investment Properties when they are held solely to earn rental income or for capital appreciation. The value of the properties is calculated based on the fair value of the asset on a yearly basis, i.e. the price received to sell the asset or transfer the liability.

- Maintained schools are reported on the Council’s Balance Sheet and the total Foundation schools’ assets are reported at nil value. However, capital expenditure incurred on academies, foundation and faith schools is treated as ‘revenue expenditure funded from capital under statute’ through the Comprehensive Income and Expenditure Account. In addition, judgments are applied to transactions and balances when schools change status eg change from maintained to academy school. Details of the schools accounting treatment can be found in Accounting Policy Z.

## Note 8 – Assumptions made about the future and other Major Sources of Estimation Uncertainty

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

The authority is required to disclose details of all key estimations and assumptions made within the accounts that could result in an uncertainty and could have a risk of causing an adjustment to the carrying amount of assets and liabilities within the next financial year. Estimates are made in line with the Council’s Financial Regulations and Procedures rules as well as historical experience, current trends and other relevant factors.

The main accounting estimates in application along with the degree of associated estimation uncertainty are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Defined Benefit Pension Scheme – Pension Liability</b>	Pensions disclosures provided within the Statement of Accounts are taken from the annual Actuary report, provided by Barnett Waddingham. Key assumptions made are on RPI, CPI and salary increases.	The value of the liability may increase/decrease if the assumptions change. The present value of the total obligation is £761,310m. An adjustment to the long-term salary assumption by +0.1% would result in the present value of the total obligation increasing by £0.558m. Sensitivity to some of the key assumptions is provided in note 37. The carrying amount of the liability is (£5,456m).

<p><b>Provisions</b></p>	<p>One of the most significant provision the Council has disclosed is for appeals on business rates where rate payers appeal against the valuation £4.524m.</p> <p>The Insurance Provision of £4.733m provided for within the Statement of Accounts has been taken from the annual Insurance report, provided by Gallagher Insurance Brokers Ltd Key assumptions made are on based on estimations on loss run data as of 31 January 2025, assume risk profile not changed &amp; present value of investment income.</p>	<p>Rate payers can appeal up to end of the current rating list (31 March 2024) in respect of the 2017 rating list.</p> <p>Rating appeals can be made against the current 2023 rating list. It is impracticable to quantify increase in claimants against an increase in provision as claimants are not all appealing the same value.</p> <p>The value of the liability may increase or decrease if claims are settled or new claims made. An insurance reserve is retained to manage any financial risks that fall under the Councils Insurance provider contract.</p> <p>Full details of each provision including the basis of estimation applied are provided in note 29 to the Financial Statements.</p>
<p><b>Allowance for Non-Payment of Debt</b></p>	<p>The Council maintains an allowance for the non-payment of debts in order to ensure that there are sufficient funds available to meet the future cost of any debt that is uncollectable. The current allowance for doubtful debts is £20.435m.</p>	<p>The Council evaluates each debt or category of debt by considering any significant financial difficulty for the debtor, any breach of contract or default, any concessions granted by the authority based on difficulty for the debtor, the likelihood of the debtor entering bankruptcy and the impact on Customers from the impact on the economy. The value of the allowance is calculated based on a review of all debts and a judgement of the probability of collection for each.</p>
<p><b>Property, Plant and Equipment – Depreciation</b></p>	<p>Depreciation is charged on a Useful Economic Life basis ranging from 3-125 years depending on the asset. In 2024/25 the charge is shown as £46.508m.</p>	<p>Full details on Depreciation for each asset type can be found in Accounting Policy T for Property Plant and Equipment and Accounting Policy U for Infrastructure Assets, and non-current asset values are provided in note 23 to the Financial Statements.</p>
<p><b>Valuation of operational property</b></p>	<p>Asset valuations are based on market prices and are periodically reviewed to ensure that the Council does not materially misstate its non-current assets.</p> <p>The consensus is the uncertainty created by the UK leaving the EU will lead to a slowdown, the length and depth of which will depend on various political decisions. Whilst the deal provides a more certain position the</p>	<p>A reduction in the estimated valuations would result in reductions to the Revaluation Reserve and / or a loss recorded as appropriate in the Comprehensive Income and Expenditure Statement. If the value of the Council's operational properties were to reduce by 10%, this would result in a charge to the Comprehensive Income and Expenditure Statement of approximately £57m.</p>

	<p>full implications will take some time to realise.</p> <p>The Russian invasion of Ukraine has added to the levels of global uncertainty during the period. There are currently no known specific impact to the value of the assets within the portfolio because of the invasion, this will continue to be monitor as the crisis continues.</p> <p>The Israel and Palestine Conflict brought instability to the middle eastern region. There is currently no known specific impact to the value of the assets within the portfolio because of the conflict, this will continue to be monitor as the crisis continues.</p> <p>The current Global inflationary pressures, higher interest rates and currency movements can lead to great volatility in property markets and consumer and investor behaviour is sensitive to these volatility issues.</p> <p>There was a general election in the United Kingdom on the 4 July 2024 which resulted in a new government with new policy approaches. It should be noted that this change does bring uncertainty to market expectations and therefore will require monitoring. The values of the assets within the portfolio will be kept under regular review.</p> <p>Accordingly, the valuations as a whole are not reported as being subject to 'material valuation uncertainty' as per the RICS Red Book Global</p> <p>The Valuations at 31 March 2025 were:</p> <ul style="list-style-type: none"> <li>• Assets Held for Sale £5.4m</li> <li>• Surplus Assets £6.2m</li> <li>• Investment Properties £119.4m (see below)</li> </ul>	<p>An increase in estimated valuations would result in increases to the Revaluation Reserve and / or reversals of previous negative revaluations to the Comprehensive Income and Expenditure Statement and / or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p>
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<p><b>Council Dwellings</b></p>	<p>The HRA residential portfolio is valued based on a beacon methodology. In order to value the whole portfolio, it was necessary to research a number of information sources. The stock lists have been supplemented by observations gained from internal inspection of the Beacon properties, external inspection of other blocks or estates and market research.</p> <p>The full five yearly valuation incorporating inspections of every Beacon property was undertaken as at 31 March 2023.</p>	<p>A reduction in the estimate value of HRA dwellings would be a reduction in the revaluation reserve or a loss in the CIES. If the value of dwellings were to reduce by 10% this would lead to a reduction in value of about £80m.</p> <p>An increase in estimated valuations would result in increases to the Revaluation Reserve or gains being recorded as appropriate in the Comprehensive Income and Expenditure Statement.</p>
<p><b>Fair value measurement of investment property</b></p>	<p>The Council's external valuers use valuation techniques to determine the fair value of investment property. This involves developing estimates and assumptions consistent with how market participants would price the property. The valuers base their assumptions on observable data as far as possible, but this is not always available. In that case, the valuers use the best information available.</p>	<p>Estimated fair values may differ from the actual prices that could be achieved in an arm's length transaction at the reporting date.</p>
<p><b>Arrears</b></p>	<p>The NDR arrears balance of £3.452m at the Balance Sheet date is deemed to be at risk of material adjustment within the next year due to current economic circumstances meaning that businesses are struggling to pay. A review of significant balances suggested that an impairment of doubtful debts of (£1.617m) was appropriate.</p>	<p>If collection rates were to deteriorate further, for every 1% reduction in collection rates, an extra £0.210m would be required to be set aside as an allowance</p>

## Note 9 – Material Items of Income and Expense

All material items are shown within the Comprehensive Income & Expenditure Statement.

## Note 10 – Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Finance and Resources on 26 February 2026. Events taking place after this date are not reflected in the Financial Statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the Financial Statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no material events to disclose at this stage.

## Note 11 – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure.

	Balance at 31 March 2023 £'000	Transfers In 2023/24 £'000	Transfers Between 2023/24 £'000	Transfers Out 2023/24 £'000	Balance at 31 March 2024 £'000	Transfers In 2024/25 £'000	Transfers Between 2024/25 £'000	Transfers Out 2024/25 £'000	Balance at 31 March 2025 £'000
<b>General Fund Reserves:</b>									
Bereavement reserve	(4,674)	(940)	0	277	<b>(5,337)</b>	(1,057)	1,382	267	<b>(4,745)</b>
Capital Reserve - General Fund	(7,085)	(13,843)	(58,180)	24,154	<b>(54,954)</b>	(5,404)	(5,672)	2,698	<b>(63,332)</b>
Council Plan Reserve	(1,501)	(128)	(81)	239	<b>(1,471)</b>	0	30	126	<b>(1,315)</b>
Corporate Property Reserve	(2,676)	(284)	(626)	0	<b>(3,586)</b>	(32)	(119)	345	<b>(3,392)</b>
HR Manpower Planning Reserve	(1,462)	(35)	0	41	<b>(1,456)</b>	0	0	735	<b>(721)</b>
Infrastructure Reserve	(15,426)	0	0	1,238	<b>(14,188)</b>	0	0	1,197	<b>(12,991)</b>
Internal Insurance Fund	(2,247)	(500)	0	475	<b>(2,272)</b>	(1,118)	0	1,347	<b>(2,043)</b>
NDR Funding Volatility Reserve	(1)	(86,141)	67,142	4,000	<b>(15,000)</b>	(6,843)	0	5,107	<b>(16,736)</b>
New Homes Bonus Reserve	(1,806)	(4,542)	4,542	628	<b>(1,178)</b>	(5,377)	4,729	323	<b>(1,503)</b>
Other Earmarked Reserves	(15,676)	(7,050)	3,420	5,307	<b>(13,999)</b>	(8,666)	(1,263)	2,790	<b>(21,138)</b>
Political Priorities Reserve	(7,618)	(1,656)	(2,146)	3,003	<b>(8,417)</b>	0	559	2,168	<b>(5,690)</b>
Tariff & HCA Risk Reserve	(7,147)	(2,578)	0	0	<b>(9,725)</b>	(3,411)	0	0	<b>(13,136)</b>
Strategic Development Fund	(2,038)	0	0	0	<b>(2,038)</b>	0	454	0	<b>(1,584)</b>
Waste Cashflow Reserve	(103)	(1,219)	0	0	<b>(1,322)</b>	(1,049)	0	0	<b>(2,371)</b>
Waste Asset Renewal Fund	0	(3,918)	0	0	<b>(3,918)</b>	(3,918)	0	0	<b>(7,836)</b>
Waste Risk Reserve	0	0	(10,000)	0	<b>(10,000)</b>	0	0	0	<b>(10,000)</b>
Legal Fees Reserve	(1,959)	0	0	0	<b>(1,959)</b>	0	0	306	<b>(1,653)</b>
Pension fund Reserve	(4,434)	0	0	186	<b>(4,248)</b>	0	(100)	0	<b>(4,348)</b>
Public Health Reserve	(2,839)	0	0	379	<b>(2,460)</b>	(32)	0	77	<b>(2,415)</b>
Schools Balances	(11,533)	(540)	0	394	<b>(11,679)</b>	(179)	0	259	<b>(11,599)</b>
<b>Total General Fund</b>	<b>(90,225)</b>	<b>(123,374)</b>	<b>4,071</b>	<b>40,321</b>	<b>(169,207)</b>	<b>(37,086)</b>	<b>0</b>	<b>17,745</b>	<b>(188,548)</b>
<b>Housing Revenue Account Reserves:</b>									
Capital Reserve - HRA	(45,148)	(4,813)	0	14,639	<b>(35,322)</b>	(11,874)	0	37,281	<b>(9,915)</b>
HRA Financing & Debt Risk Reserve	0	(1,700)	0	0	<b>(1,700)</b>	(3,643)	0	0	<b>(5,343)</b>
Other Earmarked Reserves	(72)	(625)	0	0	<b>(697)</b>	(505)	0	0	<b>(1,202)</b>
<b>Total Housing Revenue Account</b>	<b>(45,220)</b>	<b>(7,138)</b>	<b>0</b>	<b>14,639</b>	<b>(37,719)</b>	<b>(16,022)</b>	<b>0</b>	<b>37,281</b>	<b>(16,460)</b>
<b>Total Earmarked Reserves</b>	<b>(135,445)</b>	<b>(130,512)</b>	<b>4,071</b>	<b>54,960</b>	<b>(206,926)</b>	<b>(53,108)</b>	<b>0</b>	<b>55,026</b>	<b>(205,008)</b>

Bereavement Reserve - This fund will be used to replace and extend the crematorium and cemetery provision in MK as the borough continues to grow. This reserve is a sinking fund to offset this pressure.

Capital Reserve - The General Fund and Housing Revenue Account Capital Reserve holds contributions from the Comprehensive Income and Expenditure Statement and Housing Revenue Account to fund capital expenditure.

Council Plan Reserve - This reserve will fund the projects that have been identified to meet the most recent Council Plan priorities.

Corporate Property Reserve - This reserve will help meet revenue costs arising from the corporate delivery of the property strategy and Asset Management Plan.

HR Manpower Planning Reserve - This reserve was created to meet the future costs of redundancies arising from reductions and restructuring of services.

Infrastructure Reserve - This reserve is used to manage the difference in timing between the revenue contributions available to fund the costs of prudential borrowing for Highways improvement, and the costs being incurred.

Internal Insurance Fund - This fund covers any internal insurance costs of claims notified to the Council by 31 March (some risks are not fully funded, with losses up to a specified amount being met from revenue). To obtain cost effective insurance cover the Council has chosen to carry excesses in respect of claims made under liability and material damage insurances.

NDR Funding Volatility Reserve - Government proposals result in the Council's funding from April 2013 being based on actual Business Rate income. While a safety net will operate for losses in income above 7.5% per annum, this still creates a significant increase in the potential volatility in this funding stream. This reserve has been created to mitigate the increased risk.

New Homes Bonus Reserve - This reserve was set up in 2011/12 to hold the New Homes Bonus grants paid to the Council each year. Cabinet agreed this funding would be used in a strategic manner to support growth in the borough. Use of this funding is agreed as part of the budget process.

Political Priority Reserve - This reserve will fund the Political Priorities of the Council agreed as part of the budget process.

Tariff & HCA Risk Reserve - This reserve was created to mitigate the Council's liability under the risk sharing agreement on the Tariff and any financing risks.

Strategic Development fund - This reserve is set up to fund transformation projects which will generate a revenue saving for future years.

Waste Cash flow Reserve - This reserve has been created to manage the difference in timing between the revenue contributions to finance the costs of prudential borrowing for the Residual Waste Treatment Facility and the costs being incurred.

Waste Asset Renewal Fund - This reserve was set up by annual revenue contributions to the Waste Renewal Fund, which will be built up to enable the capital financing of replacement waste vehicles once they reach the end of their useful life.

MKWRP Waste Risk Reserve – This reserve has been created to cover 1 year of costs in the event of catastrophic failure at MKWRP.

Legal Fees Reserve – This reserve is for when legal challenges arise to either defend the Council's position or take action to protect its and the taxpayer's interests.

Pension fund Reserve – This reserve is to manage the potential impact of pension revaluation changes.

Public Health Reserve – This reserve holds the unspent ring-fenced grant funding held over for future investment in Public Health.

## Note 12 – Other Operating Expenditure

2023/24		2024/25
£'000		£'000
11,275	Precepts	12,537
545	Levies	608
284	Payments to the Government Housing Capital Receipts Pool	0
18,009	(Gains)/losses on the Disposal of Non-Current Assets	14,593
<b>30,113</b>	<b>Total Other Operating Expenditure</b>	<b>27,738</b>

## Note 13 – Financing and Investment Income and Expenditure

2023/24	Note	2024/25
£'000		£'000
20,565	Interest payable and similar charges	16,651
557	(Gain)/Loss on Pooled Investment Funds	(264)
(1,461)	Net interest on the net defined benefit liability (asset)	(2,179)
(25,025)	Interest receivable and similar income	(19,551)
8,611	Income and expenditure in relation to investment properties and changes in their fair value	(16,717)
87	15 Trading operations	32
<b>3,334</b>	<b>Total</b>	<b>(22,028)</b>

## Note 14 – Taxation and Non-Specific Grant Income

2023/24	Note	2024/25
£'000		£'000
(163,782)	Council tax income	(173,780)
(72,829)	Non-domestic rates income and expenditure	(78,553)
(8,610)	22 Non-ringfenced government grants	(7,501)
(117,481)	Capital grants and contributions	(66,540)
<b>(362,702)</b>	<b>Total</b>	<b>(326,374)</b>

## Note 15 – Trading Operations

The authority has established a number of ongoing trading units where the service is required to operate in a commercial environment and balance the budget by generating income from other parts of the authority or other organisations.

2023/24			2024/25			
Income	Expenditure	Net	Traded Services	Income	Expenditure	Net
£'000	£'000	£'000		£'000	£'000	£'000
(298)	434	136	Emberton Park	(353)	428	75
(225)	162	(63)	IT Service Desk and Technical Support Services	(233)	170	(63)
(460)	501	41	Building Control	(556)	563	7
(40)	13	(27)	HR Advisory and Payroll Services	(25)	38	13
<b>(1,023)</b>	<b>1,110</b>	<b>87</b>	<b>Net (Surplus)/deficit included in Financing and Investment Income and Expenditure</b>	<b>(1,167)</b>	<b>1,199</b>	<b>32</b>

## Note 16 – Members’ Allowances

The authority paid the following amounts to members of the Council during the year.

2023/24		2024/25
£'000		£'000
649	Salaries	679
241	Allowances	253
4	Expenses	2
<b>894</b>	<b>Total Members' Allowances</b>	<b>934</b>

Details of each Councillor’s individual allowances are published annually on the Council’s website.

## Note 17 – External Audit Costs

The Authority has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims, statutory inspections and to non-audit services provided by the authority’s external auditors:

2023/24		2024/25
£'000		£'000
290	Fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year*	449
34	Fees payable to external auditors for the certification of grant claims and returns for the year	60
<b>324</b>	<b>Total</b>	<b>509</b>

\* The fees payable for external audit services includes the 2024/25 audit fee £0.485m, 2023/24 proposed ISA315r fee variation £0.016m, and the disclaimer opinion for the 2022/23 and 2023/24 audit £0.015m. This is offset by the release of a 2022/23 accrual of (£0.006m) for the VFM charges of the 2022/23 audit based on commentary from E&Y. In addition, there was a grant from the MHCLG to cover the additional audit charges in 2024/25 (£0.061m).

## Note 18 – Road Charging Schemes

The Council was designated a Permitted and Special Parking Area from 25 March 2002 and is required under Section 55 of the Road Traffic Regulation Act 1984 and the Traffic Management Act 2004 to keep an account of income and expenditure relating to these responsibilities.

2023/24		2024/25
£'000		£'000
	<b>Expenditure</b>	
1,591	Contractors Management Fee	1,598
340	Pay and Display Installation Costs	523
150	Staffing Cost	159
2	Supplies and Services	2
52	Support Costs	36
185	Surveys and Fees	126
31	Decriminalised Costs	31
152	Depreciation	153
30	Signing Costs	7
<b>2,533</b>	<b>Total Expenditure</b>	<b>2,635</b>
	<b>Income</b>	
(1,593)	Excess Charge/Penalty Charge Notices	(1,818)
(2,483)	Permits	(2,782)
(235)	Suspensions	(60)
(7,210)	Pay and Display Income	(8,317)
<b>(11,521)</b>	<b>Total Income</b>	<b>(12,977)</b>
<b>(8,988)</b>	<b>Surplus achieved in year</b>	<b>(10,342)</b>
404	Transfer to Special Parking Reserve	0
0	Transfer from Special Parking Reserve	(102)
<b>(8,584)</b>	<b>Surplus for the year</b>	<b>(10,444)</b>

The surplus of (£10.444m) is better than the budgeted (£8.573m) by (£1.871m). This is essentially due to the continued recovery of parking income to near pre-pandemic levels and the impact of increasing the minimum Pay & Display parking duration in February 2024. The notional spend covered by the surplus is £15.705m in 2024/25 and as such, 67% is covered with the remainder funded by the General Fund. The notional costs covered are the highways and street lighting costs of on-street parking as well as the landscaping and cleansing costs. All off-street parking and passenger transport costs are covered and 66% of the environment improvement works.

## Note 19 – Pooled Budgets

### Integrated Community Equipment

The Integrated Community Equipment pooled budget brings together funding for health and social care equipment. This supports hospital discharges and the maintenance of independence and community living with some efficiency of scale and improved delivery. The Integrated Care Board (ICB) are the Lead partner for the ICES pool.

The Council's share of income and expenditure is included within Adult Social Care in the Comprehensive Income and Expenditure Statement.

2023/24 £'000	Integrated Community Equipment Service (ICES)	2024/25 £'000
	<b>Gross Funding</b>	
(551)	Milton Keynes City Council	(551)
(1,030)	Milton Keynes ICB	(1,030)
<b>(1,581)</b>	<b>Total Funding</b>	<b>(1,581)</b>
(298)	BCF contribution	(460)
<b>(1,879)</b>	<b>Total Funding and Contributions</b>	<b>(2,041)</b>
2,412	Expenditure	2,041
<b>2,412</b>	<b>Total Expenditure</b>	<b>2,041</b>
<b>533</b>	<b>Net (Surplus)/Deficit</b>	<b>0</b>
(283)	MKCC share of underspend/ (overspend)	0
(250)	ICB share of underspend/ (overspend)	0
<b>0</b>	<b>Net (Surplus) / Deficit Carried Forward</b>	<b>0</b>

## Learning Disability

The Learning Disability pooled budget supports the integrated Learning Disability service (Council and Integrated Care Board), allowing greater flexibility and economies of scale in funding services. Milton Keynes City Council is the Lead Partner for the Learning Disability Pool.

The Council's share of income and expenditure is included within Adult Social Care in the Comprehensive Income and Expenditure Statement.

2023/24 £'000	Learning Disability	2024/25 £'000
	<b>Gross Funding</b>	
(29,509)	Milton Keynes City Council	(35,295)
(1,592)	BLMK ICB	(1,654)
<b>(31,101)</b>	<b>Total Funding</b>	<b>(36,949)</b>
	<b>Expenditure</b>	
30,621	Pooled Expenditure	36,057
<b>30,621</b>	<b>Total Expenditure</b>	<b>36,057</b>
<b>(480)</b>	<b>Net (Surplus)/Deficit</b>	<b>(892)</b>
455	MKCC share of underspend/ (overspend)	852
25	ICB share of underspend/ (overspend)	40
<b>0</b>	<b>Net (surplus) / Deficit Carried Forward</b>	<b>0</b>

## Better Care Fund

The Better Care Fund (BCF) is viewed as an enabler to further integrate Health and Social Care Services. The BCF funds are intended to reduce hospital non-elective admissions; develop more robust and sustainable community health and social care services; and promote independent living. Milton Keynes City Council is the Lead Partner for the Better Care Fund pool, whereby an agreed Section 75 has been establishment and maintained between MKCC and the Integrated Care Board (ICB).

The Council's share of income and expenditure is included within Adult Social Care in the Comprehensive Income and Expenditure Statement.

2023/24 £'000	Better Care Fund	2024/25 £'000
	<b>Gross Funding</b>	
(1,268)	Milton Keynes City Council - Capital Funding	(1,573)
(9,059)	Improved Better Care Funding	(9,589)
(19,641)	Milton Keynes ICB	(20,752)
(650)	Additional Better Care Fund Top Up	0
(2,192)	Hospital Discharge	(3,716)
<b>(32,810)</b>	<b>Total Funding</b>	<b>(35,630)</b>
32,160	Expenditure	35,630
<b>32,160</b>	<b>Total Expenditure</b>	<b>35,630</b>
<b>(650)</b>	<b>Net (Surplus)/Deficit</b>	<b>0</b>
325	MKCC share of underspend/ (overspend)	0
325	ICB share of underspend/ (overspend)	0
<b>0</b>	<b>Net (surplus) / Deficit Carried Forward</b>	<b>0</b>

## Note 20 – Officers' Remuneration

### Officer Remuneration

The remuneration paid to the Council's senior employees during 2024/25 whose salary was above £50,000 is as follows:

2023/24 £		Salary £	Expenses Allowance £	Pension Contribution £	2024/25 £
235,119	Chief Executive	200,663		40,333	240,996
181,582	Deputy Chief Executive	155,089	147	30,559	185,795
175,616	Director Adult Services	151,960	334	30,544	182,838
175,135	Director Children's Services	151,960	444	30,544	182,948
175,368	Director Environment and Property	151,960	93	29,495	181,548
174,984	Director Finance & Resources	151,960		30,544	182,504
121,594	Director Law & Governance	122,088		24,540	146,628
143,183	Director of Customer & Community Services	122,088	29	24,540	146,657
142,462	Director of Planning & Placemaking	122,087	221	23,626	145,934

The Council's other employees including those listed individually as senior employees) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	Number of Employees	
	2023/24	2024/25
£50,001 to £55,000	168	227
£55,001 to £60,000	114	159
£60,001 to £65,000	91	101
£65,001 to £70,000	59	67
£70,001 to £75,000	41	38
£75,001 to £80,000	22	29
£80,001 to £85,000	9	17
£85,001 to £90,000	12	7
£90,001 to £95,000	12	11
£95,001 to £100,000	7	4
£100,001 to £105,000	3	13
£105,001 to £110,000	3	3
£110,001 to £115,000	3	2
£115,001 to £120,000	5	2
£120,001 to £125,000	0	6
£125,001 to £130,000	0	0
£130,001 to £135,000	1	0
£135,001 to £140,000	1	0
£140,001 to £145,000	0	0
£145,001 to £150,000	4	0
£150,001 to £155,000	1	4
£155,001 to £160,000	0	1
£160,001 to £165,000	0	0
£165,001 to £170,000	0	1
£170,001 to £175,000	0	0
£175,001 to £180,000	0	0
£180,001 to £185,000	0	0
£185,001 to £190,000	0	0
£190,001 to £195,000	0	0
£195,001 to £200,000	1	0
£200,001 to £205,000	0	1
<b>Total</b>	<b>557</b>	<b>693</b>

## Exit Packages

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

Exit package cost band (including special payments)	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 (£'000)	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
£0 - £20,000	15	19	6	6	21	25	194	150
£20,001 - £40,000	2	9	2	0	4	9	114	269
£40,001 - £60,000	1	3	0	1	1	4	47	183
£60,001 - £80,000	0	1	0	0	0	1	0	64
£80,001 - £100,000	0	1	0	0	0	1	0	93
£100,001 - £150,000	0	1	0	0	0	1	0	103
£150,001 - £200,000	0	0	0	0	0	0	0	0
<b>Total</b>	<b>18</b>	<b>34</b>	<b>8</b>	<b>7</b>	<b>26</b>	<b>41</b>	<b>355</b>	<b>862</b>

The total cost of £0.862m in the table above includes exit packages that have been agreed, accrued for and charged to the authority's Comprehensive Income and Expenditure Statement in the current year.

## Note 21 – Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). 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) (No 2) Regulations 2018. 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 for 2024/25 are as follows:

2023/24		2024/25		
Total		Central Expenditure	ISB	Total
£'000		£'000	£'000	£'000
334,064	Final DSG for 2024/25 before academy and high needs recoupment			368,359
(164,045)	Less: Academy and high needs figure recouped for 2023/24			(183,941)
170,019	Total DSG after academy and high needs recoupment for 2024/25			184,418
6,897	Plus: Brought forward from 2023/24			6,910
(4,590)	Less: Carry forward to 2025/26 agreed in advance			(3,408)
<b>172,326</b>	<b>Agreed initial budgeted distribution in 2024/25</b>	54,337	133,584	<b>187,920</b>
(1,853)	In year adjustments	0	(2,734)	<b>(2,734)</b>
<b>170,473</b>	<b>Final budgeted distribution for 2024/25</b>	<b>54,337</b>	<b>130,850</b>	<b>185,186</b>
49,351	Less: Actual central expenditure	54,872		<b>54,872</b>
118,802	Less: Actual ISB deployed to schools		128,667	<b>128,667</b>
0	Plus: Local Authority contributions for 2024/25	0	0	<b>0</b>
2,320	In-year carry-forward to 2025/26	(535)	2,182	<b>1,647</b>
4,590	Plus: Carry-forward to 2025/26 agreed in advance			<b>3,408</b>
<b>6,910</b>	<b>Carry forward to 2025/26</b>			<b>5,055</b>
0	DSG unusable reserve at the end of 2023/24			<b>0</b>
0	Addition to DSG unusable reserve at the end of 2024/25			<b>0</b>
0	Total of DSG unusable reserve at the end of 2024/25			<b>0</b>
<b>6,910</b>	<b>Net DSG position at the end of 2024/25</b>			<b>5,055</b>

## Note 22 – Grant Income

The Council has been credited with the following grants and contributions in the Comprehensive Income and Expenditure Statements during 2024/25.

Credited to Taxation and Non-Specific Grant Income:

2023/24	Note	2024/25
£'000		£'000
(6,731)	Revenue Support Grant	(7,178)
(1,879)	Services Grant	(323)
<b>(8,610)</b>	<b>14 Total Non-Ringfenced Government Grants</b>	<b>(7,501)</b>

Credited to service:

2023/24		2024/25
£'000		£'000
(168,977)	Dedicated Schools Grant	(183,544)
(39,956)	Mandatory Rent Allowance: Subsidy	(37,255)
(18,433)	Mandatory Rent Rebates	(18,827)
(3,896)	NHS Discharge Funding	(2,046)
(4,542)	New Homes Bonus	(5,377)
(12,522)	Public Health Grant	(13,226)
(6,682)	Pupil Premium Grant	(6,691)
(34)	Afghan Refugee Bridging Hotels Wraparound funding	(3,226)
(3,201)	Young People's Learning Agency	(3,542)
(2,168)	Universal Infant Free School Meals	(2,074)
(12,452)	Social Care Grant	(16,471)
(2,095)	Market Sustainability and fair cost of Care fund	(3,996)
(3,095)	Market Sustainability and Improvement Fund - Workforce Grant	0
(2,723)	Homelessness Prevention Grant	(2,807)
(2,601)	Ukraine Refugees	(552)
(1,578)	Homes for Ukraine - Education grant	0
(3,277)	Unaccompanied Asylum Seekers Grant	(3,628)
(17,962)	Other Grants	(31,457)
(4)	Other Grants - Covid-19 Related	(85)
(689)	Benefits Administration Grant	(695)
(1,562)	Community Learning (16-19+)	(1,206)
(5,607)	Improved Better Care Fund	(6,356)
(19,641)	Better Care Fund Contributions	(20,752)
(16,498)	Social Care Client Contributions	(16,717)
(7,202)	Milton Keynes Hospital NHS Foundation Trust and Clinical Commissioning	(8,532)
(2,297)	Other Contributions	(4,130)
<b>(359,694)</b>	<b>Total</b>	<b>(393,192)</b>

## Receipts in Advance

The Council has received a number of grants, contributions and donations that have conditions attached to them these will require the monies or property to be returned to the awarding body if the conditions are not met. These will not be recognised as income until the relevant conditions are met and the Council is able to utilise the funds.

The current Grants and Contributions receipts in advance at the 31 March 2025 are £82.007m. This includes:

- Revenue receipts in advance of £73.651m, of which is mainly £45.248m Developer Tariff contributions; £5.070m Dedicated Schools Grant, £5.313m Hospital Discharge Funding, £4.028m is Developer S106 contributions, £2.718m Improve Better Care Fund, £1.715m PH Digital Incentive Scheme and £2.002m Homes for Ukraine Grant.
- Capital receipts in advance of £8.356m including the Social Housing Decarbonisation Fund £2.700m and the Special Education and High Needs Grants £1.559m.

The long-term Grants and Contributions receipts in advance at the 31 March 2025 are £142.040m. This includes Revenue receipts in advance of £133.456m which is mainly from Developer S106 Contributions £76.688m, Developer Tariff contributions £55.618m and Capital receipts in advance of £8.834m.

## Note 23.1 – Property, Plant and Equipment

The tables on the following pages show the movements in year for PPE in 2024/25 and the 2023/24 comparative movement.

Movements to 31 March 2025	Council Dwellings	Land and Building	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Right of Use - Land and Building	Right of Use - Vehicles, Plant & Equipment	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>at 31 March 2024</b>	862,704	617,506	135,633	7,391	8,141	63,063	0	0	<b>1,694,438</b>
Opening Balance adjustment IFRS 16	0	0	0	0	0	0	892	7,077	<b>7,969</b>
<b>at 1 April 2024</b>	862,704	617,506	135,633	7,391	8,141	63,063	892	7,077	<b>1,702,407</b>
Additions	27,377	7,989	3,235	0	0	83,080	7,899	6,009	<b>135,589</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	1,478	(1,386)	0	(45)	0	0	0	<b>47</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(29,783)	(21,846)	(996)	0	(1,097)	0	0	0	<b>(53,722)</b>
Derecognition – disposals	(4,497)	(15,828)	(2,966)	0	0	0	(259)	0	<b>(23,550)</b>
Derecognition – other	(6,808)	(1,370)	(2,317)	0	0	0	0	0	<b>(10,495)</b>
Reclassifications and transfer	17,661	(9,306)	159	0	(253)	(31,375)	18,927	0	<b>(4,187)</b>
<b>at 31 March 2025</b>	<b>866,654</b>	<b>578,623</b>	<b>131,362</b>	<b>7,391</b>	<b>6,746</b>	<b>114,768</b>	<b>27,459</b>	<b>13,086</b>	<b>1,746,089</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>at 31 March 2024</b>	(59,493)	(26,804)	(18,250)	(1,460)	(532)	0	0	0	<b>(106,539)</b>
Opening Balance adjustment IFRS 16	0	0	0	0	0	0	(273)	(3,678)	<b>(3,951)</b>
<b>at 1 April 2024</b>	(59,493)	(26,804)	(18,250)	(1,460)	(532)	0	(273)	(3,678)	<b>(110,490)</b>
Depreciation charge	(14,691)	(9,580)	(8,800)	(166)	(54)	0	(114)	(893)	<b>(34,298)</b>
Depreciation written out to the Revaluation Reserve	16	21,905	3,570	0	53	0	0	0	<b>25,544</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	14,333	455	767	0	(1)	0	0	0	<b>15,554</b>
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	(4,341)	(28)	0	0	0	0	0	<b>(4,369)</b>
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(8,676)	11,494	28	0	0	0	0	0	<b>2,846</b>
Derecognition – disposals	590	1,024	2,929	0	0	0	200	0	<b>4,743</b>
Derecognition – other	456	140	732	0	0	0	0	0	<b>1,328</b>
Reclassifications and transfer	0	788	0	0	0	0	(788)	0	<b>0</b>
<b>at 31 March 2025</b>	<b>(67,465)</b>	<b>(4,919)</b>	<b>(19,052)</b>	<b>(1,626)</b>	<b>(534)</b>	<b>0</b>	<b>(975)</b>	<b>(4,571)</b>	<b>(99,142)</b>
<b>Net Book Value</b>									
<b>at 31 March 2025</b>	<b>799,189</b>	<b>573,704</b>	<b>112,310</b>	<b>5,765</b>	<b>6,212</b>	<b>114,768</b>	<b>26,484</b>	<b>8,515</b>	<b>1,646,947</b>
<b>at 1 April 2024</b>	<b>803,211</b>	<b>590,702</b>	<b>117,383</b>	<b>5,931</b>	<b>7,609</b>	<b>63,063</b>	<b>619</b>	<b>3,399</b>	<b>1,591,917</b>
<b>at 31 March 2024</b>	<b>803,211</b>	<b>590,702</b>	<b>117,383</b>	<b>5,931</b>	<b>7,609</b>	<b>63,063</b>	<b>0</b>	<b>0</b>	<b>1,587,899</b>

Movements to 31 March 2024	Council Dwellings	Land and Building	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	Assets Under Construction	Right of Use - Land and Building	Right of Use - Vehicles, Plant & Equipment	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost or Valuation</b>									
<b>at 1 April 2023</b>	861,353	621,050	118,418	7,386	5,394	27,679	0	0	<b>1,641,280</b>
Additions	22,353	1,130	23,180	5	4,276	73,075	0	0	<b>124,019</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	0	3,811	(4,212)	0	(768)	0	0	0	<b>(1,169)</b>
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(15,675)	(5,192)	(1,206)	0	(696)	0	0	0	<b>(22,769)</b>
Derecognition – disposals	(10,187)	(15,149)	(5,828)	0	0	0	0	0	<b>(31,164)</b>
Derecognition – other	(7,147)	(1,299)	(990)	0	0	0	0	0	<b>(9,436)</b>
Reclassifications and transfer	12,007	13,155	6,271	0	(65)	(37,691)	0	0	<b>(6,323)</b>
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0	<b>0</b>
<b>at 31 March 2024</b>	<b>862,704</b>	<b>617,506</b>	<b>135,633</b>	<b>7,391</b>	<b>8,141</b>	<b>63,063</b>	<b>0</b>	<b>0</b>	<b>1,694,438</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>at 1 April 2023</b>	(58,043)	(24,499)	(23,080)	(1,294)	(839)	0	0	0	<b>(107,755)</b>
Depreciation charge	(16,531)	(10,675)	(6,358)	(166)	(3)	0	0	0	<b>(33,733)</b>
Depreciation written out to the Revaluation Reserve	19	4,911	4,307	0	0	0	0	0	<b>9,237</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	16,150	149	191	0	0	0	0	0	<b>16,490</b>
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	843	110	0	(50)	0	0	0	<b>903</b>
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(8,472)	2,192	(110)	0	360	0	0	0	<b>(6,030)</b>
Derecognition – disposals	6,760	182	5,713	0	0	0	0	0	<b>12,655</b>
Derecognition – other	624	93	977	0	0	0	0	0	<b>1,694</b>
Reclassifications and transfer	0	0	0	0	0	0	0	0	<b>0</b>
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0	0	0	<b>0</b>
<b>at 31 March 2024</b>	<b>(59,493)</b>	<b>(26,804)</b>	<b>(18,250)</b>	<b>(1,460)</b>	<b>(532)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(106,539)</b>
<b>Net Book Value</b>									
<b>at 31 March 2024</b>	<b>803,211</b>	<b>590,702</b>	<b>117,383</b>	<b>5,931</b>	<b>7,609</b>	<b>63,063</b>	<b>0</b>	<b>0</b>	<b>1,587,899</b>
<b>at 31 March 2023</b>	<b>803,310</b>	<b>596,551</b>	<b>95,338</b>	<b>6,092</b>	<b>4,555</b>	<b>27,679</b>	<b>0</b>	<b>0</b>	<b>1,533,525</b>

## Note 23.2 – Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 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 authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

2023/24		2024/25
£'000		£'000
254,780	Net book value (modified historic cost) at 1 April	267,831
18,120	Additions	12,039
6,323	Reclassifications and transfer	3,588
0	Derecognitions	0
(11,392)	Depreciation	(12,205)
0	Impairment	0
<b>267,831</b>	<b>Net Book Value at 31 March</b>	<b>271,253</b>

For the 2020/21 accounts, a limitation of scope was issued on the basis that the Council were unable to obtain and provide sufficient, appropriate evidence as to whether the net book value of fixed assets was materially correct.

Subsequently DLUCH issued a statutory instrument allowing for the infrastructure assets opening balance to be brought forward without amendment and determining the carrying amount to be derecognised in respect of replaced components to be nil. CIPFA issued revised guidance to implement this in Local Authority Accounts meaning a limitation of scope is no longer needed. The Council have decided to apply the Statutory Instrument, and revised disclosures are shown here.

For the 2021/22 accounts the Council completed a thorough review of our Accounting Policy for all Infrastructure assets, the revised policy can be found in the Accounting Policy U.

The authority has determined in accordance with Regulation [30M England] of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amount being derecognised for infrastructure assets following replacement expenditure is nil.

### Depreciation

Depreciation should be provided on all assets with a finite useful life, which can be determined at the time of acquisition or revaluation.

The table on the following page details the different classes of asset held by the Council, the useful lives of each class of asset and the total depreciation charged for the year.

2023/24 Depreciation Charge £'000		Potential Useful Life of Asset Years	Actual Useful Life of Asset Years	2024/25 Depreciation Charge £'000
16,531	Council Dwellings	10 - 85 *	10 - 85 *	14,691
10,844	Other Properties	20 - 60 **	20 - 60 **	9,800
6,358	Vehicles, Plant and Equipment	3 - 40 ***	3 - 40 ***	8,800
0	Right of Use Assets	3 - 125 *****	10 - 125 *****	1,007
<b>33,733</b>	<b>Total PPE (Note 23.1) Depreciation</b>			<b>34,298</b>
11,392	Infrastructure	5 - 120*****	5 - 120*****	12,205
<b>45,125</b>	<b>Total PPE (Note 23.2) Depreciation</b>			<b>46,503</b>
5	Heritage Assets	20 - 60 **	20 - 60 **	5
<b>45,130</b>	<b>Total Depreciation</b>			<b>46,508</b>

\* The depreciation for Right to Buy Council Dwellings is based on actual useful lives.

\*\* The depreciation calculation for Other Properties is based on a 60 year life from the completion date. Each time an asset is revalued the asset life is revised.

\*\*\* The useful life varies from 3 to 40 years depending on the estimated life of each asset.

\*\*\*\* The useful life varies from 5 to 120 years depending on the estimated life of each asset.

\*\*\*\*\* The useful life varies from 10 to 125 years depending on the length of the lease of each asset.

Please see Accounting Policy T and U for further details.

## Capital Commitments

The Council prepares an annual capital programme, but a number of schemes take several years to complete thus committing the authority to capital expenditure in future years.

Overall commitments at 31 March 2025, including those with a commitment of less than £2.0m totalled £92.066m.

Capital Commitments resulting in expenditure for foundation schools and other non-Council owned assets will be treated as Revenue Expenditure Funded from Capital under Statute (REFCUS) because it will not result in an asset for the Council.

Contractual commitments as at 31 March 2025 with a commitment of £2.0m or more are shown in the table.

Segment: Scheme Name	Scheme Description	2024/25 £'000	Period of Investments Years
CMK Library Capital Works	Major Roofing Works	2,162	2
MKWRP Investment Programme	Buildings - Mechanical and Electrical Works	4,247	1
Decent Homes Programme	Communal, Doors, Windows, Bathrooms, Wiring, Kitchen, External Walls	13,307	1
Lakes Estate	Lakes Estate Regeneration	31,029	3
Energy Improvements	Social Housing Decarbonisation Fund (SHDF) Wave 2 - JCT	36,608	1
<b>Total</b>		<b>87,353</b>	

## Valuation of Non-Current Assets

### General Fund

The Authority groups the programme by property type, this accords with the guidance in the Code and ensures that properties of a similar nature (having regard to the Authority's operations) are valued together. This ensures consistency of valuations across the property types and therefore consistency of valuations (and approach towards these valuations) across the rolling programme.

Annual valuations are carried out on Investment, Asset held for Sale and Surplus Assets.

All 2024/25 valuations, including year-end valuations due to significant expenditure on individual assets, were carried out by Mark Aldis MRICS of Wilks Head and Eve Chartered Surveyors and Town Planners LLP (WHE).

A Property Market Review as a supplementary document of the 2024/25 valuations was carried out by Mark Aldis and A M Williams MRICS Registered Valuers of WHE. It refers to three aspects namely; Material changes that have occurred before the year end, Market review of assets valued during the financial year, Market review on those assets not revalued in the financial year. There were no material changes.

Land values applied in 2024/25 are £3.750m per ha, compared to £3.750m in 2023/24 no movement.

In addition, we have an annual valuation for the significant waste plant assets at the Milton Keynes Waste Recovery Park. The valuations of these specialised assets were carried out by Sam Hinder, MRICS Registered Valuer of Hilco Valuation Services.

The Valuers has completed the valuation reports in accordance with the following guidance relating to asset valuation for capital accounting purposes:

- Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (issued December 2024 and effective 31 January 2025) and the RICS Valuation – Global Standards: UK National Supplement 2023 edition (issued October 2023 and effective from 1 May 2024).
- International Financial Reporting Standards (IFRS).
- Chartered Institute of Public Finance and Accounting Code of Practice on Local Authority Accounting ('The CIPFA Code') 2024/25.

### Council Dwellings

Council Dwellings have been valued as at 1 April 2024 based on a desk top review and a full property review has been undertaken as at 31 March 2025. Council dwellings were valued by Nicholas G Worman BSc DipSurv MRICS Registered Valuer and Peter O'Brien BSc (Hons) MRICS RICS Registered Valuer both of Avison Young (UK) Limited in line with MHCLG 2016 Guidance on Stock Valuation and the Royal Institution of Chartered Surveyors Appraisal and Valuation – Global Standards 2025.

A componentised approach to the valuation of Council Dwellings led to a significant increase in capital charges to the Housing Revenue Account.

- Depreciation c£14.691m.
- Derecognition of Components £6.352m.

The year-end valuation created a total £9.049m Impairments, these impairments resulted from:

- Capital expenditure of £2.388m purchasing of 15 dwelling properties, the change in valuation basis has resulted in impairment of £1.857m.
- Capital expenditure of £4.279m new build and conversions creating 21 new dwelling properties, the change in valuation basis has resulted in impairment of £2.748m.
- Impairment dwellings awaiting capital expenditure to reinstate resulted in additional impairment of £4.444m.

## Property, Plant and Equipment Revaluations

	Council Dwellings	Other Land and Buildings	Vehicles, Plant and Equipment	Community Assets	Surplus Assets	Right of Use - Land and Building	Right of Use - Vehicles, Plant & Equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at historical cost	0	0	27,665	5,765	0	0	8,515	33,430
Valued at current value as at:								
31/03/2025	799,189	57,234	84,645	0	6,212	8,345	0	947,280
31/03/2024	0	109,497	0	0	0	2,252	0	109,497
31/03/2023	0	84,031	0	0	0	3,846	0	84,031
31/03/2022	0	283,256	0	0	0	11,874	0	283,256
31/03/2021	0	39,686	0	0	0	167	0	39,686
<b>Total Cost or Valuation</b>	<b>799,189</b>	<b>573,704</b>	<b>112,310</b>	<b>5,765</b>	<b>6,212</b>	<b>26,484</b>	<b>8,515</b>	<b>1,497,180</b>

## Foundation School Asset Values

Under the Schools Standards and Framework Act 1998, Foundation Schools Assets are vested in the Governing Bodies of the individual foundation schools. In 2024/25 there were no schools that transferred to foundation status. There were however four community schools which converted to academy status – Drayton Park, Willen Primary, Emerson Valley Junior and Merebrook Infant School. There were no newly built schools transferred to Academy upon operational status.

## Impairment

The following table shows the impairment charges for non-current assets in 2024/25:

	Impairment Loss			Reversal of Impairment Loss			Total to Revaluation Reserve	Service Total
	Taken to Revaluation Reserve	Charged to Services		Taken to Revaluation Reserve	Previously Charged to Service			
		General Fund	HRA		General Fund	HRA		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Property Plant and Equipment</b>								
Council Dwellings	0	0	9,049	0	0	(373)	0	8,676
Other Land & Buildings	1,553	458	0	2,788	(11,952)	0	4,341	(11,494)
Vehicles, Plant, Furniture and Equipment	44	23	0	(16)	(51)	0	28	(28)
Surplus Assets	0	0	0	0	0	0	0	0
<b>Total Property Plant and Equipment</b>	<b>1,597</b>	<b>481</b>	<b>9,049</b>	<b>2,772</b>	<b>(12,003)</b>	<b>(373)</b>	<b>4,369</b>	<b>(2,846)</b>
<b>Total Impairment</b>	<b>1,597</b>	<b>481</b>	<b>9,049</b>	<b>2,772</b>	<b>(12,003)</b>	<b>(373)</b>	<b>4,369</b>	<b>(2,846)</b>

## Material impairment losses

During 2024/25, the Council has recognised material impairment losses totalling £9.049m in relation to Council Dwellings. Further details of all material impairment losses can be found in the table below:

Assets		Material Impairment Loss - Recognised in year	£'000
Housing Revenue Account	Council Dwellings		8,676
Children Services	Woodlands School - Galley Hill Campus		406
Environment & Property	Serpentine Court Shops, Lakes Estate		1,510
Various	Various Properties		(9,069)
<b>Total</b>			<b>1,523</b>

## Note 23.3 – Assets Held for Sale

2023/24		2024/25
£'000		£'000
9,521	Balance outstanding at start of year	9,406
	Assets newly classified as held for sale:	
0	- Property Plant and Equipment	0
(115)	Revaluation losses	(3,979)
0	Assets Sold	0
<b>9,406</b>	<b>Balance Outstanding year end</b>	<b>5,427</b>

The most significant Assets held for sale at the 31 March 2025 includes Saxon Court the former Councils offices valued at £4.109m. The contracts were exchanged but have been through renegotiation the sale is now expected in 2025/26.

## Note 24 – Investment Properties

In 2024/25 the annual rental income from investment properties is £0.042m (£0.057m in 2023/24).

The movement in the fair value of investment properties during 2024/25 comprised of:

2023/24		2024/25
£'000		£'000
109,052	Balance at start of year	101,232
	Additions:	
0	- Construction	9
872	- Subsequent Expenditure	1,469
(24)	Disposals	0
(8,668)	Net Gain/losses from fair value adjustment	16,665
	Transfers to/from:	
0	- Property Plant and Equipment	0
<b>101,232</b>	<b>Balance Outstanding year end</b>	<b>119,375</b>

A significant addition to Investment Properties in 2024/25 related to the Agora in Wolverton. Development project costs of £1.410m have been incurred for this site in year.

The fair value gain in Investment Properties £16.665m mainly relates to the Shenley Grounds Farm & Weald Leys Farm development land £16.573m.

## **Valuation Techniques used to Determine Level 2 and 3 Fair Values for Investment Properties**

The fair value for the farmland located in the Council's Western Expansion Development area has been based on the market approach using current rents and market sales evidence for similar assets in the local authority area.

### **Highest & Best Use of Investment Properties**

Farms classified as investment properties are currently held for capital appreciation – the agricultural land is located in the Council's Western Expansion area and is allocated for residential and employment development.

### **Valuation Techniques**

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

### **Effects of Changes in Estimates**

The consensus is the uncertainty created by the UK leaving the EU will lead to a slowdown. The length and depth of this slowdown will depend on various political decisions. Whilst the deal provides a more certain position in relation to the UK's future relationship with the EU the full implications will take some time to realise. We therefore remain in a period of uncertainty in relation to many factors that impact the construction markets, supply & demand and, costs associated with this market.

The Russian invasion of Ukraine has added to the levels of global uncertainty during the period. As a response the international community has been united in applying sanctions against the Russian state. There are currently no known specific impact to the value of the assets within the portfolio because of the invasion, this will continue to be monitor as the crisis continues.

The Israel and Palestine Conflict brought instability to the middle eastern region and seizures of civilian operated cargo ships have brought in international military protection. This is an ongoing situation which has been heightened potential with wider implications across the UK and Europe although there are currently no known specific impact to the value of the assets within the portfolio because of the conflict, this will continue to be monitor as the crisis continues.

The current Global inflationary pressures, higher interest rates and currency movements can lead to great volatility in property markets and consumer and investor behaviour is sensitive to these volatility issues.

There was a general election in the United Kingdom on the 4 July 2024 which resulted in a new government with new policy approaches. It is recognized that historically investor transactional activity is generally lower than normal in the three months prior to such an election date, and then recovered in the following six-month period. It should be noted that this change does bring uncertainty to market expectations and therefore will require monitoring. The values of the assets within the portfolio will be kept under regular review.

Accordingly, and for the avoidance of doubt, the valuations are not being reported as subject to 'material valuation uncertainty' as defined by VPS 3 and VPGA 10 of the RICS Valuation – Global Standards.

This explanatory note has been included to ensure transparency and to provide further insight as to the market context under which the commentary opinion was prepared.

Further details can be found in Note 8 Assumptions made about the future and other Major Sources of Estimation Uncertainty.

## Note 25 – 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 authority, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the authority that has yet to be financed.

The CFR is analysed in the second part of this note.

2023/24	Note		2024/25
£'000			£'000
696,853		<b>Opening Capital Financing Requirement</b>	681,543
0		Opening Balance adjustment IFRS 16	4,206
<b>696,853</b>		<b>Revised Opening Capital Financing Requirement</b>	<b>685,749</b>
		Capital Investment:	
143,196		Assets	149,125
56,852	31.2c	Revenue Expenditure Funded from Capital under Statute	21,752
<b>200,048</b>		<b>Total Capital Spending</b>	<b>170,877</b>
		<b>Sources of Finance:</b>	
(26,053)	31.1a	Capital Receipts	(13,083)
(115,158)	31.1c	Other Government Grants & Contributions	(65,743)
(16,617)	31.1b	Major Repairs Reserves	(14,777)
		<b>Sums set aside from revenue:</b>	
(38,761)	31.2c	Revenue Contributions	(39,846)
(6,091)		HRA Additional Voluntary Payment of Debt	(7,752)
0		GF Additional Voluntary Provision	0
(12,678)		Minimum Revenue Provision	(15,079)
<b>(215,358)</b>		<b>Total Sources of Finance</b>	<b>(156,280)</b>
<b>681,543</b>		<b>Closing Capital Financing Requirement</b>	<b>700,346</b>
		Explanation of movements in year:	
(2,351)	31.1a	Increase/(Decrease) in underlying need to borrow (supported by government financial assistance)	(7,752)
(12,959)		Increase/(Decrease) in underlying need to borrow (unsupported by government financial assistance)	8,441
0		Assets acquired under finance leases	13,908
<b>(15,310)</b>		<b>Increase/Decrease in Capital Financing Requirement</b>	<b>14,597</b>

## Note 26 – Debtors

### a) Long Term Debtors

2023/24		2024/25
£'000		£'000
3,372	Other Long Term Debtors	361
<b>3,372</b>	<b>Total</b>	<b>361</b>

## b) Short Term Debtors

2023/24		2024/25
£'000		£'000
25,571	Trade Receivables	21,179
86,428	Other Receivable Amounts	87,234
(19,798)	Provision for Bad Debts	(20,435)
<b>92,201</b>	<b>Total</b>	<b>87,978</b>

## Note 27 – Creditors

2023/24		2024/25
£'000		£'000
(2,537)	Trade payables	(10,511)
(115,419)	Other payables	(96,781)
<b>(117,956)</b>	<b>Total Creditors</b>	<b>(107,292)</b>

## Note 28 – Borrowing Repayable

### a) Analysis of Loans by type:

2023/24		Range of Interest Rates - 31 March 2025	2024/25
£'000			£'000
	<b>Source of Loan</b>		
(409,735)	Public Works Loan Board	Lowest: 3.37% / Highest: 10.875%	(370,133)
(10,134)	Market Loans	Lowest: 3.75% / Highest: 6.62%	(10,130)
<b>(419,869)</b>	<b>Total</b>		<b>(380,263)</b>

### b) Analysis of Loans by maturity:

2023/24		2024/25
£'000		£'000
	<b>Borrowing repayable on demand or within 12 months</b>	
(13,450)	Borrowing repayable on demand or within 12 months	(14,019)
(2,429)	Accrued interest on borrowing repayable within a period in excess of 12 months	(1,219)
<b>(15,879)</b>	<b>Total Borrowing repayable on demand or within 12 months</b>	<b>(15,238)</b>
	<b>Borrowing repayable within a period in excess of 12 months</b>	
(13,965)	Maturing in 1 to 2 years	(13,097)
(36,708)	Maturing in 2 to 5 years	(37,635)
(65,718)	Maturing in 5 to 10 years	(62,697)
(107,239)	Maturing in 10 to 20 years	(96,236)
(60,000)	Maturing in 20 to 30 years	(60,000)
(110,360)	Maturing in 30 to 40 years	(85,360)
(10,000)	Maturing in 40 to 50 years	(10,000)
<b>(403,990)</b>	<b>Total Borrowing repayable within a period in excess of 12 months</b>	<b>(365,025)</b>
<b>(419,869)</b>	<b>Total</b>	<b>(380,263)</b>

## Note 29 – Provisions

### Current Provisions

2024/25	Appeals Provision £'000	Other Provisions £'000	Total £'000
Opening Balance	0	(6,254)	(6,254)
Increase in provision during year	0	(965)	(965)
Utilised during year	0	877	877
Unused Amounts Reversed	0	626	626
<b>Closing Balance</b>	<b>0</b>	<b>(5,716)</b>	<b>(5,716)</b>

2023/24	Appeals Provision £'000	Other Provisions £'000	Total £'000
Opening Balance	0	(6,531)	(6,531)
Increase in provision during year	0	(289)	(289)
Utilised during year	0	340	340
Unused Amounts Reversed	0	226	226
<b>Closing Balance</b>	<b>0</b>	<b>(6,254)</b>	<b>(6,254)</b>

### Long Term Provisions

2024/25	Appeals Provision £'000	Other Provisions £'000	Total £'000
Opening Balance	(6,786)	0	(6,786)
Increase in provision during year	(2,500)	0	(2,500)
Utilised during year	4,762	0	4,762
Unused Amounts Reversed	0	0	0
<b>Closing Balance</b>	<b>(4,524)</b>	<b>0</b>	<b>(4,524)</b>

2023/24	Appeals Provision £'000	Other Provisions £'000	Total £'000
Opening Balance	(7,350)	0	(7,350)
Increase in provision during year	(2,983)	0	(2,983)
Utilised during year	3,547	0	3,547
Unused Amounts Reversed	0	0	0
<b>Closing Balance</b>	<b>(6,786)</b>	<b>0</b>	<b>(6,786)</b>

### Total Provisions

2023/24 £'000	Total Provisions	2024/25 £'000
(13,881)	Opening Balance	(13,040)
(3,272)	Increase in provision during year	(3,465)
3,887	Utilised during year	5,639
226	Unused Amounts Reversed	626
<b>(13,040)</b>	<b>Closing Balance</b>	<b>(10,240)</b>

### Appeals Provision

Under NDR retention, the Council retains percentage share of all business rates income net of any backdated reductions. Rate payers can appeal a valuation and they have up to the end of the current

Rating List (31 March 2025) in respect of the 2017 rating list. Rating appeals can be also made against the current 2023 rating list. It is impracticable to quantify increase in claimants against an increase in provision as claimants are not all appealing the same value. This appeals provision has been calculated based on information provided by the Valuation Office Agency and external bodies, combined with local knowledge of the Rating List. The Council has undertaken a detailed review of the provision based on a detailed external assessment from an external rating expert to estimate likely losses.

## **Other Provisions**

### **a) Insurance Provision**

At the 31 March 2025 the Council has outstanding insurance liabilities (estimated claims for which liability was accepted) totalling £4.733m. A provision has been charged to the Comprehensive Income & Expenditure Account to fund this and recognises this liability with funding met through reserves.

### **b) Term Time Only Settlement Provision**

The calculation of holiday pay entitlement for term time only staff (school staff and staff that are centrally employed) was specifically outlined in the Green Book for the first time in February 2019. The new calculation resulted in an increase in holiday pay for these staff and the new calculation was implemented from 1 April 2019. During 2019/20 we discussed with the unions about a backdated settlement as a result of the change in calculation – Councillors signed off the agreed settlement by delegated decision in February 2020. There were settlements made during the year totalling £0.143m in addition to the £3.498m paid in previous years (including legal costs). The provision reflects a reasonable estimate of the remaining potential liability.

### **c) Milton Keynes Waste Recovery Plant**

During January 2025, there was what contractually is referred to as a “catastrophic event” at the Milton Keynes Waste Recovery Plant which was due to 2 lines in the Advanced Thermal Treatment Plant not working between 2nd and 16th January 2025. The plant therefore not being operational. The result of this event was that capital investment to the value of £0.177m was required (funded by the Council and accrued as a capital cost) and there was a claim for a loss of income and added costs incurred by Thalia due to this downtime (Thalia incur costs for the first 5 days, the Council incurs the costs after day 5). At the time of closing the accounts, whilst Thalia had submitted a claim for compensation, this was still being verified and challenged by the Council, hence the provision. Based on a reasonable assessment of the costs submitted, a provision of £0.557m was included in the 2024/25 accounts.

## **Note 30 – Contingent Liabilities**

The most significant contingent gains and losses disclosed in the Council’s accounts for the year ending 31 March 2025 are as follows:

- a) In January 2013 the Council took over the management of the Milton Keynes Tariff, which is a framework Section 106 agreement under which developers contribute to the provision of local and strategic infrastructure to mitigate the impact of growth. The terms of the funding agreement state that the Council will manage the expenditure so that the tariff deficit is managed down to zero by the risk share cut-off date. In the event that this is not achieved, a risk sharing agreement is in place with the Homes England and the Ministry of Housing, Communities and Local Government to allocate the first £22.0m of any deficit in the proportion 10:5:7. The Council will be liable for any

tariff deficit in excess of the risk share. The Council is currently of the view that there will be no deficit share for which it will be liable. In the event that the Council does not fully spend tariff contributions by 2031, it would be obliged to repay these together with interest.

- b) Milton Keynes City Council has entered into an agreement in accordance with Section 11(6) of the Local Government Act 2003 which enables the Council to retain additional capital receipts. These additional receipts must be used towards the provision of new affordable housing within the borough. If, following five years from the date of receipt, any of the capital receipt remains unspent by the Council, the remaining element is required to be repaid. Any repayment due will be subject to interest 4% above the base rate at the date of expiry. At the 31 March 2025 all receipts retained have been allocated to projects to provide additional affordable housing within Milton Keynes, with a further £2.2m allocated to come from receipts to be received in 2025/26.
- c) Due to the uncertainty in terms of both timing and amounts Milton Keynes City Council have estimated a provision for future losses to business rates income as a result of business rate appeals against the 2017 and 2023 rating lists. As such, the potential for further reductions above or below this amount is a potential liability to Milton Keynes City Council which cannot be estimated at this time.
- d) The Council was awarded Housing Infrastructure Funding Grant totalling £94.6m by Homes England to fund two separate packages of Highways and Social Infrastructure in MK East. The Council has directly procured the construction of a new Primary School and Health Hub Centre and Highways works are being delivered by the developer.

In March 2022 MKCC entered into a grant sharing agreement with St James Group Ltd in relation to the Housing Infrastructure Fund Grant Determination Agreement. The grant sharing agreement has a provision for overruns whereby both parties are liable for 50% of any infrastructure expenditure more than the grant of £79.557m up to a cost cap of £19.133m. Berkley St James Group have agreed that they will fund the costs above the cost cap and a deed of variation for these changes was entered into in August 2024.

As part of the development area the Council has set up a Tariff Scheme to fund other infrastructure that the area will need because of the development in MK East.

- e) A potential claim for adverse possession has been flagged in respect of land in Willen. Negotiations are currently being held with the complainant, and all routes to possible settlement are being explored.
- f) Planning permission for the development of a site was refused in July 2024. The decision was subsequently appealed to the Planning Inspectorate and a Public Inquiry held in March 2025. Through the appeal, both the appellant and the Council submitted claims for costs to be awarded. The Inspector's decision is expected to be issued in late 2025.
- g) Between 2021 and 2024, the Council carried out major works to 3 leasehold blocks. Although section 20 consultation under the Landlord and Tenant Act 1985 was completed, an error in the original cost estimates has led to disputes with some leaseholders. The Council has taken legal advice and, before seeking a dispensation from the First-tier Tribunal, will engage with all leaseholders to resolve the issue.

## Note 31.1 – Usable Reserves

Movements in the authority's usable reserves are detailed in the Movement in Reserves Statement:

2023/24	Note		2024/25
£'000			£'000
(34,584)		General Fund Balance	(34,584)
(157,528)	11	Earmarked General Fund Reserves	(176,949)
(11,679)	11	Schools Balance Reserve	(11,599)
(7,859)		Housing Revenue Account	(8,016)
(37,719)	11	Earmarked HRA Reserves	(16,460)
(53,404)	31.1a	Capital Receipts Reserve	(47,951)
0	31.1b	Major Repairs Reserve	0
(47,916)	31.1c	Capital Grants Unapplied	(48,713)
<b>(350,689)</b>		<b>Total</b>	<b>(344,272)</b>

### a) Capital Receipts Reserve

2023/24		2024/25
£'000		£'000
(53,825)	Balance 1 April	(53,404)
(8,266)	Capital Receipts in year	(13,381)
(20,001)	Deferred Receipts realised	(2,001)
284	Capital Receipts Pooled	0
2,351	Capital Receipts transferred to Capital Adjustment Account to repay debt	7,752
26,053	Capital Receipts used for financing	13,083
<b>(53,404)</b>	<b>Balance 31 March</b>	<b>(47,951)</b>

### b) Major Repairs Reserve

2023/24		2024/25
£'000		£'000
0	Balance 1 April	0
(16,617)	Depreciation and Amortisation	(14,777)
16,617	Application to finance capital expenditure	14,777
<b>0</b>	<b>Balance 31 March</b>	<b>0</b>

### c) Capital Grants Unapplied

2023/24		2024/25
£'000		£'000
(45,593)	Balance 1 April	(47,916)
(117,481)	Capital grants recognised in year	(66,540)
115,158	Capital grants and contributions applied	65,743
<b>(47,916)</b>	<b>Balance 31 March</b>	<b>(48,713)</b>

## Note 31.2 – Unusable Reserves

2023/24	Note		2024/25
£'000			£'000
(294,197)	31.2a	Revaluation Reserve	(301,760)
1,278	31.2b	Pooled Investment Funds Adjustment Account	1,014
(992,168)	31.2c	Capital Adjustment Account	(1,042,561)
990	31.2d	Financial Instruments Adjustment Account	(763)
6,174	31.2e	Pension Reserve	5,456
(11,910)	31.2f	Deferred Capital Receipts Reserve	(9,909)
(5,482)	31.2g	Collection Fund Adjustment Account	2,042
1,680	31.2h	Accumulated Absences Account	1,479
<b>(1,293,635)</b>		<b>Total</b>	<b>(1,345,002)</b>

### a) Revaluation Reserve

2023/24		2024/25
£'000		£'000
(293,189)	<b>Balance 1 April</b>	(294,197)
(16,117)	Upward revaluation of assets	(34,200)
7,146	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	12,979
<b>(8,971)</b>	<b>Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b>	<b>(21,221)</b>
5,380	Difference between fair value depreciation and historical cost depreciation	5,127
2,583	Accumulated gains on assets sold or scrapped	8,531
<b>7,963</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>13,658</b>
<b>(294,197)</b>	<b>Balance 31 March</b>	<b>(301,760)</b>

### b) Pooled Investment Funds Adjustment Account

2023/24		2024/25
£'000		£'000
721	<b>Balance 1 April</b>	1,278
557	Upward (downward) revaluation of investments	(264)
<b>557</b>	<b>Total Changes in revaluation and impairment</b>	<b>(264)</b>
<b>1,278</b>	<b>Balance 31 March</b>	<b>1,014</b>

## c) Capital Adjustment Account

2023/24	Note	2024/25
£'000		£'000
(918,800)		(992,168)
0		188
<b>(918,800)</b>		<b>(991,980)</b>
54,187		52,190
3,365		33,629
606		487
56,852	25	21,752
26,275		27,974
141,285		136,032
(7,963)		(13,658)
<b>133,322</b>		<b>122,374</b>
(26,053)	31.1a	(13,083)
(16,617)	31.1b	(14,777)
(115,158)	31.1c	(65,743)
(16,418)		(15,079)
(38,761)	24	(39,846)
<b>(213,007)</b>		<b>(148,528)</b>
(2,351)	31.1a	(7,752)
8,668	24	(16,675)
0		0
<b>(992,168)</b>		<b>(1,042,561)</b>

## d) Financial Instruments Adjustment Account

2023/24		2024/25
£'000		£'000
454		990
578		(1,680)
(42)		(73)
536		(1,753)
0		0
<b>990</b>		<b>(763)</b>

## e) Pension Reserve

2023/24		2024/25
£'000		£'000
33,249	<b>Balance 1 April</b>	6,174
(20,614)	Remeasurements of the net defined benefit (liability)/asset	8,131
18,290	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	18,086
(24,751)	Employer's pensions contributions and direct payments to pensioners payable in the year	(26,935)
<b>6,174</b>	<b>Balance 31 March</b>	<b>5,456</b>

## f) Deferred Capital Receipts Reserve

2023/24		2024/25
£'000		£'000
(31,911)	<b>Balance 1 April</b>	(11,910)
0	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0
20,001	Transfer to the Capital Receipts Reserve upon receipt of cash	2,001
<b>(11,910)</b>	<b>Balance 31 March</b>	<b>(9,909)</b>

## g) Collection Fund Adjustment Account

2023/24		2024/25
£'000		£'000
(88,940)	<b>Balance 1 April</b>	(5,482)
83,458	Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	7,524
<b>(5,482)</b>	<b>Balance 31 March</b>	<b>2,042</b>

## h) Accumulated Absences Account

2023/24		2024/25
£'000		£'000
<b>1,117</b>	<b>Balance 1 April</b>	<b>1,680</b>
(1,117)	Settlement or cancellation of accrual made at the end of the preceding year	(1,680)
1,680	Amounts accrued at the end of the current year	1,479
563	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	(201)
<b>1,680</b>	<b>Balance 31 March</b>	<b>1,479</b>

## Note 32 – Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

2023/24		2024/25	
£'000		£'000	
3,396	Cash and Bank balances	3,148	
98,224	Short Term Deposits	37,009	
<b>101,620</b>	<b>Total Cash and Cash Equivalents</b>	<b>40,157</b>	

At the 31 March 2025, the Council held £37.009m invested with various financial institutions as short term deposits (£98.224m at the 31 March 2024). The deposits are investments held for cash flow purposes that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Due to the nature of these investments, the balance will vary year on year.

## Note 33.1 – Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

2023/24		2024/25	
£'000		£'000	
(27,694)	Interest received	(21,144)	
21,236	Interest paid	17,298	
<b>(6,458)</b>	<b>Total</b>	<b>(3,846)</b>	

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

2023/24		2024/25	
£'000		£'000	
(66,653)	Depreciation & Impairment and downward valuations	(69,144)	
(173)	Amortisation	(487)	
2,071	(Increase)/decrease in impairment for bad debts	(637)	
109,344	(Increase)/decrease in creditors	(9,951)	
(20,736)	Increase/(decrease) in debtors	7,388	
103	Increase/(decrease) in inventories	(119)	
6,461	Movement in pension liability	8,849	
(26,275)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(27,974)	
(841)	Other non-cash movements charged to the surplus or deficit on provision of services	515	
<b>3,301</b>	<b>Total</b>	<b>(91,560)</b>	

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

2023/24		2024/25	
£'000		£'000	
8,266	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	13,381	
117,481	Any other items for which the cash effects are investing or financing cash flows	66,540	
<b>125,747</b>	<b>Total</b>	<b>79,921</b>	

## Note 33.2 – Cash Flow from Investing Activities

2023/24		2024/25
£'000		£'000
122,002	Purchase of property, plant and equipment, investment property and intangible assets	151,190
1,438,786	Purchase of short-term and long-term investments	718,050
(27,561)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(15,234)
(1,413,535)	Proceeds from short-term and long-term investments	(721,301)
(108,725)	Other receipts from investing activities	(74,751)
<b>10,967</b>	<b>Net cash flows from investing activities</b>	<b>57,954</b>

## Note 33.3 – Cash Flow from Financing Activities

2023/24		2024/25
£'000		£'000
9,865	Other receipts from financing activities	9,509
21,215	Repayments of short-term and long-term borrowing	38,337
(767)	Other payments for financing activities	(650)
<b>30,313</b>	<b>Net cash flows from financing activities</b>	<b>47,196</b>

## Note 34 – Financial Instruments

Financial instruments are recognised on the Balance Sheet when the Council becomes party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

### Financial Assets

Financial assets are now classified into one of three categories:

- Financial Assets
- Fair value Through Other Comprehensive Income (FVOCI)
- Fair Value Through Profit and Loss (FVTPL)

### a) Financial Instrument Balances

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

	Non-Current Financial Assets				Current Financial Assets					
	Investments		Debtors		Investments		Debtors		Cash	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised cost	0	0	0	0	249,167	245,575	47,152	50,144	98,224	37,009
Fair Value through Profit or Loss	13,722	13,986	0	0	156	175	0	0	0	0
<b>Total financial assets</b>	<b>13,722</b>	<b>13,986</b>	<b>0</b>	<b>0</b>	<b>249,323</b>	<b>245,750</b>	<b>47,152</b>	<b>50,144</b>	<b>98,224</b>	<b>37,009</b>
Non-financial assets	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>13,722</b>	<b>13,986</b>	<b>0</b>	<b>0</b>	<b>249,323</b>	<b>245,750</b>	<b>47,152</b>	<b>50,144</b>	<b>98,224</b>	<b>37,009</b>

The debtor's lines on the Balance Sheet include £37.834m (£45.049m in 2023/24) short-term and £0.361m (£3.372m in 2023/24) long-term debtors that do not meet the definition of a financial asset. See note 26 for further information.

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

	Non-Current Financial Liabilities				Current Financial Liabilities			
	Borrowings		Creditors		Borrowings		Creditors	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised cost	(403,990)	(365,025)	0	0	(15,879)	(15,238)	(56,161)	(45,423)
<b>Total financial liabilities</b>	<b>(403,990)</b>	<b>(365,025)</b>	<b>0</b>	<b>0</b>	<b>(15,879)</b>	<b>(15,238)</b>	<b>(56,161)</b>	<b>(45,423)</b>
Non-financial liabilities	0	0	0	0	0	0	0	0
<b>Total</b>	<b>(403,990)</b>	<b>(365,025)</b>	<b>0</b>	<b>0</b>	<b>(15,879)</b>	<b>(15,238)</b>	<b>(56,161)</b>	<b>(45,423)</b>

The short-term creditor's lines on the Balance Sheet include £61.869m (£61.795m in 2023/24) that does not meet the definition of a financial liability. See note 27 for further information.

## **b) Material Soft Loans Made by the Authority**

Soft loans are those advanced at below market rates in support of the Council's service priorities. Soft loans are valued by discounting the contractual payments at the market rate of interest for a similar loan. The market rate has been arrived at by taking the Council's marginal cost of borrowing and adding a credit risk premium to cover the risk that the borrower is unable to repay the Council.

The Council is not in receipt of any soft loans advanced to us.

## **c) Reclassifications of financial instruments**

During the financial year there have been no reclassifications between financial assets measured at fair value and those measured at amortised cost.

## **d) De-recognition of financial instruments**

There have been no financial assets transferred in such a way that the assets did not qualify for de-recognition during the financial year.

## **e) Allowance account for credit losses**

The Council has created an allowance for non-payment of debts. Each class of debt is reviewed and any impairment resulting from issues such as changes in the economic climate, or the financial position of the debtor is calculated. This is known as the incurred losses method.

## **f) Defaults and Breaches**

In respect of loans payable by the Council during the year, there have been no breaches or defaults.

## g) Financial Instruments Income, Expenses, Gains and Losses

The income, expenses, gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2023/24		Financial Liabilities	Financial Assets		2024/25
Total		Amortised Cost	Amortised Cost	Fair Value through Profit or Loss	Total
£'000		£'000	£'000	£'000	£'000
(20,565)	Interest payable and similar charges	(16,651)	0	0	(16,651)
25,025	Interest and investment income	0	18,751	800	19,551
(145)	Fee expenses	0	(47)	(65)	(112)
<b>4,315</b>	<b>Impact in Comprehensive Income &amp; Expenditure Statement</b>	<b>(16,651)</b>	<b>18,704</b>	<b>735</b>	<b>2,788</b>
(557)	Gains/(Loss) on revaluation	0	0	264	264
<b>(557)</b>	<b>Impact in Other Comprehensive Income</b>	<b>0</b>	<b>0</b>	<b>264</b>	<b>264</b>
<b>3,758</b>	<b>Net Interest or Gain/(Loss) for the year</b>	<b>(16,651)</b>	<b>18,704</b>	<b>999</b>	<b>3,052</b>

### Fair Values

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 arm's 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 their fair value. For most assets - including bonds, shares in money market funds and other pooled funds - the fair value is taken from market prices.

For financial instruments carried at their amortised cost, their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2025, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- 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 approximate to the carrying amount given the low interest rate environment.

Fair values are shown in the table below, 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, e.g. bond prices.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments.

- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

## Fair Values of financial liabilities:

2023/24		Fair Value levels	2024/25		
Balance Sheet £'000	Fair Value £'000		Balance Sheet £'000	Fair Value £'000	
<i>Financial liabilities held at amortised cost:</i>					
409,735	359,386	Loans from PWLB	2	370,133	277,591
10,134	7,607	Market Loans	2	10,130	6,597
<b>419,869</b>	<b>366,993</b>	<b>Total Financial Liabilities</b>		<b>380,263</b>	<b>284,188</b>
56,161		Liabilities for which fair value is not disclosed		45,423	
<b>476,030</b>	<b>366,993</b>	<b>Total Financial Liabilities</b>		<b>425,686</b>	<b>284,188</b>
<b>Recorded on Balance Sheet as:</b>					
56,161		Short-term creditors		45,423	
15,879		Short-term borrowing		15,238	
403,990		Long-term borrowing		365,025	
<b>476,030</b>		<b>Total Financial Liabilities</b>		<b>425,686</b>	

The fair value of financial liabilities held at amortised cost is lower than their Balance Sheet carrying amount because the Councils portfolio of loans includes a number of loans where the interest rate payable is lower than the current rates available for similar loans as at the Balance Sheet date.

## Fair Values of Financial Assets:

2023/24		Fair Value levels	2024/25		
Balance Sheet £'000	Fair Value £'000		Balance Sheet £'000	Fair Value £'000	
<i>Financial assets held at fair value:</i>					
98,224	98,224	Liquid Instruments (Money market funds & bank call accounts)	1	37,009	37,009
154,558	158,129	Certificates of Deposit	1	123,676	122,665
0	0	Deposits with UK Government	1	0	0
0	0	Local Authorities	1	50,823	50,823
13,879	13,879	Property funds	1	14,161	14,161
88,767	88,767	Fixed Term Deposits (Banks and Building Societies)	1	71,076	71,076
0	0	Bank 35d notice account	1	0	0
<i>Financial assets held at amortised cost:</i>					
5,841	5,841	Short-term loans to companies	2	0	0
<b>361,269</b>	<b>364,840</b>	<b>Total</b>		<b>296,745</b>	<b>295,734</b>
47,152		Assets for which fair value is not disclosed		50,144	
<b>408,421</b>	<b>364,840</b>	<b>Total Financial Assets</b>		<b>346,889</b>	<b>295,734</b>
<b>Recorded on Balance Sheet as:</b>					
47,152		Short-term debtors		50,144	
249,323		Short-term investments		245,750	
13,722		Long-term investments		13,986	
98,224		Cash and Cash Equivalents		37,009	
<b>408,421</b>		<b>Total Financial Assets</b>		<b>346,889</b>	

Holdings in the CCLA Local Authority Property Fund are classified as Fair Value through Profit and Loss. Gains and losses on the fund would ordinarily be charged to the Comprehensive Income and Expenditure Statement, however government has extended a time-limited statutory override requiring local authorities to reverse out fair value movements on pooled investment funds through the Movement in Reserves Statement to the Pooled Investment Funds Adjustment Account. This override will remain in place for existing pooled fund investments held as of 1 April 2024 and continue to apply to these investments until 1 April 2029.

The fair value of investment financial assets held at amortised cost is considered approximate to the carrying amount as they all mature in less than a year.

## **a) Nature and Extent of Risks Arising from Financial Instruments**

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.

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by a Treasury team, under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas such as interest rate risk, credit risk and the investment of surplus cash.

### **Credit Risk**

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. Recognising that credit ratings are imperfect predictors of default; the Council has regard to other measures of credit risk including credit default swaps (a traded market of insurance against defaults) and equity prices when selecting counterparties to invest with.

The table below summarises the credit risk exposures of the Council’s treasury investment portfolio by credit rating:

Credit Risk Rating	Long Term Assets		Short Term Assets	
	2023/24	2024/25	2023/24	2024/25
	£'000	£'000	£'000	£'000
<b>12-Month expected credit losses:</b>				
AAA	0	0	98,209	37,009
AA+	0	0	0	0
AA	0	0	12,583	12,566
AA-	0	0	72,556	90,270
A+	0	0	145,593	89,358
A	0	0	0	0
A-	0	0	12,608	2,558
UK Government	0	0	0	0
Unrated Local Authorities	0	0	0	50,823
Unrated Building Societies	0	0	0	0
Unrated Companies	0	0	5,841	0
Unrated Pooled Fund*	13,722	13,986	157	175
<b>Total Investments</b>	<b>13,722</b>	<b>13,986</b>	<b>347,547</b>	<b>282,759</b>

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

Loss allowances on treasury investments are calculated by reference to historic default data published by credit rating agencies, adjusted for current and forecast economic conditions. A two year delay in cash flows is assumed to arise in the event of default. Investments are determined to have suffered a significant increase in credit risk where they have been downgraded by three or more credit rating notches or equivalent since initial recognition, unless they retain an investment grade credit rating. They are determined to be credit-impaired when downgraded to a “D” credit rating or equivalent.

At 31 March 2025 the Council assessed its credit loss exposure as £0.127m (compared to £0.211m in 2023/24). No loss provision has been charged to the revenue account as this amount is considered immaterial and, if the eventuality arose, the cost could be met from earmarked reserves. This position is kept under annual review.

## Exposure to Risk

Unimpaired Past Due Amount Analysed by Age:

2023/24		2024/25
£'000		£'000
5,716	Less than three months	2,239
71	Three to six months	44
61	Six months to one year	1,519
138	More than one year	1,327
<b>5,986</b>	<b>Total</b>	<b>5,129</b>

## Impaired Past Due Amount Analysed by Age:

2023/24		2024/25
£'000		£'000
2,109	Less than three months	1,374
879	Three to six months	1,335
1,714	Six months to one year	1,458
2,785	More than one year	3,932
<b>7,487</b>	<b>Total</b>	<b>8,099</b>

## 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. There is no significant risk that the Council would be unable to raise finance to meet its commitments under financial instruments. Instead, the most prominent risk is that the Council might need to replenish its borrowings at a time of unfavourable interest rates. The annual Treasury Strategy, which is approved by Council in February/March each year, sets out strategies to manage and mitigate this risk.

The maturity analysis of the Council's borrowings is set out below:

2023/24		2024/25
£'000		£'000
15,879	Less than one year	15,238
13,965	Between one and two years	13,097
36,708	Between two and five years	37,635
65,718	Between five and ten years	62,697
107,239	Between ten and twenty years	96,236
60,000	Between twenty years and thirty years	60,000
110,360	Between thirty years and forty years	85,360
10,000	Over forty years	10,000
<b>419,869</b>	<b>Total</b>	<b>380,263</b>

Associated loan interest charges are budgeted for as part of the legal requirement of the Council to set an annual balanced revenue budget and so these sums do not require refinancing when the fall due.

These contractual interest commitments are shown below:

2023/24		2024/25
£'000		£'000
17,157	Less than one year	15,531
16,649	Between one and two years	14,736
45,046	Between two and five years	39,380
62,059	Between five and ten years	53,361
81,492	Between ten and twenty years	66,699
61,555	Between twenty years and thirty years	47,965
23,529	Between thirty years and forty years	18,708
626	Over forty years	251
<b>308,113</b>	<b>Total</b>	<b>256,631</b>

## Market Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments and has a number of strategies for managing interest rate risk. These are set out in the annual Treasury Strategy which is approved by Council in February each year.

Movements in interest rates can have a wide range of complex implications on the Council's finances. For instance, a rise in interest rates would have the following effects on borrowings and investments:

- borrowings at variable rates – the interest expense charged to the surplus or deficit on the provision of services will rise.
- borrowings at fixed rates – interest expense charged to the surplus or deficit on the provision of services remains unchanged, but the fair value of the liabilities borrowings will fall.
- investments at variable rates – the interest income credited to the surplus or deficit on the provision of services will rise.
- investments at fixed rates – the interest income credited to the surplus or deficit on the provision of services remains unchanged, but the fair value of the assets will fall.

Borrowings are not carried on the Balance Sheet at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments would impact the surplus or deficit on the provision of services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

As stated above, the Council has a number of strategies set out in the annual Treasury Strategy for managing interest rate risk. The Treasury management team has an active strategy for assessing interest rate exposure that feeds into the annual budget and medium term planning cycle.

The table below sets out the financial impact if interest rates had been 1% higher at 31 March 2025, with all other variables held constant:

2023/24 £'000		2024/25 £'000
0	Increase in interest payable on variable rate borrowings	0
(1,034)	Increase in interest receivable on variable rate investments	(387)
(1,551)	Increase in government grant receivable for financing costs	(1,489)
<b>(2,585)</b>	<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>(1,876)</b>
(259)	Notional share of overall impact on HRA	(77)
<b>0</b>	<b>Increase/Decrease in fair value of investments held at Fair Value through Profit or Loss</b>	<b>0</b>
1,034	Increase/Decrease in fair value of financial assets	387
(35,235)	Increase/Decrease in fair value of financial liabilities	(26,928)
<b>(34,201)</b>	<b>Decrease in fair value of fixed rate borrowings liabilities</b>	<b>(26,541)</b>

The impact of a 1% fall in interest rates would have been the same as above but with the movements being reversed.

## Price Risk

The Council's investment in the CCLA Local Authority Property Fund is subject to the risk of falling commercial property prices. This risk is managed as part of the Council's Treasury Management Strategy and limited to the value of the Council's £15m cash holdings in the fund.

## Foreign Exchange Risk

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

## Note 35 – Leases

### Authority as Lessee

The authority's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. Most are individually immaterial; however, material leases include:

- The lease of Harben House Hotel which is being leased for 5 years to support homelessness reduction, the value of the asset as at 31 March 2025 was £7.972m.

The future minimum lease payments due to be settled in future years are:

2023/24				2024/25		
Minimum Lease Payment	Finance Charges	Present Value		Minimum Lease Payment	Finance Charges	Present Value
£'000	£'000	£'000		£'000	£'000	£'000
206	190	16	Not later than one year *	3,781	884	2,897
822	752	70	Later than one year and not later than five years	11,443	2,290	9,153
10,275	6,357	3,918	Later than five years	15,541	7,417	8,124
<b>11,303</b>	<b>7,299</b>	<b>4,004</b>	<b>Total</b>	<b>30,765</b>	<b>10,591</b>	<b>20,174</b>

\* The current Liability Minimum Lease Payment (Not later than one year) is included in the Short-Term Creditors in the Balance Sheet.

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

2023/24			2024/25	
£'000			£'000	
<b>Comprehensive income and expenditure statement</b>				
191	Interest expense on lease liabilities			865
13	Expense relating to short-term leases			7
83	Expense relating to exempt leases of low-value items			136
<b>Cashflow Statement</b>				
1,973	Minimum lease payments			2,809
<b>2,260</b>	<b>Total</b>			<b>3,817</b>

### Authority as Lessor – Operating Leases

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

- for the provision of community services, such as sports facilities, tourism services and community centres

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

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

2023/24		2024/25	
£'000		£'000	
2,102	Not later than one year		2,426
6,674	Later than one year and not later than five years		6,299
15,534	Later than five years		14,587
<b>24,310</b>	<b>Total</b>		<b>23,312</b>

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

2023/24		2024/25	
£'000		£'000	
2,811	Total lease income		3,301
173	Share of lease income relating to variable lease payments that do not depend on an index or a rate		178
<b>2,984</b>	<b>Total</b>		<b>3,479</b>

## Note 36 – Related Parties

The authority 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 Authority.

### a) Central Government

The UK Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework, within which the Council must operate, provides the majority of its funding in the forms of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. Council Tax, housing benefits etc.). Grants received from Government departments are set out in the Grant Income disclosure at note 22 to the Financial Statements.

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

The Council has three pooled budget arrangements with the Milton Keynes Integrated Care Board. Full details of the transactions for each of the pooled arrangements can be found at note 19.

### c) Councillors

Councillors have direct control over the Council's financial and operating policies. The total of Councillors' allowances paid during 2024/25 is shown in note 16. During 2024/25, works and services to the value of £0.760m were commissioned from organisations in which 21 Councillors had an interest.

In addition, the Council paid grants totalling £1.443m to voluntary and charitable organisations in which 17 Councillors had positions on the governing bodies. In all cases, grants were made with proper

consideration of declarations of interest. The relevant Councillors did not take part in any discussion or decision relating to the grants.

Income received during 2024/25 totalled £0.050m (£0.015m in 2023/24) from 4 organisations in which 8 Councillors had an interest.

Related parties have been included in this note irrespective of whether there have been financial transactions with the Council.

Details of all Councillors' disclosures can be viewed online at [Your Councillors | Milton Keynes City Council \(moderngov.co.uk\)](https://www.moderngov.co.uk/your-councillors/milton-keynes-city-council)

#### **d) Officers**

All staff employed by the Council are required to declare any interest or involvement with a third party which could give rise to a related party transaction. Six Senior officers had positions on governing bodies as trustees, board members or chairs of the following organisations: Alina Orchestra, Destination Milton Keynes, LEAP(Milton Keynes and Bucks), MyMiltonKeynes, SMART CJS and Society for Innovation, Technology and Modernisation(Socitm East).

During 2024/25, works and services to the value of £0.828m were commissioned from organisations in which 3 officers had an interest. The Council paid Grants totalling £0.040m to organisations in which 3 officers has an interest in 2024/25. Income Received during 2027/25 totalled £0.015m (£0.000m in 2023/24) from 1organisation in which 1 officer had an interest.

#### **e) Outstanding Balances**

The outstanding amounts owed by related parties at the end of 31 March 2025 totalled £0.000m (£0.027m at 31 March 2024).

The outstanding amounts owed to related parties at the end of 31 March 2025 totalled £0.015m (£0.373m at 31 March 2024).

Details of all transactions are included elsewhere in the 2024/25 accounts.

#### **f) Shared Services - Lead Authority Model**

Milton Keynes City Council is in a shared back office operation consisting of four partners – Milton Keynes City Council (MKCC), West Northants Council (WNC), North Northants Council (NNC) and Cambridgeshire County Council (CCC).

The Lead Authority model is governed by a Lead Authority Board with the financial transactions of each Council included in the respective Council's statutory accounts.

#### **g) Council Owned Companies**

The Council owns the Milton Keynes Development Partnership (MKDP) LLP with DevelopMK Ltd which was formed in December 2021 as a part owner of Milton Keynes Development Partnership.

The Council also has an interest in the Flexible Home Improvement Loans Ltd – the company is a private company limited by guarantees with Milton Keynes City Council being one of 13 members.

Further details of these bodies can be found in the Group Accounts note.

## **h) Public Health service**

The shared Public Health service operates with three partners – Milton Keynes City Council (MKCC), Bedford Borough Council (BBC) and Central Bedfordshire Council (CBC). The shared service commenced in September 2017 and provides a joint collaborative service to deliver Public Health services between the three Unitary Authorities. Public Health professionals support people to live healthy lifestyles and make healthy choices by either directly commissioning services, informing commissioning decisions of partner or through directly providing services.

The Parties adhere to the twelve attributes of good governance for shared services as developed by CIPFA and the on-going supervision of operations is the responsibility of the SLA Management Group. Each SLA Management meeting is chaired by one of the Council's representatives and includes representatives from each Public Health Service specification. Key Performance Indicators and targets are applied to monitor the service delivery.

The total cost of services and staffing is split as agreed by the three authorities:

	<b>BBC</b>	<b>CBC</b>	<b>MKCC</b>
<b>BBC/CBC/MKCC Costs</b>	26.9%	37.9%	35.2%

## **Note 37 – Defined Benefit Pension Scheme**

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

The Buckinghamshire County Council (LGPS) is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of Buckinghamshire County Council. Policy is determined in accordance with the Pensions Fund Regulations. The investment managers of the fund are appointed by the committee. The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. largescale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies note.

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement. The transactions in the preceding table have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Discretionary Post-retirement Benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

## The amounts recognised in the Comprehensive Income and Expenditure Statement and Movement in Reserves

2023/24		General Fund Transactions	2024/25	
LGPS £'000	Total £'000		LGPS £'000	Total £'000
<b>Comprehensive Income and Expenditure Statement</b>				
<b>Cost of Services</b>				
		<b>Service cost comprising:</b>		
19,295	19,295	Current service cost	20,135	20,135
43	43	Past service cost	368	368
(393)	(393)	(Gain) / loss from settlements and / or transfers	(1,084)	(1,084)
806	806	Administration expenses	846	846
		<b>Other Operating Expenditure:</b>		
(1,461)	(1,461)	Net interest expense	(2,179)	(2,179)
<b>18,290</b>	<b>18,290</b>	<b>Total charged to Surplus and Deficit on Provision of Services</b>	<b>18,086</b>	<b>18,086</b>

2023/24		Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement	2024/25	
LGPS £'000	Total £'000		LGPS £'000	Total £'000
42,833	42,833	Return on plan assets (excluding the amount included in the net interest expense)	(14,554)	(14,554)
10,804	10,804	Actuarial gains and losses arising on changes in demographic assumptions	2,005	2,005
19,669	19,669	Actuarial gains and losses arising on changes in financial assumptions	108,137	108,137
(3,096)	(3,096)	Experience gain/ (loss) on defined benefit obligation	1,695	1,695
(49,596)	(49,596)	Changes in effect of asset ceiling	(105,414)	(105,414)
<b>20,614</b>	<b>20,614</b>	<b>Total charged to Other Comprehensive Income and Expenditure Statement</b>	<b>(8,131)</b>	<b>(8,131)</b>
<b>(2,324)</b>	<b>(2,324)</b>	<b>Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>26,217</b>	<b>26,217</b>

2023/24		Movement in Reserves Statement	2024/25	
LGPS £'000	Total £'000		LGPS £'000	Total £'000
(18,290)	(18,290)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(18,086)	(18,086)
<b>24,751</b>	<b>24,751</b>	<b>Employers' contributions payable to scheme</b>	<b>26,935</b>	<b>26,935</b>

## Pensions Assets and Liabilities Recognised in the Balance Sheet

2023/24			2024/25	
LGPS £'000	Total £'000		LGPS £'000	Total £'000
(838,214)	(838,214)	Present value of the defined obligation	(761,310)	(761,310)
881,636	881,636	Fair value of plan assets	913,446	913,446
43,422	43,422	Value of Assets / (Liabilities)	152,136	152,136
(49,596)	(49,596)	Impact of asset ceiling	(157,592)	(157,592)
<b>(6,174)</b>	<b>(6,174)</b>	<b>Net (liability) / asset arising from the defined benefit obligation</b>	<b>(5,456)</b>	<b>(5,456)</b>

## Movement in the Value of Scheme Assets

2023/24			2024/25	
LGPS	Total		LGPS	Total
£'000	£'000		£'000	£'000
<b>794,184</b>	<b>794,184</b>	<b>Opening fair value of scheme assets</b>	<b>881,636</b>	<b>881,636</b>
41,148	41,148	Interest income	46,158	46,158
42,833	42,833	The return on plan assets, excluding the amount included in the net interest expense	(14,554)	(14,554)
24,751	24,751	Contributions from employer	26,935	26,935
7,518	7,518	Contributions from employees into the scheme	8,455	8,455
0	0	Other actuarial gains/(losses)	0	0
(29,091)	(29,091)	Benefits / transfers paid	(38,441)	(38,441)
(806)	(806)	Administration expenses	(846)	(846)
1,099	1,099	Assets Extinguished on Settlement	4,103	4,103
<b>881,636</b>	<b>881,636</b>	<b>Closing value of scheme assets</b>	<b>913,446</b>	<b>913,446</b>

## Movements in the Fair Value of Scheme Liabilities

2023/24			2024/25	
LGPS	Total		LGPS	Total
£'000	£'000		£'000	£'000
<b>(827,433)</b>	<b>(827,433)</b>	<b>Opening balance at 1 April</b>	<b>(838,214)</b>	<b>(838,214)</b>
(19,295)	(19,295)	Current service cost	(20,135)	(20,135)
(39,687)	(39,687)	Interest cost	(41,397)	(41,397)
(7,518)	(7,518)	Contributions from scheme participants	(8,455)	(8,455)
10,804	10,804	- Actuarial gains / (losses) from changes in demographic assumptions	2,005	2,005
19,669	19,669	- Actuarial gains / (losses) from changes in financial assumptions	108,137	108,137
(43)	(43)	Past service cost	(368)	(368)
0	0	Liabilities assumed on entity combinations	0	0
(3,096)	(3,096)	Experience loss/(gain) on defined benefit obligation	1,695	1,695
29,091	29,091	Benefits / transfers paid	38,441	38,441
(706)	(706)	Liabilities extinguished on settlements	(3,019)	(3,019)
<b>(838,214)</b>	<b>(838,214)</b>	<b>Balance as at 31 March</b>	<b>(761,310)</b>	<b>(761,310)</b>

## Reconciliation of change in impact of asset ceiling

2023/24			2024/25	
LGPS	Total		LGPS	Total
£'000	£'000		£'000	£'000
<b>0</b>	<b>0</b>	<b>Opening impact of asset ceiling</b>	<b>49,596</b>	<b>49,596</b>
0	0	Interest on impact of asset ceiling	2,582	2,582
49,596	49,596	Actuarial losses / (gains)	105,414	105,414
<b>49,596</b>	<b>49,596</b>	<b>Closing impact of asset ceiling</b>	<b>157,592</b>	<b>157,592</b>

## The significant assumptions used by the actuary have been:

2023/24		LGPS	2024/25	
Long term expected rate of return on assets				
10%		Gilts		8%
52%		Equities		50%
12%		Other Bonds		12%
5%		Property		6%
1%		Cash		1%
8%		Alternative Assets		9%
0%		Hedge Funds		0%
0%		Absolute Return Portfolio		0%
9%		Multi assets		10%
3%		Private debt		4%
Mortality assumptions				
Longevity at retirement for current pensioners				
20.8		Men		20.7
24.3		Women		24.4
Longevity at retirement for future pensioners				
22.0		Men		22.0
25.7		Women		25.8
Other assumptions				
3.85%		Rate of increase in salaries		3.95%
2.85%		Rate of increase in pensions		2.95%
4.95%		Rate for discounting scheme liabilities		5.85%
3.15%		Rate for RPI Inflation		3.20%

## The Asset breakdown percentages are:

2023/24			2024/25	
Quoted	Unquoted		Quoted	Unquoted
9.5%	0.0%	Fixed Interest Government Securities - UK		
		Index Linked Government Securities - UK	8%	
		Corporate Bonds		
11.8%	0.0%	UK	12%	
0.0%	0.0%	Overseas		
		Equity		
0.0%	0.0%	UK		
46.5%	0.0%	Overseas	45%	
0.0%	5.3%	Property		6%
		Others		
0.0%	0.0%	Absolute return portfolio		
0.0%	0.0%	Hedge Fund		
9.4%	0.0%	Multi Asset / Diversified Income	10%	
0.0%	5.0%	Private Equity		6%
0.0%	8.1%	Infrastructure		9%
0.0%	3.0%	Private Debt		4%
0.0%	1.4%	Cash/Temporary Investments		1%
		Net Current Assets		
0.0%	0.0%	Debtors	1%	
<b>77.2%</b>	<b>22.8%</b>	<b>Total</b>	<b>75%</b>	<b>25%</b>

## Impact of assumptions on the obligation:

Increase in assumption	LGPS	Decrease in assumption
£'000	Assumption	£'000
25,326	Longevity (increase or decrease in 1 year)	(24,433)
558	Rate of increase in salaries (increase or decrease in 0.1%)	(554)
11,501	Rate of increase in pensions (increase or decrease in 0.1%)	(11,226)
(11,450)	Rate for discounting scheme liabilities (increase or decrease in 0.1%)	11,736

## Expected Contributions to the Plan

A valuation was carried out by Barnett Waddingham on the Buckinghamshire County Council Pension Fund (the Fund) as at 31 March 2025. Based on the actuarial valuation of 31 March 2022.

Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The latest actuarial valuation was undertaken at 31 March 2022 and the next actuarial valuation of the Fund will be carried out as at 31 March 2025 and will set contributions for the period from 1 April 2026 to 31 March 2029. There are no minimum funding requirements in the LGPS but the contributions are generally set to target a funding level of 100% using the actuarial valuation assumptions.

## Pension Schemes Associated Risks

In general, participating in a defined benefit pension scheme means that the Employer is exposed to a number of risks:

- Investment risk. The Fund holds investment in asset classes, such as equities, which have volatile market values and while these assets are expected to provide real returns over the long-term, the short-term volatility can cause additional funding to be required if a deficit emerges;
- Interest rate risk. The Fund's liabilities are assessed using market yields on high quality corporate bonds to discount future liability cashflows. As the Fund holds assets such as equities the value of the assets and liabilities may not move in the same way;
- Inflation risk. All of the benefits under the Fund are linked to inflation and so deficits may emerge to the extent that the assets are not linked to inflation; and
- Longevity risk. In the event that the members live longer than assumed a deficit will emerge in the Fund. There are also other demographic risks.

In addition, as many unrelated employers participate in the Buckinghamshire County Council Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.

All of the risks above may also benefit the Employer e.g. higher than expected investment returns or employers leaving the Fund with excess assets which eventually get inherited by the remaining employers.

The Council and the Pension Fund are aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' Court case. The case specifically affects defined benefit schemes that provided contracted-out benefits before 6 April 2016 based on meeting the reference scheme test. Where scheme rules were amended, potentially impacting benefits accrued from 6 April 1997 to 5 April 2016, schemes needed the

actuary to confirm that the reference scheme test was still being met by providing written confirmation under Section 37 of the Pension Schemes Act 1993. In the Virgin Media case the judge ruled that alterations to the scheme rules were void and ineffective because of the absence of written actuarial confirmation required under Section 37 of the Pension Schemes Act 1993. The case was taken to The Court of Appeal in June 2024 and the Court of Appeal dismissed the appeal on 25 July 2024. As a result, there may be a further liability to the Pension Fund for Local Government Pension Scheme benefits that were reduced by previous amendments, if those amendments prove invalid (i.e. were made without obtaining s37 confirmation).

The most recent LGPC Bulletin 257 (November 2024) notes that HM Treasury is currently considering the implications for all public service pension schemes. However, their position is that the Virgin Media ruling does not explicitly address whether certifications are required for public service schemes. Their view is that relevant changes to the LGPS would have been implemented through legislation, which remains valid unless subsequently repealed, revoked, or declared void by a court.

Further to this, the Department for Work and Pensions (DWP) published an update on 5 June 2025 outlining plans to introduce new legislation in response to the Virgin Media vs. NTL Trustees decision. The proposed legislation will permit affected pension schemes to retrospectively obtain written actuarial confirmation that historic scheme rule changes met the necessary standards. This is intended to provide clarity for impacted schemes, although no further details have been released at this stage.

It is not possible at present to estimate the potential impact, if any, on the Local Government Pension Scheme or the Fund and consequently on the defined benefit obligation in the financial statements.

## **Pension Schemes Accounted for as Defined Contribution Schemes**

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement, and the authority pays towards the costs by making contributions based on a percentage of members' 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 Authority 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 purpose of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2024/25, the Council paid £19.488m (£16.779m in 2023/24) to Teachers Pensions in respect of teachers' retirement benefits. There was no contribution remaining payable at the year end.

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.

## **Other Pensions**

On 1 April 2013 the statutory responsibility for Public Health activities transferred to the Council from the NHS Primary Care Trusts. There were 14 members of staff who transferred along with their pensions in the NHS Pensions Scheme to the Council, of which 1 member remains. This scheme is not available to other current Milton Keynes City Council staff. The pension contributions are included

within the Comprehensive Income and Expenditure Statement, but full disclosure is not considered to be material for inclusion in this note.

# Supplementary Financial Statements

## Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from tax payers and distribution to local authorities and the government for Council Tax and non-domestic rates.

2023/24			2024/25			
Business Rates	Council Tax	Total	Collection Fund	Business Rates	Council Tax	Total
£'000	£'000	£'000		£'000	£'000	£'000
<b>INCOME:</b>						
0	(197,436)	(197,436)	Council Tax Receivable		(213,026)	(213,026)
(189,312)	0	(189,312)	Business Rates Receivable	(210,072)		(210,072)
<b>(189,312)</b>	<b>(197,436)</b>	<b>(386,748)</b>	<b>Total amounts to be credited</b>	<b>(210,072)</b>	<b>(213,026)</b>	<b>(423,098)</b>
<b>EXPENDITURE:</b>						
<b>Apportionment of Previous Year Surplus/Deficit:</b>						
82,488	0	82,488	Central Government	(2,022)	0	(2,022)
80,838	4,346	85,184	Billing Authority	(1,982)	2,647	665
1,650	190	1,840	Fire Authority	(40)	119	79
0	647	647	Police Authority		396	396
<b>Precepts, demands and shares:</b>						
104,327	0	104,327	Central Government	114,359	0	114,359
102,240	161,328	263,568	Billing Authority	112,072	175,118	287,190
2,087	7,268	9,355	Fire Authority	2,287	7,723	10,010
0	24,140	24,140	Police Authority		26,173	26,173
<b>Charges to Collection Fund:</b>						
1,064	1,400	2,464	Write-offs of uncollectable amounts	984	1,912	2,896
(640)	374	(266)	Increase/(decrease) in allowance for impairment	(3)	538	535
(1,151)	0	(1,151)	Increase/(decrease) in allowance for appeals	(4,616)	0	(4,616)
424	0	424	Charge to General Fund for allowable collection costs for non-domestic rates	426	0	426
(17,625)	0	(17,625)	Disregarded amounts	751	0	751
74	0	74	Interest	480	0	480
<b>355,776</b>	<b>199,693</b>	<b>555,469</b>	<b>Total amounts to be debited</b>	<b>222,696</b>	<b>214,626</b>	<b>437,322</b>
<b>166,464</b>	<b>2,257</b>	<b>168,721</b>	<b>(Surplus)/Deficit arising during the year</b>	<b>12,624</b>	<b>1,600</b>	<b>14,224</b>
<b>(167,182)</b>	<b>(8,383)</b>	<b>(175,565)</b>	<b>(Surplus)/Deficit b/f at 1 April 2024</b>	<b>(718)</b>	<b>(6,126)</b>	<b>(6,844)</b>
<b>(718)</b>	<b>(6,126)</b>	<b>(6,844)</b>	<b>(Surplus)/Deficit c/f at 31 March 2025</b>	<b>11,906</b>	<b>(4,526)</b>	<b>7,380</b>

## Tax Base, Rateable Value and Write offs

The Council Tax base for 2024/25, i.e. the number of chargeable dwellings in each band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings, was calculated as follows:

Estimated No. of Taxable Properties after discounts/exemptions	Ratio to Band D	Band D Equivalent
A-	5/9	11.12
A	6/9	9,955.97
B	7/9	23,956.50
C	8/9	25,423.97
D	9/9	15,063.25
E	11/9	15,081.60
F	13/9	9,668.39
G	15/9	5,133.76
H	18/9	290.50
		<hr/> 104,585.06
Anticipated changes during the year		1,688.00
Provision for non-collection		(882.68)
		<hr/> 105,390.38
Impact of Council Tax Reductions		(8,195.40)
<b>Council Tax Base</b>		<hr/> <b>97,194.98</b>

## Collection Fund Balance Apportionment

2023/24 Total £'000		2024/25 Council Tax £'000	2024/25 NDR £'000	2024/25 Total £'000
(5,482)	Milton Keynes City Council	(3,791)	5,834	2,043
(359)	Central Government	0	5,953	5,953
(767)	Thames Valley Police Authority	(567)	0	(567)
(236)	Buckinghamshire and Milton Keynes Fire Authority	(168)	119	(49)
<b>(6,844)</b>	<b>Total</b>	<b>(4,526)</b>	<b>11,906</b>	<b>7,380</b>

## Precepts & Demands on Collection Fund

2023/24 Total £'000		2024/25 Council Tax Precept / Demand £'000	2024/25 NDR Precept / Demand £'000	2024/25 Total Precept / Demand £'000	Council Tax Share of 2024/25 Surplus £'000	NDR Share of 2024/25 Deficit £'000	Total Share of 2024/25 (Surplus)/ Deficit £'000	2024/25 Total £'000
258,086	Milton Keynes City Council	175,118	112,072	287,190	(3,791)	5,834	2,043	289,233
103,968	Central Government	0	114,359	114,359	0	5,953	5,953	120,312
23,373	Police & Crime Commissioner for Thames Valley	26,173	0	26,173	(567)	0	(567)	25,606
9,119	Buckinghamshire and Milton Keynes Fire Authority	7,723	2,287	10,010	(168)	119	(49)	9,961
<b>394,546</b>	<b>Total</b>	<b>209,014</b>	<b>228,718</b>	<b>437,732</b>	<b>(4,526)</b>	<b>11,906</b>	<b>7,380</b>	<b>445,112</b>

## Housing Revenue Account Income and Expenditure Statement

This statement shows the economic cost in the year of providing housing services in accordance with International Financial Reporting Standards, rather than the amount to be funded from rents and government grants. The Council charges rent to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rent is raised, is shown in the Movement on the Housing Revenue Account Statement.

2023/24 £'000		2024/25 £'000
	<b>Expenditure</b>	
14,994	Repairs & Maintenance	18,005
13,197	Supervision & Management	16,537
3,203	Rents, Rates, Taxes and other charges	2,818
24,639	Depreciation, impairments and revaluation losses of non-current assets	39,425
319	Debt Management Costs	231
0	Movement in the allowance for bad debts	232
<b>56,352</b>	<b>Total Expenditure</b>	<b>77,248</b>
	<b>Income</b>	
(59,782)	Dwelling rents	(64,562)
(165)	Non-dwelling rents	(132)
(5,647)	Charges for services and facilities	(10,069)
(14,608)	Contributions towards Expenditure	(19,225)
<b>(80,202)</b>	<b>Total Income</b>	<b>(93,988)</b>
<b>(23,850)</b>	<b>Net Expenditure or Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement</b>	<b>(16,740)</b>
313	HRA Services Share of Corporate & Democratic Core	720
<b>(23,537)</b>	<b>Net Expenditure of HRA Services</b>	<b>(16,020)</b>
2,462	(Gains)/loss on sale of HRA Fixed Assets	1,471
10,196	Interest Payable and Similar Charges	9,523
(4,156)	HRA Interest and Investment Income	(1,930)
(38)	Net interest on the defined benefit liability/asset	(58)
<b>(15,073)</b>	<b>(Surplus) or Deficit for Year on HRA Services</b>	<b>(7,014)</b>

## Movement on the HRA Statement

This statement illustrates how the Housing Revenue Account Income and Expenditure Statement surplus or deficit for the year reconciles to the movement on the Housing Revenue Account balance for the year. This note details the adjustments that are made the Housing Revenue Account in the year, in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the authority to meet capital and revenue expenditure.

2023/24 £'000	Movement on the HRA Statement	2024/25 £'000
(7,380)	Balance on the HRA at the end of the previous year	(7,859)
(15,073)	(Surplus) or Deficit on the HRA Income and Expenditure Statement	(7,014)
22,095	Adjustments between accounting basis and funding basis under statute	28,116
<b>7,022</b>	<b>Net (increase) or decrease before transfers to or from reserves</b>	<b>21,102</b>
(7,501)	Transfer to/(from) reserves	(21,259)
(479)	(Increase) or decrease on the HRA for the year	(157)
<b>(7,859)</b>	<b>Balance on the HRA at the end of the current year</b>	<b>(8,016)</b>

2023/24 £'000	Adjustment between accounting basis	2024/25 £'000
0	Difference between interest payable and similar charges including amortisation of premiums and discounts determined in accordance with the Code and those determined in accordance with statute	0
(21,461)	Transfers to/(from) the Capital Adjustment Account	(41,924)
(2,462)	Gain or (loss) on sale of non-current assets	(1,471)
169	Contributions to or (from) the Pension Reserve	235
(15)	Transfers to/(from) the Accumulated Absences Account	(7)
16,617	Transfers to/(from) Major Repairs Reserve	14,777
14,639	Capital expenditure funded by the HRA	37,281
14,608	Transfers to/(from) Capital Grants Unapplied	19,225
<b>22,095</b>	<b>Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year</b>	<b>28,116</b>

2023/24 £'000	Transfer to/from Reserves	2024/25 £'000
7,138	Transfers to earmarked reserves	16,022
(14,639)	Transfers from earmarked reserves	(37,281)
<b>(7,501)</b>	<b>Total Transfers</b>	<b>(21,259)</b>

The Reserves held at 31 March 2025 are included in Note 11 to the accounts.

## Notes to the HRA Account

### Housing Stock

At 1 April 2024, the Council's HRA housing stock was 11,916. During 2024/25 the following stock movements happened; 38 properties were sold to tenants (includes part-sales of shared ownership dwellings), 3 properties were demolished, 9 properties were sold on the open market. 15 dwellings were acquired from leaseholders and 21 newbuild flats were acquired from a developer.

Therefore as at 31 March 2025 the Council HRA was responsible for managing a housing stock of 11,902 dwellings of which 929 is the Council's portion of shared ownership dwellings.

The analysis of the remaining 10,973 dwellings is as shown below:

Main Rented Stock	Houses	Flats	Total	Houses Built	No. of Houses
1 Bedroom	1,466	2,184	3,650	Pre 1919	38
2 Bedrooms	1,779	870	2,649	1919 - 1944	308
3 or more Bedrooms	4,504	170	4,674	1945 - 1964	1,424
			0	Post 1964	5,979
<b>Total</b>	<b>7,749</b>	<b>3,224</b>	<b>10,973</b>		<b>7,749</b>

## Capital Expenditure

2023/24		2024/25
£'000		£'000
	<b>Capital Spending:</b>	
51,841	Dwellings	81,464
137	Other HRA Assets	353
563	Revenue expenditure funded from capital under statute	2,918
<b>52,541</b>	<b>Total Capital Expenditure</b>	<b>84,735</b>
	<b>Funded By:</b>	
(7,855)	Usable Capital Receipts	(13,453)
1,178	Prudential Borrowing	0
(16,617)	Major Repairs Allowance	(14,777)
(14,410)	Government Grant	(19,118)
(198)	Third Party Contributions	(106)
(14,639)	Revenue Contributions	(37,281)
<b>(52,541)</b>	<b>Total Capital Financing</b>	<b>(84,735)</b>

## Capital Receipts

2023/24		2024/25
£'000		£'000
	<b>Sale of Dwellings*:</b>	
5,888	Council Houses	5,265
332	Shared Ownership	1,195
	Land	
43	Recovered Discount	7
1,225	Non Right to Buy Receipts	2,320
<b>7,488</b>	<b>HRA Receipts in Year</b>	<b>8,787</b>
(284)	Less: Statutory Pooling	0
<b>7,204</b>	<b>Total HRA Usable Receipts in year</b>	<b>8,787</b>

\* Sales of dwellings are shown net of administrative costs.

## Rent Arrears

The total rent income for the year, after allowance is made for empty properties is known as Gross Rent Income. The loss of income as a result of empty properties & garages in the HRA decreased by £0.224m from 2023/24 value of £1.774m to £1.550m in 2024/25. At 31 March 2025, 3.27% of the housing stock was vacant (2.41% at 31 March 2024).

Rents are expressed in terms of a 52-week year and were increased in April 2024 by an average of 7.70% for tenants and monthly shared ownership rents were increased by 7.00%. The average weekly tenant rent by end of 2024/25 was £107.13 (£98.91 in 2023/24).

The Housing Revenue Account shows rent income and other miscellaneous charges (for example service charges). Arrears of all charges at 31 March 2025 amounted to £9.965m (£7.422m at 31 March 2024). During the year ending 31 March 2025 arrears of £0.384m were written off as irrecoverable, of which £0.368m was in respect of rent debts and £0.016m sundry debts.

The Council has made a total provision against all housing-related debts of £1.506m. This figure includes a provision against rent arrears, in the sum of £1.193m.

## Depreciation and Impairment of Non-Current Assets

2023/24			2024/25	
Depreciation £'000	Impairment £'000		Depreciation £'000	Impairment £'000
(16,531)	(8,472)	Council Dwellings	(14,691)	(8,676)
(86)	0	Other Land and Buildings	(86)	0
<b>(16,617)</b>	<b>(8,472)</b>	<b>Total</b>	<b>(14,777)</b>	<b>(8,676)</b>

## Asset Values

The Balance Sheet values of the assets held within the Housing Revenue Account are as follows:

	31-Mar-24 £'000	01-Apr-24 £'000	31-Mar-25 £'000
<u>Operational Assets</u>			
Council Dwellings	803,211	788,520	799,189
Other Land & Buildings	5,946	5,860	4,350
Equipment	0	0	353
<u>Non Operational Assets</u>			
Surplus Assets	253	253	0
Assets Under Construction	33,926	33,926	70,825
<b>Total</b>	<b>843,336</b>	<b>828,559</b>	<b>874,717</b>

As at 31 March 2025, the vacant possession value of the operational Council's dwellings is estimated at £2,419.503m compared with the Balance Sheet value of £798.456m. This variance mainly reflects the economic cost to the Government of providing Council housing at less than open market rents and annual depreciation charged on brought forward balances.

The increase of £46.158m between 1 April 2024 and 31 March 2025 is due to further revaluations in the year along with additions, disposals and reclassifications.

## Pension Reserve

The transfer to the Pensions Reserve in respect of the Housing Revenue Account is £0.235m. Details of the background to, and reasons for this adjustment, may be found in note h to the Statement of Accounting Policies, and note 37 to the Financial Statements.

# Group Accounts

## Introduction

The Council has an interest in the Milton Keynes Development Partnership LLP and DevelopMK Ltd.

MKCC set up DevelopMK Ltd; the directors of this new organisation are three senior MKCC staff members. DevelopMK is part owner of MKDP alongside MKCC owning a 0.1% share of MKDP. DevelopMK traded throughout 2024/25 and received a very small dividend from the MKDP.

## DevelopMK

DevelopMK Ltd was formed in March 2020 as a part owner of Milton Keynes Development Partnership.

DevelopMK received a small dividend from Milton Keynes Development Partnership (MKDP) in 2024/25 of £2k which has been offset by cost of running the company.

The Council has determined that we do not consider DevelopMK to be material to consolidate in the Group Accounts for 2024/25.

## Milton Keynes Development Partnership

The Milton Keynes Development Partnership LLP (MKDP) was incorporated on 7 December 2012 and is a Limited Liability Partnership, wholly owned by Milton Keynes City Council.

MKDP was set up by the Council to facilitate Milton Keynes' continued growth and economic success by promoting the development of land assets transferred to the Council from the Homes and Communities Agency, in line with the Council's Corporate Plan and Economic Development Strategy.

The financial position of the Milton Keynes Development Partnership for the period ended 31 March 2025 was a profit of £2.856m. This includes revaluation gains of £0.282m; Gain on disposal £1.251m to be used for future capital development and a trading profit from operations of £1.323m.

Due to the materiality of MKDP, the Council has taken the view that its activity warrants full group accounts disclosures.

## Flexible Home Improvement Loans Ltd

The Council also has an interest in the Flexible Home Improvement Loans Ltd – the company is a private company limited by guarantees with Milton Keynes City Council being one of 13 members. The company arranges the provision of loans on behalf of the members to individuals for home improvements to enable them to stay within their own homes.

This company is not considered material to the Councils' accounts and therefore are not consolidated into the Group Accounts.

## **Group Financial Statements**

The Group Accounts are presented in addition to the Council's single entity financial statements and comprise:

- The Group Movement in Reserves Statement; incorporating the movement in year on all the different reserves held by the Group;
- The Group Comprehensive Income and Expenditure Statement; which summarises resources which have been applied and generated in providing services and managing the group during the last year;
- The Group Balance Sheet which sets out the assets and liabilities recognised by the Group as at 31 March 2025, and;
- Group Cash Flow Statement, which summarises the changes in cash and cash equivalents of the Council during the reporting period.

These statements, together with explanatory notes are set out in the pages that follow.

### **Notes to the Group Financial Statements**

The notes to support the group's financial statements have three main purposes:

- To present information about the basis of preparation of the financial statements and the specific accounting policies used;
- To disclose the information required by the International Financial Reporting Standards Code of Practice that is not presented elsewhere in the financial statements, and;
- To provide information that is not presented elsewhere in the financial statements, but is relevant to the understanding of them.

### **Material Item of Income and Expense**

The material income and expense included within the Group Comprehensive Income and Expenditure Statement are the same as the single entity accounts which can be found in note 9 of the Financial Statements.

### **Interest in Subsidiaries**

There are no interests in subsidiaries other than those reported in note 36 in the financial statements that would enable users of the authority's group accounts to evaluate the nature and extent of significant restrictions on its ability to access or use assets, and settle liabilities, of the Group.

There are no significant restrictions on its ability to access or use the assets and settle the liabilities of the Group, such as those that restrict the ability of a parent or its subsidiaries to transfer cash or other assets to (or from) other entities within the Group.

Milton Keynes City Council is wholly liable for the assets and liabilities of both subsidiaries and would provide financial support to a consolidated entity, including events or circumstances that could expose the Authority to a loss. There are no other risks associated with these subsidiaries.

## Group Movement in Reserves Statement

2024/25	Total General Fund Balance	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2024</b>	(262,185)	(45,578)	(53,404)	0	(47,916)	<b>(409,083)</b>	<b>(1,387,924)</b>	<b>(1,797,007)</b>
<b>Opening Balance Adjustment IFRS 16</b>	0	0	0	0	0	<b>0</b>	<b>188</b>	<b>188</b>
<b>Balance at 1 April 2025</b>	(262,185)	(45,578)	(53,404)	0	(47,916)	<b>(409,083)</b>	(1,387,736)	<b>(1,796,819)</b>
<b>Movement in reserves during 2024/25</b>								
Surplus or deficit on the provision of services	(25,277)	(7,014)	0	0	0	<b>(32,291)</b>	0	<b>(32,291)</b>
Other Comprehensive Income / Expenditure	0	0	0	0	0	<b>0</b>	(13,068)	<b>(13,068)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(25,277)</b>	<b>(7,014)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(32,291)</b>	<b>(13,068)</b>	<b>(45,359)</b>
Adjustments between accounting basis and funding basis under regulations	6,007	28,116	5,453	0	(797)	<b>38,779</b>	(38,779)	<b>0</b>
<b>Increase or Decrease in 2024/25</b>	<b>(19,270)</b>	<b>21,102</b>	<b>5,453</b>	<b>0</b>	<b>(797)</b>	<b>6,488</b>	<b>(51,847)</b>	<b>(45,359)</b>
<b>Balance at 31 March 2025</b>	<b>(281,455)</b>	<b>(24,476)</b>	<b>(47,951)</b>	<b>0</b>	<b>(48,713)</b>	<b>(402,595)</b>	<b>(1,439,583)</b>	<b>(1,842,178)</b>

2023/24	Total General Fund Balance	Total HRA Balance	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Un-applied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 31 March 2023</b>	(167,897)	(52,600)	(53,825)	0	(45,593)	<b>(319,915)</b>	<b>(1,388,828)</b>	<b>(1,708,743)</b>
<b>Movement in reserves during 2023/24</b>								
Surplus or deficit on the provision of services	(43,400)	(15,073)	0	0	0	<b>(58,473)</b>	0	<b>(58,473)</b>
Other Comprehensive Income / Expenditure	0	0	0	0	0	<b>0</b>	(29,791)	<b>(29,791)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>(43,400)</b>	<b>(15,073)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(58,473)</b>	<b>(29,791)</b>	<b>(88,264)</b>
Adjustments between accounting basis and funding basis under regulations	(50,888)	22,095	421	0	(2,323)	<b>(30,695)</b>	30,695	<b>0</b>
<b>Increase or Decrease in 2023/24</b>	<b>(94,288)</b>	<b>7,022</b>	<b>421</b>	<b>0</b>	<b>(2,323)</b>	<b>(89,168)</b>	<b>904</b>	<b>(88,264)</b>
<b>Balance at 31 March 2024</b>	<b>(262,185)</b>	<b>(45,578)</b>	<b>(53,404)</b>	<b>0</b>	<b>(47,916)</b>	<b>(409,083)</b>	<b>(1,387,924)</b>	<b>(1,797,007)</b>

# Group Comprehensive Income and Expenditure Statement

Expenditure £'000	2023/24			2024/25		
	Income £'000	Net £'000		Expenditure £'000	Income £'000	Net £'000
175,432	(74,193)	101,239	Adult Social Care and Health	185,349	(76,361)	108,988
15,296	(14,935)	361	Public Health	15,845	(15,835)	10
273,637	(216,566)	57,071	Children and Families	317,015	(247,997)	69,018
15,997	(8,737)	7,260	Customer & Community	13,883	(9,687)	4,196
56,665	(65,595)	(8,930)	Housing Revenue Account	77,968	(74,760)	3,208
10,689	(10,296)	393	Planning & Placemaking	8,918	(10,213)	(1,295)
144,716	(25,504)	119,212	Environment & Property	128,674	(29,355)	99,319
73,121	(67,186)	5,935	Finance & Resources	69,717	(63,700)	6,017
1,573	(1,711)	(138)	Resources delegated to LGSS	332	(14)	318
3,675	(382)	3,293	Law & Governance	4,578	(1,464)	3,114
1,152	(130)	1,022	Corporate Items	66	(684)	(618)
<b>771,953</b>	<b>(485,235)</b>	<b>286,718</b>	<b>Cost of Services</b>	<b>822,345</b>	<b>(530,070)</b>	<b>292,275</b>
		30,113	Other Operating Expenditure			27,738
		(12,602)	Financing and Investment Income and Expenditure			(25,930)
		(362,702)	Taxation and Non Specific Grant Income			(326,374)
		<b>(58,473)</b>	<b>Surplus or Deficit on Provision of Services</b>			<b>(32,291)</b>
		(16,117)	Surplus or deficit on revaluation of Property, Plant and Equipment			(34,200)
		7,146	Impairment losses on non-current assets charged to the Revaluation Reserve			12,979
		0	Surplus or deficit on revaluation of available for sale financial assets and financial instruments at fair value through other comprehensive income and expenditure			0
		(20,820)	Remeasurement of the net defined benefit liability / asset			8,153
		<b>(29,791)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(13,068)</b>
		<b>(88,264)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(45,359)</b>

## Group Balance Sheet

2023/24	Note		2024/25
£'000			£'000
1,604,293		Property, Plant and Equipment	1,657,911
267,831		Infrastructure Assets	271,253
826		Heritage Assets	821
185,823		Investment Property	193,542
726		Intangible Assets	855
13,722		Long Term Investments	13,986
3,372		Long Term Debtors	361
<b>2,076,593</b>		<b>Long Term Assets</b>	<b>2,138,729</b>
243,483		Short-term Investments	245,750
59,559		Assets Held for Sale	69,490
174		Inventories	55
92,756	G4	Short Term Debtors	85,666
106,267		Cash and Cash Equivalents	43,218
<b>502,239</b>		<b>Current Assets</b>	<b>444,179</b>
(15,879)		Short-Term Borrowing	(15,238)
(119,783)	G5	Short-Term Creditors	(108,351)
(6,254)		Provisions	(5,716)
(80,058)		Grants Receipts in Advance - Revenue	(73,651)
(12,677)		Grants Receipts in Advance - Capital	(8,356)
<b>(234,651)</b>		<b>Current Liabilities</b>	<b>(211,312)</b>
(6,786)	G6	Provisions	(4,524)
(403,990)		Long Term Borrowing	(365,025)
0		Other Long-Term Liabilities - Finance Lease	(12,373)
(6,152)		Other Long-Term Liabilities - Pensions Liability	(5,456)
(121,246)		Grants Receipts in Advance - Revenue	(133,206)
(9,000)		Grants Receipts in Advance - Capital	(8,834)
<b>(547,174)</b>		<b>Long Term Liabilities</b>	<b>(529,418)</b>
<b>1,797,007</b>		<b>Net Assets</b>	<b>1,842,178</b>
(409,083)	G7	Usable Reserves	(402,595)
(1,387,924)	G7	Unusable Reserves	(1,439,583)
<b>(1,797,007)</b>		<b>Total Reserves</b>	<b>(1,842,178)</b>

## Group Cash Flow Statement

Group			Group
2023/24			2024/25
£'000			£'000
(58,473)		Net (surplus) or deficit on the provision of services	(32,291)
13,681	G8.1	Adjustment to surplus or deficit on the provision of services for noncash movements	(96,524)
129,542	G8.1	Adjustment for items included in the net surplus or deficit on the provision of services that are investing or financing activities	84,822
<b>84,750</b>		<b>Net cash flows from operating activities</b>	<b>(43,993)</b>
7,415	G8.2	Net cash flows from investing activities	54,478
32,014	G8.3	Net cash flows from financing activities	52,564
<b>124,179</b>		<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>63,049</b>
230,446		Cash and cash equivalents at the beginning of the reporting period	106,267
<b>106,267</b>		<b>Cash and cash equivalents at the end of the reporting period</b>	<b>43,218</b>

## G1 – Accounting Policies

In preparing the Group Accounts, the Council has:

- Aligned the accounting policies of the subsidiaries with those of the Council and made consolidation adjustments where necessary;
- Consolidated the financial statements of the subsidiaries with those of the Council on a line by line basis;
- Eliminated in full balances, transactions, income and expenses between the Council and the partnerships.

## G2 – Summary of Subsidiaries Transactions included in the Group Balance Sheet

The Group Balance Sheet contains transactions for both Milton Keynes City Council and Milton Keynes Development Partnership. Each organisation is shown prior to the elimination of intra-group transactions (the transactions that took place between the subsidiaries and the Council):

Group Total		Milton Keynes City Council	Milton Keynes Development Partnership	Intra-Company Transactions	Group Total
2023/24		2024/25	2024/25	2024/25	2024/25
£'000		£'000	£'000	£'000	£'000
2,076,593	Long Term Assets	2,053,598	89,696	(4,565)	2,138,729
243,483	Short Term Investments	245,750	0	0	245,750
59,559	Assets held for sale	5,427	64,063	0	69,490
174	Inventories	55	0	0	55
92,756	Short Term Debtors	87,978	758	(3,070)	85,666
106,267	Cash and Cash Equivalents	40,157	3,061	0	43,218
(15,879)	Short Term Borrowing	(15,238)	0	0	(15,238)
(119,783)	Short Term Creditors	(107,292)	(1,582)	523	(108,351)
(6,254)	Short Term Provisions	(5,716)	0	0	(5,716)
(92,735)	Short Term Grants & Contributions Receipts in Advance	(82,007)	0	0	(82,007)
(6,786)	Long Term Provisions	(4,524)	0	0	(4,524)
(403,990)	Long Term Borrowing	(365,025)	0	0	(365,025)
0	Liability Related to Finance Lease	(16,393)	0	4,020	(12,373)
(6,152)	Other Long-Term Liabilities	(5,456)	0	0	(5,456)
(130,246)	Long Term Grants & Contributions Receipts in Advance	(142,040)	0	0	(142,040)
<b>1,797,007</b>	<b>Net Assets</b>	<b>1,689,274</b>	<b>155,996</b>	<b>(3,092)</b>	<b>1,842,178</b>

## G3 – Investment Properties

The movement in the fair value of investment properties during 2023/24 comprised of:

Group Total		Milton Keynes City Council	Milton Keynes Development Partnership	Intra-Company Transactions	Group Total
2023/24		2024/25	2024/25	2024/25	2024/25
£'000		£'000	£'000	£'000	£'000
202,966	Balance at start of year	101,232	89,156	(4,565)	185,823
	Additions:				
0	- Purchases	0	1,094	0	1,094
0	- Construction	9	0		9
931	- Subsequent Expenditure	1,469	0	0	1,469
(24)	Disposals	0	(3,650)	0	(3,650)
(8,438)	Net Gain/(losses) from fair value adjustment	16,665	217	0	16,882
	Transfers (to)/from:				
(9,612)	- Assets Held For Sale	0	(8,085)	0	(8,085)
<b>185,823</b>	<b>Balance Outstanding year end</b>	<b>119,375</b>	<b>78,732</b>	<b>(4,565)</b>	<b>193,542</b>

See Note 24 Investment Properties for the Milton Keynes City Council details.

In 2024/25, the Milton Keynes Development Partnership transferred assets to Assets Held for Sale, the most significant being Pineham, Milton Keynes £8.250m.

## G4 – Debtors

Group Total		Milton Keynes City Council	Milton Keynes Development Partnership	Intra-Company Transactions	Group Total
2023/24		2024/25	2024/25	2024/25	2024/25
£'000		£'000	£'000	£'000	£'000
<b>27,873</b>	Trade Receivables	21,179	150	0	<b>21,329</b>
<b>85,010</b>	Other Receivable Amounts	87,234	822	(3,070)	<b>84,986</b>
<b>(20,127)</b>	Provision for Bad Debts	(20,435)	(214)	0	<b>(20,649)</b>
<b>92,756</b>	<b>Total Short Term Debtors</b>	<b>87,978</b>	<b>758</b>	<b>(3,070)</b>	<b>85,666</b>

## G5 – Creditors

Group Total		Milton Keynes City Council	Milton Keynes Development Partnership	Intra-Company Transactions	Group Total
2023/24		2024/25	2024/25	2024/25	2024/25
£'000		£'000	£'000	£'000	£'000
<b>(6,871)</b>	Trade payables	(10,511)	(988)	0	<b>(11,499)</b>
<b>(112,912)</b>	Other payables	(96,781)	(594)	523	<b>(96,852)</b>
<b>(119,783)</b>	<b>Total Short Term Creditors</b>	<b>(107,292)</b>	<b>(1,582)</b>	<b>523</b>	<b>(108,351)</b>

## G6 – Provisions

There are no provisions to disclose within the Milton Keynes Development Partnership.

## G7 – Reserves

The reserves held by the Milton Keynes City Council and Milton Keynes Development Partnership at 31 March 2025 are detailed below:

Group Total		Milton Keynes City Council	Milton Keynes Development Partnership	Group Total
2023/24		2024/25	2024/25	2024/25
£'000		£'000	£'000	£'000
(350,689)	Milton Keynes City Council's Usable Reserves	(344,272)	0	(344,272)
(58,394)	LLP Retained Earnings	0	(58,323)	(58,323)
<b>(409,083)</b>	<b>Total Usable Reserves</b>	<b>(344,272)</b>	<b>(58,323)</b>	<b>(402,595)</b>
(1,293,635)	Milton Keynes City Council's Unusable Reserves	(1,345,002)	0	(1,345,002)
(94,289)	LLP Non-Distributed Reserves	0	(94,581)	(94,581)
<b>(1,387,924)</b>	<b>Total Unusable Reserves</b>	<b>(1,345,002)</b>	<b>(94,581)</b>	<b>(1,439,583)</b>
<b>(1,797,007)</b>	<b>Total Reserves</b>	<b>(1,689,274)</b>	<b>(152,904)</b>	<b>(1,842,178)</b>

## G8.1 – Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

2023/24			2024/25	
Milton Keynes City Council	Group		Milton Keynes City Council	Group
£'000	£'000		£'000	£'000
(27,694)	(27,694)	Interest received	(21,144)	(21,144)
21,236	21,236	Interest paid	17,298	17,298
<b>(6,458)</b>	<b>(6,458)</b>	<b>Total</b>	<b>(3,846)</b>	<b>(3,846)</b>

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

2023/24			2024/25	
Milton Keynes City Council	Group		Milton Keynes City Council	Group
£'000	£'000		£'000	£'000
(66,653)	(53,135)	Depreciation	(69,144)	(67,580)
(173)	(173)	Amortisation	(487)	(487)
2,071	2,595	(Increase)/decrease in impairment for bad debts	(637)	(615)
109,344	107,160	(Increase)/decrease in creditors	(9,951)	(14,933)
(20,736)	(18,905)	Increase/(decrease) in debtors	7,388	10,248
103	103	Increase/(decrease) in inventories	(119)	(119)
6,461	6,463	Movement in pension liability	8,849	8,850
(26,275)	(30,070)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(27,974)	(32,875)
(841)	(357)	Other non-cash movements charged to the surplus or deficit on provision of services	515	987
<b>3,301</b>	<b>13,681</b>	<b>Total</b>	<b>(91,560)</b>	<b>(96,524)</b>

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

2023/24			2024/25	
Milton Keynes City Council	Group		Milton Keynes City Council	Group
£'000	£'000		£'000	£'000
8,266	12,061	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	13,381	18,282
117,481	117,481	Any other items for which the cash effects are investing or financing cash flows	66,540	66,540
<b>125,747</b>	<b>129,542</b>	<b>Total</b>	<b>79,921</b>	<b>84,822</b>

## G8.2 – Cash Flow from Investing Activities

2023/24			2024/25	
Milton Keynes City Council	Group		Milton Keynes City Council	Group
£'000	£'000		£'000	£'000
122,002	122,245	Purchase of property, plant and equipment, investment property and intangible assets	151,190	152,615
1,438,786	1,438,786	Purchase of short-term and long-term investments	718,050	718,050
0	0	Other payments from investing activities	0	0
(27,561)	(31,356)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(15,234)	(20,135)
(1,413,535)	(1,413,535)	Proceeds from short-term and long-term investments	(721,301)	(721,301)
(108,725)	(108,725)	Other receipts from investing activities	(74,751)	(74,751)
<b>10,967</b>	<b>7,415</b>	<b>Net cash flows from investing activities</b>	<b>57,954</b>	<b>54,478</b>

## G8.3 – Cash Flow from Financing Activities

2023/24			2024/25	
Milton Keynes City Council	Group		Milton Keynes City Council	Group
£'000	£'000		£'000	£'000
9,865	9,865	Other receipts from financing activities	9,509	9,509
21,215	23,465	Repayments of short-term and long-term borrowing	38,337	44,087
(767)	(1,316)	Other payments for financing activities	(650)	(1,032)
<b>30,313</b>	<b>32,014</b>	<b>Net cash flows from financing activities</b>	<b>47,196</b>	<b>52,564</b>

# Glossary

## AAA Fitch Rating

Highest credit quality - 'AAA' ratings denote the lowest expectation of credit risk. They are assigned only in case of exceptionally strong capacity for timely payment of financial commitments. This capacity is highly unlikely to be adversely affected by foreseeable events.

## AA Fitch Rating

Very high credit quality - 'AA' ratings denote a very low expectation of credit risk. They indicate very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events.

## A Fitch Rating

High credit quality - 'A' ratings denote a low expectation of credit risk. The capacity for timely payment of financial commitments is considered strong. This capacity may, nevertheless, be more vulnerable to changes in circumstances or in economic conditions than is the case for higher ratings.

## Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the Balance Sheet date.

## Accruals

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

## Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial surpluses or deficits that arise because:

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

## Asset

An item having value to the authority in monetary terms. Assets are categorised as either current or non-current

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

## Audit Of Accounts

An independent examination of the Authority's financial affairs.

## **Balance Sheet**

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

## **Borrowing**

Using cash provided by another party to pay for expenditure, on the basis of an agreement to repay the cash at a future point, usually incurring additional interest charges over and above the original amount.

## **Budget**

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

## **Capital Expenditure**

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

## **Capital Financing**

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

## **Capital Programme**

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

## **Capital Receipt**

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

## **Claw-Back**

Where average Council house rents are set higher than the government's prescribed average limit rent, used in the calculation of rent rebates, the percentage difference reduces the amount of rent rebate subsidy due to the authority, i.e. it is "clawed-back" by the government.

## **CIPFA**

The Chartered Institute of Public Finance and Accountancy.

## **Collection Fund**

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

## **Community Assets**

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

## **Comprehensive Income and Expenditure Statement**

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

## **Consistency**

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

## **Contingent Asset**

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

## **Contingent Liability**

A contingent liability is either:

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

## **Corporate and Democratic Core**

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

## **Creditor**

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

## **Current Service Cost (Pensions)**

The increase in the present value of a defined benefits pension scheme's liabilities, expected to arise from employee service in the current period.

## **Debtor**

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

## **Defined Benefit Pension Scheme**

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

## **Depreciation**

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

## **Discretionary Benefits (Pensions)**

Retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Authority's discretionary powers such as the Local Government (Discretionary Payments) Regulations 1996.

## **Equity**

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

## **Events After the Balance Sheet Date**

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

## **Expected Return On Pension Assets**

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

## **Fair Value**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

## **Finance Lease**

A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

## **Going Concern**

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

## **Government Grants**

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

## **Housing Benefits**

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

## **Housing Revenue Account (HRA)**

A separate account to the General Fund, which includes the income and expenditure arising from the provision of housing accommodation by the Authority.

## **Impairment**

A reduction in the value of a fixed asset to below its recoverable amount, the higher of the asset's fair value less costs to sell and its value in use.

## **Infrastructure Assets**

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

## **Intangible Assets**

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

## **Interest Cost (Pensions)**

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

## **Investments (Pension Fund)**

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

## **Liability**

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

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

## **Liquid Resources**

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

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

## **Long-Term Contract**

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into more than one accounting period.

## **Materiality**

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

## **Minimum Revenue Provision (MRP)**

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

## **Net Book Value**

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

## **Net Debt**

The Authority's borrowings less cash and liquid resources.

## **Non-Distributed Costs**

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

## **Non-Domestic Rates (NDR)**

The Non-Domestic Rate is a levy on businesses, based on a national rate in the pound set by central government and multiplied by the assessed rateable value of the premises they occupy. In England it is collected by the Authority on behalf of itself, central government and major preceptors. In Scotland it is collected by the Authority on behalf of central government and then redistributed back to support the cost of services.

## **Non-Operational Assets**

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

## **Operating Lease**

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

## **Operational Assets**

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

## **Past Service Cost (Pensions)**

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

## **Pension Scheme Liabilities**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured during the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

## **Precept**

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

## **Prior Year Adjustment**

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

## **Provision**

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

## **Public Works Loan Board (PWLB)**

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

## **Rateable Value**

The annual assumed rental of a hereditament, which is used for NNDR purposes.

## **Related Parties**

There is a detailed definition of related parties in FRS 8. For the Council's purposes related parties are deemed to include the Authority's members, the Chief Executive, its Directors and their close family and household members.

## **Related Party Transactions**

The Statement Of Recommended Practice requires the disclosure of any material transactions between the Authority and related parties to ensure that stakeholders are aware when these transactions occur and the amount and implications of such.

## **Remuneration**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits. Received other than in cash. Pension contributions payable by the employer are excluded.

## **Reserves**

The accumulation of surpluses, deficits and appropriations over past years. Reserves of a revenue nature are available and can be spent or earmarked at the discretion of the Authority. Some capital reserves such as the fixed asset restatement account cannot be used to meet current expenditure.

## **Residual Value**

The net realisable value of an asset at the end of its useful life.

## **Retirement Benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

## **Revenue Expenditure**

The day-to-day expenses of providing services.

## **Revenue Expenditure Capitalised Under Statute (REFCUS)**

Expenditure which ordinarily would be revenue, but is statutorily defined as capital. Examples of REFCUS include grants of a capital nature to voluntary organisations and back pay expenditure capitalised under Secretary of State Direction.

## **Revenue Support Grant**

A grant paid by Central Government to authorities, contributing towards the general cost of their services.

## **Stocks**

Items of raw materials and stores an authority has procured and holds in expectation of future use. Examples are consumable stores, raw materials and products and services in intermediate stages of completion.

## **Temporary Borrowing**

Money borrowed for a period of less than one year.

## **Trust Funds**

Funds administered by the Authority for such purposes as prizes, charities, specific projects and on behalf of minors.

## **Useful Economic Life (UEL)**

The period over which the Authority will derive benefits from the use of a fixed asset.

