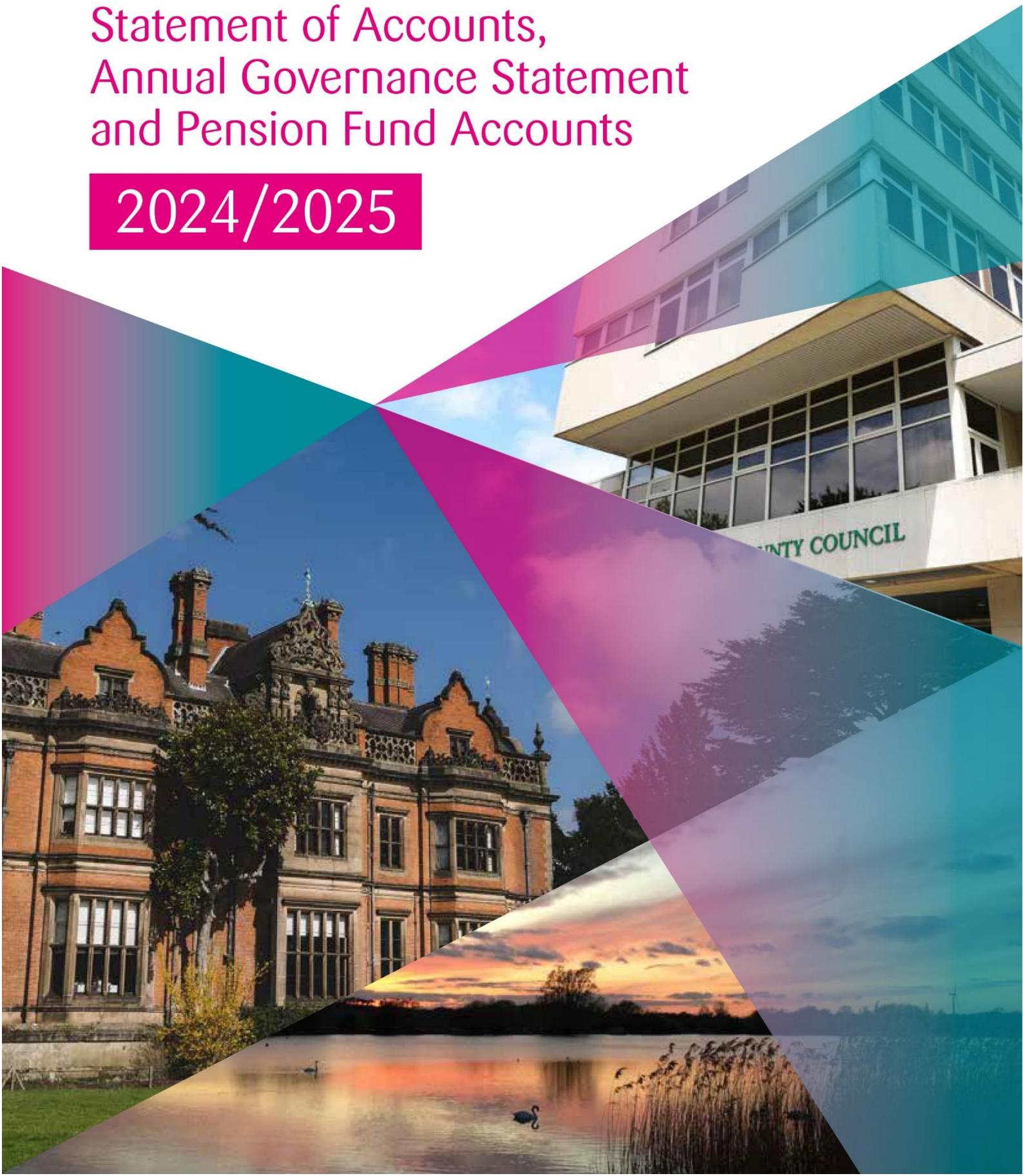


Statement of Accounts, Annual Governance Statement and Pension Fund Accounts

2024/2025



Leicestershire County Council, Statement of Accounts, Annual Governance Statement and Pension Fund Accounts 2024/25

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Introduction to the Statement of Accounts

Councillor Preface

The County Council continues to face significant financial challenges as a result of inflationary and service demand pressures. The latest Medium Term Financial Strategy (MTFS), approved in February 2025, sets a balanced budget for 2025/26 after the use of £5m from reserves. With hard work and focus I am confident the use of reserves will not be required. There are gaps in funding for the following three financial years; £38m in 2026/27 rising to £91m by 2028/29. This position is after identified savings in the MTFS of £33m that need to be delivered. In addition, there are continuing significant pressures on the high needs block within the dedicated schools grant (DSG) with an accumulated deficit of £64m as at 31st March 2025 which is forecast to increase to around £117m by 2028/29. To bridge the gap several initiatives are being investigated to generate further savings.



The Council is on track to meet these challenges because of the forward planning and its excellent track record in delivering savings.

Mr Harrison Fowler

Cabinet Lead Member for Corporate Resources

Foreword from the Director of Corporate Resources



The County Council is operating in an extremely challenging financial environment following more than a decade of austerity and spending pressures, particularly from social care and special education needs, and more recently from the cost of living pressures. There is also significant uncertainty and risk around future funding levels.

Despite these challenges the 2024/25 revenue and capital outturns were both delivered within budget. During 2024/25, the Council has invested in a number of capital projects, all funded without the need for any new borrowing, including:

£49m investment in Children and Family Services, including the creation of 415 additional school places, £22m investment in highways maintenance, and £47m on major projects around the County

Delivery of the Capital Programme will continue to be challenging, especially given rising inflation and increased demand for new schools and roads. However, with continued hard work and careful planning we expect to continue to deliver value for money capital projects.

I would like to thank all our staff for their work to manage the Council's budget in what has been another incredibly challenging year.

D Keegan

Director of Corporate Resources

Narrative Statement

1. Organisational Overview and External Environment

The Council has consolidated its priority outcomes into its Strategic Plan for 2022-26. The Strategic Plan sets out the Council's long-term vision for Leicestershire and its priorities over a four-year period. It is a key strategy which shapes how the Council plans and delivers services.

Leicestershire remains the lowest funded county council in the country with greater risks as a result. The Council's financial position continues to be extremely challenging, with £276m saved since 2010 and a further £176m to save by 2028/29. The position is serious with major implications for the provision of services to the people of Leicestershire. Reductions in government funding, rising demands and rising inflation have made it increasingly difficult to maintain good service delivery levels and target service improvements where required.

The current funding system does not share national resources fairly, and this view is shared by many others in local government. A move to a fairer funding model is an urgent requirement to help tackle the Council's financial challenges. Whilst a consultation on funding reform has recently been released, the Council is not confident that the proposals will lead to a fairer funding allocation for the residents of Leicestershire.

Leicestershire as a Place

Leicestershire covers an area of 208,000 hectares, with a population of around 734,000 people. The population grew by 9.5% between 2011 and 2021, which is faster than the national and regional growth rates. The County population is predicted to reach 860,000 by 2043, with particular growth among the over 70s. 82% of Leicestershire's area is classified as rural while 70% of the population live in our towns and urban areas.

Out of work benefit claimant rates are consistently below national and regional levels but remain higher than before the COVID-19 pandemic. Manufacturing is the largest industrial sector in the county, accounting for 12.0% of all employment, followed by Professional, Scientific and Technical (11.4%) and Transport and Storage (11.1%). 92% of our residents tell us that they are satisfied with the County as a place to live, significantly higher than the equivalent national figure.

The Council plays an active role in place shaping and responding to local needs such as working with partners to agree a Strategic Planning Framework, working sub-regionally (with Leicester City and the Leicestershire district authorities) and working regionally on economic and transport planning, such as with the Midlands Engine and Freeport.

Leicestershire County Council

Leicestershire County Council is an upper tier of local government with 55 councillors who are elected every 4 years. The Council has 6,071 employees (excluding schools) organised into 6 departments:

- Children and Family Services
- Adults and Communities
- Environment and Transport
- Public Health
- Chief Executives
- Corporate Resources

2. Governance

The Council's Annual Governance Statement (AGS) summarises the outcome of the Council's review of the Governance Framework that has been in place during 2024/25. The statement demonstrates that the Council has in place effective arrangements, but that it recognises the need to continuously review, adapt and develop its governance arrangements to meet the changing needs of the authority. There were 4 significant governance issues in 2024/25 which are further explained in section 8 of the AGS.

3. Risks and Opportunities

A risk management strategy is in place to identify and evaluate risk. The Council's corporate risk register contains the most significant risks which the Council is managing. Separate risk registers are in place for key departmental and service risks. Central government funding reductions and rising demands have seen a higher level of risk needing to be managed.

4. Strategy & Resource Allocation

The Council has developed five strategic outcomes that are essential for good quality of life in Leicestershire. These set out aspirations for local people and places, describing the results we want people to see and experience in their daily lives:

- Clean, green future:** The environment is protected and enhanced, and we tackle climate change, biodiversity loss and unsustainable resource usage.
- Great Communities:** Leicestershire has thriving, inclusive communities in which people support each other and participate in service design and delivery.
- Improving Opportunities:** Every child gets the best start for life with access to a good quality education and everyone has the opportunities they need to fulfil their potential.

- Strong economy, transport and infrastructure:** Leicestershire has a productive, inclusive and sustainable economy and infrastructure which meets the demands of a growing population and economy.
- Keeping people safe and well:** The people of Leicestershire are safe and protected from harm.

These key strategic outcomes form part of the Council's medium-term financial planning process which covers a four-year period and is refreshed annually.

5. Financial Performance

Revenue Budget

A summary of the net revenue outturn for 2024/25 is set out below:

| 2023/24 | | | 2024/25 | | |
|----------------|----------------|---------------|---------------------------------|----------------|----------------|
| Budget | Outturn | Variance | Budget | Outturn | Variance |
| £m | £m | £m | £m | £m | £m |
| 210.2 | 212.8 | 2.6 | Adults & Communities | 241.1 | 223.7 |
| 16.2 | 15.1 | (1.1) | Chief Executive's | 16.8 | 16.0 |
| 106.7 | 118.5 | 11.9 | Children & Family Services | 124.2 | 132.9 |
| 41.2 | 39.8 | (1.3) | Corporate Resources | 41.0 | 40.0 |
| 101.6 | 99.3 | (2.3) | Environment & Transport | 112.9 | 111.1 |
| (1.8) | (1.8) | 0 | Public Health | (2.6) | (2.6) |
| 38.2 | 40.8 | 2.6 | Central Items and Contingencies | 34.2 | 40.2 |
| 0 | 0 | 0 | Approved additional commitments | 0 | 8.8 |
| 512.1 | 524.4 | 12.3 | | 567.6 | 570.2 |
| | | | Funded by: | | |
| (80.6) | (92.9) | (12.3) | Business Rates | (97.9) | (100.4) |
| (375.9) | (375.9) | 0 | Council Tax | (399.8) | (399.8) |
| 0 | 0 | 0 | Revenue Support Grant | 0 | 0 |
| (55.6) | (55.6) | 0 | General Grants | (69.9) | (69.9) |
| (512.1) | (524.4) | (12.3) | | (567.6) | (570.2) |
| 0.0 | 0.0 | 0.0 | NET OUTTURN | 0.0 | 0.0 |

The 2024/25 net outturn showed a balanced position, after funding of £8.8m was set aside for additional commitments in the Transformation reserve - towards future expenditure on an invest to save basis to support the MTFS and other issues facing the Council.

The financial year saw additional inflationary pressures and also increasing demand pressures on children's social care services. Adults and Communities had a net underspend of £17.3m, mainly due to managing demand well and more efficient commissioning. When setting the new MTFS 2025-29 a total of £9m was reduced from the 2025/26 A&C budget in light of the ongoing impact of the variances from 2024/25 forecast at that time. Following the outturn position another review will be undertaken to determine if there are any further reductions that can be made to the 2025/26 budget.

The Authority has made significant progress in achieving the savings in the MTFS, but there is still a long way to go. The 2025-29 MTFS includes a savings requirement of £176m, including High Needs DSG savings.

Capital Budget

A summary of the capital outturn for 2024/25 is set out below:

| 2023/24 | | | Capital | 2024/25 | | |
|--------------|--------------|---------------|----------------------------|--------------|--------------|---------------|
| Budget | Outturn | Variance | | Budget | Outturn | Variance |
| £m | £m | £m | £m | £m | £m | £m |
| 5.9 | 4.8 | (1.1) | Adults & Communities | 7.1 | 5.6 | (1.5) |
| 41.4 | 33.9 | (7.5) | Children & Family Services | 44.4 | 48.7 | 4.4 |
| 2.3 | 0.9 | (1.4) | Corporate Programme | 16.3 | 2.3 | (14.0) |
| 4.7 | 1.8 | (2.9) | Corporate Resources | 4.5 | 2.2 | (2.3) |
| 85.0 | 66.0 | (19.0) | Environment & Transport | 95.9 | 75.3 | (20.7) |
| 139.3 | 107.4 | (31.9) | | 168.2 | 134.1 | (34.1) |

Overall, there has been a net variance of £34.1m compared with the updated budget. The net variance has been carried forward to the 2025-29 capital programme to fund the rephasing of expenditure on projects.

Further details of the budget outturn variances for revenue and capital can be found in the Cabinet report dated 17 June 2025 available on the Council's Website.

6. Operational Performance

The Council maintains a strong focus on performance management through its corporate performance management, commissioning and benchmarking arrangements. Performance management is well embedded through regular performance reporting across organisational governance arrangements.

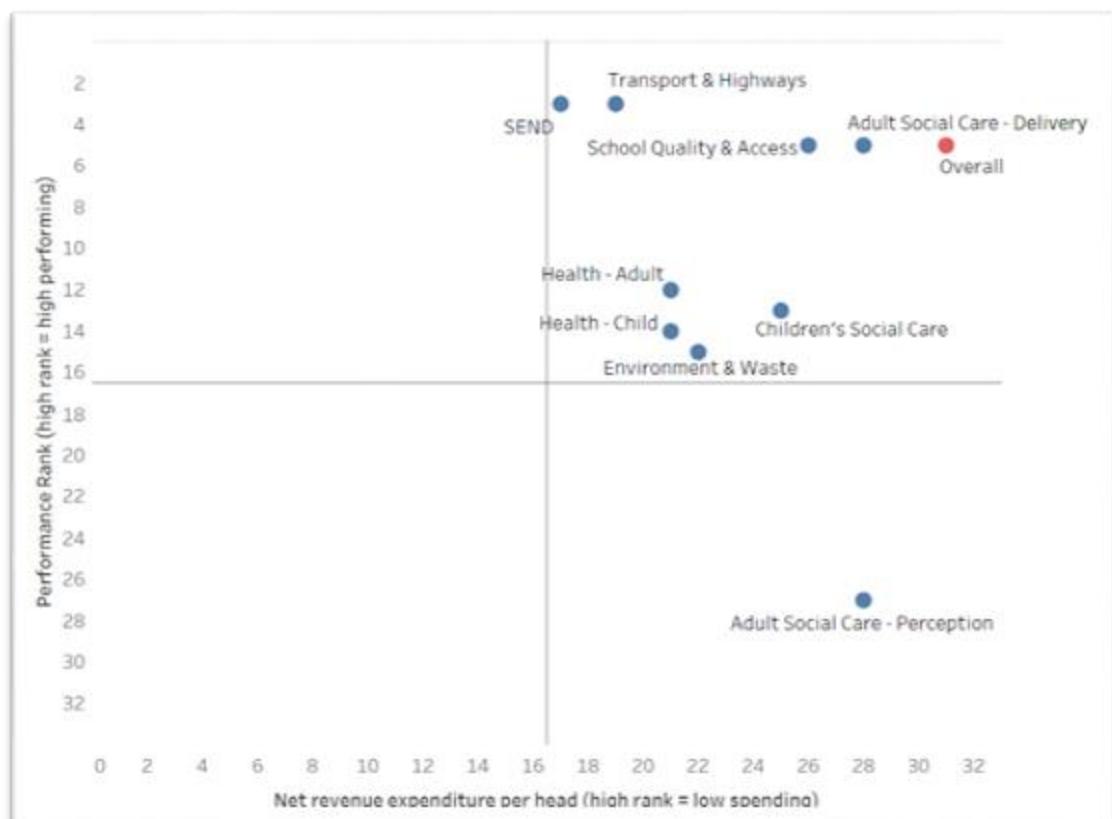
The Council regularly monitors its performance position and areas for improvement through service benchmarking. Looking at published data for 2023/24, the Council's overall performance position was 5th of 31 two-tier county and county unitary authorities, using a basket of over 250 performance indicators spanning Council and partnership activity.

The chart below summarises County Council spend and performance relative to the 31 counties and county unitaries that we use as our main comparison group. The chart shows rank of net revenue expenditure per head across the horizontal axis and performance rank on the vertical axis. The top right quadrant represents low relative spend and high relative performance. The chart shows performance positions for various delivery themes. All themes display have below average spend per head.

In a separate exercise, analysis has been undertaken of the relative cost effectiveness of local authorities. This work brings together input data in the form of core spending power per head and outputs/outcomes data from over 200 performance indicators covering core council services. The resulting Cost Effectiveness Index suggests that Leicestershire is the most cost-effective of our comparator group of 31 counties and county unitary authorities.

The Authority's [Annual Delivery Report](#) and Performance Compendium provides a more detailed account of performance during the year.

Chart: Theme performance benchmarking rank vs. rank of net revenue expenditure per head



7. Medium Term Financial Strategy

Medium Term Financial Strategy (MTFS)

The County Council continues to operate in an extremely challenging financial environment following more than a decade of austerity and spending pressures, particularly from social care and special education needs and disabilities (SEND). These are challenges being faced by all upper tier authorities. These pressures continue to increase. There is also additional financial strain arising from significant increases in inflation affecting all service areas.

The Authority's latest 4 year Medium Term Financial Strategy (MTFS) agreed in February 2025 is based on an approved council tax increase of 4.99% for 2025/26, followed by annual increases of 2.99% in the following years. Delivery of the MTFS requires General Fund savings of £124m to be made between 2025 and 2029. The MTFS sets out in detail £33m of savings and proposed reviews that will identify further savings to offset the forecast £91m funding gap by 2028/29.

A further £52m of savings is planned over the MTFS period regarding High Needs. This is in addition to a forecast High Needs deficit of over £117m by 2028/29.

Strong financial control plans and discipline will be essential in the delivery of the MTFS. In setting the MTFS the Authority does not anticipate that it will need to issue a Section 114 notice (Local Government Finance Act 1988) in 2025/26 but future years are uncertain given ongoing demand pressures and the unknown impact of the government's Spending Review and funding reform. This position will be reviewed each year as part of the exercise to roll forward the MTFS.

There is little doubt that the Authority faces the most uncertain and risky financial environment for a generation. The MTFS is reviewed annually in the autumn to reflect the latest view on available resources. The current MTFS is available on the Authority's website - leicestershire.gov.uk/mtfs

8. English Devolution

The English Devolution White Paper (published on 16 December 2024) set out the government's vision for simpler local government structures. Alongside this, the government also set out plans for a joint programme of devolution and local government reorganisation.

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

Three interim plans covering Leicester, Leicestershire and Rutland have been submitted in proposals to the Government:

- one by Leicestershire County Council.
- a north/south (Rutland) approach – with North West Leicestershire, Charnwood and Melton in the north, Hinckley, and Bosworth, Blaby, Oadby and Wigston, Harborough and Rutland in the south, and
- a third by Leicester City Council

Full business cases are to be submitted in November 2025. A decision on the Government's preferred option is not expected until 2026.

9. Current Borrowing / Investments

The Capital Financing Requirement (CFR) shown in note 39 to the financial statements measures the Authority's need to borrow for capital purposes. The total of non-current assets was £1.1bn as at 31 March 2025 (£1.1bn, 31 March 2024). The CFR was £198m as at 31 March 2025 (£202m, 31 March 2024) and actual debt was £175m as at 31 March 2025 (£220m, 31 March 2024). The difference between the CFR and the actual debt is temporarily funded by internal borrowing using the Authority's investment balances. During 2024/25 no new external loans were raised (£0m 2023/24). Details of the loans held by the Authority are shown in note 44 to the financial statements. The level of capital borrowing is within the Authority's 2024/25 Prudential Indicators that inform the Authority whether its capital investment plans are affordable, prudent and sustainable.

Investments held by the Authority total £410m as at 31 March 2025 (£421m, 31 March 2024). Investments are made in accordance with the Annual Investment Strategy that ensures that deposits are only made with financial institutions that meet certain minimum credit criteria as laid down by the Authority's Treasury Management advisors.

10. Basis of Preparation and Contents of the Statement of Accounts

The Statement of Accounts which follows sets out the Authority's income and expenditure for the year, and its financial positions as at 31 March 2025. It comprises primary statements, together with disclosure notes. The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, which in turn is underpinned by International Financial Reporting Standards adapted for use in a public sector context. The Statement of Accounts consists of:

a. Movement in Reserves Statement:

This financial statement shows the movement during the year 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 'unusable' reserves. This 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 for the year. The net increase/ decrease line shows the statutory general fund balance movements in the year following those adjustments.

b. Comprehensive Income and Expenditure Statement (CIES):

This financial 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. The Authority

Narrative Statement

raises taxation to cover expenditure in accordance with statutory regulations which may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis note to the accounts, and the Movement in Reserves Statement. The CIES has two sections:

- Surplus or Deficit on the Provision of Services – the increase or decrease in the net worth of the Authority as a result of incurring expenses and generating income.
- Other Comprehensive Income and Expenditure – shows any changes in net worth which have not been reflected in the Surplus or Deficit on the Provision of Services. These include the change in the net worth of the Authority as a result of movements in the fair value of its assets and actuarial gains or losses on pension assets and liabilities.

c. Balance Sheet:

The Balance Sheet shows the value as of 31st March 2025 of the assets and liabilities recognised by the Authority. It incorporates all the funds of the Authority, both capital and revenue, with the exception of the Pension Fund and Trust funds.

The net assets of the Authority (assets less liabilities) are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e., those reserves that the Authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains or losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statements line 'Adjustments between accounting basis and funding basis under regulations'.

d. Cash Flow Statement:

The Cash Flow Statement shows the changes in Cash and Cash Equivalents of the Authority during the reporting period. This financial 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 recipients of services provided by the Authority. Investing activities represent the extent to which cash flows 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.

e. Disclosure Notes:

Provides more detail about individual transactions and balances. The supplementary Financial Statements are The Annual Governance Statement, and the Pension Fund Account.

f. Pension Fund:

The Pension Fund statement of account details the annual results of the Leicestershire Authority administered Local Government Pension Fund, covering both Authority employees and those of other admitted bodies.

11. Date of Authorisation of Accounts

The accounts were authorised for issue by the Director of Corporate Resources on the 29 January 2026. This was the last date when events after the Balance Sheet date have been considered.

D KEEGAN
DIRECTOR OF CORPORATE RESOURCES
29 JANUARY 2026

Movement In Reserves Statement

| | General Fund Balance | Earmarked Reserves Balance | Total General Fund Balance | Capital Receipts Reserve | Capital Grants Unapplied | Total Usable Reserves | Unusable Reserves | Total Authority Reserves | Note |
|---|----------------------|----------------------------|----------------------------|--------------------------|--------------------------|-----------------------|-------------------|--------------------------|------|
| | £m | £m | £m | £m | £m | £m | £m | £m | |
| Movement In Reserves During 2024/25 | | | | | | | | | |
| Balance at 31 March 2024 | 26.0 | 294.4 | 320.4 | 5.2 | 24.7 | 350.3 | 822.5 | 1,172.8 | |
| Total Comprehensive Income and Expenditure | 49.7 | 0 | 49.7 | 0 | 0.0 | 49.7 | 2.4 | 52.1 | |
| Adjustments between accounting basis & funding basis under regulation | (37.6) | 0 | (37.6) | (5.0) | (14.3) | (56.9) | 56.9 | 0 | 8 |
| Transfers (to)/from Earmarked Reserves | (12.3) | 12.3 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Increase/ (Decrease) in Year | (0.3) | 12.3 | 12.0 | (5.0) | (14.3) | (7.3) | 59.4 | 52.1 | |
| Balance at 31 March 2025 | 25.7 | 306.7 | 332.4 | 0.2 | 10.3 | 343.0 | 881.9 | 1,224.9 | |

Movement In Reserves During 2023/24 (Restated)

| | | | | | | | | | |
|---|--------------|--------------|--------------|------------|-------------|--------------|--------------|----------------|---|
| Balance at 31 March 2023 | 28.1 | 222.3 | 250.4 | 0.2 | 4.9 | 255.5 | 733.5 | 989.0 | |
| Prior period adjustment | 0.0 | 33.5 | 33.5 | 0 | 0 | 33.5 | (33.5) | 0 | |
| Restated Balance 1 April 2023 | 28.1 | 255.8 | 283.9 | 0.2 | 4.9 | 289.0 | 699.9 | 989.0 | |
| Total Comprehensive Income and Expenditure | 112.5 | 0 | 112.5 | 0 | 0 | 112.5 | 71.3 | 183.8 | |
| Adjustments between accounting basis & funding basis under regulation | (76.1) | 0 | (76.1) | 5.0 | 19.8 | (51.3) | 51.3 | 0 | 8 |
| Transfers (to)/from Earmarked Reserves | (38.6) | 38.6 | 0 | 0 | 0 | 0 | 0 | 0 | |
| Increase/ (Decrease) in Year | (2.1) | 38.6 | 36.5 | 5.0 | 19.8 | 61.2 | 122.6 | 183.8 | |
| Balance at 31 March 2024 | 26.0 | 294.4 | 320.4 | 5.2 | 24.7 | 350.3 | 822.5 | 1,172.8 | |

Comprehensive Income and Expenditure Statement

| 2023/24 (restated) | | | Note | 2024/25 | | |
|----------------------------|----------------|-----------------|---|-------------------|----------------|-----------------|
| Gross Expenditure | Gross Income | Net Expenditure | | Gross Expenditure | Gross Income | Net Expenditure |
| £m | £m | £m | £m | £m | £m | £m |
| CONTINUING SERVICES | | | | | | |
| 305.7 | (115.0) | 190.7 | Adults and Communities | 319.8 | (124.9) | 194.9 |
| 20.9 | (10.6) | 10.3 | Chief Executive's Department | 20.0 | (7.1) | 12.9 |
| 406.1 | (278.2) | 127.8 | Children and Family Services | 494.4 | (327.3) | 167.1 |
| 93.9 | (43.6) | 50.3 | Corporate Resources | 88.3 | (42.9) | 45.4 |
| 146.6 | (25.6) | 121.0 | Environment and Transport | 157.4 | (26.1) | 131.3 |
| 34.9 | (36.1) | (1.2) | Public Health | 34.2 | (33.6) | 0.6 |
| 1.1 | (37.1) | (36.0) | Central Items | 1.7 | (48.3) | (46.7) |
| 1,009.1 | (546.2) | 462.9 | NET COST OF SERVICES | 1,115.9 | (610.2) | 505.6 |
| 0.3 | (1.7) | (1.4) | Other Operating Expenditure (Excluding transfer of Academies) | 12 | 0.3 | (0.1) |
| 3.2 | 0 | 3.2 | Other Operating Expenditure (Transfer of Academies) | 12 | 7.2 | 0 |
| 91.7 | (104.6) | (12.8) | Financing and Investment Income and Expenditure | 13 | 109.9 | (118.0) |
| 0 | (564.4) | (564.4) | Taxation and Non-specific Grant Income | 14 | 0 | (554.6) |
| | (112.5) | | (SURPLUS) / DEFICIT ON PROVISION OF SERVICES | | | (49.7) |
| | | | Items that will not be reclassified to the (surplus) or deficit on the provision of services: | | | |
| | (89.2) | | Surplus on Revaluation of Property, Plant and Equipment | (notes 16,18) | | (21.9) |
| | 17.9 | | Remeasurement of the Net Defined Benefit Liability/(Asset) | (note 15) | | 19.5 |
| | (71.3) | | Total Items that Will Not Be Reclassified to the (Surplus) or Deficit on the Provision of Services | | | (2.4) |
| | (183.8) | | TOTAL COMPREHENSIVE (INCOME) AND EXPENDITURE | | | (52.1) |

Balance Sheet

| Restated 1 April 2023 £m | Restated 31 March 2024 £m | | Note | 31 March 2025 £m |
|--------------------------------|---------------------------------|---|------|---------------------|
| 404.1 | 481.4 | Land and Buildings | 16 | 485.7 |
| 13.9 | 11.9 | Vehicles, Plant, Furniture & Equipment | 16 | 13.8 |
| 446.1 | 463.6 | Infrastructure Assets | 17 | 470.2 |
| 11.3 | 11.3 | Community Assets | 16 | 11.3 |
| 58.3 | 84.0 | Assets Under Construction | 16 | 131.3 |
| 3.4 | 1.4 | Surplus Assets | 16 | 1.0 |
| 937.1 | 1,053.7 | Total Property, Plant and Equipment | | 1,113.3 |
| 1.6 | 2.4 | Investment Property | 19 | 2.5 |
| 4.7 | 6.4 | Heritage Assets | 18 | 6.4 |
| 1.9 | 1.1 | Intangible Assets | 16 | 0.4 |
| 85.4 | 86.2 | Long Term Investments | 20 | 54.8 |
| 26.3 | 26.4 | Long Term Debtors | 22 | 24.9 |
| 1,057.0 | 1,176.2 | TOTAL NON-CURRENT ASSETS | | 1,202.4 |
| 11.2 | 10.0 | Assets Held for Sale | 16 | 18.5 |
| 1.8 | 1.8 | Inventories | 21 | 1.8 |
| 123.1 | 127.6 | Short Term Debtors | 23 | 137.5 |
| 71.1 | 85.8 | Cash and Cash Equivalents | 24 | 51.0 |
| 364.8 | 334.4 | Short Term Investments | 20 | 355.1 |
| 572.0 | 559.5 | TOTAL CURRENT ASSETS | | 563.7 |
| (3.7) | (8.4) | Short Term Borrowing | 20 | (3.0) |
| (188.4) | (191.8) | Short Term Creditors | 26 | (221.3) |
| (59.3) | (28.4) | Short Term Capital Grants Receipts in Advance | 36 | (25.6) |
| (0.1) | (0.1) | Short Term Lease Liabilities | 40 | (1.2) |
| (6.8) | (4.4) | Short Term Provisions | 27 | (4.7) |
| (258.3) | (233.0) | TOTAL CURRENT LIABILITIES | | (256.0) |
| (264.3) | (216.8) | Long Term Borrowing | 20 | (177.1) |
| (0.9) | (0.8) | Long Term Lease Liabilities | 40 | (1.8) |
| (6.2) | (5.2) | Long Term Creditors | 25 | (8.0) |
| (1.7) | (2.0) | Long Term Provisions | 27 | (1.1) |
| (34.6) | (33.3) | Net Pensions Liability | 9 | (28.0) |
| (74.0) | (71.8) | Long Term Capital Grants Receipts in Advance | 36 | (69.4) |
| (381.7) | (329.9) | TOTAL NON-CURRENT LIABILITIES | | (285.3) |
| 989.0 | 1,172.8 | NET ASSETS / (LIABILITIES) | | 1,224.9 |
| 28.1 | 26.0 | General Fund | 10 | 25.7 |
| 255.8 | 294.4 | Earmarked Revenue Reserves | 11 | 306.7 |
| 0.2 | 5.2 | Capital Receipts Reserve | | 0.2 |
| 4.9 | 24.7 | Capital Grants Unapplied | | 10.3 |
| 289.0 | 350.3 | TOTAL USABLE RESERVES | | 343.0 |
| 215.0 | 292.9 | Revaluation Reserve | 9 | 303.5 |
| 558.0 | 602.3 | Capital Adjustment Account | 9 | 661.9 |
| (3.7) | (3.4) | Financial Instruments Adjustment Account | 9 | (3.2) |
| (34.6) | (33.3) | Pension Reserve | 9 | (28.0) |
| 1.8 | 0.7 | Collection Fund Adjustment Account | 9 | 0.9 |
| (6.2) | (4.6) | Accumulated Absences Adjustment Account | 9 | (5.8) |
| (0.2) | 0.1 | Pooled Investment Funds Adjustment Account | 9 | 0.9 |
| (30.2) | (32.0) | Dedicated Schools Grant Adjustment Account | 9 | (48.3) |
| 699.9 | 822.5 | TOTAL UNUSABLE RESERVES | | 881.9 |
| 989.0 | 1,172.8 | TOTAL RESERVES | | 1,224.9 |

Cash Flow Statement

| 2023/24 | | Note | 2024/25 |
|---------------|---|------|---------------|
| £m | | | £m |
| (112.5) | Net (surplus) or deficit on the provision of services | 1 | (49.7) |
| 0.7 | Adjustments to net (surplus) or deficit on the provision of services for non-cash movements | 28 | (45.5) |
| 91.6 | Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities | 28 | 64.7 |
| (20.2) | Net cash flows from Operating Activities | | (30.5) |
| (37.0) | Net cash flows from Investing Activities | 29 | 20.8 |
| 42.6 | Net cash flows from Financing Activities | 30 | 44.5 |
| (14.6) | Net (Increase)/Decrease in Cash and Cash Equivalents | | 34.8 |
| (71.1) | Cash and Cash Equivalents at the Beginning of the Reporting Period | 24 | (85.8) |
| (85.8) | Cash and Cash Equivalents at the End of the Reporting Period | 24 | (51.0) |

The notes to the financial statements are detailed on pages 13 – 83.

Notes to the Accounts

Note 1: Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and the way in which it is funded from resources (e.g. grants, council tax and business rates) by the Authority in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Authority's departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure and Funding Analysis Statement 2024/25

| Service Segment | As Reported to the Cabinet June 2025 | Adjustments to arrive at the net amount funded from General Fund ¹ | Net Expenditure Chargeable to the General Fund | Adjustments between Funding and Accounting Basis | Net Expenditure in the CIES |
|---|---|---|---|--|-----------------------------------|
| | £m | £m | £m | £m | £m |
| Adults and Communities Department | 223.7 | (25.2) | 198.5 | (3.5) | 194.9 |
| Chief Executive's Department | 16.0 | (1.8) | 14.2 | (1.3) | 12.9 |
| Children and Family Services Department | 132.9 | 4.2 | 137.1 | 30.0 | 167.1 |
| Corporate Resources Department | 40.0 | (0.1) | 39.9 | 5.6 | 45.4 |
| Environment and Transport Department | 111.1 | 2.0 | 113.1 | 18.2 | 131.3 |
| Public Health Department | (2.6) | 4.0 | 1.4 | (0.8) | 0.6 |
| Central Items | 49.2 | (56.6) | (7.4) | (39.2) | (46.7) |
| Net Cost of Services | 570.2 | (73.7) | 496.6 | 9.0 | 505.6 |
| Other Income and Expenditure | (570.2) | 61.5 | (508.7) | (46.6) | (555.3) |
| (Surplus) or Deficit | 0 | (12.1) | (12.0) | (37.6) | (49.7) |
| Opening General Fund Balance | | | | | (320.4) |
| Less /Plus Surplus or (Deficit) on General Fund Balance in Year | | | | | (12.0) |
| Closing General Fund Balance | | | | | (332.4) |

Expenditure and Funding Analysis Statement 2023/24 (restated)

| Service Segment | As Reported to the Cabinet May 2024 | Adjustments to arrive at the net amount funded from General Fund ¹ | Net Expenditure Chargeable to the General Fund | Adjustments between Funding and Accounting Basis | Net Expenditure in the CIES |
|---|---|---|--|--|-----------------------------------|
| | £m | £m | £m | £m | £m |
| Adults and Communities Department | 212.8 | (18.8) | 194.0 | (3.3) | 190.7 |
| Chief Executive's Department | 15.1 | (3.9) | 11.2 | (0.9) | 10.3 |
| Children and Family Services Department | 118.5 | 8.2 | 126.7 | 1.2 | 127.8 |
| Corporate Resources Department | 39.8 | 4.6 | 44.4 | 5.8 | 50.3 |
| Environment and Transport Department | 99.3 | 4.4 | 103.7 | 17.2 | 121.0 |
| Public Health Department | (1.8) | 1.3 | (0.5) | (0.6) | (1.2) |
| Central Items | 40.8 | (72.9) | (32.1) | (4.0) | (36.0) |
| Net Cost of Services | 524.4 | (77.0) | 447.5 | 15.5 | 462.9 |
| Other Income and Expenditure | (524.4) | 40.5 | (483.9) | (91.5) | (575.5) |
| (Surplus) or Deficit | 0 | (36.6) | (36.5) | (76.1) | (112.5) |
| Opening General Fund Balance 31.3.23 | | | | | (250.4) |
| Prior period adjustment | | | | | (33.5) |
| Opening General Fund Balance 1.4.23 | | | | | (283.9) |
| Less /Plus Surplus or (Deficit) on General Fund Balance in Year | | | | | (36.5) |
| Closing General Fund Balance | | | | | (320.4) |

Notes to the Accounts

¹ Due to differences in the Cabinet report compared with the requirements for the CIES. For example, capital financing costs are reported to the Cabinet as part of Central Items but are shown within Other Income and Expenditure for the CIES, and also movements to reserves made in the accounts after the Cabinet report (use of the surplus to earmarked reserves).

Note 2: Expenditure and Funding Analysis (a)

This note provides reconciliation for the main adjustments to Net Expenditure chargeable to the General Fund (GF) to arrive at the amounts in the CIES. The relevant transfers between reserves are explained in the Movement in Reserves Statement (MIRS).

Adjustments Between Funding and Accounting Basis 2024/25

| Adjustments from the GF to arrive at the CIES | Adjustments for Capital Purposes £m | Adjustments for Pensions Purposes £m | Other Adjustments £m | Total Adjustments £m |
|---|--|---|-------------------------|-------------------------|
| Service Segment | | | | |
| Adults & Communities Department | 1.8 | (1.8) | 0 | 0.1 |
| Chief Executive's Department | 0 | (5.0) | 1.1 | (3.8) |
| Children and Family Services Department | 22.8 | (8.8) | 16.4 | 30.4 |
| Corporate Resource Department | 9.9 | (1.5) | 0 | 8.4 |
| Environment & Transport Department | 22.1 | (4.8) | 0 | 17.4 |
| Public Health Department | 0 | (4.1) | 0 | (4.1) |
| Central Items | (40.3) | 1.1 | 0 | (39.2) |
| Net Cost of Services | 16.3 | (24.8) | 17.5 | 9.0 |
| Other Income and Expenditure from the Expenditure and Funding Analysis | (45.8) | 0 | (0.8) | (46.6) |
| Difference between the GCF surplus or deficit and the CIES surplus or deficit on provision of services | (29.5) | (24.8) | 16.7 | (37.6) |

Adjustments Between Funding and Accounting Basis 2023/24 (restated)

| Adjustments from the GF to arrive at the CIES | Adjustments for Capital Purposes £m | Adjustments for Pensions Purposes £m | Other Adjustments £m | Total Adjustments £m |
|---|--|---|-------------------------|-------------------------|
| Service Segment | | | | |
| Adults & Communities Department | 1.1 | (1.7) | 0 | (0.6) |
| Chief Executive's Department | 0.0 | (3.6) | (1.7) | (5.3) |
| Children and Family Services Department | 8.8 | (6.7) | 1.9 | 4.0 |
| Corporate Resource Department | 9.4 | (1.2) | 0.0 | 8.2 |
| Environment & Transport Department | 20.2 | (3.7) | 0.1 | 16.5 |
| Public Health Department | 0.0 | (3.4) | 0.0 | (3.4) |
| Central Items | (5.1) | 1.2 | 0.0 | (3.9) |
| Net Cost of Services | 34.4 | (19.2) | 0.3 | 15.5 |
| Other Income and Expenditure from the Expenditure and Funding Analysis | (91.2) | 0.0 | (0.3) | (91.5) |
| Difference between the GCF surplus or deficit and the CIES surplus or deficit on provision of services | (56.9) | (19.2) | (0) | (76.1) |

1) 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 – The adjustments 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 (MRP) 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 – Where 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.

2) 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 - This represents the net interest on the defined benefit liability is charged to the CIES.

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

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 – This 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.

Note 2: Expenditure and Funding Analysis (b)

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

| Restated 2023/24 | | 2024/25 |
|------------------|--|------------------|
| £m | | £m |
| | Expenditure | |
| 351.5 | Employee Benefits Expenses | 368.0 |
| 60.1 | IAS 19 and Other Pension Cost Adjustments | 63.9 |
| 633.9 | Other Service Expenses | 730.8 |
| 42.5 | Depreciation, amortisation, and impairment | 41.5 |
| 12.8 | Interest Payments | 20.1 |
| 0.3 | Precepts and Levies | 0.3 |
| 3.2 | Loss on Disposal of Non-Current Assets | 8.8 |
| 1,104.4 | Total Expenditure | 1,233.3 |
| | Income | |
| (161.1) | Fees, Charges and Other Income | (165.8) |
| (77.8) | IAS 19 Interest income | (87.2) |
| (25.7) | Interest and Investment Income | (29.8) |
| (467.7) | Council Tax and NNDR | (500.6) |
| (484.7) | Government Grants and Contributions | (499.5) |
| (1,216.9) | Total Income | (1,283.0) |
| (112.5) | (Surplus) or Deficit on Provision of Services | (49.7) |

Revenue from contract with service recipients:

| 2023/24 | | 2024/25 |
|---------|--|---------|
| £m | | £m |
| (95.3) | Revenue from contracts with service recipients | (104.1) |
| (35.9) | Receivables which are Included in debtors | (41.2) |

Note 3: Accounting standards issued but not yet adopted

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

- The effects of changes in Foreign Exchange rate (amendment to IAS21)
- IFRS 17 Insurance contracts replaces IFRS 4
- Changes to the measurement of non - investment assets within 2025/26 code (adaptations and interpretation of IAS16 and IAS38)

These changes are not expected to have a material impact on the Council's statements of accounts.

Note 4: Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 47, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. There were no critical judgements made that need reporting.

Note 5: Assumptions Made about the Future and 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 items in the Authority's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows.

| Items | Uncertainties | Effect if actual results differ from assumptions |
|-------------------------------|---|---|
| Property, Plant and Equipment | <p>The valuation of the Council's Property, Plant and Equipment (PPE) is a significant area of estimation uncertainty. The Council's valuer uses a combination of methodologies to value these assets, including Depreciated Replacement Cost and Existing Use Value and market/comparable methods. These methods can cause estimation uncertainty due to the indices and inputs that must be used to applying valuations. If the actual values differ from the assumptions used to value PPE, there is a risk of material adjustment to the carrying value of PPE.</p> <p>The Council's external valuers provided valuations as at 31 March 2025 for over 50% of its operational portfolio. The remaining balance of operational properties were also reviewed to ensure values reflect current values.</p> <p>The carrying value of Property, Plant and Equipment at 31 March 2025 is £1.1bn.</p> | <p>The net book value of non-current assets subject to potential revaluation is £489m. 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.</p> <p>As an example, 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 and or Revaluation reserve of approximately £49m.</p> |
| Pensions Liability | <p>The estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. An independent firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied, although ultimate responsibility for forming these assumptions remains with the Authority.</p> <p>The carrying value of the net Pension Liability at 31 March 2025 is £28m.</p> | <p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £24m. A one-year increase in member life expectancy compared with the assumption used would increase the liabilities by £58m.</p> <p>However, the assumptions interact in complex ways. During 2024/25, the Authority's Actuary advised that the net pension liability had decreased by £39m as a result of estimates being corrected as a result of experience and decreased by £423m attributable to updating of the assumptions.</p> |

Note 6: Material Items of Income and Expense

There are no significant material items of income and expense that need reporting.

Note 7: Events after the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 29 January 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.

Note 8A: Prior Period Adjustments

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change, and do not give rise to a prior period adjustment.

Pooled Property and Pooled Infrastructure Investments

A prior period adjustment of £34m (31 March 2023) has been made to correct the past accounting treatment of pooled property and pooled infrastructure assets that had been classified (and financed) as capital expenditure. During the 2024/25 audit it was identified that the investments did not qualify as capital expenditure. Due to the value this is deemed to be material and so a prior period adjustment has been applied to the accounts. The following tables show the adjustments made. Notes 8, 9 and 11 have also been updated for these changes.

| Restated Balance Sheet | Previous Balance 31 March 2023 £m | Unusable/ Earmarked Reserves Notes 9+11 £m | Restated Balance 1 April 2023 £m | Previous Balance 31 March 2024 £m | Unusable/ Earmarked Reserves Notes 9+11 £m | Restated Balance 31 March 2024 £m |
|---|--|--|--|---|--|---|
| Earmarked Revenue Reserves | 222.3 | 33.5 | 255.8 | 260.9 | 33.5 | 294.4 |
| Total Usable Reserves | 255.5 | 33.5 | 289.0 | 316.7 | 33.5 | 350.3 |
| Capital Adjustment Account | 589.1 | (31.1) | 558.0 | 631.7 | (29.4) | 602.3 |
| Pooled Investment Funds Adjustment Account | 2.2 | (2.4) | (0.2) | 4.2 | (4.1) | 0.1 |
| Toal Unusable Reserves | 733.5 | (33.5) | 699.9 | 856.1 | (33.5) | 822.5 |
| Total Reserves | 989.0 | 0 | 989.0 | 1,172.8 | 0 | 1,172.8 |

| Restated MIRS | Total Usable Reserves £m | Unusable Reserves £m | Total Authority Reserves £m |
|------------------------------------|--------------------------------|----------------------------|--------------------------------------|
| Balance as at 31 March 2023 | 255.5 | 733.5 | 989.0 |
| Prior Period Adjustment (Note 8) | 33.5 | (33.5) | 0 |
| Restated as at 1 April 2023 | 289.0 | 699.9 | 989.0 |

MHCLG Social Care Grant

A prior period adjustment of £32.0m has been made to update the accounting treatment applied to this central government grant to a specific grant - in line with the grant conditions - instead of a general grant. The adjustments made are reported below. Notes 1, 2, 14 and 36 to the accounts have also been updated for these changes.

Better Care Fund – Pooled Budget

A prior period adjustment of £29.1m has been made to update the accounting treatment of the contribution from the NHS Integrated Care Board (ICB). The arrangement meets the definition of a joint operation which requires the expenditure incurred by the Council on behalf of the ICB to be netted off against the contribution received. This correction requires the gross expenditure and gross income lines within the CIES to be netted down. The adjustments made are reported below. Notes 1 and 31 to the accounts have also been updated for these changes.

| Restated CIES | 2023/24 Gross Exp- enditure £m | 2023/24 Gross Income £m | 2023/24 Net Exp- enditure £m | Adjust- Ment Gross Exp. £m | Adjust- Ment Gross Income £m | Revised 2023/24 Gross Exp. £m | Revised 2023/24 Gross Income £m | Revised 2023/24 Net Exp. £m |
|---|--|----------------------------------|--|--|--|---|---|---|
| Adults and Communities | 334.8 | (144.1) | 190.7 | (29.1) | 29.1 | 305.7 | (115.0) | 190.7 |
| Central Items | 1.1 | (5.1) | (4.0) | 0 | (32.0) | 1.1 | (37.1) | (36.0) |
| Net Cost of Services | 1,038.2 | (543.3) | 494.9 | (29.1) | (2.9) | 1,009.1 | (546.2) | 462.9 |
| Taxation and non-specific grant income | 0 | (596.4) | (596.4) | 0 | 32.0 | 0 | (564.4) | (564.4) |
| Surplus on provision of services | | | (112.5) | 0 | 0 | | | (112.5) |

The primary statements and notes to the accounts have been updated for these changes.

Note 8: 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 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 to be paid into 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 Authority is statutorily empowered to spend on its services or on capital investment.

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 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 Reserve holds the grants and contributions received towards capital projects for which the Authority 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 when this has to take place by.

Notes to the Accounts

| 2024/25 | Usable Reserves | | | Movement in Usable Reserves £m | |
|--|-------------------------------|--------------------------------------|-----------------------------------|---|--|
| | General Fund Balance £m | Capital Receipts Reserve £m | Capital Grants Unapplied £m | | |
| Adjustments to the Revenue Resources | | | | | |
| Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements: | | | | | |
| Pension Costs | (24.8) | 0 | 0 | (24.8) | |
| Financial Instruments | (0.2) | 0 | 0 | (0.2) | |
| Council Tax and NDR | (0.2) | 0 | 0 | (0.2) | |
| Accumulated Absences | 1.2 | 0 | 0 | 1.2 | |
| Pooled Investment Funds | (0.8) | 0 | 0 | (0.8) | |
| Transferred to DSG Adjustment Account | 16.3 | 0 | 0 | 16.3 | |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure | 61.5 | 0 | (14.3) | 47.1 | |
| Total Adjustments to Revenue Resources | 52.9 | 0 | (14.3) | 38.5 | |
| | | | | | |
| Transfer of Non-Current asset sale proceeds from revenue to the Capital Receipts Reserve | (0.7) | 0.7 | 0 | 0 | |
| Statutory provision for the repayment of debt (MRP) | (7.3) | 0 | 0 | (7.3) | |
| Principal repayments of transferred Debt | 1.3 | 0 | 0 | 1.3 | |
| Capital expenditure financed from revenue balances | (34.6) | 0 | 0 | (34.6) | |
| Total Adjustments between Revenue and Capital Resources | (41.3) | 0.7 | 0 | (40.6) | |
| | | | | | |
| Use of the Capital Receipts Reserve to finance capital expenditure | 0 | (5.7) | 0 | (5.7) | |
| Application of capital grants to finance capital expenditure | (49.2) | 0 | 0 | (49.2) | |
| Total Adjustments to Capital Resources | (49.2) | (5.7) | 0 | (54.8) | |
| Total Adjustments | (37.6) | (5.0) | (14.3) | (56.9) | |

Notes to the Accounts

| 2023/24 (Restated) | Usable Reserves | | | Movement in Usable Reserves £m | |
|--|-------------------------------|--------------------------------------|-----------------------------------|---|--|
| | General Fund Balance £m | Capital Receipts Reserve £m | Capital Grants Unapplied £m | | |
| Adjustments to the Revenue Resources | | | | | |
| Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements: | | | | | |
| Pension Costs | (19.2) | 0.0 | 0.0 | (19.2) | |
| Financial Instruments | (0.3) | 0.0 | 0.0 | (0.3) | |
| Council Tax and NDR | 1.1 | 0.0 | 0.0 | 1.1 | |
| Accumulated Absences | (1.6) | 0.0 | 0.0 | (1.6) | |
| Pooled Investment Funds | (0.3) | 0.0 | 0.0 | (0.3) | |
| Transferred to DSG Adjustment Account | 1.9 | 0.0 | 0.0 | 1.9 | |
| Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure | 48.7 | 0.0 | 19.8 | 68.4 | |
| Total Adjustments to Revenue Resources | 30.3 | 0.0 | 19.8 | 50.1 | |
| | | | | | |
| Transfer of Non-Current asset sale proceeds from revenue to the Capital Receipts Reserve | (5.6) | 5.6 | 0.0 | 0.0 | |
| Statutory provision for the repayment of debt (MRP) | (6.2) | 0.0 | 0.0 | (6.2) | |
| Principal repayments of transferred Debt | 1.3 | 0.0 | 0.0 | 1.3 | |
| Capital expenditure financed from revenue balances | (3.0) | 0.0 | 0.0 | (3.0) | |
| Total Adjustments between Revenue and Capital Resources | (13.5) | 5.6 | 0.0 | (7.9) | |
| | | | | | |
| Use of the Capital Receipts Reserve to finance capital expenditure | 0.0 | (0.6) | 0.0 | (0.6) | |
| Application of capital grants to finance capital expenditure | (92.9) | 0.0 | 0.0 | (92.9) | |
| Total Adjustments to Capital Resources | (92.9) | (0.6) | 0.0 | (93.5) | |
| Total Adjustments | (76.1) | 5.0 | 19.8 | (51.3) | |

Note 9: Unusable Reserves

Revaluation Reserve

The revaluation reserve contains the gains made by the Authority arising from increases in the value of Property, Plant and Equipment, and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost.
- used in the provision of services and the gains are consumed through depreciation or disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

| 2023/24 £m | | 2024/25 £m |
|---------------|--|---------------|
| 215.0 | Balance at 1 April | 292.9 |
| 125.5 | Upward revaluation of assets | 44.8 |
| (36.4) | Downward revaluation of assets losses not charged to the Surplus or (Deficit) on the Provision of Services | (22.9) |
| (5.9) | Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | (5.0) |
| (5.2) | Difference between fair value depreciation and historical cost depreciation | (6.3) |
| 292.9 | Balance at 31 March | 303.5 |

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or additions to those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or subsequent costs as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis).

The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and subsequent costs. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 8 to the accounts provide details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

| Restated 2023/24 £m | | 2024/25 £m |
|---------------------------|---|---------------|
| 589.1 | Balance at 1 April | 602.3 |
| (31.1) | Prior period adjustment (Note 8) | 0 |
| 558.0 | | 602.3 |
| | <i>Reversal of items relating to capital expenditure debited or credited to Comprehensive Income and Expenditure:</i> | |
| (16.9) | Charges for depreciation of non-current assets | (32.5) |
| (12.1) | Revaluation losses on Property, Plant and Equipment | (8.2) |
| (0.8) | Amortisation of intangible assets | (0.7) |
| (7.6) | Revenue expenditure funded from capital under statute | (15.7) |
| (12.2) | Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES | (7.8) |
| 0 | Leases – Gain on recognition of non-commercial leases | 3.3 |
| 508.4 | | 540.7 |
| 11.1 | Adjusting amounts written out of the revaluation reserve | 11.3 |
| 519.5 | Net written out amount of the costs of non-current assets consumed in year | 552.0 |
| | Capital financing applied in year: | |
| 0.5 | Use of the Capital Receipts Reserve to finance new capital expenditure | 5.7 |
| 73.2 | Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing | 49.2 |
| 0.0 | Application of grants to capital financing from Capital Grants Unapplied Account | 14.3 |
| 6.2 | Statutory provision for the financing of capital investment charged against the General Fund Balance | 7.3 |
| (1.2) | Principal Repayments of transferred Debt | (1.3) |
| 3.0 | Capital expenditure charged against the General Fund Balance | 34.6 |
| 0.9 | Movements in the Fair Value of Investment Properties | 0.1 |
| 602.3 | Balance at 31 March | 661.9 |

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Authority uses the Account to manage premiums paid and discounts received on the early redemption of loans. Premiums and discounts are taken to the CIES when they are incurred but reversed out of the General Fund Balance to the Account in the MIRS. Over time, the expense is posted back to the General Fund Balance in accordance with the statutory arrangements for spreading the burden on council tax. For early external debt repayments since 1 April 2007, this period is the lesser of the remaining period of the loan(s) being repaid or a maximum of 10 years. All premiums and discounts prior to this date are charged over a period of up to 25 years.

| 2023/24 £m | | 2024/25 £m |
|---------------|---|---------------|
| (3.7) | Balance at 1 April | (3.4) |
| | Amounts by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements: | |
| (3.1) | Transfers in – rescheduled debt premiums paid in year | (8.4) |
| 3.1 | Transfers out – rescheduled debt discounts received in year | 1.1 |
| 0.7 | Annual write down of premiums paid on rescheduled debt | 8.0 |
| (0.4) | Annual write down of discounts received on rescheduled debt | (0.6) |
| (3.4) | Balance at 31 March | (3.2) |

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions.

The Authority accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflations, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

| 2023/24 £m | | 2024/25 £m |
|---------------|--|---------------|
| (34.6) | Balance at 1 April | (33.3) |
| (17.9) | Remeasurements of the net defined benefit liability | (19.5) |
| (40.0) | Reversal of items relating to retirement benefits debited or credited to the Surplus or (Deficit) on the Provision of Services in the CIES | (37.1) |
| 59.2 | Employer's pensions contributions and direct payments to pensioners payable in the year | 61.9 |
| (33.3) | Balance at 31 March | (28.0) |

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the CIES as it falls due from council tax payers and business rates payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Funds (of billing authorities).

| 2023/24 £m | | 2024/25 £m |
|---------------|---|---------------|
| 1.8 | Balance at 1 April | 0.7 |
| | Amount by which council tax and non-domestic rating income credited to the CIES is different from council tax and non-domestic rating income calculated for the year in accordance with statutory requirements. | |
| (1.1) | | 0.2 |
| 0.7 | Balance at 31 March | 0.9 |

Accumulated Absences Account

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

| 2023/24 £m | | 2024/25 £m |
|---------------|---|---------------|
| (6.2) | Balance at 1 April | (4.6) |
| 6.2 (4.6) | Settlement or cancellation of accrual made at the end of the preceding year Amounts accrued at the end of the current year | 4.6 (5.8) |
| 1.6 | Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | (1.2) |
| (4.6) | Balance at 31 March | (5.8) |

Pooled Investment Funds Adjustment Account

The pooled investment funds adjustment account is a mechanism that is required by the Capital Finance and Accounting regulations to hold the fair value movements in those pooled investment funds specified by the regulations. The difference between the amount charged or credited in the year to the surplus or deficit on the provision of services in accordance with the Code and the amount charged or credited to the General Fund in accordance with regulations should be debited or credited to the General Fund with the double entry going to the pooled investment funds adjustment account such that the General Fund is charged or credited with the amount that accords with the applicable regulations.

| Restated 2023/24 £m | | 2024/25 £m |
|---------------------------|--|---------------|
| 2.2 | Balance at 1 April | 0.1 |
| (2.4) | Prior period adjustment (Note 8) | 0 |
| (0.2) | Restated balance at 1 April | 0.1 |
| 0.3 | Fair value movements transferred to/from the General Fund in accordance with the statutory regulations | 0.8 |
| 0.1 | Balance at 31 March | 0.9 |

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant adjustment account holds accumulated deficits relating to the schools' budget. Where the authority has incurred a deficit on its schools' budget in years beginning 1 April 2020 ending 31 March 2028, the Local Authorities (Capital Financing and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account.

| 2023/24 £m | | 2024/25 £m |
|---------------|---|---------------|
| (30.2) | Balance at 1 April | (32.0) |
| (1.8) | School budget deficit transferred from General Fund in accordance with statutory requirements | (16.3) |
| (32.0) | Balance at 31 March | (48.3) |

Note 10: General Fund Balance

The balance of the fund includes the following sums:

| 2023/24 | | 2024/25 |
|-------------|-------------------------------|-------------|
| | £m | £m |
| 5.0 | Delegated Funding for Schools | 0.7 |
| 21.0 | Uncommitted balance | 25.0 |
| 26.0 | Balance at 31 March | 25.7 |

Note 11: Movements in Earmarked Revenue Reserves

The following table outlines the movements in the Authority's earmarked reserves:

| | Balance at 31 March 2023 £m | Prior period adjustment £m | Restated Balance At 1 April 23 £m | Transfers From Revenue £m | Transfers To Revenue £m | Balance at 31 March 2024 £m | Transfers From Revenue £m | Transfers To Revenue £m | Balance at 31 March 2025 £m |
|---|-----------------------------|----------------------------|-----------------------------------|---------------------------|-------------------------|-----------------------------|---------------------------|-------------------------|-----------------------------|
| Insurance | 15.9 | 0 | 15.9 | 0.8 | (1.3) | 15.4 | 1.6 | (0.3) | 16.7 |
| Renewals | 2.0 | 0 | 2.0 | 0.5 | (1.1) | 1.4 | 1.1 | (0.3) | 2.2 |
| Children & Family Services Developments | 2.8 | 0 | 2.8 | 2.2 | (2.9) | 2.1 | 2.2 | (2.0) | 2.3 |
| Adults & Communities: | | | | | | | | | |
| - A&C Developments | 1.8 | 0 | 1.8 | 0.4 | (0.8) | 1.4 | 0.0 | (0.1) | 1.4 |
| - Health & Social Care | 13.1 | 0 | 13.1 | 0.8 | (3.9) | 10.0 | 1.3 | (1.1) | 10.2 |
| Public Health: | | | | | | | | | |
| - General | 8.4 | 0 | 8.4 | 0.8 | (0.2) | 9.0 | 0.0 | (3.3) | 5.8 |
| - Active Together | 1.5 | 0 | 1.5 | 0.0 | (0.2) | 1.2 | 0.0 | (0.2) | 1.1 |
| Environment & Transport: | | | | | | | | | |
| - Commuted Sums | 2.7 | 0 | 2.7 | 0.5 | (0.8) | 2.4 | 0.1 | (0.7) | 1.9 |
| - Major projects | 0.7 | 0 | 0.7 | 0.4 | (0.3) | 0.8 | 0.8 | (0.4) | 1.2 |
| - Transport Model | 1.3 | 0 | 1.3 | 0.5 | (1.3) | 0.5 | 1.0 | (0.4) | 1.1 |
| Corporate: | | | | | | | | | |
| - Central Maintenance | 0 | 0 | 0 | 0.1 | (0) | 0.1 | 1.4 | (0.1) | 1.4 |
| - Capital Financing | 111.3 | 33.5 | 144.9 | 8.3 | (4.4) | 148.8 | 30.3 | (41.2) | 137.9 |
| - Capital Programme Risk | 0 | 0 | 0 | 9.3 | 0 | 9.3 | 0 | (9.3) | 0 |
| - Budget Equalisation | 39.5 | 0 | 39.5 | 32.0 | (4.6) | 66.8 | 25.3 | (0.0) | 92.1 |
| - Transformation Fund | 9.3 | 0 | 9.3 | 2.5 | (2.8) | 8.9 | 5.8 | (2.7) | 12.0 |
| - iLIP Sinking Fund | 0.4 | 0 | 0.4 | 2.2 | (0.0) | 2.6 | 4.8 | (1.7) | 5.8 |
| - Broadband | 2.1 | 0 | 2.1 | 2.1 | (0.3) | 3.9 | 0.5 | (1.6) | 2.7 |
| - Carbon Neutral | 2.0 | 0 | 2.0 | 0 | (0) | 2.0 | 0 | (0) | 2.0 |
| - Elections | 0.3 | 0 | 0.3 | 0.2 | (0) | 0.5 | 0.9 | (0) | 1.4 |
| - Flooding Restoration | 0 | 0 | 0.0 | 1.0 | (0) | 1.0 | 0 | (0) | 1.0 |
| Other (reserves below £1m at 31 March 25) | 7.2 | 0 | 7.2 | 1.0 | (1.9) | 6.2 | 1.5 | (1.0) | 6.8 |
| TOTAL | 222.3 | 33.5 | 255.8 | 65.4 | (26.8) | 294.4 | 78.6 | (66.3) | 306.7 |

Notes to the Accounts

Note - the table above showing earmarked revenue reserves excludes the Dedicated Schools Grant reserve which had a deficit of £48.3m as at 31 March 2025 (£32m deficit 31 March 2024) which is shown separately on the balance sheet per statutory requirements.

The following are the main reserves held by the Authority, as at 31st March 2025:

Insurance - the insurance policies held by the Authority require a significant level of self-insurance, the level of this being recommended by independent advisers. The monies set aside for self-insurance are split between a provision representing outstanding liabilities, unsettled at 31 March 2025, and a reserve to meet future claims.

Health & Social Care Outcomes - reserve used in conjunction with Health partners across Leicestershire.

Public Health - to fund Public Health initiatives within Leicestershire. The Department has a detailed plan of public health initiatives, including those relating to Covid-19, to be implemented over the next two to three years.

Capital Financing - revenue contributions to fund capital expenditure in future years.

Budget Equalisation - funding set aside to manage variations in funding across financial years.

Transformation Fund - a programme of projects to deliver efficiency savings and service improvements across the Authority and to fund potential restructuring costs of reconfiguring those services.

Note 12: Other Operating Expenditure

| 2023/24 £m | | 2024/25 £m |
|---------------|--|---------------|
| 0.3 | Flood Defence Levies | 0.3 |
| (1.7) | (Gains)/losses on the disposal of non-current assets (Excluding Academies) | (0.1) |
| 3.2 | (Gains)/losses on the disposal of Academies | 7.2 |
| 1.8 | Total | 7.4 |

Note 13: Financing and Investment Income and Expenditure

| 2023/24 £m | | 2024/25 £m |
|---------------|---|---------------|
| 12.7 | Interest payable and similar charges | 20.1 |
| 1.2 | Net Pensions interest cost and expected return on pensions assets | 1.0 |
| (25.6) | Interest receivable and similar income | (29.8) |
| (0.9) | Income & Expenditure in relation to investment properties and changes in their fair value | (0.1) |
| (0.3) | Gains/losses on financial instruments classified as fair value through profit or loss | 0.7 |
| 0.1 | Other investment income & Expenditure | 0 |
| (12.8) | Total | (8.1) |

Note 14: Taxation and Non-Specific Grant Incomes

| Restated 2023/24 £m | | 2024/25 £m |
|---------------------------|-----------------------------------|----------------|
| (375.1) | Council tax income | (401.2) |
| (92.6) | Non-domestic rates | (99.4) |
| (3.8) | Non ring-fenced government grants | (1.5) |
| (92.9) | Capital grants and contributions | (52.5) |
| (564.4) | Total | (554.6) |

Note 15: Pensions Revenue Costs

a) Local Government Pension Scheme – A defined benefit 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 that need to be disclosed at the time that employees earn their future entitlement.

The Authority participates in the Local Government Pension Scheme (LGPS) for employees, administered locally by Leicestershire County Council – this is a funded defined benefit final salary scheme, meaning that the Authority and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Leicestershire County Council Pension Scheme is operated under the regulatory framework for the LGPS and the governance of the scheme is the responsibility of the Local Pension Committee of Leicestershire County Council. Policy is determined in accordance with the Pension 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. large-scale 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 the amounts required by statute as described in the accounting policies note 47.

The Authority recognises 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 required to be made against council tax is based on the cash payable in year, so the real cost of post-employment / retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The IAS 19 balance sheet net pension deficit as at 31st March 2025 has decreased since the previous year. The discount rate used in the valuation has increased (in line with AA rated corporate bond yields) from 4.9% to 5.8%, which had the impact of decreasing the present value of future liabilities. Overall the net pension liability decreased to £28m (31 March 2024, £33m).

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

| 2023/24 £m | | 2024/25 £m |
|---------------|--|---------------|
| | Comprehensive Income and Expenditure Statement | |
| | Cost of Services | |
| | Service cost comprising: | |
| 39.6 | Current service cost | 36.8 |
| 0.3 | Past service costs | 0.2 |
| (0.2) | Settlements and Curtailments | (0.9) |
| (0.9) | Effects of business combinations and disposals | 0 |
| | Financing and Investment Income and Expenditure: | |
| 1.2 | Net Interest expense | 1.0 |
| 40.0 | Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services | 37.1 |

| | | |
|---|---|---------------|
| | Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | |
| Remeasurement of the net defined benefit liability comprising: | | |
| (80.8) | Return on planned assets (excluding the amount included in the net interest expense) | (21.3) |
| (10.1) | Actuarial gains/losses arising from changes in demographic assumptions | (2.9) |
| (92.9) | Actuarial gains/losses arising from changes in financial assumptions | (249.4) |
| 201.6 | Other | 293.1 |
| 57.8 | Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement | 56.6 |
| | Movements in Reserves Statement | |
| 40.0 | Reversal of net charges made to the Surplus or Deficit for the Provision of Services for post-employment benefits in accordance with the code | 37.1 |
| | Actual amount charged against the General Fund Balance for Pensions in the year | |
| (56.4) | Employers contributions payable to scheme | (59.0) |
| (2.8) | Unfunded benefits | (2.9) |
| (19.2) | Total amount charged against the General Fund Balance for Pensions in the year | (24.8) |

b) Pension Assets and Liabilities in Relation to Post-employment Benefits

The fair value of the assets of the Authority at 31 March is as follows:

| 2023/24 £m | | 2024/25 £m |
|----------------|---|----------------|
| 1,633.5 | As at 1 April | 1,799.0 |
| 77.8 | Interest Income | 87.2 |
| 80.8 | Remeasurement gain/(loss): Return on plan assets | 21.3 |
| 56.0 | Employer contributions | 59.0 |
| 12.2 | Contributions by scheme participants | 12.7 |
| (71.0) | Benefits paid | (69.5) |
| 7.1 | Effects of business combinations and disposals | 0 |
| 2.9 | Contributions in respect of unfunded benefits | 2.9 |
| (0.4) | (Losses) / Gains on settlements | (2.1) |
| 1,799.0 | As at 31 March | 1,910.5 |

*the 2023/24 prior year balances have been restated to separately report the effects of the asset ceiling calculation as required by the Code. See note 15c below, for details.

Notes to the Accounts

The present value of the liabilities (defined benefit obligation) of the Authority as at 31 March is as follows:

| 2023/24 | | 2024/25 |
|------------------|--|------------------|
| £m | | £m |
| (1,619.2) | Present value of funded obligations | (1,636.6) |
| | Present value of unfunded obligations: | |
| (7.7) | - Local government pension scheme | (7.5) |
| (26.9) | - Teacher's scheme | (25.9) |
| (1,653.8) | As at 1 April | (1,670.0) |
| (39.6) | Current service cost | (36.8) |
| (78.3) | Interest Cost | (80.4) |
| (12.2) | Contributions by scheme participants | (12.7) |
| | Remeasurement (gains) and losses: | |
| 10.1 | Changes in demographic assumptions | 2.9 |
| 92.9 | Changes in financial assumptions | 249.4 |
| (54.1) | Other experience | 18.0 |
| | Past service costs: | |
| (0.3) | (Losses) / Gains on curtailments | 0 |
| (6.3) | Effects of business combinations and disposals | 0 |
| 71.0 | Benefits paid | 69.5 |
| 0.6 | Liabilities extinguished on settlements | 2.9 |
| (1,670.0) | As at 31 March | (1,457.2) |
| (1,636.6) | Present value of funded obligations | (1429.2) |
| | Present value of unfunded obligations: | |
| (7.5) | Local government pension scheme | (6.6) |
| (25.9) | Teacher's scheme | (21.4) |

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

c) Asset Ceiling

In 2024/25, the local government pension scheme (LGPS) has net assets of £481.3m (31 March 2024, £162.4m) due to an improvement in the return on Investment assets and changes in the financial assumptions. In accordance with proper accounting practice, an asset ceiling calculation has been undertaken which shows that the net asset cannot be realised. As a result, the Council's net assets (and the net pension liability) is reduced by £481.3m (31 March 2024, £162.4m).

| 2023/24 | | 2024/25 |
|----------------|---|----------------|
| £m | | £m |
| (14.2) | Asset Ceiling Balance at 1 April | (162.4) |
| (0.7) | Interest on the effect of the Asset Ceiling | (7.9) |
| (147.5) | Changes in the effect of the Asset Ceiling | (311.0) |
| (162.4) | Asset Ceiling Balance as at 31 March | (481.3) |

Notes to the Accounts

Local Government Pension Scheme assets comprised:

| 2023/24 | | 2024/25 | | |
|--|-------------------|--------------------------------|-------------------|-------------|
| £m | % of total assets | £m | % of total assets | |
| 5.8 | 0% | Equity Securities | 12.4 | 1% |
| 79.2 | 4% | Debt Securities: UK Government | 70.1 | 4% |
| 7.2 | 0% | Debt Securities: Other | 9.8 | 1% |
| 110.1 | 6% | Private Equity | 110.8 | 6% |
| 116.7 | 6% | Real Estate: UK Property | 130.8 | 7% |
| <u>Investment Funds and Unit Trusts:</u> | | | | |
| 768.3 | 43% | Equities | 812.8 | 43% |
| 41.7 | 2% | Commodities | 38.4 | 2% |
| 154.5 | 9% | Infrastructure | 176.3 | 9% |
| 371.8 | 21% | Other | 371.2 | 19% |
| 0.1 | 0% | Derivatives - Foreign Exchange | (9.5) | 0% |
| 143.6 | 8% | Cash and Cash Equivalents | 187.4 | 10% |
| 1,799.0 | 100% | As at 31 March | 1,910.5 | 100% |

The scheme history of the pension fund is as follows:

| | 2020/21 £m | 2021/22 £m | 2022/23 £m | 2023/24 £m | 2024/25 £m |
|-------------------------------|----------------|----------------|---------------|---------------|---------------|
| Present value of liabilities: | (2,342.4) | (2,257.2) | (1,653.8) | (1,670.0) | (1,457.2) |
| Fair value of assets: | 1,506.9 | 1,680.8 | 1,633.5 | 1,799.0 | 1,910.5 |
| Asset Ceiling Adjustment | 0 | 0 | (14.2) | (162.4) | (481.3) |
| Surplus / (Deficit) | (835.5) | (576.4) | (34.6) | (33.3) | (28.0) |

The liability shows the underlying commitment that the Authority has in the long run to pay post-employment (retirement) benefits. This total liability of £28m has a substantial impact on the net worth of the Authority as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit will result in the deficit being made good by increased contributions by the employer, over the remaining working life of employees, as assessed by the actuary.

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependant on assumptions about mortality rates, salary levels, etc. The Authority's Pension fund liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates for the County Council fund being based on the latest full valuation of the Pension Fund as at 31st March 2022.

The principal assumptions used by the actuary have been:

| 31 March 2024 | 31 March 2025 |
|---|------------------|
| Mortality assumptions (in years): | |
| Longevity at 65 for current pensioners: | |
| ▪ Men | 21.3 |
| ▪ Women | 24.0 |
| Longevity at 65 for future pensioners: | |
| ▪ Men | 22.0 |
| ▪ Women | 25.4 |

| | | |
|------|--|------|
| 3.3% | Rate of inflation | 3.3% |
| 3.3% | Rate of increases in salaries | 3.3% |
| 2.8% | Rate of increase in pensions | 2.8% |
| 4.9% | Rate for discounting scheme liabilities | 5.8% |
| | Proportion of employees opting to commute part of their annual pension to a retirement lump sum: | |
| 55% | Pre April 2008 Service | 55% |
| 55% | Post April 2008 Service | 55% |

The estimation of the defined benefit obligations is sensitive to actual assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some assumptions may be interrelated.

The estimations in the sensitivity analysis have followed the accounting policies for the scheme, on an actuarial basis, using the projected credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in previous years.

Sensitivities regarding the principal assumptions used to measure the scheme liabilities at 31 March 2025:

| | Approximate % Increase in Employer Liability | Approximate monetary amount (£m) |
|--|--|----------------------------------|
| 0.1% decrease in Real Discount Rate | 2% | 24.5 |
| 1 year increase in member life expectancy | 4% | 58.3 |
| 0.1% increase in the Salary Increase Rate | 0% | 0.1 |
| 0.1% increase in the Pension Increase Rate | 2% | 24.2 |

The impact of a change, either from increase to decrease or vice versa, would be as above but with the values being reversed.

Pension Fund Risk Management Strategy

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. the promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the Fund's required cash flows. These investment risks are managed as part of the overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Management Board and is monitored annually or more frequently if required. Further details can be found within the Pension Fund Statement of Accounts, included at the end of this document.

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at a constant rate as possible. The Authority has agreed

a strategy with the scheme's actuary to achieve a funding level of 100% over the next 17 years. The last triennial valuation was completed on 31 March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, The Local Government Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The authority anticipates to pay £58.1m expected contributions to the scheme in 2025/26. The weighted average duration of the defined benefit obligation for scheme members is 17 years, (2023/24, 17 Years).

c) Teachers and Lecturers

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by the Department for Education. The Scheme provides teachers with specified benefits upon their retirement. The Authority contributes 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 purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2024/25 the Authority paid £12.1m (2023/24 £10.1m) to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 28.7% (2023/24 28.7%) of teachers' pensionable pay. This is also the amount recognised as an expense in the Comprehensive Income and Expenditure Statement with regards to this scheme. In addition, the Authority is responsible for all pension payments relating to pension enhancements for added years' service it has awarded, together with the related increases. In 2024/25 these amounted to £2.0m (2023/24 £2.0m), representing 5.0% (2023/24 4.9%) of pensionable pay.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in note 15b.

d) Public Health

Public Health staff who transferred to the Authority with effect from 1 April 2013 are and will continue to be members of the NHS pension scheme administered by NHS Pensions. Any new employees to the Authority since this transfer will be in the Local Government Pension Scheme (LGPS), administered locally by Leicestershire County Council.

The NHS pension scheme provides public health staff with specified benefits upon their retirement. The Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. However, the arrangements for NHS schemes mean that liabilities of these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if they are a defined contribution scheme and no liability for future payments of benefits is recognised in the balance sheet.

In 2024/25 the Authority paid £0.1m to the NHS pension scheme (£0.1m in 2023/24) in respect of public health staff. This amount is recognised as an expense in the CIES under the Public Health services line.

Note 16: Property, Plant and Equipment, Intangible and Held for Sale Assets

| | Land and Buildings* | Vehicles Plant and Equipment | Community Assets | Assets Under Construction** | Surplus Assets | Total | Intangible Assets | Assets Held for Sale |
|--|---------------------|------------------------------|------------------|-----------------------------|----------------|---------------|-------------------|----------------------|
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Gross Carrying Amount as at 31 March 2024 | 491.3 | 34.8 | 11.3 | 84.0 | 1.4 | 622.8 | 7.4 | 10.0 |
| Lease Recognition – at 1.4.24 | 4.3 | 1.1 | | | | 5.4 | | |
| Additions | 6.3 | 5.5 | - | 51.5 | - | 63.4 | - | - |
| Capital Expenditure Not Adding Value | (4.0) | (0.3) | - | - | - | (4.3) | - | - |
| Revaluation Increases/(Decreases) recognised in the Revaluation Reserve | 13.4 | - | - | - | 2.1 | 15.5 | - | - |
| Revaluation Increases/(Decreases) recognised in the Surplus/ Deficit | (4.0) | - | - | - | - | (4.0) | - | - |
| Derecognition - Disposals | (7.6) | - | - | - | (0.2) | (7.9) | - | (0.2) |
| Derecognition - Other | (0.7) | (10.7) | - | - | - | (11.4) | (5.3) | - |
| Asset Reclassifications | (2.2) | - | - | (4.2) | (2.3) | (8.7) | - | 8.7 |
| Gross Carrying Amount as at 31 March 2025 | 496.7 | 30.4 | 11.3 | 131.3 | 1.0 | 670.8 | 2.1 | 18.5 |
| Accumulated Depreciation as at 1 April 2024 | (9.9) | (22.8) | 0 | 0 | 0 | (32.7) | (6.3) | (0.1) |
| Depreciation | (11.5) | (4.5) | - | - | - | (16.0) | (0.7) | - |
| Depreciation written out to the Revaluation Reserve | 6.4 | - | - | - | - | 6.4 | - | - |
| Depreciation written out to the Surplus/ Deficit | 0.1 | - | - | - | - | 0.1 | - | - |
| Impairment Losses/(reversals) recognised in the Surplus/Deficit on the provision of services | 2.8 | - | - | - | - | 2.8 | - | - |
| Derecognition – Disposals | 0.3 | - | - | - | - | 0.3 | - | - |
| Derecognition - Other | 0.7 | 10.7 | - | - | - | 11.4 | 5.3 | - |
| Accumulated Depreciation as at 31 March 2025 | (11.1) | (16.6) | 0 | 0 | 0 | (27.7) | (1.7) | (0.1) |
| Net Book Value as at 31 March 2025 | 485.7 | 13.8 | 11.3 | 131.3 | 1.0 | 643.1 | 0.4 | 18.5 |

*Includes Travellers' Sites valuation of £2.5m not shown under Council Dwellings due to materiality.

** Includes Infrastructure Assets AUC of £125m as at 31.3.25 (£80m as at 31.3.24), which will transfer to Infrastructure Assets category on completion of the respective capital projects.

Notes to the Accounts

| | Land and Buildings* | Vehicles | Plant and Equipment | Community Assets | Assets Under Construction | Surplus Assets | Total | Intangible Assets | Assets Held for Sale |
|--|------------------------|---------------|------------------------|---------------------|------------------------------|----------------|--------------|----------------------|-------------------------|
| | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Gross Carrying Amount as at 31 March 2023 | 420.7 | 32.2 | 11.3 | 58.3 | 3.4 | 525.9 | 7.4 | 11.2 | |
| Additions | 7.5 | 3.0 | - | 38.1 | - | 48.6 | - | - | - |
| Capital Expenditure Not Adding Value | (9.5) | (0.4) | - | (2.2) | - | (12.1) | - | - | - |
| Revaluation Increases/ (Decreases) recognised in the Revaluation Reserve | 83.1 | - | - | - | 0.2 | 83.3 | - | - | - |
| Revaluation Increases/ (Decreases) recognised in the Surplus/ Deficit | (7.6) | - | - | - | - | (7.6) | - | (0.8) | - |
| Derecognition - Disposals | (3.9) | - | - | - | (2.3) | (6.2) | - | (1.0) | - |
| Derecognition - Other | (1.0) | - | - | - | - | (1.0) | - | - | - |
| Asset Reclassifications | 2.0 | - | - | (10.2) | 0.1 | (8.1) | - | 0.6 | - |
| Gross Carrying Amount as at 31 March 2024 | 491.3 | 34.8 | 11.3 | 84.0 | 1.4 | 622.8 | 7.4 | 10.0 | |
| Accumulated Depreciation as at 1 April 2023 | (16.6) | (18.3) | 0 | 0 | 0 | (34.9) | (5.5) | (0.1) | |
| Depreciation | (9.8) | (4.5) | - | - | - | (14.3) | (0.8) | - | - |
| Depreciation written out to the Revaluation Reserve | 4.3 | - | - | - | - | 4.3 | - | - | - |
| Depreciation written out to the Surplus/ Deficit | 0.7 | - | - | - | - | 0.7 | - | - | - |
| Impairment Losses/(reversals) recognised in the Surplus/Deficit on the provision of services | 10.4 | - | - | - | - | 10.4 | - | - | - |
| Derecognition – Disposals | 0.1 | - | - | - | - | 0.1 | - | - | - |
| Derecognition - Other | 1.0 | - | - | - | - | 1.0 | - | - | - |
| Accumulated Depreciation as at 31 March 2024 | (9.9) | (22.8) | 0 | 0 | 0 | (32.7) | (6.3) | (0.1) | |
| Net Book Value as at 31 March 2024 | 481.4 | 12.0 | 11.3 | 84.0 | 1.4 | 590.1 | 1.1 | 9.9 | |

*Includes Travellers' Sites valuation of £1.7m not shown under Council Dwellings due to materiality.

Capital Commitments

As of 31 March 2025, the Authority has entered into a number of contracts for the acquisition, construction or enhancement of Property, Plant and Equipment in 2024/25 and future years budgeted to cost £65m. Similar commitments at 31 March 2024 were £73m). The following table outlines the major contracts:

| Major Contracts | As at 31 March 2025 £m |
|--|---------------------------|
| Melton Mowbray Distributor Road – North East | 31.9 |
| Airfield Business Park | 16.4 |
| Zouch Bridge | 11.9 |
| Burbage Hastings High | 3.2 |
| Shepshed Iveshead Secondary | 1.1 |

Revaluations

The Authority carries out a rolling programme that ensure that all Property, Plant and Equipment required to be measured at fair value is revalued at least every five years. Valuations are carried out by an external firm of valuers, Align Properties Ltd, who are Royal Institution of Chartered Surveyors (RICS) qualified Valuers. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of RICS.

| | Land and Buildings £m | Surplus Assets £m | Total £m |
|------------------------------------|--------------------------|----------------------|--------------|
| Carried at Historical Cost: | 5.9 | 0.0 | 5.9 |
| Valued at Fair Value as at: | | | |
| 31 March 2025 | 371.4 | 0.4 | 371.8 |
| 31 March 2024 | 50.1 | 0.0 | 50.1 |
| 31 March 2023 | 31.2 | 0.0 | 31.2 |
| 31 March 2022 | 17.3 | 0.6 | 17.9 |
| 31 March 2021 | 9.8 | 0.0 | 9.8 |
| Total Cost or Valuation | 485.7 | 1.0 | 486.7 |

Non-Current Intangible Assets

The Authority has non-current intangible assets of £0.4m (£1.1m 2023/24). This includes ICT software licences required to support and safeguard the ICT systems operated by the Authority.

Fair Value Hierarchy

The Authority's surplus property portfolio has been assessed as Level 2 for valuation purposes. Please refer to Note 47 for further details concerning fair value and the input hierarchy.

| | Level 1 <i>Quoted Prices in Active Markets for Identical Assets</i> £m | Level 2 <i>Other Significant Observable Inputs</i> £m | Level 3 <i>Significant Unobservable Inputs</i> £m |
|---------------------------------------|--|---|---|
| Total - Surplus Assets 2023/24 | - | 1.4 | - |
| Total - Surplus Assets 2024/25 | - | 1.0 | - |

Note 17: Highway Infrastructure Assets

Movements on balances

In accordance with the temporary relief offered by the update to the code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets, because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The 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 £m | 2024/25 £m |
|---|---------------|---------------|
| Net Book Value (modified historical cost) at 1 April | 446.1 | 463.6 |
| Additions | 27.9 | 26.0 |
| Depreciation | (18.0) | (19.3) |
| Impairment | - | - |
| Disposals | - | - |
| Asset Reclassifications* | 7.6 | - |
| Net book Value at 31 March | 463.6 | 470.2 |

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 amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

*Excludes Infrastructure Assets held as Assets Under Construction, see Note 16.

Note 18: Heritage Assets

| | Historic Buildings £m | Museum Art Collection £m | Art Works Collection £m | Archaeo- logical Collection £m | Fashion Collection £m | Working Life Collection £m | Civic Collection £m | Total £m |
|---|-----------------------------|-----------------------------------|-------------------------------|---|-----------------------------|-------------------------------------|---------------------------|-------------|
| Net book value as at 31 March 2024 | 0.4 | 0.7 | 4.0 | 0.4 | 0.1 | 0.4 | 0.4 | 6.4 |
| Additions | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Revaluation Increases/ (Decreases) recognised in the Revaluation Reserve | - | - | - | - | - | - | - | - |
| Revaluation Increases/ (Decreases) recognised in the Surplus/ Deficit | - | - | - | - | - | - | - | - |
| Net Book Value as at 31 March 2025 | 0.4 | 0.7 | 4.0 | 0.4 | 0.1 | 0.4 | 0.4 | 6.4 |

| Net book value as at 31 March 2023 | 0.4 | 0.7 | 2.5 | 0.4 | 0.1 | 0.4 | 0.2 | 4.7 |
|---|-----|-----|-----|-----|-----|-----|-----|-----|
| Additions | - | - | - | - | - | - | - | - |
| Disposals | - | - | - | - | - | - | - | - |
| Revaluation Increases/ (Decreases) recognised in the Revaluation | - | - | 1.5 | - | - | - | 0.2 | 1.7 |
| Reserve | | | | | | | | |
| Revaluation Increases/ (Decreases) recognised in the Surplus/ Deficit | - | - | - | - | - | - | - | - |
| Net Book Value as at 31 March 2024 | 0.4 | 0.7 | 4.0 | 0.4 | 0.1 | 0.4 | 0.4 | 6.4 |

As per the accounting policy for Heritage Assets within note 47, assets and additions are initially recognised at cost. Revaluations are based on specialist or insurance valuations. Sale proceeds are accounted for in accordance with statutory requirements as these assets would meet the definition of a capital receipt.

Heritage Asset Collections:

Historic Buildings

This category includes a number of historical ancillary buildings at Snibston Museum and Country Park that were part of the former colliery. At the same location, it includes the Blue Box Century Theatre. This is the only fully equipped solid structure, mobile theatre in the world. The dream of John Ridley, an engineer, was turned into reality in a Hinckley yard between 1948 and 1952. Many famous names are associated with the theatre including Laurence Olivier, Agatha Christie, Enid Blyton, Judi Dench, Helen Mirren, Tom Courtney, Derek Fowlds and Eileen Derbyshire. Also included is the medieval Manor House Museum at Donington le Heath.

The Museum Art Collection

Some of the notable paintings of most value are works by the nineteenth century local artist John Ferneley Snr.

The Artworks Collection

The collection consists of works of art which were initially acquired by the former Education Authority for loan to schools and colleges. Artists represented include Christopher Wood and William Scott.

The Archaeological Collection

This collection includes the Hallaton treasure, the largest hoard of British Iron Age coins, which was initially discovered near Hallaton in 2000. The hoard includes over 5,000 silver and gold coins, a silver-gilt Roman parade helmet, jewellery and other objects. Most of the item's date to around the time of the Roman Conquest of Britain in the 1st century AD.

The Fashion Collection

This collection includes the Symington collection which was created by the Market Harborough Company R. & W. H. Symington, which began to make corsets in the 1850s. The company eventually grew into an international concern and one of its most famous products, the Liberty Bodice, was produced for almost seventy years. This unique collection was donated to the Authority's Museums Service in 1980 and tells the story of the Company over a period of one hundred

and thirty years. It includes garments and supporting advertising material, which provide an insight into the development of corsetry, foundation garments and swimwear from the late 19th century through to the beginning of the 1990s.

The Working Life Collection

The collection includes steam and diesel locomotives (from the mid to late 20th century) the Whitwick hearse; steam traction engines, battery electric vehicles (including a local ice cream van).

The Civic Collection

This collection includes the ceremonial insignia and presentation silver held by the Authority. It also includes the painting 'The Melton Mowbray Horse Fair' by John Ferneley Snr which was presented to the County council by Major Guy Paget in the 1930s.

Note 19: Investment Property

Investment property assets are held specifically to generate rental income and/or for capital appreciation and are considered within the scope of IFRS 13 Fair Value measurement.

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

| 2023/24 | | 2024/25 | |
|---------|--|---------|--|
| £m | | £m | |
| (0.1) | Rental Income from Investment Property | (0.1) | |
| - | Direct Operating Expenses | - | |
| (0.1) | (Surplus) / Deficit | (0.1) | |

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or the Authority's right to the remittance of income and the proceeds of disposal. The Authority has no contractual obligations to maintain, enhance or develop investment properties.

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

| 2023/24 | | 2024/25 | |
|---------|---|---------|--|
| £m | | £m | |
| 1.6 | Opening Balance as at 1st April | 2.4 | |
| - | Additions – Purchases | - | |
| - | Additions – Construction | - | |
| - | Additions - Subsequent Expenditure | - | |
| - | Disposals | - | |
| 0.8 | Gain/Loss from Fair Value Adjustments | 0.1 | |
| | Transfers: | | |
| - | (To)/From Inventory | - | |
| - | (To)/From Property, Plant & Equipment | - | |
| 2.4 | Closing Balance as at 31st March | 2.5 | |

As of 31 March 2025, no investment properties are classified as assets held for sale.

Fair Value Hierarchy

The Authority's investment property portfolio has been assessed as Level 2 for valuation purposes. Note 47 provides details of fair value and the input level hierarchy as specified by IFRS 13.

| Investment Properties | 2024/25 | | |
|-----------------------|--|---|---|
| | £m | £m | £m |
| | Level 1 <i>Quoted Prices in Active Markets for Identical Assets</i> | Level 2 <i>Other Significant Observable Inputs</i> | Level 3 <i>Significant Unobservable Inputs</i> |
| Commercial | - | 1.4 | - |
| Community | - | 0.9 | - |
| Residential | - | 0.2 | - |
| Total | - | 2.5 | - |

| Investment Properties | 2023/24 | | |
|-----------------------|--|---|---|
| | £m | £m | £m |
| | Level 1 <i>Quoted Prices in Active Markets for Identical Assets</i> | Level 2 <i>Other Significant Observable Inputs</i> | Level 3 <i>Significant Unobservable Inputs</i> |
| Commercial | - | 1.3 | - |
| Community | - | 0.9 | - |
| Residential | - | 0.2 | - |
| Total | - | 2.4 | - |

Valuation Techniques

In estimating the fair value of the Authority's investment properties, the highest and best use is deemed to be their current value.

The investment property portfolio has been measured using the market approach. This valuation technique maximises the use of prices (rent values) and relevant observable inputs such as information generated from comparable market transactions to reach suitable valuation. The objective of this technique is to estimate the price at which an orderly transaction to sell an asset or transfer a liability would take place between market participants at the measurement date under current market conditions.

Valuers

The investment property portfolio has been valued in accordance with the methodologies and bases for estimation as set out in the professional standards and valuation manual of the Royal Institution of Chartered Surveyors (RICS). Investment property valuations are undertaken annually by a firm of external valuers, Align Properties Ltd who were commissioned by the Estates section of the Authority's Corporate Resources Department in accordance with the prescribed standards.

Note 20: Financial Instruments

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

| (Restated) | | | | | |
|--|------------------|------------------------------------|------------------|--------------|---------|
| 31 March 2024 | 31 March 2024 | 31 March 2025 | 31 March 2025 | Long Term | Current |
| £m | £m | £m | £m | £m | £m |
| Financial Assets at Amortised Cost: | | | | | |
| 10.0 | 334.4 | Investments | 10.0 | 339.4 | |
| 26.4 | 89.6 | Debtors | 24.9 | 78.8 | |
| - | 85.8 | Cash and Cash Equivalents | - | 51.0 | |
| Financial Assets at Fair Value through Profit and Loss: | | | | | |
| 76.2 | - | Investments | 44.8 | 15.7 | |
| 112.6 | 509.8 | Total Financial Assets | 79.7 | 484.9 | |
| Financial Liabilities at Amortised Cost: | | | | | |
| 216.8 | 8.4 | Borrowing | 177.1 | 3.0 | |
| - | 140.6 | Creditors | - | 160.8 | |
| 1.1 | - | Lease Liabilities | 1.8 | 1.2 | |
| 217.9 | 149.0 | Total Financial Liabilities | 178.9 | 165.0 | |

The value of debtors and creditors reported in the Notes to the Statement of Accounts are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and Notes include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

The following gains and losses are recognised in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement:

| 2023/24 | | 2024/25 | |
|-------------------------------|---|---------|-------------|
| | £m | | £m |
| Net Gains/(Losses) on: | | | |
| (0.3) | Financial Assets measured at Fair Value through Profit and Loss | | 0.7 |
| (0.3) | Total Net Gains/ (Losses) | | 0.7 |
| 27.1 | Total Interest Income | | 31.2 |
| 13.9 | Total Interest Expense | | 12.3 |

Fair Value of Financial Instruments carried at Amortised Cost

Financial liabilities and financial assets represented by Borrowings, Investments and Cash are carried in the Balance Sheet at amortised cost or fair value. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments.

The fair values of financial assets calculated are as follows:

| 31 March 2024 | | Input Level in Fair Value Hierarchy | 31 March 2025 | |
|--------------------------|------------------------|--|--------------------------|------------------------|
| Carrying Amount £m | At Fair Value £m | | Carrying Amount £m | At Fair Value £m |
| 334.4 | 333.3 | Short Term Investments | Level 2 | 339.4 |
| 10.0 | 9.0 | Long Term Investments | Level 2 | 10.0 |
| 89.6 | 89.6 | Short Term Debtors | Level 2 | 78.8 |
| 26.4 | 26.4 | Long Term Debtors | Level 2 | 24.9 |
| 85.8 | 85.8 | Cash and Cash Equivalents | Level 2 | 51.0 |
| 546.1 | 544.1 | Financial Assets | | 504.1 |
| | | | | 502.6 |

The total fair value of the assets is lower than the carrying amount because the Council's portfolio of investments includes several investments where the interest rate payable is lower than the prevailing rates at the balance sheet date.

It must be noted that the rates entered into for investments were at the prevailing market rates available to the Council at that time.

The fair values of financial liabilities calculated are as follows:

| 31 March 2024 | | Input Level in Fair Value Hierarchy | 31 March 2025 | |
|--------------------------|------------------------|--|--------------------------|------------------------|
| Carrying Amount £m | At Fair Value £m | | Carrying Amount £m | At Fair Value £m |
| 8.4 | 8.4 | Short Term Borrowing | Level 2 | 3.0 |
| 216.8 | 238.2 | Long Term Borrowing | Level 2 | 177.1 |
| 140.6 | 140.6 | Short Term Creditors | Level 2 | 160.8 |
| 0.0 | 0.0 | Long Term Creditors | Level 2 | 0.0 |
| 1.1 | 1.1 | Lease Liabilities | Level 2 | 3.1 |
| 366.9 | 388.3 | Financial Liabilities | | 343.9 |
| | | | | 340.3 |

The total fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes several fixed rate loans where the interest rate payable is lower than the prevailing rates at the balance sheet date.

It must be noted that the rates entered into for loans were at the prevailing market rates available to the Council at that time.

Assets Held at Fair Value

The below investments are held at fair value in accordance with the requirements of the Code and IFRS 13. The valuation bases are set out below. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. There has been no change in the valuation techniques used during the year.

| As at 31 March 2024 £m | | As at 31 March 2025 £m | |
|------------------------------|---|------------------------------|-------------|
| 30.2 | Private Debt Funds | Level 3 | 23.0 |
| 16.6 | Bank Risk Share Funds | Level 3 | 12.7 |
| 20.7 | Pooled Property Funds | Level 3 | 16.1 |
| 8.7 | Pooled Infrastructure Funds | Level 3 | 8.7 |
| 76.2 | Financial Assets at Fair Value through Profit and Loss | | 60.5 |

| Description of Asset | Valuation Hierarchy | Basis of valuation | Observable and unobservable inputs | Key sensitivities affecting valuations provided |
|---|---------------------|--|---|---|
| Private Debt & Bank Risk Share Funds | Level 3 | Valued at fair value in accordance with International Valuation Standards and investment managers valuation policy | Comparable valuation of similar assets, EBITDA multiple, Revenue multiple, Discounted cash flows, Enterprise value estimation | Valuations could be affected by material events occurring between the date of the financial statements provided and the Authority's own reporting date, and by changes to expected cash flows. |
| Pooled investment vehicles (including pooled property and infrastructure funds) | Level 3 | Stated at bid price quoted or closing single market price | Net asset value (NAV) based pricing set on a forward pricing basis. | Valuations could be affected by material events occurring between the date of the financial statements provided and the and the Authority's own reporting date and by changes to expected cash flows. |

Sensitivity of assets valued at Level 3

Following analysis of historic data and expected investment return movement during the financial year, in consultation with the Council's investment advisors, the Council has determined that the following movements in market prices risk are reasonably possible for the 2024/25 reporting period:

| Asset Type | Value at 31 March 2025 £m | Percentage change % | Value on increase £m | Value on decrease £m |
|--------------------------------------|------------------------------|---------------------------|----------------------------|----------------------------|
| | | | £m | £m |
| Private Debt & Bank Risk Share Funds | 35.7 | 11 | 39.6 | 31.8 |
| Pooled Property Funds | 16.1 | 21 | 19.5 | 12.7 |
| Pooled Infrastructure Fund | 8.7 | 14 | 9.9 | 7.5 |
| Total | 60.5 | | 69.0 | 52.0 |

| Asset Type | Value at 31 March 2024 £m | Percentage change % | Value on increase £m | Value on decrease £m |
|--------------------------------------|------------------------------|---------------------------|----------------------------|----------------------------|
| | | | £m | £m |
| Private Debt & Bank Risk Share Funds | 46.8 | 11 | 51.9 | 41.7 |
| Pooled Property Funds | 20.7 | 21 | 25.0 | 16.4 |
| Pooled Infrastructure Fund | 8.7 | 14 | 9.9 | 7.5 |
| Total | 76.2 | | 86.9 | 65.5 |

Notes to the Accounts

Reconciliation of assets held at level 3

| | Value at 1 April 2024 £m | Purchases £m | Sales £m | Realised gains / (losses) £m | Unrealised gains or (losses) £m | Value at 31 March 2025 £m |
|-----------------------------|-----------------------------------|-----------------|---------------|---------------------------------------|--|------------------------------------|
| Private Debt & Bank Risk | | | | | | |
| Share Funds | 46.8 | 1.2 | (11.0) | - | (1.3) | 35.7 |
| Pooled Property Funds | 20.7 | - | (5.1) | (1.6) | 2.1 | 16.1 |
| Pooled Infrastructure Funds | 8.7 | - | - | - | - | 8.7 |
| Total | 76.2 | 1.2 | (16.1) | (1.6) | 0.8 | 60.5 |

Reconciliation of assets held at level 3

| | Value at 1 April 2023 £m | Purchases £m | Sales £m | Realised gains / (losses) £m | Unrealised gains or (losses) £m | Value at 31 March 2024 £m |
|-----------------------------|-----------------------------------|-----------------|--------------|---------------------------------------|--|------------------------------------|
| Private Debt & Bank Risk | | | | | | |
| Share Funds | 44.2 | 5.6 | (5.1) | - | 2.1 | 46.8 |
| Pooled Property Funds | 22.5 | - | - | - | (1.8) | 20.7 |
| Pooled Infrastructure Funds | 8.7 | - | - | - | - | 8.7 |
| Total | 75.4 | 5.6 | (5.1) | - | 0.3 | 76.2 |

Note 21: Inventories

| | Leicestershire Highways (stores) £m | Leicestershire Highways (fuel) £m | School Food (consumable) £m | Other (less than £0.1m) £m | Total £m |
|---|--|--|-----------------------------------|-------------------------------------|-------------|
| Opening Balance 31 March 2024 | 1.1 | 0.1 | 0.2 | 0.3 | 1.7 |
| Purchases | 1.7 | 0.6 | 0.3 | 0.6 | 3.2 |
| Recognised as an expense during the year | (1.7) | (0.6) | (0.3) | (0.5) | (3.2) |
| Closing Balance 31 March 2025 | 1.0 | 0.1 | 0.2 | 0.4 | 1.8 |

Note 22: Long Term Debtors

| 31 March 2024 £m | Long Term Debtors (amounts falling due after one year) | 31 March 2025 £m |
|---------------------|--|---------------------|
| 21.8 | Outstanding debt relating to transferred services (Leicester City Council and ESPO) | 20.6 |
| 1.8 | Loan to East Midlands Freeport | - |
| 2.3 | Residential Care Charges (secured against properties) | 4.0 |
| 0.4 | Other Long-Term Debtors | 0.4 |
| 26.4 | Total Long-Term Debtors | 24.9 |

Note 23: Short Term Debtors

| 31 March 2024 | | 31 March 2025 | |
|---------------|---|---------------|----|
| | £m | | £m |
| 15.8 | Central Government | 13.4 | |
| 60.7 | Other Local Authorities and Public Bodies | 51.1 | |
| 10.0 | NHS Bodies | 10.4 | |
| 31.8 | Other Entities and Individuals | 36.7 | |
| 9.3 | Payments in Advance | 25.9 | |
| 127.6 | Total Short-Term Debtors | 137.5 | |

Debtors are shown net of a credit loss allowance of £17.6m as at 31 March 2025 (£12.0m 31 March 2024), reported in Note 44 to the accounts.

Note 24: Cash & Cash Equivalents

| 31 March 2024 | | 31 March 2025 | |
|---------------|---|---------------|----|
| | £m | | £m |
| | Net Cash Balance at Year End: | | |
| 0.8 | School & Imprest Accounts | 1.8 | |
| 1.5 | Main Bank Accounts | 0.8 | |
| 2.3 | Subtotal Cash In Hand / (Overdrawn) | 2.6 | |
| 15.3 | Service User Funds Bank Account* | 6.2 | |
| 68.2 | Short-Term Deposits with Banks and Building Societies | 42.2 | |
| 85.8 | Total Cash and Cash Equivalents | 51.0 | |

* Uninvested funds held in separate bank accounts on behalf of service users. An equivalent amount is shown within creditors on the balance sheet.

Note 25: Long Term Creditors

| 31 March 2024 | | 31 March 2025 | |
|---------------|--|---------------|----|
| | £m | | £m |
| | Amounts Received in Advance: (more than one year) | | |
| 5.2 | Section 106 Housing Developer Revenue Contributions | 8.0 | |
| 5.2 | Total Long-Term Creditors | 8.0 | |

Note 26: Short Term Creditors

| 31 March 2024 | | 31 March 2025 | |
|---------------|---|---------------|----|
| | £m | | £m |
| 9.7 | Central Government | 6.0 | |
| 46.1 | Other Local Authorities and Public Bodies | 62.2 | |
| 1.9 | NHS Bodies | 1.9 | |
| 106.2 | Other Entities and Individuals | 121.9 | |
| 27.9 | Receipts in Advance | 29.3 | |
| 191.8 | Total Short-Term Creditors | 221.3 | |

Note 27: Provisions

| | 31 March 2024 £m | Additional Provisions £m | Provisions Used £m | 31 March 2025 £m |
|------------------------------------|------------------------|--------------------------------|--------------------------|---------------------|
| Short Term | | | | |
| Non-Domestic Rates | 2.1 | 0.4 | - | 2.5 |
| Insurance | 0.9 | - | - | 1.0 |
| Other | 1.4 | - | - | 1.3 |
| Total Short-Term Provisions | 4.4 | 0.4 | - | 4.7 |
| Long Term | | | | |
| Insurance | 2.0 | 0.2 | (1.1) | 1.1 |
| Total Long-Term Provisions | 2.0 | 0.2 | (1.1) | 1.1 |
| Total Provisions | 6.4 | 0.6 | (1.1) | 5.8 |

Details of Provisions Held:

Non-Domestic Rate Appeals

The provision represents the Authority's proportionate share, on an agency basis, of all Leicestershire billing authorities Non-Domestic Rate arrears.

Insurance

The insurance policies held by the Authority require a significant level of self-insurance, the level of this being recommended by independent advisers. The monies set aside for self-insurance are split between a provision representing outstanding, unsettled claims at 31 March 2025 and a reserve to meet future claims. The provision is expected to be used within the next seven years. The Insurance provision includes Public/Employers Liability, Fire and Uninsured Losses.

Note 28: Cash Flow Statement – Operating Activities

| 2023/24 £m | | 2023/24 £m |
|---------------|--|---------------|
| (23.3) | <i>The cash flows for operating activities include the following items:</i> | |
| 14.4 | Interest Received | (30.4) |
| | Interest Paid | 22.0 |
| | <i>The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:</i> | |
| (33.2) | Depreciation | (36.1) |
| (9.3) | Impairment and Downward Revaluations | (5.4) |
| 32.1 | (Increase) / decrease in Creditors | (21.3) |
| 4.7 | Increase / (decrease) in Debtors | 8.5 |
| - | Increase / (decrease) in Inventories | - |
| 19.2 | Movement in Pension Liability | 24.8 |
| (7.0) | Carrying amount of Non-Current Assets Sold or De-recognised | (12.9) |
| 3.1 | Other non-cash items charged to the net surplus or deficit on the | 5.2 |
| 0.7 | Total adjustments to the net surplus or deficit on the provision of services for non-cash movements | (45.5) |

Notes to the Accounts

| | | |
|------|--|-------------|
| | <i>The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:</i> | |
| 5.6 | Proceeds from the sale of property, plant and equipment investment property and intangible assets | 0.7 |
| - | Proceeds from the sale of other investment assets | 5.1 |
| 12.8 | Servicing of Finance | 9.7 |
| 73.2 | Capital Grants and Contributions | 49.2 |
| 91.6 | Total adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 64.7 |

Note 29: Cash Flow Statement - Investing Activities

| 2023/24 £m | | 2024/25 £m |
|---------------|--|---------------|
| 75.2 | Purchase of property, plant and equipment, investment property | 82.1 |
| (33.4) | Purchase of short-term and long-term investments | (6.3) |
| (5.6) | Proceeds from the sale of property, plant and equipment, investment property and intangible assets | (0.7) |
| (73.2) | Capital Grants and Contributions | (49.2) |
| 0.0 | Other receipts from investing activities | (5.1) |
| (37.0) | Net Cash Flows from Investing Activities | 20.8 |

Note 30: Cash Flow Statement - Financing Activities

| 2023/24 £m | | 2024/25 £m |
|---------------|--|---------------|
| 42.6 | Repayments of short-term and long-term borrowing | 44.5 |
| 42.6 | Net Cash Flows from Financing Activities | 44.5 |

Note 31: Pooled Budgets

The Authority's Adults and Communities department participates in two pooled budget arrangements with local health authorities, the details of which are outlined below.

a) Integrated Community Equipment Service

The other members that contribute to this pool are Leicester City Council, Rutland County Council, NHS, Leicester, Leicestershire, and Rutland Integrated Care Board (LLR ICB). Leicester City Council acts as the host authority. The Authority contributed £1.3m (2023/24 £1.5m) to the pool. The memorandum account shows total expenditure of £6.2m (2023/24 £6.8) and gross income of £7.0m (2023/24 £7.4m). Funding commenced in 2005/06 and the partners have agreed to commission this service until March 2027.

| 2023/24 £m | | 2024/25 £m |
|---------------|--|---------------|
| (1.5) | Funding Provided to the Pooled Budget | |
| (5.9) | Leicestershire County Council | (1.3) |
| | Integrated Care Board | (5.7) |
| (7.4) | Total | (7.0) |

| Expenditure Met from the Pooled Budget | | |
|--|--|--------------|
| 1.3 | Leicestershire County Council | 1.1 |
| 5.5 | Integrated Care Board | 5.1 |
| 6.8 | Total | 6.2 |
| (0.6) | Net Position on the Pooled Budget | (0.8) |

b) The Better Care Fund

The Better Care Fund (BCF) is a Government initiative designed to support the integration of health and social care at a local level. Under this arrangement, Leicester City Council and the NHS Leicester, Leicestershire and Rutland Integrated Care Board (ICB) work collaboratively to deliver the objectives set out in the Section 75 agreement, ensuring a more coordinated and robust service across health and social care.

The grant is used to commission services from Leicestershire County Council or other ICB members, based on client needs. Key priorities include reducing pressure on the NHS by facilitating timely hospital discharges and supporting the local social care provider market. In accordance with BCF requirements, the ICB and the County Council have established a pooled budget for this purpose. The County Council contributed £27.3m to the pooled fund in 2024/25 (£25.0m in 2023/24). This expenditure is reflected in the relevant lines of the Comprehensive Income and Expenditure Statement, and the County Council maintains the memorandum pooled budget account.

| 2023/24 | | | 2024/25 | | |
|---|---------------|---------------|---|---------------|---------------|
| Amounts Included in | | | Amounts Included in | | |
| LCC | CIES | Total | LCC | CIES | Total |
| £m | £m | £m | £m | £m | £m |
| Funding Provided to the Pooled Budget | | | | | |
| | | | Revenue | | |
| (17.7) | (48.7) | (48.7) | ICB Minimum Contribution | | (51.5) |
| | | | Improved Better Care Fund | (17.7) | (17.7) |
| (2.5) | (2.4) | (2.4) | ICB Discharge Fund | | (4.4) |
| | | | LA Discharge Fund | (4.1) | (4.1) |
| (20.2) | (51.1) | (71.3) | Total Revenue Income | (21.8) | (55.9) |
| (4.8) | (4.8) | | Capital Disabled Facilities Grant | (5.5) | (5.5) |
| (25.0) | (51.1) | (76.1) | Total Income | (27.3) | (55.9) |
| Expenditure Met from the Pooled Budget | | | | | |
| 20.2 | 29.4 | 49.6 | Actual Spend incurred by LCC managed schemes including IBCF | 21.8 | 33.6 |
| | 21.7 | 21.7 | Actual spend incurred by ICB managed schemes | | 22.3 |
| 20.2 | 51.1 | 71.3 | Total Revenue Expenditure | 21.8 | 55.9 |
| 4.8 | 4.8 | | Capital Disabled Facilities Grant | 5.5 | 5.5 |
| 25.0 | 51.1 | 76.1 | Net Position on the Pooled Budget | 27.3 | 55.9 |
| | | | | | 83.2 |

The BCF is used to fund various schemes as identified in the agreed joint plan. Details of the income and expenditure in the pool are provided in the table above.

- Activity where funding was received and expended under the control of the Council has been accounted for in the Council's accounts
- Activity where funding was received and expended under the control of the ICB has been accounted for in their accounts

Note 32: Senior Officers' Remuneration

a) The Accounts and Audit (England) Regulations 2015 require the Authority to disclose remuneration for all employees earning over £50,000, plus additional disclosure for those senior officers who have the power to direct or control the major functions of the Authority.

| Post holder Information (Post title) | Salary £000 | Compensation for loss of office £000 | Benefits in kind £000 | Total Remuneration - excluding Employers Pension Contributions £000 | Employers Pension Contributions £000 | Total Remuneration - including Employers Pension Contributions £000 |
|--|----------------|---|-----------------------------|---|---|---|
| 2024/25 | | | | | | |
| Chief Executive – John Sinnott | 227 | - | - | 227 | - | 227 |
| Director of Law and Governance - Monitoring Officer – Lauren Haslam | 157 | - | - | 157 | 46 | 203 |
| Director of Adults & Communities – Jonathan Wilson | 152 | - | - | 152 | 45 | 197 |
| Director of Children & Family Services – Jane Moore | 152 | - | - | 152 | 45 | 197 |
| Director of Corporate Resources – S151 Officer | 143 | - | - | 143 | 42 | 185 |
| Director of Environment & Transport - Ann Carruthers | 152 | - | - | 152 | 45 | 197 |
| Director of Public Health – Michael Sandys | 152 | - | - | 152 | 22 | 174 |
| Total | 1,135 | - | - | 1,135 | 245 | 1,380 |
| 2023/24 | | | | | | |
| Chief Executive – John Sinnott | 221 | - | - | 221 | 61 | 282 |
| Director of Law and Governance – Monitoring Officer | 148 | - | - | 148 | 44 | 192 |
| Director of Adults & Communities | 148 | - | - | 148 | 44 | 192 |
| Director of Children & Family Services | 148 | - | - | 148 | 44 | 192 |
| Director of Corporate Resources – S151 Officer (N1) | 112 | - | - | 112 | 33 | 145 |
| Director of Corporate Resources - S151 Officer (N2) | 35 | - | - | 35 | 10 | 45 |
| Director of Environment & Transport | 148 | - | - | 148 | 44 | 192 |
| Director of Public Health | 148 | - | - | 148 | 21 | 169 |
| Total | 1,108 | - | - | 1,108 | 301 | 1,409 |

There were no payments made for bonuses, expense allowances or other payments.

N1 – The Assistant Director (Finance, Strategic Property and Commissioning) was appointed as Director of Corporate Resources from June 2023 and took over Section 151 responsibilities. The annualised salary for this post was £135k in 2023/24.

N2 – The Director left LCC in June 2023.

b) The Authority's other employees whose remuneration, taxable expenses and severance (if applicable), was £50,000 or more are detailed below. This information does not include employer's pension contributions.

| 2023/24 | | Remuneration Band | 2024/25 | |
|---------------------|---------------------|-------------------|---------------------|---------------------|
| Excluding Severance | Including Severance | | Excluding Severance | Including Severance |
| No. of Employees | No. of Employees | | No. of Employees | No. of Employees |
| 232 | 232 | £50,000-£54,999 | 308 | 308 |
| 132 | 131 | £55,000-£59,999 | 153 | 153 |
| 53 | 53 | £60,000-£64,999 | 65 | 65 |
| 71 | 71 | £65,000-£69,999 | 59 | 60 |
| 22 | 22 | £70,000-£74,999 | 46 | 46 |
| 32 | 32 | £75,000-£79,999 | 40 | 40 |
| 15 | 15 | £80,000-£84,999 | 11 | 11 |
| 5 | 6 | £85,000-£89,999 | 13 | 13 |
| 9 | 9 | £90,000-£94,999 | 9 | 9 |
| 3 | 4 | £95,000-£99,999 | 5 | 5 |
| - | - | £100,000-£104,999 | 2 | 3 |
| 6 | 6 | £105,000-£109,999 | 3 | 3 |
| 2 | 2 | £110,000-£114,999 | - | - |
| 1 | 1 | £115,000-£119,999 | 2 | 2 |
| - | - | £120,000-£124,999 | 1 | 1 |
| - | - | £125,000-£129,999 | 1 | 1 |
| 3 | 3 | £130,000-£134,999 | 4 | 4 |
| 586 | 587 | Total | 722 | 724 |

Note: the numbers above include Leicestershire maintained schools.

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

| Exit Package Cost Band | Number of Compulsory Redundancies | | Number of Other Departures Agreed | | Total number of Exit Packages by Cost Band | | Total cost of Exit Packages in each Cost Band | |
|------------------------|-----------------------------------|-----------|-----------------------------------|-----------|--|-----------|---|------------|
| | 2023/24 | 2024/25 | 2023/24 | 2024/25 | 2023/24 | 2024/25 | 2023/24 | 2024/25 |
| | £m | £m | £m | £m | £m | £m | £m | £m |
| £0 - £20,000 | 21 | 21 | 23 | 9 | 44 | 30 | 0.4 | 0.2 |
| £20,001 - £40,000 | 7 | 2 | 8 | 3 | 15 | 5 | 0.5 | 0.2 |
| £40,001 - £60,000 | 1 | 1 | - | - | 1 | 1 | - | 0.1 |
| £60,001 - £80,000 | 1 | - | 2 | - | 3 | - | 0.2 | - |
| £80,001 - £100,000 | 1 | - | 1 | - | 2 | - | 0.2 | - |
| £100,001-£150,000 | 0 | 1 | - | - | - | 1 | - | 0.1 |
| Total | 31 | 25 | 34 | 12 | 65 | 37 | 1.3 | 0.6 |

Note: the numbers of officers shown are the actual number, not full-time equivalents.

Note 33: Members' Allowances

Amounts were paid to Members of the Authority as follows:

| 2023/24 | | 2024/25 | |
|------------|-----------------------------------|---------|------------|
| £m | £m | £m | £m |
| 0.8 | Basic Allowance | | 0.8 |
| 0.4 | Special Responsibility Allowances | | 0.4 |
| 1.2 | Total | | 1.2 |

Note 34: External Audit Costs

The Authority has incurred the following costs in relation to the audit of the statement of accounts:

| 2023/24 | | 2024/25 |
|--|---|----------------|
| £ | | £ |
| Fees payable to external auditor: | | |
| 273,146 | Annual audit | 282,063 |
| 15,000 | Other services provided during the year | 15,000 |
| 288,146 | Total | 297,063 |

Note 35: Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency (ESFA), the Dedicated Schools Grant (DSG). The DSG is ringfenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance and Early Years (England) Regulations 2021. 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 | | | Schools Budget Funded by DSG | 2024/25 | | |
|----------------|---------------------------|----------------|--|--|---------------------------|---------------|
| £m | £m | £m | | £m | £m | £m |
| Central Exp | Individual Schools Budget | Total | | Central Exp | Individual Schools Budget | Total |
| | | | (642.5) | Final DSG for 2024/25 before academy and high needs recoupment | | (711.4) |
| | | | 429.1 | Academy and high needs figure recouped for 2024/25 | | 457.8 |
| | | | (213.4) | Total DSG after academy and high needs recoupment for 2024/25 | | (253.6) |
| | | | - | Plus: brought forward from 2023/24 | | - |
| | | | - | Less: Carry forward to 2025/26 agreed in advance | | - |
| (135.4) | (78.0) | (213.4) | Agreed initial budgeted distribution in 2024/25 | | (176.3) | (77.3) |
| (0.6) | (0.2) | (0.8) | In year adjustments | | (0.3) | (0.1) |
| (136.1) | (78.1) | (214.2) | Final budgeted distribution for 2024/25 | | (176.6) | (77.4) |
| 137.9 | - | 138.0 | Less: Actual central expenditure | | 192.9 | - |
| - | 78.1 | 78.1 | Less: Actual ISB deployed to schools | | - | 77.4 |
| - | - | - | Plus: Local Authority contribution for 2024/25 | | - | - |
| 1.9 | 0 | 1.9 | In year carry forward to 2025/26 | | 16.3 | - |
| | | 30.2 | DSG unusable reserve at the year end | | | 32.0 |
| | | 1.9 | Addition to DSG unusable reserve at the end of 2024/25 | | | 16.3 |
| | | 32.0 | DSG Deficit at the year end | | | 48.3 |

Note 36: Grant Income

The Authority credited the following grants and contributions to the Comprehensive Income and Expenditure Statement (CIES):

(i) Credited to the Taxation and Non Specific Grant Income in the CIES.

| 2023/24 £m | | 2024/25 £m |
|---------------|---|---------------|
| | <i>Revenue:</i> | |
| 2.5 | Services Grant | 0.4 |
| 1.3 | New Homes Bonus Scheme Grant | 1.0 |
| 3.8 | | 1.5 |
| | <i>Capital:</i> | |
| | <i>Department for Education:</i> | |
| 0 | Basic Need | 0.5 |
| 0 | Maintenance | 0.6 |
| 2.5 | High Needs Provision | 0.5 |
| | <i>Department for Transport:</i> | |
| 39.7 | Melton Mowbray Distributor Road – North East | 2.6 |
| 9.9 | Local Transport Plan - Maintenance | 9.9 |
| 2.8 | Local Transport Plan – Integrated Transport Schemes | 2.8 |
| 11.0 | Pothole Funding | 7.9 |
| 0.0 | ZEBRA Funding | 8.1 |
| 2.3 | Network North Grant | 2.3 |
| | Levi Project | 3.2 |
| | <i>Leicester, Leicestershire Enterprise Partnership (LLEP)</i> | |
| 7.8 | Leicester and Leicestershire Business Rates Pool | 0.0 |
| 12.5 | <i>Section 106 Housing Developer Contributions</i> | 6.5 |
| 0.0 | Gain on donated asset leases | 3.3 |
| 4.4 | <i>Other Capital Contributions</i> (below £1m at 31 March 2025) | 4.3 |
| 92.9 | | 52.5 |
| 96.7 | Total (Note 14 non-ring-fenced government grants and capital grants and contributions) | 54.0 |

(ii) Credited to gross income within the Continuing Services section of the CIES:

| Restated 2023/24 | | 2024/25 |
|---------------------|--------------|--|
| | £m | £m |
| | | |
| | | <i>Children and Family Services – Education:</i> |
| 212.7 | | Dedicated Schools Grant |
| 5.5 | | Pupil Premium Grant |
| 7.4 | | Asylum Seekers |
| 2.5 | | Universal Infant Free School Meals |
| 1.1 | | Pupil Premium – Covid Grant |
| 1.5 | | Music Grant |
| 1.4 | | Troubled Families Programme |
| 1.4 | | PE & Sports Grant |
| 1.5 | | Children's Innovation Partnership |
| 1.2 | | Domestic Abuse Services Fund |
| 1.0 | | Adoption Support Fund |
| 2.5 | | Mainstream additional grant |
| | | 0.0 |
| 1.2 | | Teachers Pay Grant |
| 1.0 | | Grant to support Defining C&FS Prog / HNB work |
| 0.0 | | Core School Budget Grant |
| 0.0 | | Teachers' Pension Employer Contribution Grant |
| 0.0 | | Wraparound Childcare Programme Grant |
| 241.9 | | 286.5 |
| | | <i>Adults and Communities – Dept of Health:</i> |
| 17.7 | | Improved Better Care Fund |
| 2.5 | | Better Care Fund Discharge Grant |
| 5.2 | | Skills Funding Agency |
| 1.2 | | Independent living Fund |
| 9.3 | | Market Sustainability & Improvement Fund Grant |
| 35.9 | | 37.7 |
| | | <i>Public Health</i> |
| 27.1 | | Public Health Grant |
| 1.6 | | Covid – Contain Funding |
| 28.7 | | 28.3 |
| | | <i>Environment & Transport</i> |
| 1.0 | | Home to School Transport Grant |
| 0.0 | | Bus Service Improvement Plan |
| 1.0 | | 3.8 |
| | | <i>Corporate Resources</i> |
| 7.2 | | Household Support Fund |
| | | <i>Chief Executives</i> |
| 3.2 | | Homes for Ukraine |
| | | <i>Central Items –</i> |
| 32.0 | | Social Care Grant |
| | | 43.7 |
| 31.3 | | REFCUS Capital Grants |
| 6.9 | | Other income (below £1m at 31 March 2025) and REFCUS |
| 388.2 | Total | 448.9 |

b) The Authority has received grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the monies to be returned to the giver. The balances at the year-end are as follows:

| 31 March 2024 £m | Short-Term Capital Grants Receipts in Advance: | 31 March 2025 £m |
|---------------------|--|---------------------|
| 10.6 | Dept. for Education: High Needs Capital Grant | 7.2 |
| 1.2 | Dept. for Education: Childcare expansion | 0.5 |
| 7.1 | Dept. for Transport: Melton Distributor Road | 0.0 |
| 0.0 | Dept. for Transport: LEVI Grant | 3.1 |
| 0.0 | Dept. for Transport: ZEBRA Grant | 8.1 |
| 2.5 | Dept. for Transport: A511 Major Road Network Grant | 0.0 |
| 4.6 | Section 106 Housing Developer Contributions | 3.6 |
| 2.4 | Other Grants and Contributions | 3.1 |
| 28.4 | Total | 25.6 |

| 31 March 2024 £m | Long-Term Capital Grants Receipts in Advance: | 31 March 2025 £m |
|---------------------|---|---------------------|
| 71.8 | Section 106 Housing Developer Contributions | 69.4 |
| 71.8 | Total | 69.4 |

Note 37: Related Parties

Details of the total Government grants received are shown in Notes 15 and 36. The employers' contribution paid to the Pension Fund is shown in Note 16. Interests in consortia and other organisations are disclosed in Note 38. Details of the related party transactions with the Eastern Shires Purchasing Organisation (ESPO) are included within Note 38. The Authority is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Authority or be controlled or influenced by the Authority.

Central Government

Central Government has significant influence over the general operations of the Authority. It is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax). Grants received from government departments are set out in the analysis in Note 36. Grant receipts outstanding at 31 March are also shown in Note 36.

Members

During 2024/25 the Authority had contracts with voluntary and community sector organisations to the value of less than £0.5m (2023/24, less than £0.2m), in which 10 members (2023/24, 9 members) have an interest. No family members of the declared members had an interest.

In addition, payments totalling less than £0.1m have been made during 2024/25 (2023/24, £0.2m) to organisations, in which 4 members had a position on the governing body (2023/24, 3 members). In all instances, the payments were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the payments. Details of all these transactions are recorded in the Register of Members' Interest, which is available for public inspection at www.leicestershire.gov.uk

During 2024/25, works and services to the total value of less than £0.4m (2023/24 less than £0.1m) were commissioned from companies, in which 11 member had an interest, no family members had an interest. Contracts were entered into in full compliance with the Authority's standing orders.

Officers

During 2024/25, works and services to the total value of less than £0.1m were procured (2023/24 none) in which 1 senior officer had an interest, no family member had an interest.

Other Public Bodies (Subject to Common Control by Central Government)

The Authority has two pooled budget arrangements with local health authorities for the supply of aids for daily living and the Better Care Fund. These are detailed in Note 31 to the accounts.

Note 38: Interests in Other Consortia

a) Eastern Shires Purchasing Organisation (ESPO)

The Authority is a member of the Eastern Shires Purchasing Organisation involved in the negotiation of contracts for supplies to its members and the provision of a central warehouse for the supply of items in common use. The Authority had an outstanding creditor balance of less than £0.1m (2023/24, less than £0.1m) and an outstanding debtor balance of £0.9m as at 31 March 2025 (2023/24 £0.5m). In 2005, the Authority entered into a 25 year borrowing arrangement of £12.5m on behalf of the constituent members of the consortium to finance the provision of a new warehouse and integrated offices. The loan outstanding as at 31 March 2025 was £2.7m (31 March 2024 £3.3m).

The Authority in effect owns approximately one sixth of ESPO assets and liabilities, which were £7m at 31 March 2025 (£7m, 31 March 2024), of ESPO's total net assets of £43m. These are not included on the Authority's Balance Sheet. A copy of ESPO's financial statements is available from ESPO, Barnsdale Way, Grove Park, Enderby, Leicester. LE19 1ES.

b) Leicestershire Fire and Rescue Service

The Authority is a constituent member of the Leicestershire Fire and Rescue Service. The Authority had an outstanding debtor balance of £0.2m as at 31 March 2025 (31 March 2024 £0.2m). A copy of the Fire and Rescue Services financial statements is available from Leicestershire Fire and Rescue Service, 12 Geoff Monk Way, Birstall, Leicester, LE4 3BU.

c) East Midlands Shared Services

Nottingham City Council (NCC) runs a joint operation with Leicestershire County Council (LCC) to provide shared transactional finance, human resources and payroll services to both councils under the name of East Midlands Shared Services (EMSS). EMSS operates under a Joint Committee established under section 102 of the Local Government Act 1972, the Joint Committee does not have separate legal personality and is therefore not a separate entity.

Operations relating to EMSS are carried out at both NCC and LCC premises, with LCC being the employing authority and NCC the host authority. In line with the partnership agreement, the net expenditure is shared between the two authorities by allocating an equal share of the financial benefits (savings) accruing from the operation of EMSS. This has resulted in a share of costs for NCC of 55.52%

A summary of the income and expenditure of EMSS, and the amounts included in LCC's accounts is shown below:

| Total EMSS 2023/24 £m | Amounts Included in LCC CIES 2023/24 £m | Total EMSS 2024/25 £m | Amounts Included in LCC CIES 2024/25 £m |
|-----------------------------|--|-----------------------------------|--|
| Income: | | | |
| (1.1) | (1.1) | Direct external income - LCC | (0.4) |
| (0.4) | - | Direct external income – NCC | (0.4) |
| - | (3.9) | NCC share of net LCC direct costs | - |
| (1.5) | (5.0) | Total Income | (0.8) |
| Expenditure: | | | |
| 7.2 | 7.2 | Direct costs incurred by LCC | 6.0 |
| - | - | Direct costs incurred by NCC | - |
| 7.2 | 7.2 | Total Expenditure | 6.0 |
| 5.6 | 2.2 | Net Expenditure | 5.2 |

d) Active Together

Active Together, formerly known as Leicestershire & Rutland Sport (LRS) is an Active Partnership (AP), 1 of 43 operating across England. Active Together works with the Local Authorities of Leicestershire, Leicester and Rutland, and with schools, National Governing Bodies of Sport, clubs, coaches, charitable organisations and volunteers to create a lasting legacy for physical activity and sport. Active Together is funded from different sources including Leicestershire County Council (LCC) Public Health and Sport England. LCC is the host Authority and the Active Together accounts form a part of the overall Public Health budget. A summary of the income and expenditure specific to Active Together is as follows:

| 2023/24 | Income and Expenditure Category | Sport England | Local Authority | Other Public Sector Income | Non-public Income | 2024/25 |
|---------------------|---|---------------|-----------------|----------------------------|-------------------|--------------|
| | | | | | | £m |
| Income: | | | | | | |
| (2.1) | Revenue Grants | (0.7) | (1.2) | - | - | (1.9) |
| (0.1) | Membership Income | - | - | - | - | - |
| (0.4) | Other Income | - | - | (0.4) | - | (0.4) |
| (2.6) | Total Income | (0.7) | (1.2) | (0.4) | - | (2.3) |
| Expenditure: | | | | | | |
| 1.4 | Support costs | 0.6 | 0.7 | 0.1 | - | 1.4 |
| 0.1 | Overheads | - | 0.1 | - | - | 0.1 |
| 1.0 | Get Active | - | 0.4 | 0.4 | - | 0.8 |
| 0.1 | Stay Active | 0.1 | - | - | - | 0.1 |
| 0.1 | Workforce | - | - | - | - | - |
| 0.1 | MarComms | - | 0.1 | - | - | 0.1 |
| 2.8 | Total Expenditure | 0.7 | 1.3 | 0.5 | - | 2.5 |
| 0.2 | Net | 0.0 | 0.1 | 0.1 | - | 0.2 |
| 0.2 | Earmarked Deferred project Expenditure/ (Net Deficit Required from Reserves) | | | | | 0.2 |

e) Leicestershire County Council Pension Fund

Leicestershire County Council is the administering authority for the purposes of the Leicestershire County Council Pension Fund (the Fund) under the Local Government Pension Scheme (Administration) Regulations 2013. Recharges from the Authority to the Fund for Pension scheme administration, and oversight and governance, totalled £3.4m (2023/24, £3.6m). The majority of transactions for the Fund are processed by the Authority and are recovered from the Fund. At 31 March 2025 the Authority had a debtor with the fund of £2.1m (31 March 2024 £2.5m).

It has not been possible to apportion, on a reasonable basis, the costs and benefits of key management personnel between the Council and the Fund. However, Members' Allowances and Officers' Remuneration are disclosed in Notes 32 and 33.

LGPS Central Limited became operational on 1 April 2018. LGPS Central has been established to manage investment assets on behalf of the Local Government Pension Scheme (LGPS) funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPS Central Pool. The Company aims to use the combined buying power of its Partner Funds to reduce costs, improve investment returns and widen the range of available asset classes for investment for the benefit of local government pensioners, employees and employers.

Representatives of each of the funds sit on the LGPS Central Joint Committee which provides oversight of the delivery of the objectives of the pool, the delivery of client service, the delivery against the LGPS central business case and to deal with common investor issues. The joint committee provides assistance, guidance and recommendations to the individual councils, taking into consideration the conflicting demands and interests of the participants within the pool. The joint committee does not have delegated authority to make binding decisions on behalf of the participating councils. Further details in respect of the LGPS Central Pool are set out in the Pension Fund Accounts.

f) Leicester and Leicestershire Business Rates Pool

The Local Government Finance Act 2012 introduced the business rates retention system from 1 April 2013. The arrangements enable local authorities to retain a proportion of the business rates generated in their area. Billing authorities collect rates on behalf of Central Government (50%), Major Preceptors – Leicestershire County Council (9%) and the Leicestershire Fire and Rescue Service (LFRS) (1%) – and themselves (40%).

There are two “baselines” for each local authority - a funding baseline and a rates baseline. Where the funding baseline is higher than the rates baseline (as is the case for the Council) the authority requires a “top-up” and is not subject to a levy on any business rates growth. Where an authority’s rates baseline is higher than its funding baseline, the authority is in a “tariff” position and will contribute to a central fund which is redistributed to “top-up” authorities.

“Tariff” authorities are subject to a levy on any real terms growth in business rates at a maximum rate of 50%. In non-Pooled areas the levy is payable to the Government and will be used to fund “safety net” payments to authorities which have seen significant reductions in business rates income. The safety net is currently activated if retained rates fall below 92.5% of the funding baseline for the authority. Any safety net amounts that may arise within the Pool would need to be met from the levy income to the Pool.

Authorities are invited to form Pools. For tariff and top-up purposes and also regarding levy and safety net calculations, the Government treats a Pool as if it were a single entity. The Council, Leicester City Council, the Combined Fire Authority and all the Leicestershire District Councils have agreed to operate a pooling agreement for business rates levies and safety net payments, the Leicester & Leicestershire Pool (LLP). The Council is the lead authority for the LLP.

A summary of the position for 2024/25 is shown below which shows an overall surplus on the Pool of £21.5m.

| 2024/25 | Funding Baseline £m | Rates Baseline £m | Retained Rates £m | Levy £m | Safety Net £m |
|----------------------------|------------------------|----------------------|----------------------|-------------|------------------|
| Blaby | 22.8 | 17.1 | 2.4 | 2.8 | - |
| Charnwood | 24.4 | 21.4 | 4.6 | 1.5 | - |
| Harborough | 27.5 | 19.7 | 1.9 | 3.9 | - |
| Hinckley & Bosworth | 19.9 | 14.7 | 2.8 | 2.6 | - |
| Melton | 6.9 | 6.2 | 1.4 | 0.3 | - |
| North West Leicestershire | 46.9 | 26.4 | 2.6 | 10.2 | - |
| Oadby & Wigston | 5.8 | 5.5 | 1.7 | 0.2 | - |
| Total | 154.1 | 111.1 | 17.6 | 21.5 | - |
| 2024/25 Net Gain | | | | | 21.5 |
| Net Gain b/f | | | | | 26.6 |
| Less allocations in year | | | | | (24.6) |
| Total 31 March 2025 | | | | | 23.5 |

The total of £23.5m as at 31 March 2025 comprises a £2.0m contingency towards future years, with the balance of £21.5m for investment in the wider Leicestershire area, via allocations of one third each to the County Council, Leicester City Council and the seven District Councils. The County Council’s financial statements include:

- its share of the 2024/25 Business rates pool surplus of £7.2m as at 31 March 2025, shown as additional NDR income in the CIES
- creditor of £7.2m to Leicester City Council for their share of the 2024/25 surplus
- creditors to Melton for £0.3m and Oadby and Wigston for £0.5m for their net shares of the 2024/25 surplus
- debtors of £15.1m from the other five District Councils representing the net position of the levy due from them
- in total, gross levies of £21.5m are due from the Districts, offset by their share of the 2024/25 surplus of £7.2m.
- The £2m contingency is shown as a receipt in advance; £1.4m held on behalf of the Pool members and the balance of £0.6m, the Authority’s share, is held as part of the Business Rates Retention Reserve.

| 2023/24 | Funding Baseline £m | Rates Baseline £m | Retained Rates £m | Levy £m | Safety Net £m |
|----------------------------|------------------------|----------------------|----------------------|-------------|------------------|
| Blaby | 2.3 | 16.3 | 20.9 | 2.3 | - |
| Charnwood | 4.5 | 20.5 | 21.9 | 0.7 | - |
| Harborough | 1.8 | 18.7 | 27.9 | 4.6 | - |
| Hinckley & Bosworth | 2.7 | 14.1 | 19.1 | 2.5 | - |
| Melton | 1.4 | 6.0 | 7.2 | 0.6 | - |
| North West Leicestershire | 2.5 | 25.0 | 40.3 | 7.7 | - |
| Oadby & Wigston | 1.6 | 5.3 | 5.4 | 0.0 | - |
| Total | 16.8 | 105.9 | 142.8 | 18.5 | - |
| 2023/24 Net Gain | | | | | 18.5 |
| Net Gain b/f | | | | | 41.8 |
| Less allocations in year | | | | | (33.7) |
| Total 31 March 2024 | | | | | 26.6 |

The total of £26.6m as at 31 March 2024 comprises a £2.0m contingency towards future years, with the balance of £24.6m for investment in the wider Leicestershire area, via allocations of one third each to the County Council, Leicester City Council and the seven District Councils. The County Council's financial statements include:

- its share of the 2023/24 Business rates pool surplus of £6.2m as at 31 March 2024, shown as additional NDR income in the CIES,
- creditors of £6.2m to Leicester City Council for their share of the 2023/24 surplus and £5.9m for their share of the 2022/23 surplus
- creditor to Oadby and Wigston for their £0.2m net share of the 2022/23 surplus
- net debtor of £12.3m from the District Councils representing the net position of the levy due from them, in total £18.5m, offset by their share of the 2023/24 surplus of £6.2m.
- The £2m contingency is shown as a receipt in advance; £1.4m held on behalf of the Pool members and the balance of £0.6m, the Authority's share, is held as part of the Business Rates Retention Reserve.

g) East Midlands Development Corporation

Leicestershire County Council was one of five East Midlands local authority owners of EM DevCo Limited. The company worked with partners from business, academia, and government to develop the local economy and create new jobs.

East Midlands Development Corporation closed during 2024/25, and the functions were transferred to the East Midlands Combined County Authority (EMCCA) www.eastmidlands-cca.gov.uk. Leicestershire County Council is not part of the EMCCA. There were no assets or liabilities to/with the County Council upon the closure.

h) East Midlands Freeport

Leicestershire County Council is the accountable body for the East Midlands Freeport Limited (EMF). Freeports are a flagship Government programme that will play an important part in the UK's post Covid economic recovery and contribute to realising the levelling up agenda, bringing jobs, investment and prosperity to some of the most deprived communities, with targeted and effective support. The EMF is the UK's only inland Freeport and features three main 'tax sites' straddling three East Midlands counties. EMF was granted formal government approval on 30th March 2023 and is now in operation.

The EMF brings together a mix of industries and collaborating partners, combining public and private sector oversight and expertise from key sectors including logistics, technology, transport and education. Membership of the EMF board comprises of 12 organisations; Leicestershire County Council (Lead Authority), Nottinghamshire County Council, Derbyshire County Council, North West Leicestershire District Council, Rushcliffe Borough Council, South Derbyshire District Council, East Midlands Airport, SEGRO, Maritime Transport, Goodman, Etwall Land Ltd and Uniper UK Limited.

The key funding stream for Freeports is retained business rates. In designated areas 100% of growth in business rate revenues is retained to allow these funds to be invested in the local area rather than a share needing to be returned to central government. In advance of growth, and retained business rates being available, to supplement the grant made available by the Government, the County Council has agreed to provide a cash flow loan to the EMF to cover set up and operations of up to £4m. This loan is at commercial rates to ensure the County Council gets an appropriate return on investment. As the accountable body for EMF, the role includes providing support to the Freeport in delivering the objectives set by the Government. The Government has advised that the accountable body will move to the East Midlands Combined County Authority in the future.

Security of the loan is through over £1bn of retained business rates expected to be generated over 25 years. This is likely to exceed £10m per year from 2028/29 and continue to rise. Repayment of County Council funds is the first call on retained business rates after covering operational costs. Retained business rates will then be available to supplement developer funding to maximise growth opportunities, mitigating adverse impacts of development. As at 31 March 2025, the outstanding value of the loan was less than £0.1m (£2.6m as at 31 March 2024). The balance is recognised as a debtor in the Council's accounts.

EMF's operating income and expenditure and reserve balances are not included in the financial statements of the Council. The table below shows the provisional operating income & expenditure for EMF (final accounts for EMF not yet available).

| 2023/24 £m | | 2024/25 £m |
|---------------|---|---------------|
| | Income | |
| (0.6) | Retained Business Rates | (4.1) |
| (0.6) | Total Income | (4.1) |
| | Expenditure | |
| 0.6 | Staffing Costs | 0.8 |
| 0.1 | Accountable Body Costs | - |
| 0.4 | Other Running Costs | 0.8 |
| 0.3 | Set Up Costs | - |
| 1.4 | Total Expenditure | 1.6 |
| 0.8 | (Surplus) / Deficit for the year | (2.5) |
| 1.8 | (Surplus) / Deficit brought forward | 2.6 |
| 2.6 | (Surplus) / Deficit carried forward | 0.1 |

Separately the Council has a creditor to EMF of £21.7m, which represents the balance of government seed challenge grant held on behalf of EMF, pending allocation to scheme delivery.

i) Leicester and Leicestershire Enterprise Partnership (LLEP)

The Leicester and Leicestershire Enterprise Partnership Limited (the LLEP) was established in 2011 with a joint public/private Board. In the Spring Budget of March 2023 the Chancellor announced that the Government was minded to withdraw central government core funding for Local Enterprise Partnerships from 1st April 2024. This position was confirmed in August 2023. In the case of Leicester and Leicestershire, from 1st April 2024 responsibilities namely business representation, strategic economic planning, and the delivery of government programmes (where directed) were transferred from the LLEP to the two upper tier local authorities, namely the County Council and the City Council. The two upper tier local authorities are the key decision-makers within the new arrangements. They are informed and advised by a Business Board including within its membership local business leaders and relevant bodies including universities, district councils and the voluntary and community sector.

In the interim, LLEP Ltd has been retained as a legal entity with an 'administrative' Board comprising City and County senior officers, with the City Council formally remaining as the Accountable Body. This is to enable new arrangements regarding the Enterprise Zones to be finalised. The County Council has not in recent years provided any funding to support the operations of the LLEP. The LLEP received an annual government core funding allocation of £0.2m for 2024/25.

j) The provision of services for adults with learning disabilities

The Authority commissions services for adults with learning disabilities. In cases where there are health related care needs, the NHS Leicester, Leicestershire, and Rutland Integrated Care Board (ICB) will undertake an assessment and where appropriate agree to provide a financial contribution to the care needs. Each arrangement is subject to individual agreement. During 2024/25, the ICB contributed £9.2m to the Authority (£9.3m, 2023/24) which is accounted for as income in the Authority's CIES.

Note 39: Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to fund 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.

| 2023/24 £m | | 2024/25 £m |
|---------------|---|---------------|
| 207.8 | Opening Capital Financing Requirement | 201.6 |
| | <i>Capital Investment:</i> | |
| 76.7 | Property, Plant and Equipment | 88.0 |
| 31.3 | Revenue Expenditure Funded from Capital under Statute | 46.1 |
| - | Right of Use Assets Recognised in Year (Leases) | 3.4 |
| | <i>Sources of Finance:</i> | |
| (0.5) | Capital Receipts | (5.7) |
| (104.5) | Government grants and other contributions | (93.9) |
| (3.0) | Direct revenue contributions | (34.6) |
| (6.2) | Statutory Minimum Revenue Provision | (7.3) |
| 201.6 | Closing Capital Financing Requirement | 197.6 |
| | Explanation of Movements in Year | |
| | Increase in underlying need to borrow: | |
| - | Supported by government financial assistance | - |
| - | Unsupported by government financial assistance – (Leases) | 3.4 |
| (6.2) | Minimum Revenue Provision | (7.3) |
| (6.2) | Increase/(Decrease) in Capital Financing Requirement | (4.0) |

Note 40: Leases

The Council as Lessee

During 2024/25 the accounting treatment for leases has been updated based on the requirements of accounting standard IFRS16 Leases, which has been implemented as at 1st April 2024.

Where the Council leases in assets, the leased asset (unless exempt) is recognised as a right-of-use asset with a corresponding liability at the date from which the leased asset is made available for use (or the IFRS16 transition date, if later).

Leases for items of low value (less than £20,000 when new) and leases that expire on or before 31 March 2025 and those that are short-term (a term of 12 months or shorter, or ending within 12 months of the IFRS16 implementation date) are exempt from the new arrangements.

This has resulted in the following additions to the Balance Sheet:

- £5.4m Property, Plant and Equipment – land and buildings (right of use assets)
- £2.0m Creditors (lease liabilities)
- £3.4m Credit to the CIES, taxation and non-specific grant income, from non-commercial leases. The credit is reversed via the MIRS.

Right of use assets

The Council's right of use assets are summarised in the table below:

| Council as Lessee | 2024/25 £m |
|---|---------------|
| Balance 1 April 2024 | 0.5 |
| Recognition of Right of Use Assets 1.4.2024 | 5.4 |
| Additions | 1.3 |
| Revaluation | 1.3 |
| Depreciation | (1.1) |
| Disposals | - |
| Total | 7.5 |

Maturity analysis of lease liabilities

The Council's lease liabilities as at 31st March 2025, are due to be settled over the following time bands (measured at the discounted amounts of expected cash payments):

| Council as Lessee | 2024/25 £m |
|----------------------|---------------|
| Less than one year | 1.2 |
| One to five years | 1.0 |
| More than five years | 0.8 |
| Total | 3.1 |

Transactions under leases

Expenditure in the Comprehensive Income and Expenditure Statement associated with right-of-use assets includes interest, depreciation, any impairments or changes in variable lease payments. Rentals for exempt leases of low-value items or short-term leases are expensed. Transactions under leases were not material in 2024/25.

The Council as Lessor

Where an asset is leased by the Council to a third party as a finance lease the asset is written out of the Balance Sheet as a disposal. A debtor is recognised for any future lease payments receivable.

Where an asset is leased by the County Council to a third party as an operating lease the asset is retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of the lease.

Lease rentals on Authority owned buildings received from lessees during the year in respect of operating leases totalled £7.4m (2023/24 £7.7m). Expected Lease rentals projected to be received in 2025/26 is £7.5m.

Note 41: Impairment Losses

During 2024/25, the Authority has not recognised any impairment losses (2023/24 nil). However, revaluations downwards of £29m (2023/24 £41m) have been recognised in the Revaluation Reserve and revaluations downwards of £4m (2023/24 £8m) have been recognised in the Comprehensive Income and Expenditure Statement. There has also been reversal of historical downwards revaluations of £3m (2023/24 £10m) in the Comprehensive Income and Expenditure Statement.

Note 42: Termination Benefits

Termination benefits arise when employment is terminated by the Authority before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Authority recognises termination benefits as a liability and an expense if the Authority is demonstrably committed to a detailed formal plan without realistic possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, termination benefits are measured based on the number of employees expected to accept the offer. The total termination benefits for 2024/25 are £0.6m (2023/24 £1.3m).

Note 43: Contingent Liabilities

Municipal Mutual Insurance Limited (MMI), the Authority's former insurer between November 1969 and October 1991, ceased writing insurance business owing to financial difficulties in September 1992. MMI made a scheme of arrangement with its creditors in the event of the company becoming insolvent. The latest financial information for MMI, as disclosed in their Accounts for the year to 30 June 2024, shows a balanced position. As a result, the scheme administrators do not intend to request any additional contributions. However, it should be noted that there is a contingent liability for any additional deficit due to the uncertainty of the value of incurred but not reported (IBNR) claims. A reserve has been established to reduce the risk to the Authority of any further liabilities under the MMI scheme of arrangement and in respect of any other uninsured losses.

Virgin Media Ltd v NTL Pension Trustees II Ltd (and others), the Authority is aware of the case and considers that there is potential for the outcome of this case to have an impact on the Leicestershire County Council Pension Fund (of which the Authority is an Employer). The case 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 due to the absence of this written actuarial confirmation. The case was taken to the Court of Appeal, and the original ruling was upheld in July 2024.

As a result, there may be a further liability to the Employer's share of Leicestershire County Council Pension Fund for benefits that were reduced by previous amendments, if those amendments prove invalid. The Government Actuary's Department bulletin in November 2024 states that HM Treasury does not believe the Virgin Media Case expressly addresses whether confirmation is required for public service pension schemes. Their view is that the relevant amendments in the LGPS would have been made by legislation and therefore would remain valid until revoked or repealed by subsequent legislation or declared void by a court. At this point, it is therefore not possible to estimate the potential impact, if any, on the Authority.

The Government will therefore introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. On 2nd September 2025, the Government published amendments to the Pension Schemes Bill to allow the retrospective validation of amendments which may have otherwise been invalid, this followed the Court of Appeal's decision in the Virgin Media case.

Note 44: Nature and Extent of Risks Arising from Financial Instruments

The Authority's activities expose it to a variety of financial risks:

- (i) Credit risk – the possibility that other parties might fail to pay amounts due to the Authority.
- (ii) Liquidity risk – the possibility that the Authority might not have funds available to meet its commitments to make payments.
- (iii) Market risk – the possibility that financial loss might arise for the Authority as a result of changes in such measures as interest rates and stock market movements.

The Authority'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 the Corporate Resources Department, under policies approved by the Authority in the Annual Treasury Management Strategy. The Authority 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.

(i) Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. This risk is minimised through the Annual Investment Strategy. This requires that deposits are not made with financial institutions unless they meet certain identified minimum credit criteria as laid down by Link Asset Services, who act as treasury management advisors to the Authority. These minimum criteria include a number of factors including credit ratings assigned by Fitch and Moody's Ratings Services, the rating of the counterparty's sovereign government and the cost of Credit Default Swaps (in effect, the cost of insuring against the risk of default by a counterparty).

Maximum limits for funds on loan and maturity dates exist for each acceptable counterparty and vary according to Link Asset Services assessment of their overall financial strength. The Authority will only lend for a maximum of one year (Link Asset Services have a two year period for a small number of counterparties) and will not lend to any counterparty that has a maximum period of less than six months within Link Asset Services matrix.

Customers are not assessed for credit risk other than for tenancy agreements and major contracts. The matrix in respect of money market loans made by the Authority is detailed below:

Matrix for UK Banks and Building Societies

| Maximum Sum Outstanding | £75m | £55m | £35m |
|-------------------------|---|---|--|
| Maximum Loan Period | 1 year | 1 year | 6 months |
| General Description | 'Special Instructions' (i.e. significant element of UK-Government ownership) and included in Link list for period of 1 year or more | Not 'special instructions' and included in Link list for period of 1 year or more | Included in Link list for period of 6 months |

Matrix for Overseas Banks

| Maximum Sum Outstanding | £20m | £10m |
|-------------------------|--|--|
| Maximum Loan Period | 1 year | 6 months |
| Minimum Fitch Ratings | Included in Link list for period of 1 year or more | Included in Link list for period of 6 months |

A maximum of £50m can be invested with all banks domiciled within a single country (note: there is no limit for total lending to UK financial institutions)

Other UK Local Authorities

A maximum of £10m can be invested per authority for up to 1 year.

Money Market Funds

AAA-rated only

Maximum amount in any single fund = £40m

Maximum amount in all Money Market Funds = £160m

Debt Management Office (DMO) (Executive Agency of HM Treasury)

No restriction on loan amounts or periods. In the event that the maximum loan length is extended beyond the current 6-month period, no loan will have a maturity above 12 months.

Exposure to Credit Risk

The Authority's maximum exposure to credit risk in relation to its investments in banks and building societies is 100% of its investments, but this cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Authority's deposits, but there was no evidence at 31 March 2025 that this was likely to crystallise.

No credit limits were exceeded during the reporting period and the Authority does not expect any losses from non-performance by any of its counterparties in relation to deposits. The Authority does not generally allow credit for customers. The past due but not impaired Sales ledger debt can be analysed by age as follows:

| 2023/24 | | 2024/25 |
|-------------|------------------------|-------------|
| £m | | £m |
| 40.6 | Less than three months | 25.5 |
| 3.5 | Three to six months | 4.6 |
| 6.7 | Six months to one year | 7.3 |
| 10.3 | More than one year | 15.9 |
| 61.1 | Total | 53.3 |

In respect of the above sales ledger debt, the Authority has made a credit loss allowance of £17.6m for potential doubtful debts.

(ii) Liquidity risk

The Authority has a record of expected cash flows which is used to ensure that cash is available as needed. If unexpected movements happen, the Authority has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Authority sets limits on the proportion of its fixed rate borrowing during specific periods. The strategy is to ensure that no more than 50% of loans are due to mature within any rolling five-year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments.

The maturity analysis of financial liabilities is as follows:

| 31 March 2024 | | 31 March 2025 |
|---|---|---------------|
| £m | | £m |
| Analysis of Loan Maturity Profile: | | |
| 8.4 | Less than 1 year | 3.0 |
| 8.4 | Total Short-Term Loans by Maturity | 3.0 |
| 1.0 | Between 1 and 2 years | 1.0 |
| 1.7 | Between 2 and 5 years | 1.4 |
| 0.6 | Between 5 and 10 years | 0.3 |
| 0.3 | Between 10 and 15 years | 0.3 |
| 1.3 | Between 15 and 20 years | 7.6 |
| 54.4 | Between 20 and 25 years | 48.0 |
| 44.4 | Between 25 and 30 years | 54.9 |
| 59.6 | Between 30 and 35 years | 19.9 |

| | | |
|--------------|--|--------------|
| 0.1 | Between 35 and 40 years | 10.1 |
| 20.1 | Between 40 and 45 years | 0.1 |
| 33.5 | Greater than 45 years | 33.5 |
| 217.0 | Total Long-Term Loans by Maturity | 177.1 |
| 225.4 | Total Loans by Maturity | 180.1 |

All trade and other payables are due to be paid in less than one year.

(iii) Market risk

Interest rate risk

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

- Borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of services will rise.
- Borrowings at fixed rates – 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 fair value of the assets will fall.

Borrowings are not carried 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 in the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus and Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Comprehensive Income and Expenditure Statement.

The Authority has a number of strategies for managing interest rate risk. Policy is to aim to keep a maximum of 50% of its borrowings in variable rate loans. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Authority's cost of borrowing and provide compensation for a proportion of any higher costs.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse charges to be accommodated. The analysis will also advise whether new borrowing is taken out as fixed or variable.

According to this assessment strategy, at 31 March 2025, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

| | £m |
|--|--------------|
| Increase in interest payable on variable rate borrowings | - |
| Increase in interest receivable on variable rate investments | 4.4 |
| Increase in government grant receivable for financing costs | - |
| Impact on Surplus or Deficit on the Provision of Services | 4.4 |
| Decrease in fair value of fixed rate investment assets | (1.1) |
| Impact on Other Comprehensive Income and Expenditure | (1.1) |
| Decrease in fair value of fixed rate borrowings liabilities (no impact on the Surplus or Deficit on the provision of Services or Other Comprehensive Income and Expenditure) | (21.1) |

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

Price risk

The authority does not generally invest in equity shares but does have investments to the value of £61m in private debt, pooled investment funds and capital release funds. The authority is consequently exposed to gains and losses arising from movements in the valuation of these investments. The authority actively manages these investments in a way to limit its exposure to price movements by diversifying its portfolio. These investments are classified at fair value through profit or loss, meaning that all movements in valuation will impact on gains and losses recognised in the surplus of deficit on the provision of services. A change of 1% in the valuations of the investments (positive or negative) would have resulted in a £0.6m gain or loss being recognised in the surplus of deficit on the provision of services as at 31 March 2025.

Foreign exchange risk

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

Note 45: Self-Insurance

Provisions and reserves are operated to meet the self-insured deductibles for the following policies, however, stop loss insurance applies to fire and public/employers' liability policies.

| Deductible per Claim | |
|-----------------------------|-----------|
| Fire | £ 500,000 |
| Public/Employers' liability | 500,000 |
| Fidelity guarantee | 100,000 |
| Motor | 5,000 |

Apart from Museums, the Authority has no general insurance cover for accidental damage to or the theft of contents from buildings. Similarly, the Authority does not purchase money insurance. Schools, however, have the option to join a group self-insurance scheme to cover the above risks.

Note 46: Trust Funds (excluded from the Balance Sheet)

The Authority acts as trustee and/or administrator for 7 prize funds, endowments, scholarships and bequests. The original bequests are invested in either the Authority's trust fund pooling scheme or in a range of other direct external investments.

To the extent that income from these investments has not been utilised for prizes etc., the surplus funds are invested in short term deposits with various financial institutions. The main trust funds are as follows:

| | Balance at 31 March 2024 £m | Income £m | Expenditure £m | Balance at 31 March 2025 £m |
|--------------------------------|--------------------------------------|--------------|-------------------|--------------------------------------|
| Trust Funds: | | | | |
| Kibworth High School Endowment | 0.4 | - | - | 0.4 |
| Others | 0.2 | - | - | 0.2 |
| Total Trust Funds | 0.6 | - | - | 0.6 |

Note 47: Accounting Policies

1. General Principles

The Statement of Accounts summarises the Authority'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 by the Accounts and Audit Regulations 2015. These regulations require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting (the 'Code') in the UK 2024/25 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 12 of the Local Government 2003 Act.

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

2. 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. For instance, the Authority may be involved in a court case that could eventually result in the making of a settlement or payment of compensation.

Provisions are charged as an expense to the appropriate service within the Comprehensive Income and Expenditure Statement when the Authority has an obligation. Provisions 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 the financial year. Where it becomes less than probable that a transfer of economic benefits will be required (or a lower settlement than anticipated is made) the provision is reversed and credited back to the relevant service.

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

3. Reserves

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

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Authority. The reserves operated by the Authority are explained further:

a) Revenue

The General Fund Balance represents a working balance derived from past savings disclosed in the income and expenditure account or budgeted contributions. This balance incorporates both school balances, which as a result of legislation are retained by each individual school, and underspends on services that have been approved for carry forward to the following year.

In addition, a number of earmarked revenue reserves are maintained for future expenditure which falls outside the definition of a provision.

b) Capital

In accordance with standard accounting practice for local authorities, three non-cash backed capital reserves exist as part of the system of capital accounting. These are:

Revaluation Reserve

The Revaluation Reserve represents the gains in asset values arising from the revaluation of fixed assets since 1 April 2007. Gains arising before this date have been consolidated into the Capital Adjustment Account. The balance thus represents unrealised gains since that date.

Capital Adjustment Account

A store of capital resources set aside from revenue, capital receipts and the provision for repayment of debt (MRP) set aside to finance past capital expenditure.

Deferred Capital Receipts Reserve

There is an additional Unusable Capital Reserve for deferred capital receipts as these are not recognised as Usable Capital receipts until they are backed by cash receipts, at which point they will be transferred to the Usable Capital Receipts Reserve.

Capital Receipts Reserve and Capital Grants Unapplied

There are also two Usable Capital Reserves. For further details of the Capital Receipts Reserve and Capital Grants Unapplied see accounting policies 11 and 13 respectively.

c) Other

There are also other non-cash backed reserves that are held for statutory accounting purposes. These are:

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Authority has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Short-Term Accumulating Compensated Absences Adjustment Account

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

4. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice not more than 24 hours. Cash equivalents are highly liquid investments 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 Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority's cash management.

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority's financial position or financial performance. Where a change is made, it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

6. Non- Current Assets

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

Recognition:

Expenditure on the acquisition, creation or enhancement of an asset is capitalised on accruals basis, provided that it is probable that future economic benefits will flow to the Authority and the cost can be measured reliably. The

Authority operates a de-minimis limit of £10,000 for individual items; relatively minor items may be financed from revenue. The purchase of single items below £10,000 may be capitalised in certain circumstances, for example, the need to comply with grant conditions. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs or maintenance) is charged as an expense when it has occurred.

- Measurement of assets are initially at cost, comprising:
 - the purchase price.
 - any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

The Authority does not capitalise borrowing costs incurred whilst assets are under construction. Some categories of Non-Current Assets are revalued on the basis recommended by the COPLAA and in accordance with the Statements of Asset Valuation Principles and Guidance Notes issued by the Royal Institution of Chartered Surveyors (RICS).

The basis of valuation of the various categories of assets is as follows:

- **Intangible Assets**

Expenditure on non-monetary assets which do not have a physical substance (i.e. software licences) but are controlled by the Authority as a result of a past event is capitalised when it is expected that future economic benefits or service potential will flow to the Authority. The valuation is based on amortised historical cost for all assets with an original cost in excess of £20,000.

- **Property, Plant and Equipment- divided into the following sub-categories.**

- **Land and Buildings** are included in the Balance Sheet at current value for existing use or, where because of the specialised nature this could not be assessed (there being no market for such an asset), at depreciated replacement cost.

Valuation is carried out on a selective on-going basis such that all assets are revalued at least once every five years, and on completion of a capital scheme above £100,000. In addition, the top twenty valued assets are valued each year. Assets under Construction (AUC) that become operational in year are held at historic cost and re-classified to their relevant asset category at the balance sheet date, with a subsequent valuation taking place in the following financial year unless the historic cost value is greater than £1m in which case a valuation is obtained for the relevant financial year end. Valuations are carried out by external and qualified Chartered Surveyors (the Valuer), who are also Registered valuers. Assets Held for Sale are revalued within the year to ensure the open market value is accurate.

The current asset values used in the accounts are based on a certificate issued by the Valuer as of 1 October 2024. Additions since that date are included in the accounts at their cost of acquisition. The addition is then reviewed, and if the actual capital expenditure does not increase the asset valuation or if the expenditure is less than the Authority's £100,000 capital de-minimis level then this value will be recognised in the Comprehensive Income and Expenditure Statement as capital expenditure not adding value.

- **Land and Buildings – Schools:** The Code confirms that local authority maintained schools (and the governing bodies thereof) are to be treated as entities for control purposes, and that the transactions of said schools shall be consolidated into the local authority single entity financial statements. Non-current assets attributed to schools are therefore recognised in the Authority's balance sheet, subject to the Authority (or the school's governing body) having control over the asset and it being probable that future service potential will flow to the Authority (or to the school). The Authority therefore recognises the non-current assets of its maintained community and voluntary controlled schools on its balance sheet. The balance of control and service potential is considered to reside with independent trustees for foundation and voluntary aided schools, and so these assets are not consolidated into the Authority's balance sheet (the Council retains the statutory responsibility for land at voluntary aided schools, so this is recognised as an asset of the Authority). A number of schools in the County now hold academy status. Academies are managed completely independently of the Authority, and funding is provided directly by central government. Whilst the Authority retains the freehold of the land, premises are leased to the academy on a

finance-lease basis (for a 125-year term). Therefore, academy buildings are derecognised from the Authority's balance sheet, and land is retained at a nominal value reflecting its restricted use.

- **Vehicles, Plant, Furniture and Equipment:** valuation is based on depreciated historical cost for all assets with an original cost in excess of £20,000, with the exception of Leicestershire Highways who occasionally capitalise assets under £20,000. Additions below the £20,000 deminimis level are then recognised in the Comprehensive Income and Expenditure Statement as capital expenditure not increasing in value.
- **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. Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably. Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April [1994 England and Scotland] [1996 Wales], which was deemed at that time to be historical cost.
- **Community Assets** are assets that the Authority is likely to keep in perpetuity for the benefit of local people, e.g. country parks and reclaimed land. Such assets are valued at nominal values for assets acquired prior to 1994 and historical cost thereafter.
- **Assets Under Construction** are based on historic cost
- **School Buildings** are held at current value but because of their specialist nature are measured at depreciated replacement cost.
- **Surplus Assets** are surplus to service requirements. The current value measurement base is fair value, estimated at highest and best use from the market participant's perspective.
- **Assets Held for Sale** When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

Componentisation

IAS 16 requires significant components of assets to be recorded separately where they have substantially different useful lives to enable depreciation to be calculated separately.

The Authority componentises assets into blocks that have a significant value against the total value of the asset or are naturally identifiable i.e. swimming pool or external building. The Authority also recognises a significant component within a block to be any component over £100,000 that individually exceeds 25% of the total value of the block and has a substantially different life to the overall structure.

School assets, where appropriate, have been componentised in line with the methodology for Modern Equivalent Asset (MEA) on a Depreciated Replacement Cost basis.

Revaluation of Assets

Increases in valuations result in a debit being posted to the non-current asset account and matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains are credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service revenue account.

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

Revaluation losses due to a general fall in market price are first offset against any balance that is on the Revaluation Reserve and are only charged to the Comprehensive Income and Expenditure Statement when the Revaluation Reserve has been cleared to nil.

Upon disposal of a non-current asset any revaluation gains for that asset are transferred from the Revaluation Reserve to the Capital Adjustment Account. Revaluation gains are also subject to depreciation, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

When a component of infrastructure assets are disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

Impairment of Assets

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

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

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

7. Heritage Assets

The Authority's Heritage Assets are held in the Authority's museums and other cultural sites. Heritage Assets are categorised into 7 collections, which are held primarily to increase the knowledge, understanding and appreciation of the Authority's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Authority's accounting policies on Property, Plant and Equipment. However, some of the measurement rules are relaxed in relation to Heritage Assets as detailed below. The Authority's collections of Heritage Assets are as follows;

- Historic Buildings
- The Museum Art Collection
- The Art Works Collection
- The Archaeological Collection
- The Fashion Collection
- The Working Life Collection
- The Civic Collection

Heritage Assets – General

The carrying amounts of Heritage Assets are reviewed where there is evidence of impairment to Heritage Assets, e.g. where an item has suffered a physical deterioration or where there is a doubt to the authenticity of a piece of art. Any impairment is recognised and measured in accordance with the Authority's general policies on impairment (accounting policy 6 above). Proceeds from the sale of Heritage Assets are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital receipts (accounting policy 11 below). Assets are initially recognised at cost and will then be revalued for insurance purposes.

8. Leases

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 the financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

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

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

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the 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 authority excludes leases:

- for low-value items that cost less than £20,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

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

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

The 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. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

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

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

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

Operating leases

Where the 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 other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

9. Revenue Expenditure Funded From Capital Under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement. Where the Authority 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 to the Capital Adjustment Account reverses out the amounts charged so there is no impact on the level of council tax.

10. Charges to Revenue for Non-current Assets

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

a) Depreciation

Depreciation is provided on all property, plant and equipment by the systematic allocation of their depreciable amounts over their useful lives. Buildings are depreciated over their remaining useful economic lives as assessed by the property valuer, with no allowance for a residual value. Assets are depreciated using the straight-line method over the following periods:

- **Intangible Assets** – 5 years
- **Buildings** - varies from asset to asset (the remaining useful economic life of each asset is reviewed at the same time as the revaluation is completed, new builds are usually estimated to have a useful life of 70 years).
- **Infrastructure** - useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows:

| Part of the highways network | Useful Life (years) |
|------------------------------|---------------------|
| Carriageways | 25 |
| Footways and cycle tracks | 25 |
| Structures (bridges) | 100 |
| Street lighting | 40 |
| Street furniture | 25 |
| Traffic management systems | 20 |

- **Vehicles, Plant, Furniture and Equipment** - estimated useful life (averaging around 5 years).
- **Components** - will vary between 20 – 50 years for new components/blocks.

Land, community assets, assets under construction, surplus assets and assets held for sale - are held at cost or market value or have an indefinite life and are not depreciated.

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the asset, the components are depreciated separately. No depreciation is charged in the year of acquisition, whereas a full year's depreciation is charged in the year of disposal.

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

b) **Revaluation and Impairment**

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 are charged to the Comprehensive Income and Expenditure Statement.

c) **Amortisation**

Intangible Assets are amortised over their useful life of no more than 5 years. The Authority 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. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

11. Capital Receipts

Proceeds from the sale of assets (if over £10,000) are credited to the Capital Receipts Reserve. All such receipts are available to the Authority to enhance its programme of capital expenditure or to reduce external borrowing. Receipts used are transferred to the Capital Adjustment Account. The extent to which receipts have not been utilised at year end are reflected in the Balance Sheet as Capital Receipts Reserve. Where Capital Receipts are deferred, they are recognised in the Unusable Deferred Capital Receipts Reserve until backed by cash receipts at which point they are transferred to the Usable Capital Receipts Reserve.

Any gains/losses on disposal of assets are taken to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Statutory regulations require a reversal of this entry to the Capital Adjustment Account via the Movement in Reserves Statement.

12. Accruals of Income and Expenditure

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

- Revenue from contracts, whether for services or the provision of goods, is recognised when the goods or services are transferred to the recipient in accordance with the performance obligations in the contract.
- 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.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

13. Government Grants

Whether paid on account, by instalments or in arrears government grants and third-party contributions are recognised as due to the Authority 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 Authority 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 the future economic benefits or service potential must be returned to the transferor.

Monies advance as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line within the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed from the General Fund via the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account.

Any amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

14. Inventories and Long-Term Contracts

Inventories are included within the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using the average costing formula.

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.

Other immaterial stocks, e.g. cleaning materials, books and stationery, are fully charged to the Comprehensive Income and Expenditure Statement in the year of purchase. Work in progress is shown at cost price.

15. 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 Liabilities

Financial liabilities are initially measured at fair value and subsequently measured at amortised cost. For the Council's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest). Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Loans at stepped interest rates (LOBO's) are recorded at amortized cost.

Statutory regulations enable the Authority to negate the additional interest arising on LOBO's (if loan arranged before November 2007) by posting a reversal within the Movement in Reserves Statement to the Financial Instruments Adjustment Account.

▪ Financial Assets

Financial assets are classified into one of three categories:

- I. Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.
- II. Fair Value Through Other Comprehensive Income (FVOCI). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.
- III. Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/credited to the Financing and Investment Income and Expenditure line in the CIES. Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

The value of debtors and creditors reported in the Notes to the Statement of Accounts are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and Notes include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

▪ Soft Loans

Under certain criteria the Authority provides loans to foster parents and to older people with physical disabilities. These loans are interest free. The total value is considered to be immaterial to the Authority's accounts; therefore, these loans have not been revalued on a fair value basis in accordance with the Code.

16. Employee Benefits

▪ 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, salaries, paid annual leave, paid sick leave and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year the employees render services to the Authority. An accrual is made for the cost of holiday entitlements, outstanding flexi leave and Time Off in Lieu earned by employees but not taken before the year-end, which employees can carry forward into the following financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement but then reversed out through the Movement in Reserves Statement so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

▪ 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 in exchange for those benefits. Redundancy costs are recognised on an accrual's basis in the Comprehensive Income and Expenditure Statement against the appropriate service line at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises the costs for a restructuring.

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

▪ Post-Employment Benefits

Pension Schemes

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

- The Local Government Pensions Scheme (LGPS) (administered by the Authority)
- The Teachers' Pension Scheme (administered by Capita Teacher's Pensions on behalf of the Department for Education)

Both schemes provide defined benefits to members (retirement lump sums and pensions) earned as employees work for the Authority.

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

The Local Government Pension Scheme

The Local Government Scheme is accounted for as a defined benefits scheme. The liabilities of the scheme attributable to the Authority are included in the Balance Sheet on an actuarial basis using the 'projected unit method'. This is based on an assessment of future payments that will be made in relation to retirement benefits earned to date by employees and assumptions about mortality rates, employee turnover and projected earnings for current employees.

Liabilities are discounted to their value at current prices using a discount rate as shown in the assumptions in Note 15 to the accounts. The assets of the fund attributable to the Authority are included in the Balance Sheet at 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 in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
- **Net interest on the net defined benefit liability (asset)** - e.g. 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 in 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 liability (asset) at the beginning of the period, taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

- **Remeasurements comprising:**

- **The return on plan assets** - excluding amounts included in net interest on the net defined benefit liability (asset) - charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- **Actuarial gains and losses** - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
- **Contributions paid to the Pension Fund** - cash paid as employer's contributions to the Pension Fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the Pension Fund or directly to pensioners in the 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 with debits and credits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

- **Discretionary Benefits**

The Authority also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the LGPS.

17. Value Added Tax (VAT)

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

18. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority a possible obligation whose existence will only be confirmed by the occurrence 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.

19. Contingent Assets

A contingent asset arises where an event has taken place that gives the Authority a possible asset whose existence of such an asset will only be confirmed by the occurrence 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.

20. Events after the Reporting Period

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

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

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

21. Collection Fund Adjustment Account

The Authority is a precepting authority who levies a precept on the collection funds of billing authorities (District/Borough Councils).

Billing authorities act as agents, collecting council tax and non-domestic rates (NDR) on behalf of the major preceptors and, as principals, collecting council tax and NDR for themselves. Billing Authorities are required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and NDR income. Under the legislative framework all parties to the collection fund share proportionately the risks and rewards that the amount of council tax and NDR collected could be less than or more than predicted.

The council tax and NDR income for the year credited to the collection fund is the accrued income for the year. Regulations determine when it should be released from the collection fund and transferred to the General Fund of the billing authority or paid out of the collection funds to the major preceptors, (and central government for NDR) and in turn credited to their General Fund.

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 is included as a reconciling item in the Movement in Reserves Statement.

Since the collection of council tax and NDR income is in substance an agency arrangement, the cash collected by the billing authority from council tax and NDR debtors belongs proportionally to the billing authority and the major preceptors (and Central Government for NDR). There will therefore be a debtor / creditor position between the billing authority and each major preceptor (and Central Government) to be recognised since the net cash paid to each major preceptor in the year will not be its share of cash collected from council tax and non-domestic rates payers.

22. Schools

The Code of Practice on Local Authority Accounting in the UK confirms that the balance of control for Local Authority maintained schools (those categories of school identified in the School Standards Framework Act 1998, as amended) lies with the Authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the Local Authority financial statements. Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Authority as if they were the transactions, cash flows and balances of the Authority. The Authority does not recognise, in the case of Voluntary Aided (VA) or Voluntary Controlled (VC) schools, any land or building assets controlled and owned by the church diocese.

23. Investment Properties

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

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

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

24. Joint Operations

Joint operations are arrangements where the parties that have joint control of the arrangement have the rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises:

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

25. Fair Value Measurement

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

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

The Authority 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 the market participants act in their economic best interest. When measuring the value of a non-financial asset, the Authority 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 Authority uses appropriate valuation techniques 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 in accordance with the fair value hierarchy, as follows:

Level 1 - unadjusted quoted prices in active markets for identical assets or liabilities that the Authority can access at the measurement date.

Level 2 - inputs other than quoted prices in active markets included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability.

Statement of Responsibilities for the Statement of Accounts

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Corporate Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

THE DIRECTOR OF CORPORATE RESOURCES RESPONSIBILITIES

The Director of Corporate Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper accounting 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 Director of Corporate Resources has:

- Selected suitable accounting policies and then applied them consistently,
- Made judgements and estimates that were reasonable and prudent,
- Complied with the Local Authority Code,
- Kept proper accounting records which were up to date,
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.
- Assessed the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern.
- Used the going concern basis of accounting on the assumption that the functions of the Authority will continue in operational existence for the foreseeable future; and
- Maintained 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.

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

DECLAN KEEGAN
DIRECTOR OF CORPORATE RESOURCES
29 JANUARY 2026

Leicestershire County Council Pension Fund Accounts 2024/25

(Registration number: 00328856RQ)

Introduction

The Leicestershire County Council Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Leicestershire County Council.

General

The scheme is governed by the Public Service Pension Act 2013. The fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

It is a contributory defined benefit pension scheme administered by Leicestershire County Council to provide pensions and other benefits for pensionable employees of Leicestershire County Council, Leicester City Council, the district councils in Leicestershire and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The fund is overseen by the Leicestershire County Council Pension Fund Committee, which is a committee of Leicestershire County Council.

The Pension Committee consists of ten voting members and three non-voting staff representatives. The voting members are split into five County Council members, two from Leicester City Council and two representing the District Councils and a single member representing Universities. The Committee receives investment advice from the funds Actuary, Hymans Robertson LLP, and meets quarterly to consider relevant issues.

The Director of Corporate Resources is responsible for the preparation of the Pension Fund Statement of Accounts. The Corporate Governance Committee is responsible for approving the financial statements for publishing.

Membership

Membership of the LGPS is automatic for entitled employees, but employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the fund.
- Admitted bodies, which participate in the fund under the terms of an admission agreement between the fund and the employer. Admitted bodies include voluntary, charitable and similar not for profit organisations, or private contractors undertaking a local authority function following outsourcing to the private sector.

Membership details are set out below:

| | 31-Mar-24 | 31-Mar-25 |
|--|----------------|----------------|
| Number of active employers* | 189 | 195 |
| Number of employees in the scheme (Actives) | | |
| County Council | 8,886 | 8,765 |
| Other employers | 31,962 | 32,218 |
| Total | 40,848 | 40,983 |
| Number of pensioners | | |
| County Council | 12,403 | 12,711 |
| Other employers | 21,499 | 22,966 |
| Total | 33,902 | 35,677 |
| Deferred pensioners | | |
| County Council | 9,886 | 9,686 |
| Other employers | 22,364 | 22,916 |
| Total | 32,250 | 32,602 |
| Total number of members in the pension scheme | 107,000 | 109,262 |

*Active employers is defined as employers with one or more actively contributing employees

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% and 12.5% of pensionable pay for the financial year ending 31 March 2025. Employers' contributions are set based on triennial actuarial funding valuations. In 2024/25 the average employer rate was 26.9% of pay (26.8% 2023/24).

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based in final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website, <https://www.leicestershire.gov.uk>.

Fund Account for the Year Ended 31 March 2025

| 2023/24 £m | | Notes | 2024/25 £m |
|------------------|--|-------|------------------|
| | Contributions | | |
| (233.9) | Employer Contributions | 6 | (246.7) |
| (54.3) | Member Contributions | 6 | (56.8) |
| (8.1) | Transfers in from Other Pension Funds | 7 | (6.8) |
| (296.3) | Total Contributions | | (310.3) |
| | Benefits | | |
| 163.3 | Pensions | 8 | 180.6 |
| 39.2 | Commutation of Pensions and Lump Sum Retirement Benefits | 8 | 54.8 |
| 4.3 | Lump Sum Death Benefits | 8 | 6.4 |
| 16.1 | Payments to and on Account of Leavers | 9 | 20.9 |
| 222.9 | Total Benefits | | 262.7 |
| (73.4) | Net (Additions)/Withdrawals from Dealings with Members | | (47.6) |
| 54.4 | Management Expenses | 10 | 51.5 |
| (19.0) | Net (Additions)/Withdrawals Including Fund Management Expenses | | 4.0 |
| | Returns on investments | | |
| (75.5) | Investment income | 11 | (117.6) |
| (522.7) | (Profit) and Losses on Disposal of Investments and Changes in Value of Investments | 12 | (192.5) |
| (598.2) | Net Returns on Investments (Sub Total) | | (310.1) |
| (617.2) | Net (Increase) / Decrease in the Net Assets Available for Benefits fund During the Year | | (306.1) |
| | Net assets of the scheme | | |
| (5,774.3) | Opening | | (6,391.5) |
| (6,391.5) | Net assets of the scheme | | (6,697.6) |
| | Closing | | |

Net Assets Statement as at 31 March 2025

| 2023/24 £m | | Notes | 2024/25 £m |
|----------------|---|-------|----------------|
| 6,377.00 | Investment assets | 12 | 6,687.4 |
| (2.1) | Investment liabilities | 12 | (3.6) |
| 6,374.9 | | | 6,683.8 |
| | | | |
| 24.8 | Current Assets | 15 | 26.5 |
| (8.2) | Current Liabilities | 15 | (12.8) |
| 6,391.5 | Net Assets of the Fund at 31 March | | 6,697.6 |

The financial statements summarise the transactions of the Fund and deal with the net assets at the disposal of the Council. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position on the Scheme, which does take account of such obligations, is set out in the Actuary's Report on page 117.

The introduction on pages 85 to 86 and the notes on pages 88 to 116 form part of the financial statements.

Notes to the Accounts

1. Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2024/25 financial year and its position as at 31 March 2025. The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2024/25. 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:

- The effect of changes in Foreign Exchange rate (amendment to IAS21).
- IFRS 17 Insurance contracts replaces IFRS 4.

These changes are not expected to have a material impact on the Pension Fund's statements of accounts.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year nor do they take account of the actuarial present value of promised retirement benefits. The Fund has disclosed this information, by appending a copy of the actuary's report to the Pension Fund accounts.

The Accounts have been prepared on a going concern basis.

2. Accounting Policies

The following principal accounting policies, have been adopted in the preparation of the financial statements:

Fund Account – Revenue Recognition

Contribution Income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the fund actuary in the rates and adjustment certificate issued to the relevant employing body. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset.

Transfers to and from other Schemes

Transfers in and out relate to members who have either joined or left the fund. Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary

contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In, shown in Note 7. Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

Investments

Interest Income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

Dividend Income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the fund is recognised on a straight-line basis over the terms of the lease.

Changes in the value of investments are recognised as income and comprise all realised and unrealised profit/ losses during the year.

Fund Account – Expense Items

Benefits Payable

Pensions and lump-sum benefits payable include all amounts known to be due as at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Taxation

The fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Management Expenses

The fund discloses management expenses for administration, oversight and governance, and investment management. The disclosures comply with the CIPFA guidance 'Accounting for Local Government Pension Scheme Management Expenses (2016)'.

All staff costs of the pensions administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

All staff costs associated with governance and oversight are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by investment managers, these expenses are shown separately in Note 10A and grossed up to increase the change in value of investments.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

Net Assets Statement

Investments

Equities traded through the Stock Exchange Electronic Trading Service (SETS) are valued at bid price. Other quoted securities and financial futures are valued at the last traded price. Private equity investments and unquoted securities are valued by the fund managers at the year-end bid price, or if unavailable in accordance with generally accepted guidelines. Accrued interest is excluded from the market value of fixed interest securities and index-linked securities but is included in investment income receivable.

Pooled Investment Vehicle units are valued at either the closing bid prices or the closing single price reported by the relevant investment managers, which reflect the accepted market value of the underlying assets.

Private equity, global infrastructure and hedge fund valuations are based on valuations provided by the managers at the year-end date. If valuations at the year-end are not produced by the manager, the latest available valuation is adjusted for cash flows in the intervening period.

Property investments are stated at open market value based on an expert valuation provided by a RICS registered valuer and in accordance with RICS guidelines.

Options are valued at their mark to market value. Forward foreign exchange contracts outstanding at the year-end are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract. The investment reconciliation table in Note 12 discloses the forward foreign exchange settled trades as net receipts and payments.

Foreign Currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Income from overseas investments is translated at a rate that is relevant at the time of the receipt of the income or the exchange rate at the year end, whichever comes first.

Surpluses and deficits arising on conversion or translation are dealt with as part of the change in market value of investments.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Financial Assets

Financial Assets classes as amortised cost are carried in the net assets statement at amortised cost, i.e. the outstanding principal as at the year-end date.

Financial Liabilities

A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. The fund recognises financial liabilities relating to investment trading at fair value as at the reporting date, and any gains and losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the Change in Value of Investments. Other financial liabilities classed as amortised cost are carried at amortised cost, i.e. the amount carried in the net asset statement is the outstanding principal repayable plus accrued interest.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS26 and relevant actuarial standards. As permitted under the Code, the fund

has opted to disclose the actuarial present value of promised retirement benefits by appending a copy of the report to the Pension Fund Accounts.

Additional Voluntary Contributions

The Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. AVC's are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, but are disclosed for information in Note 26.

Contingent Assets and Contingent Liabilities

A contingent asset arises where an event has taken place giving rise to a plausible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

Directly Held Property

The fund's property portfolio includes a number of directly owned properties which are leased commercially to various tenants. The fund has determined that these contracts all constitute operating lease arrangements under IAS 17 and the Code, and therefore the properties are retained on the net assets statement at fair value. Rental income is recognised in the fund account on a straight-line basis over the life of the lease.

3. Critical Judgements in Applying Accounting Policies

It has not been necessary to make any material critical judgements in applying the accounting policies.

4. Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historic experience, current trends and future expectations, however actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment in the following year are as follows:

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|----------------------------|---|--|
| Private Equity Investments | Private equity investments are valued at fair value. Investments are not publicly listed and as such there is a degree of estimation involved in the valuation. | Private equity investments are valued at £390.9m in the financial statements. It would not be unreasonable for it to move by +/- 5% the value of the investment would increase or decrease by £19.5m |

| Item | Uncertainties | Effect if Actual Results Differ from Assumptions |
|---|---|---|
| Freehold, Leasehold Property and Pooled Property Funds | Valuations techniques are used to determine the carrying amount of pooled property funds and directly held freehold property. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data. | The carrying value of all property held by the fund is £448.5m. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property based investments. If this was under or overstated by 5% the value of the investment would increase or decrease by £22.4m. |
| Pooled Bond and Debt Funds (including Private Debt Funds) | Pooled bond and debt funds are valued on a net asset basis in accordance with each investment managers valuation policy. Where possible these valuation techniques are based on observable market data but where it is not possible management uses the best data available. Private debt funds are valued in accordance with each investment managers valuation policy. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation. | Pooled bond and debt funds are valued at £494.5m in the financial statements. It would not be unreasonable for it to move by +/- 5% the value of the investment would increase or decrease by £24.7m. |
| Infrastructure Investments | Infrastructure funds are valued in accordance with each investment managers valuation policy. Where possible these valuation techniques are based on observable data but where it is not possible management uses the best data available. | Infrastructure funds are valued at £623.7m in the financial statements. It would not be unreasonable for it to move by +/- 5% the value of the investment would increase or decrease by £31.2m. |
| Timberland Investment | Investments are carried at net asset value as determined by the General Partner. In most cases fair value is derived from the audited financial statements provided by an underlying fund manager. In circumstances where audited financial statements are not available, the valuations are then derived from unaudited quarterly reports. | Timberland funds are valued at £116.0m in the financial statements. It would not be unreasonable for it to move by +/- 5% the value of the investment would increase or decrease by £5.8m |
| Pooled commodity funds | Pooled commodity funds are valued on a net asset basis in accordance with each investment managers valuation policy. Where possible these valuation techniques are based on observable market data but where it is not possible management relies on the best data available | Pooled commodity funds are valued at £17.9m in the financial statements. It would not be unreasonable for it to move by +/- 5% the value of the investment would increase or decrease by £0.9m. |

5. Events after the Reporting Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 29 January 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 (where known). There are no material events after the reporting date that would require an adjustment or additional disclosure to the accounts.

6. Contributions

| 2023/24 £m | | 2024/25 £m |
|---------------|--|---------------|
| | Employers | |
| 222.8 | Normal | 233.9 |
| 6.9 | Deficit Repair | 7.0 |
| 1.5 | Advanced payments for early retirements | 3.3 |
| 2.7 | Additional payments for ill-health retirements | 2.5 |
| | Members | |
| 53.9 | Normal | 56.5 |
| 0.4 | Purchase of additional benefits | 0.3 |
| 288.2 | Total | 303.5 |

Additional payments for early retirements are paid by employers, once calculated and requested by the Fund, to reimburse the Pension Fund for the cost to the Fund of employees who are allowed to retire before their normal retirement age. Additional payments for ill-health retirements are generally paid by the insurance company, where the employer has taken out ill-health insurance and the claim has been accepted as valid.

On occasions employers without ill-health insurance are charged for at least part of the ill-health costs. Purchase of additional benefits by members allows either extra service to be credited on top of any service earned via employment or an additional annual pension amount in cash to be paid following retirement. Termination valuation payments relate to the actuarially assessed deficit within an employer's sub-fund when their last active employee leaves.

The contributions can be analysed by the type of Member Body as follows:

| 2023/24 £m | | 2024/25 £m |
|---------------|-------------------------------|---------------|
| 71.8 | Leicestershire County Council | 75.1 |
| 204.4 | Scheduled bodies | 215.3 |
| 12.0 | Admitted bodies | 13.1 |
| 288.2 | Total | 303.5 |

7. Transfers In

| 2023/24 £m | | 2024/25 £m |
|---------------|--|---------------|
| 8.1 | Individual transfers in from other schemes | 6.8 |
| 8.1 | Total | 6.8 |

8. Benefits

The benefits paid can be analysed as follows: -

By Category:

| 2023/24 | | 2024/25 |
|--------------|--|--------------|
| £m | | £m |
| 163.3 | Pensions | 180.6 |
| 39.2 | Commutation and lump sum retirement benefits | 54.8 |
| 4.3 | Lump sum death grant | 6.4 |
| 206.8 | Total | 241.8 |

By type of Employer:

| 2023/24 | | 2024/25 |
|--------------|-------------------------------|--------------|
| £m | | £m |
| 68.2 | Leicestershire County Council | 76.2 |
| 130.5 | Scheduled bodies | 155.7 |
| 8.1 | Admitted bodies | 9.9 |
| 206.8 | Total | 241.8 |

9. Payments to and on Account of Leavers

| 2023/24 | | 2024/25 |
|-------------|---------------------------------------|-------------|
| £m | | £m |
| 1.0 | Refunds to members leaving the scheme | 1.7 |
| 15.0 | Individual transfers to other schemes | 19.2 |
| 16.1 | Total | 20.9 |

10. Management Expenses

| 2023/24 | | 2024/25 |
|-------------|---|--------------|
| £m | | £m |
| 50.8 | Investment Management Expenses (Note 10A) | 48.1 |
| 2.4 | Pension Scheme Administration Costs | 2.4 |
| 1.2 | Oversight and Governance Expenses | 1.0 |
| 54.4 | Total | 51.5* |

*Includes £3.0m of costs recharged by Leicestershire County Council

10a. Investment Management Expenses

By Investment Type:

| 2024/25 £m | Management Expenses £m | Transactional Costs £m | Performance Related Fees £m | Total £m |
|---------------------------------------|------------------------------|------------------------------|-----------------------------------|-------------|
| Equities | 0.4 | 0.1 | 0 | 0.5 |
| Government Bonds | 0.5 | 0.1 | 0 | 0.6 |
| Index-linked securities | 0.3 | 0.5 | 0 | 0.8 |
| Pooled Investment Vehicles | 25.8 | 5.8 | 6.4 | 38.0 |
| Pooled property funds | 5.3 | 2.3 | 0 | 7.6 |
| Properties | 0.4 | 0 | 0 | 0.4 |
| Cash and currency & other balances | 0.3 | 0 | 0 | 0.3 |
| Total | 32.9 | 8.8 | 6.4 | 48.1 |

| 2023/24 £m | Management Expenses £m | Transactional Costs £m | Performance Related Fees £m | Total £m |
|---------------------------------------|------------------------------|------------------------------|-----------------------------------|-------------|
| Equities | 0.2 | 0 | 0 | 0.2 |
| Government Bonds | 0.4 | 0.1 | 0 | 0.5 |
| Index-linked securities | 0.3 | (0.2) | 0 | 0.1 |
| Pooled Investment Vehicles | 22.7 | 10.4 | 9.3 | 42.4 |
| Pooled property funds | 3.7 | 3.0 | 0 | 6.7 |
| Properties | 0.3 | 0 | 0 | 0.3 |
| Cash and currency & other balances | 0.7 | 0 | 0 | 0.7 |
| Total | 28.3 | 13.3 | 9.3 | 50.9 |

11. Investment Income

| 2023/24 £m | | 2024/25 £m |
|---------------|--|---------------|
| 0.5 | Dividends from equities | 1.2 |
| 0.9 | Income from Government Bonds | 0.8 |
| 1.5 | Income from index-linked securities | 2.3 |
| 50.3 | Income from pooled investment vehicles | 84.1 |
| 3.6 | Net rents from properties | 5.0 |
| 19.2 | Interest on cash or cash equivalents | 26.2 |
| (0.6) | Net Currency Profit / (Loss) | (2.1) |
| 75.5 | Total | 117.6 |

11a. Property Income

| 2023/24 £m | | 2024/25 £m |
|---------------|--|---------------|
| 6.9 (3.4) | Rental income Direct operating expenses | 6.0 (1.1) |
| 3.6 | Total | 5.0 |

No contingent rents have been recognised as income during the period.

12. Investments

| | Value at 1 April 2024 £m | Purchases at Cost and Derivative Payments £m | Sales Proceeds and Derivative Receipts £m | Change In Market Value £m | Value at 31 March 2025 £m |
|---|-----------------------------------|--|---|---------------------------------|------------------------------------|
| Equities | 24.1 | 50.5 | (29.0) | 1.9 | 47.5 |
| Government Bonds | 53.7 | 124.8 | (124.0) | (0.1) | 54.5 |
| Index-linked securities | 250.9 | 209.3 | (208.6) | (22.3) | 229.3 |
| Pooled investment vehicles | 5,436.7 | 514.5 | (569.9) | 201.7 | 5,583.0 |
| Properties | 96.0 | 0 | 0 | (5.6) | 90.4 |
| Derivatives contracts | 0.4 | 0.8 | (19.8) | 15.9 | (2.6) |
| Cash and currency & other investment balances | 513.2 | 167.7 | 0 | 0.9 | 681.8 |
| Total | 6,374.9 | 1,067.7 | (951.2) | 192.5 | 6,683.8 |

| | Value at 1 April 2023 £m | Purchases at Cost and Derivative Payments £m | Sales Proceeds and Derivative Receipts £m | Change In Market Value £m | Value at 31 March 2024 £m |
|---|-----------------------------------|--|---|---------------------------------|------------------------------------|
| Equities | 20.9 | 19.2 | (16.9) | 0.9 | 24.1 |
| Government Bonds | 23.5 | 70.4 | (41.1) | 0.9 | 53.7 |
| Index-linked securities | 265.1 | 114.2 | (111.2) | (17.2) | 250.9 |
| Pooled investment vehicles | 5,206.9 | 1,653.0 | (1,953.0) | 529.7 | 5,436.7 |
| Properties | 101.8 | 0.4 | 0 | (6.2) | 96.0 |
| Derivatives contracts | 2.7 | 0 | (18.7) | 16.5 | 0.4 |
| Cash and currency & other investment balances | 130.4 | 384.7 | 0 | (1.8) | 513.2 |
| Total | 5,751.3 | 2,241.9 | (2,141.0) | 522.7 | 6,374.9 |

The change in the value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

The Fund has the following investments which exceed 5% of the total net value of assets:

| 2023/24 £m | | 2024/25 £m |
|----------------|---|----------------|
| 811.6 | LGPS Central – All World Equity Climate Multi Factor Fund | 843.3 |
| 636.3 | LGPS Central - Global Equity Active Multi Manager Fund | 783.1 |
| 349.5 | LGPS Central – Multi Asset Credit Multi Manager Fund | 426.0 |
| 701.4 | Legal and General All World Equity Index | 735.8 |
| 391.1 | Internally Managed Cash Balances | 557.1 |
| 2,889.9 | Total | 3,345.3 |

| 2023/24 £m | | 2024/25 £m |
|----------------|---|----------------|
| | <i>Equities</i> | |
| 8.4 | UK quoted | 15.8 |
| 1.3 | UK unquoted | 1.3 |
| 14.4 | Overseas quoted | 30.4 |
| 24.1 | | 47.5 |
| | <i>Government Bonds</i> | |
| 0.7 | UK Government Unquoted | 0.7 |
| 53.0 | Overseas Quoted | 53.8 |
| 53.7 | | 54.5 |
| | <i>Index Linked Securities</i> | |
| 250.9 | UK quoted | 229.3 |
| 250.9 | | 229.3 |
| | <i>Pooled investment vehicles (unquoted)</i> | |
| 315.1 | Property funds | 358.1 |
| 411.0 | Private equity | 390.9 |
| 1,177.2 | Bond and debt funds | 1,176.7 |
| 2,705.1 | Equity-based funds | 2,758.3 |
| 21.9 | Commodity-based funds | 17.9 |
| 124.8 | Timberland fund | 116.0 |
| 11.1 | Protection fund | 9.9 |
| 126.2 | Targeted return fund | 131.6 |
| 544.3 | Infrastructure fund | 623.7 |
| 5,436.7 | | 5,583.0 |
| 96.0 | Properties UK (Note 14) | 90.4 |
| 511.7 | Cash and currency | 680.7 |
| | <i>Derivatives contracts</i> | |
| 2.4 | Forward foreign exchange assets | 1.0 |
| (2.1) | Forward foreign exchange liabilities | (3.6) |
| 0.4 | Sterling Denominated | (2.6) |
| 1.5 | Other Investment Balances | 1.1 |
| 6,374.9 | Total Investments | 6,683.8 |

13. Derivatives

The Fund holds derivatives for a number of different reasons. Forward foreign exchange contracts are held to benefit from expected changes in the value of currencies relative to each other. Futures can be held to gain full economic exposure to markets without the requirement to make a full cash investment and can be held to ensure that the Fund's exposures are run efficiently. Options are generally used to express an investment view but can give a much higher economic exposure than is required to be paid for the options – they also ensure that the potential loss is limited to the amount paid for the option.

Forward Foreign Exchange Contracts

All forward foreign exchange contracts are classed as 'Over the Counter' and at the year end the net exposure to forward foreign exchange contracts can be summarised as follows:

| Settlement | Currency Bought | Local Value Millions | Currency Sold | Local Value Millions | Asset Value £m | Liability Value £m |
|---|-----------------|----------------------|---------------|----------------------|----------------|--------------------|
| Within 1 Month | GBP | 24.8 | EUR | 29.5 | 0.1 | 0 |
| | GBP | 15.0 | USD | 18.6 | 0.6 | 0 |
| | GBP | 4.4 | AUD | 8.9 | 0.2 | 0 |
| | GBP | 0.6 | JPY | 113.6 | 0 | 0 |
| | GBP | 0.3 | EUR | 0.3 | 0 | 0 |
| 1 - 3 Months | GBP | 12.0 | CAD | 12.1 | 0 | 0 |
| | GBP | 128.4 | EUR | 128.4 | 0 | 0 |
| | GBP | 16.7 | TWD | 16.6 | 0 | 0 |
| | GBP | 21.6 | CNY | 21.5 | 0.1 | 0 |
| | GBP | 3.5 | HKD | 3.5 | 0 | 0 |
| | GBP | 3.9 | SEK | 3.9 | 0 | (0.1) |
| | GBP | 37.6 | CHF | 37.6 | 0 | 0 |
| | GBP | 775.4 | USD | 778.7 | 0 | (3.3) |
| | EUR | 3.0 | GBP | 2.6 | 0 | 0 |
| | USD | 101.9 | GBP | 78.7 | 0 | (0.2) |
| Open forward currency contracts at 31 March 2025 | | | | | 1.0 | (3.6) |
| Net forward currency contracts at 31 March 2025 | | | | | (2.6) | |

Prior Period Comparison:

| | | |
|---|------------|--------------|
| Open forward currency contracts at 31 March 2024 | 2.4 | (2.1) |
| Net forward currency contracts at 31 March 2024 | 0.4 | |

14. Property Investments

| 31 March 2024 £m | | 31 March 2025 £m |
|---------------------|---|---------------------|
| 80.5 | Freehold | 79.0 |
| 10.8 | Long Leasehold (over 50 years unexpired) | 6.6 |
| 4.6 | Medium/Short Leasehold (under 50 years unexpired) | 4.8 |
| 96.0 | Total | 90.4 |

All properties, with the exception of the Fund's farm investment, were valued on an open market basis by Savills (UK) Ltd at 31st March 2025. The Fund's farm was valued on an open market basis by James Forman of Leicestershire County Council. All of the Valuers are Members of the Royal Institute of Chartered Surveyors.

14a Property Holdings

| 31 March 2024 | | 31 March 2025 |
|---------------|---|---------------|
| | £m | £m |
| 101.8 | Opening Balance | 96.0 |
| | Additions: | |
| 0.4 | Subsequent Expenditure | 0 |
| (6.2) | Net increase/(decrease) in market Value | (5.6) |
| 96.0 | Total | 90.4 |

15. Current Assets and Liabilities

| 2023/24 | | 2024/25 |
|--------------|---|---------------|
| | £m | £m |
| 20.3 | Contributions due from employers | 21.5 |
| 3.4 | Other Debtors | 3.3 |
| 1.1 | Cash Balances | 1.7 |
| 24.8 | Current assets | 26.5 |
| (2.6) | Due to Leicestershire County Council | (3.0) |
| (0.9) | Fund Management Fees Outstanding | (1.1) |
| (4.7) | Other Creditors | (8.7) |
| (8.2) | Current liabilities | (12.8) |
| 16.6 | Net current assets and liabilities | 13.7 |

16. Analysis of Investments by Manager

The Fund employs external investment managers to manage all of its investments apart from an amount of cash and a farm property, which are managed by Leicestershire County Council. This structure ensures that the total Fund performance is not overly influenced by the performance of any one manager.

The market value of investments in the hands of each manager is shown in the table below:-

| 31 March 2024 | | | 31 March 2025 | | |
|--|--------------|---|----------------|--------------|--|
| £m | % | | £m | % | |
| <i>Investments Managed by LGPS Central Pool</i> | | | | | |
| 811.6 | 12.7 | All World Equity Climate Multi Factor Fund | 843.3 | 12.6 | |
| | | Global equities multi-manager fund: | | | |
| 171.7 | 2.7 | <i>Harris</i> | 202.2 | 3.0 | |
| 245.6 | 3.9 | <i>Schroders</i> | 250.6 | 3.7 | |
| 219.0 | 3.4 | <i>Union</i> | 214.3 | 3.2 | |
| 0 | 0 | <i>Longview</i> | 116.1 | 1.7 | |
| | | Global Active MAC Multi Manager Fund | | | |
| 172.3 | 2.7 | <i>Western Asset Management</i> | 210.5 | 3.1 | |
| 177.2 | 2.8 | <i>CTI</i> | 215.6 | 3.2 | |
| | | Global Active Investment Grade Corporate Bond MMF | | | |
| 79.7 | 1.3 | <i>Neuberger Berman</i> | 95.5 | 1.4 | |
| 79.5 | 1.2 | <i>Fidelity</i> | 96.5 | 1.4 | |
| 184.6 | 3.0 | Emerging market equities multi-manager funds | 0 | 0 | |
| 63.2 | 1.0 | Global Active Emerging Market Bond MMF | 0 | 0 | |
| 134.8 | 2.1 | LGPSC Credit Partnership I LP | 35.8 | 0.5 | |
| 81.5 | 1.3 | LGPS Central Core/Core Plus Infrastructure Partnership LP | 143.9 | 2.2 | |
| 0 | 0 | LGPS Central Infrastructure Value Opportunistic | 2.8 | 0 | |
| 53.3 | 0.8 | LGPSC Credit Partnership IV LP | 63.9 | 1.0 | |
| 33.3 | 0.5 | LGPSC Credit Partnership II LP | 158.1 | 2.4 | |
| 9.0 | 0.1 | LGPS Central PE Primary Partnership 2018 LP | 9.0 | 0.1 | |
| 4.8 | 0.1 | LGPS Central PE Primary Partnership 2021 LP | 11.7 | 0.2 | |
| 0 | 0 | LGPS Central PE Primary Partnership 2023 LP | 6.1 | 1.1 | |
| 49.1 | 0.8 | LGPS Central UK Direct Property Fund | 68.1 | 1.0 | |
| 0 | 0 | LGPS Direct Property Portfolio | 87.6 | 1.3 | |
| 2,570.3 | 40.4 | Sub Total | 2831.3 | 42.4 | |
| <i>Investments Managed outside of Pool</i> | | | | | |
| 1,063.4 | 16.9 | Legal & General Investment Management Limited | 1,122.8 | 16.8 | |
| 397.4 | 6.1 | Internally Managed | 563.0 | 8.4 | |
| 371.5 | 5.8 | Adams Street Partners L.P. | 348.5 | 5.2 | |
| 346.6 | 5.4 | Aegon Asset Management Limited | 333.0 | 5.0 | |
| 242.5 | 3.9 | LaSalle Limited | 273.4 | 4.1 | |
| 200.1 | 3.1 | Partners Group Limited | 123.8 | 1.9 | |
| 172.9 | 2.7 | Ruffer LLP | 199.9 | 3.0 | |
| 168.8 | 2.6 | JP Morgan Asset Management (UK) Limited | 168.9 | 2.5 | |
| 161.2 | 2.5 | IFM Investors (UK) Ltd | 169.9 | 2.5 | |
| 126.2 | 2.0 | Fulcrum Asset Management | 131.6 | 2.0 | |
| 124.8 | 2.0 | Stafford Capital Partners Limited | 116.1 | 1.7 | |
| 108.2 | 1.6 | Colliers Capital UK Limited | 0 | 0 | |
| 65.6 | 1.1 | Cristofferson, Robb & Company Ltd | 57.3 | 0.9 | |
| 52.1 | 0.8 | Quinbrook | 76.5 | 1.1 | |
| 50.1 | 0.8 | DTZ Investment Management | 49.9 | 0.7 | |
| 49.2 | 0.7 | Kravis Kohlberg Roberts & Co. Ltd | 41.8 | 0.6 | |
| 47.1 | 0.7 | M&G | 40.3 | 0.6 | |
| 31.5 | 0.5 | Infracapital | 19.9 | 0.3 | |
| 24.4 | 0.4 | Aberdeen Standard Life Limited | 14.6 | 0.2 | |
| 1.2 | 0 | Catapult Venture Managers Limited | 0.9 | 0 | |
| 0 | 0 | <i>Van Lanschot Kempen</i> | 0.2 | 0 | |
| 3,804.8 | 59.6 | Sub Total | 3,852.3 | 57.5 | |
| 6,375.0 | 100.0 | Grand Total | 6,683.8 | 100.0 | |

17. Custody of Assets

All the Fund's directly held assets are held by external custodians and are therefore not at risk from the financial failure of any of the Fund's investment managers. Most of the pooled investment funds are registered with administrators that are independent of the investment manager.

18. Operation and Management of fund

Details of how the Fund is administered and managed are included in the Pension Fund Annual Report.

19. Employing bodies and fund members

A full list of all bodies that have active members within the Fund is included in the Pensions fund annual report available from the fund website.

20. Fair value – basis of valuation

Unquoted equities in LGPS Central asset pool are valued at cost, as an appropriate estimate of fair value. All other investments are held at fair value in accordance with the requirements of the Code and IFRS 13. The valuation bases are set out below. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. There has been no change in the valuation techniques used during the year.

| Description of Asset | Valuation Hierarchy | Basis of valuation | Observable and unobservable inputs | Key sensitivities affecting valuations provided |
|---|---------------------|---|---|--|
| Market quoted Investments (equities and bonds) | Level 1 | Published bid market price ruling on final day of the accounting period | Not required | Not required |
| Market quoted pooled funds | Level 1 | Closing bid price or closing single price at reporting date | Not required | Not required |
| Forward foreign exchange contracts | Level 1 | Market forward exchange rates at reporting date | Not required | Not required |
| Pooled investment vehicles | Level 2 | Fair value based on the weekly market quoted prices of the respective underlying securities | When considering the fair value of assets which are not at the reporting date, the price of a recent transaction for an identical asset provides evidence of fair value | Not Required |
| Unquoted Equity (including Private Equity, Infrastructure and Timberland) | Level 3 | Value is based on the latest investor reports and financial statements provided by the fund managers of the underlying funds, adjusted for transactions arising after the date of such reports. | Earnings before interest, tax, depreciation, and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability. | Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts. |

| | | | | |
|---|---------|--|--|---|
| Private Debt | Level 3 | Valued at fair value in accordance with International Valuation Standards and investment managers valuation policy | Comparable valuation of similar assets, EBITDA multiple, Revenue multiple, Discounted cash flows, Enterprise value estimation | Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts. |
| Pooled investment vehicles (including targeted return funds, commodity funds and pooled property funds) | Level 3 | Stated at bid price quoted or closing single market price | Net asset value (NAV) based pricing set on a forward pricing basis. | Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts of the underlying assets. |
| Freehold and Leasehold Property | Level 3 | Stated at open market value based on expert valuation provided by a RICS registered Valuer and in accordance with RICS guidelines. | Existing lease terms and rentals, independent market research, tenant covenant strength, estimated vacancy levels, estimated rental growth, discount rate. | Significant changes in rental growth, vacancy levels or discount rate could affect valuations |

Sensitivity of assets valued at Level 3

The table below details the Fund's review of financial information as provided by independent advisors. The valuation methods detailed above are likely to be accurate to within the ranges and, as set out below, the consequent potential impact on the closing value of investments at 31 March 2025 and 31 March 2024.

| Asset Type | Value at 31 March 2025 £m | Percentage change % | Value on increase £m | Value on decrease £m |
|---|------------------------------|---------------------|----------------------|----------------------|
| Equities | 1.3 | 27 | 1.7 | 0.9 |
| Government Bonds | 0.7 | 5 | 0.7 | 0.7 |
| Pooled Investment Vehicles | | | | |
| - Pooled property funds | 358.1 | 21 | 433.3 | 282.9 |
| - Pooled private equity funds | 390.8 | 27 | 496.3 | 285.3 |
| - Pooled bond and debt funds | 494.5 | 9 | 539.0 | 450.0 |
| - Pooled commodity funds | 17.9 | 19 | 21.3 | 14.5 |
| - Pooled timberland fund | 116.1 | 15 | 133.5 | 98.7 |
| - Pooled infrastructure fund | 623.7 | 15 | 717.3 | 530.1 |
| Properties | 90.5 | 15 | 104.1 | 76.9 |
| Total assets available to pay benefits | 2,093.6 | | 2,447.2 | 1,740.0 |

| Asset Type | Value at 31 March 2024 | Percentage change | Value on increase | | Value on decrease |
|---|---------------------------|----------------------|----------------------|---|----------------------|
| | | | £m | % | |
| Equities | 1.3 | 31 | | | 1.7 |
| Government Bonds | 0.7 | 6 | | | 0.7 |
| Pooled Investment Vehicles | | | | | |
| - Pooled property funds | 315.1 | 21 | 381.3 | | 248.9 |
| - Pooled private equity funds | 410.9 | 31 | 538.3 | | 283.5 |
| - Pooled bond and debt funds | 545.2 | 11 | 605.2 | | 485.2 |
| - Pooled commodity funds | 21.9 | 19 | 26.1 | | 17.7 |
| - Pooled targeted return funds | 0.0 | 8 | 0.0 | | 0.0 |
| - Pooled timberland fund | 124.8 | 14 | 142.3 | | 107.3 |
| - Pooled infrastructure fund | 544.3 | 14 | 620.5 | | 468.1 |
| Properties | 96.0 | 16 | 111.4 | | 80.6 |
| Total assets available to pay benefits | 2,060.2 | | 2,427.5 | | 1,692.9 |

20a. Valuation of financial instruments and non-financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of the information used to determine fair values.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprised quoted equities, quoted fixed interest securities, quoted index-linked securities and quoted pooled investment vehicles where the underlying assets fall into one of these categories.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments, hedge funds and infrastructure, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Leicestershire County Council Pension Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP.

The values of the investment in hedge funds and infrastructure are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

The following tables provide an analysis of the financial and non-financial assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which fair value is observable.

| | Quoted market price | Using observable inputs | With significant unobservable inputs | |
|---|---------------------------|-------------------------------|--|----------------|
| | Level 1 £m | Level 2 £m | Level 3 £m | Total £m |
| Values at 31st March 2025 | | | | |
| Financial and non-financial assets at fair value | 2,779.3 | 1,132.7 | 2,093.6 | 6,005.6 |
| Financial liabilities at fair value | (3.6) | 0.0 | 0.0 | (3.6) |
| Net financial and non-financial assets carried at fair value | 2,775.7 | 1,132.7 | 2,093.6 | 6,002.0 |

The above table excludes cash and cash equivalents of £680.7m and other investment balances of £1.1m which are carried at amortised cost.

| | Quoted market price | Using observable inputs | With significant unobservable inputs | |
|---|---------------------------|-------------------------------|--|----------------|
| | Level 1 £m | Level 2 £m | Level 3 £m | Total £m |
| Values at 31st March 2024 | | | | |
| Financial and non-financial assets at fair value | 2,729.3 | 1,074.5 | 2,060.2 | 5,864.0 |
| Financial liabilities at fair value | (2.0) | 0 | 0 | (2.0) |
| Net financial and non-financial assets carried at fair value | 2,727.3 | 1,074.5 | 2,060.2 | 5,862.0 |

The above table excludes cash and cash equivalents of £511.6m and other investment balances of £1.5m which are carried at amortised cost.

20b. Reconciliation of asset held at level 3

| | Value at 1 April 2024 | Purchases | Sales | Realised gains / (losses) | Unrealised gains or (losses) | Value at 31 March 2025 |
|-------------------------------|-----------------------------|--------------|----------------|---------------------------------|------------------------------------|------------------------------|
| | £m | £m | £m | £m | £m | £m |
| Equities | 1.3 | 0 | 0 | 0 | 0 | 1.3 |
| Government Bonds | 0.7 | 0 | 0 | 0 | 0 | 0.7 |
| Pooled Investment Vehicles | | | | | | |
| - Pooled property funds | 315.1 | 52.9 | (26.7) | 6.0 | 10.8 | 358.1 |
| - Pooled private equity funds | 410.9 | 33.3 | (59.2) | 22.2 | (16.4) | 390.8 |
| - Pooled bond and debt funds | 545.2 | 92.0 | (135.2) | 16.3 | (23.8) | 494.5 |
| - Pooled commodity funds | 21.9 | 16.2 | (16.2) | (6.1) | 2.1 | 17.9 |
| - Pooled timberland funds | 124.8 | 14.0 | (8.9) | 1.4 | (15.2) | 116.1 |
| - Pooled Infrastructure funds | 544.3 | 88.3 | (30.7) | 9.7 | 12.1 | 623.7 |
| Properties | 96.0 | 0 | 0 | 0 | (5.5) | 90.5 |
| Total | 2,060.2 | 296.7 | (276.9) | 49.5 | (35.9) | 2,093.6 |

| | Value at 1 April 2023 | Purchases | Sales | Realised gains / (losses) | Unrealised gains or (losses) | Value at 31 March 2024 |
|--------------------------------|-----------------------------|--------------|----------------|---------------------------------|------------------------------------|------------------------------|
| | £m | £m | £m | £m | £m | £m |
| Equities | 1.3 | 0 | 0 | 0 | 0 | 1.3 |
| Government Bonds | 0.7 | 0 | 0 | 0 | 0 | 0.7 |
| Pooled Investment Vehicles | | | | | | |
| - Pooled property funds | 305.7 | 57.9 | (38.7) | 12.4 | (22.2) | 315.1 |
| - Pooled private equity funds | 423.2 | 26.1 | (51.6) | 29.3 | (16.1) | 410.9 |
| - Pooled bond and debt funds | 510.0 | 119.2 | (96.2) | 25.2 | (13.0) | 545.2 |
| - Pooled commodity funds | 21.3 | 20.0 | (20.7) | (1.1) | 2.4 | 21.9 |
| - Pooled targeted return funds | 144.4 | 0 | (148.6) | 4.2 | 0 | 0 |
| - Pooled timberland funds | 126.3 | 0 | (3.1) | 0.8 | 0.8 | 124.8 |
| - Pooled Infrastructure funds | 470.5 | 97.1 | (41.9) | 8.9 | 9.7 | 544.3 |
| Properties | 101.8 | 0.4 | 0 | 0 | (6.2) | 96.0 |
| Total | 2105.2 | 320.7 | (400.8) | 79.7 | (44.6) | 2,060.2 |

21. Classification of Financial Instruments

| Fair value through profit and loss | 2023/24 | | 2024/25 | | | |
|------------------------------------|--------------|--------------------------|--------------------------------|----------------|--------------------------|-------------------------------|
| | £m | Assets at amortised cost | Liabilities at amortised cost | £m | Assets at amortised cost | Liabilities at amortised cost |
| Financial Assets | | | | | | |
| 24.1 | 0 | 0 | Equities | 47.5 | 0 | 0 |
| 53.7 | 0 | 0 | Government Bonds | 54.5 | 0 | 0 |
| 250.9 | 0 | 0 | Index-linked securities | 229.3 | 0 | 0 |
| 5,436.7 | 0 | 0 | Pooled investment vehicles | 5,583.0 | 0 | 0 |
| 2.4 | 0 | 0 | Derivatives contracts | 1.0 | 0 | 0 |
| 0 | 511.7 | 0 | Cash and currency | 0 | 680.7 | 0 |
| 0 | 1.5 | 0 | Sundry debtors and prepayments | 0 | 1.1 | 0 |
| 5,767.8 | 513.2 | 0 | | 5,915.2 | 681.8 | 0 |
| Financial Liabilities | | | | | | |
| (2.1) | 0 | 0 | Derivatives contracts | (3.6) | 0 | 0 |
| 0 | 0 | (6.4) | Sundry Creditors | 0 | 0 | (10.1) |
| (2.1) | 0 | (6.4) | | (3.6) | 0 | (10.1) |

The value of debtors and creditors reported in the Notes to the Statement of Accounts are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and Notes include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors. The following gains and losses are recognised in the Fund Account:

| 2023/24 | 2024/25 | |
|------------------------------|------------------------------------|--------------|
| | £m | £m |
| Financial Assets | | |
| 532.9 | Fair value through profit and loss | 200.8 |
| Financial Liabilities | | |
| (2.1) | Fair value through profit and loss | (3.6) |
| 530.8 | Total | 197.2 |

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements. The fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

22. External Audit Fee

| 2023/24 | | 2024/25 |
|---------------|--------------------------------------|---------------|
| £ | | £ |
| 95,123 | Payable in respect of external audit | 98,470 |
| 95,123 | Total | 98,470 |

23. Nature and Extent of Risks Arising from Financial Instruments

Risk and risk management

The Fund's primary long-term risk is that the Fund's assets will fall short of its liabilities (i.e. the promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the Fund's required cash flows. These investment risks are managed as part of the overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with Leicestershire County Council's Local Pension Committee (formerly called the Pension Fund Management Board).

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, Leicestershire County Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks via an annual strategy review which ensures that market risk remains within acceptable levels. On occasion equity futures contracts and exchange traded option contracts on individual securities may be used to manage market risk on investments, and in exceptional circumstances over-the-counter derivative contracts may be used to manage specific aspects of market risk.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such investments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. For all investments held by the Fund, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure that it is within the limits specified in the Fund's investment strategy.

Other price risk – sensitivity analysis

Following analysis of historic data and expected investment return movement during the financial year, in consultation with the Fund's investment advisors, Leicestershire County Council has determined that the following movements in market prices risk are reasonably possible for the 2024/25 reporting period:

| Asset type | Potential market movements (+/-) |
|--|----------------------------------|
| Index Linked Gilts (medium) | 7% |
| Fixed Interest Gilts (medium) | 5% |
| Private equity | 27% |
| Property | 15% |
| Commodities | 19% |
| Global Distressed Debt | 14% |
| Emerging Markets Equity Unhedged | 24% |
| Unlisted Infrastructure Equity | 15% |
| Diversified Growth Fund (medium equity beta) | 9% |
| Multi Asset Credit (sub inv grade) | 6% |
| All World Equity GBP Unhedged | 18% |
| Direct Lending (Private Debt) GBP Hedged | 9% |
| Corporate Short AA Low | 4% |
| Corporate Medium BBB | 8% |
| Asia-Pacific Equity Hedged | 19% |
| European Equity Hedged | 18% |
| US Equity Hedged | 19% |
| Japan Equity Hedged | 18% |
| UK REITs GBP | 21% |

The potential price changes disclosed above are broadly consistent with one-standard deviation movement in the value of assets. The sensitivities are consistent with the assumptions contained in the annual strategy review and the analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund's investments increased/decreased in line with the above, the change in net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown in the second table):

| Asset Type | Value at 31 | Percentage | Value on | Value on |
|---|----------------|------------|----------------|----------------|
| | March 2025 | change | increase | decrease |
| | £m | % | £m | £m |
| UK equities | 17.1 | 18% | 20.2 | 14.0 |
| Overseas equities | 30.4 | 18% | 35.9 | 24.9 |
| UK Corporate Bonds | 0.7 | 7% | 0.7 | 0.7 |
| Global Government Bonds | 283.1 | 7% | 301.8 | 264.4 |
| Pooled property funds | 358.1 | 21% | 433.3 | 282.9 |
| Pooled private equity funds | 390.8 | 27% | 496.3 | 285.3 |
| Pooled bond and debt funds | 1,176.6 | 8% | 1,266.1 | 1,087.1 |
| Pooled Protection funds | 9.9 | 9% | 10.8 | 9.0 |
| Pooled equity funds | 2,758.1 | 18% | 3,254.6 | 2,261.6 |
| Pooled commodity funds | 17.9 | 19% | 21.3 | 14.5 |
| Pooled targeted return funds | 131.6 | 9% | 143.4 | 119.8 |
| Pooled timberland fund | 116.1 | 15% | 133.5 | 98.7 |
| Pooled infrastructure fund | 623.7 | 15% | 717.3 | 530.1 |
| UK property | 90.5 | 15% | 104.1 | 76.9 |
| Cash and currency | 680.7 | 0% | 680.7 | 680.7 |
| Other investment balances, current assets and current liabilities | (1.5) | 0% | (1.5) | (1.5) |
| Total assets available to pay benefits | 6,683.8 | | 7,618.6 | 5,749.1 |

| Asset Type | Value at 31 | Percentage | Value on | Value on |
|---|----------------|------------|----------------|----------------|
| | March 2024 | change | increase | decrease |
| | £m | % | £m | £m |
| UK equities | 9.7 | 16% | 11.3 | 8.1 |
| Overseas equities | 14.4 | 16% | 16.7 | 12.1 |
| UK Corporate Bonds | 0.7 | 7% | 0.7 | 0.7 |
| Global Government Bonds | 303.9 | 7% | 324.6 | 283.2 |
| Pooled property funds | 315.1 | 21% | 381.3 | 248.9 |
| Pooled private equity funds | 410.9 | 31% | 538.3 | 283.5 |
| Pooled bond and debt funds | 1,177.4 | 9% | 1,286.8 | 1,068.0 |
| Pooled Protection funds | 11.1 | 8% | 12.0 | 10.2 |
| Pooled equity funds | 2,705.2 | 16% | 3,151.0 | 2,259.4 |
| Pooled commodity funds | 21.9 | 19% | 26.1 | 17.7 |
| Pooled targeted return funds | 126.2 | 8% | 136.3 | 116.1 |
| Pooled timberland fund | 124.8 | 14% | 142.3 | 107.3 |
| Pooled infrastructure fund | 544.3 | 14% | 620.5 | 468.1 |
| UK property | 96.0 | 16% | 111.4 | 80.6 |
| Cash and currency | 511.6 | 0% | 511.6 | 511.6 |
| Other investment balances, current assets and current liabilities | 1.9 | 0% | 1.9 | 1.9 |
| Total assets available to pay benefits | 6,374.9 | | 7,272.4 | 5,477.3 |

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risk, which represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund is not highly exposed to interest rate risk, but monitoring is carried out to ensure that the exposure is close to the agreed asset allocation benchmark. The Fund's direct exposure to interest rate movements as at 31st March 2025 and 31st March 2024 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

| As at 31 March 2024 | | Asset type | As at 31 March 2025 |
|------------------------|---------------------------|------------|------------------------|
| | | £m | £m |
| 511.6 | Cash and Currency | | 680.7 |
| 303.9 | Fixed interest securities | | 283.1 |
| 815.5 | Total | | 963.8 |

Interest rate sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets to pay benefits. A 1% movement in interest rates (100 BPS) is consistent with the level of sensitivity expected within the Fund's asset allocation strategy and the Fund's investment advisors expect that long-term average rates are expected to move less than 100 BPS from one year to the next and experience suggests that such movements are likely.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates. The analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

| Exposure to interest rate risk | Carrying amount £m | Impact of increase | Impact of decrease |
|------------------------------------|-----------------------|--------------------|--------------------|
| | | +100 BPS £m | -100 BPS £m |
| | | | |
| Cash and Currency | 680.7 | 680.7 | 680.7 |
| Fixed interest securities | 283.1 | 245.1 | 326.1 |
| Total (as at 31 March 2025) | 963.8 | 925.8 | 1,006.8 |

| | | | |
|------------------------------------|-----------------------|--------------------|--------------------|
| Exposure to interest rate risk | Carrying amount £m | Impact of increase | Impact of decrease |
| | | +100 BPS £m | -100 BPS £m |
| | | | |
| Cash and Currency | 511.6 | 511.6 | 511.6 |
| Fixed interest securities | 303.9 | 260.9 | 354.6 |
| Total (as at 31 March 2024) | 815.5 | 772.5 | 866.2 |

Assets exposed to interest rate risk:

| Exposure to interest rate risk | Interest receivable £m | Impact of increase | Impact of decrease |
|--------------------------------|---------------------------|--------------------|--------------------|
| | | +100 BPS £m | -100 BPS £m |
| | | | |
| Cash and Currency | 26.2 | 32.2 | 20.2 |
| Fixed interest securities | 3.1 | 3.1 | 3.1 |
| Total (2024/25) | 29.3 | 35.3 | 23.3 |

| | | | |
|---------------------------|-------------|-------------|-------------|
| Cash and Currency | 19.2 | 22.4 | 16.0 |
| Fixed interest securities | 2.4 | 2.4 | 2.4 |
| Total (2023/24) | 21.6 | 24.8 | 18.4 |

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk in financial instruments that are denominated in any other currency other than sterling. The Fund holds both monetary and non-monetary assets denominated in currencies other than sterling.

The Fund's currency rate risk is actively managed and the neutral position is to hedge 30% of the exposure back to sterling. The table below summarises the Fund's currency exposure if it was unhedged as at 31st March 2024 and as at the previous period end:

| Asset value as at 31 March 2024 £m | Currency exposure – asset type | Asset value as at 31 March 2025 £m |
|--|-------------------------------------|--|
| 14.4 | Overseas equities | 30.4 |
| 25.3 | Overseas government bonds | 50.4 |
| 978.7 | Overseas pooled investment vehicles | 957.3 |
| 39.8 | Overseas cash and currency | 51.1 |
| 1,058.2 | Total overseas assets | 1,089.2 |

Currency Risk – Sensitivity Analysis

Following analysis of historical data in consultation with the Fund's investment advisors, it is considered that the likely volatility associated with foreign exchange rate movements is 6.3% (as measured by one standard deviation).

An 6.3% fluctuation in the currency is considered reasonable based on the Fund advisor's analysis of the long-term historical movements in the month-end exchange rates over a rolling 36-month period. This analysis assumes that all other variables, in particular interest rates, remain constant.

An 6.3% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

| Current exposure – asset type | Asset value as at 31 March 2025 | Change to net assets available to pay benefits | |
|---|---------------------------------------|---|----------------|
| | £m | £m | £m |
| Overseas equities | 30.4 | 32.3 | 28.5 |
| Overseas government bonds | 50.4 | 53.6 | 47.2 |
| Overseas pooled investment vehicles | 957.3 | 1,018.0 | 896.6 |
| Overseas cash and currency | 51.1 | 54.3 | 47.9 |
| Total change in assets available | 1,089.2 | 1,158.2 | 1,020.2 |

| Current exposure – asset type | Asset value as at 31 March 2024 | Change to net assets available to pay benefits | |
|---|---------------------------------------|---|--------------|
| | £m | £m | £m |
| Overseas equities | 14.4 | 15.7 | 13.1 |
| Overseas government bonds | 25.3 | 27.6 | 23.0 |
| Overseas pooled investment vehicles | 978.7 | 1,065.8 | 891.6 |
| Overseas cash and currency | 39.8 | 43.3 | 36.3 |
| Total change in assets available | 1,058.2 | 1,152.4 | 964.0 |

b) Credit Risk

Credit risk represents the risk that the counterparty to a transaction or financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market value of investments generally reflects an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised ratings agency.

Deposits are not made with banks and financial institutions unless they are rated independently and have a high credit rating. Many of the Fund's investment managers use the money market fund run by the Fund's custodian to deposit any cash within their portfolios, although one manager (Kames Capital) lends cash directly to individual counterparties in the London money markets. Any cash held directly by the Fund is deposited in an Aberdeen Standard Life Money Market Fund.

The Fund believes it has managed its exposure to credit risk and has never had any experience of default of uncollectible deposits. The Fund's cash holding at 31st March 2025 was £680.7m (31st March 2024: £511.6m).

c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. All of the Fund's cash holdings are available for immediate access, although on some occasions this will involve withdrawing cash balances from the portfolios of investment managers.

The Fund is allowed to borrow to meet short-term cash flow requirements, although this is an option that is only likely to be used in exceptional circumstances.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert to cash. As at 31st March 2025 the value of illiquid assets (considered to be the Fund's investments in property, hedge funds, private equity, timberland and infrastructure) was £1.6bn, which represented 24% of total Fund assets. (31st March 2024: £1.5bn, which represented 23% of total Fund assets).

The Fund remains cash flow positive for non-investment related items so there is no requirement to produce detailed cash flow forecasts. All investment related cash flows are known about sufficiently far in advance that they can be covered by taking action in a manner that is both cost-effective and in line with the Fund's investment strategy. All financial liabilities at 31st March 2025 are due within one year.

Refinancing Risk

The key risk is that the Fund will be forced to sell a significant proportion of its financial instruments at a time of unfavourable interest rates, but this appears a highly unlikely scenario. The Fund's investment strategy and the structure of its portfolios have sufficient flexibility to ensure that any required sales are considered to be the ones that are in the best financial interests of the Fund at that time. There are no financial instruments that have a refinancing risk as part of the Fund's treasury management and investment strategies.

Securities Lending

The Fund ceased to take part in securities lending activities towards the end of the 2017/18 financial year and there was no stock on loan at 31 March 2025.

Reputational Risk

The Fund's prudent approach to the collective risks listed above and through best practice in corporate governance ensures that reputational risk is kept to a minimum.

24. Related Party Transactions

Leicestershire County Council (LCC) is the administering authority for the Local Government Pension Scheme (LGPS) within Leicestershire and is one of the major employers within the scheme. Information regarding key management personnel is provided within the main accounts of Leicestershire County Council. Members and officers of the Council involved in managing the Fund are allowed to be members of the LGPS. All transactions between Leicestershire County Council and the Fund and all benefit payments from the Fund are in accordance with the regulations governing the LGPS. There are no transactions therefore that are made on a different basis from those with non-related parties.

During the reporting period LCC incurred costs of £3.0m in relation to administration and management of the Fund, the full amount has been recharged to the Fund, and is recognised in the expenses outlined in note 10 above. As at the 31 March 2025 £3.0m of this was a creditor balance in the Fund accounts. Contributions of £75.1m were receivable from LCC during 2024/25 (£71.8m 2023/24) of which £5.7m was still outstanding at 31 March 2025 (£5.6m at 31 March 2024).

LGPS Central Ltd has been established to manage, on a pooled basis, investment assets of nine Local Government Pension Schemes across the Midlands. It is jointly owned in equal amounts by the eight Administering Authorities participating in the Pool. £1.3m is invested in the share capital and £0.7m in a corporate bond with LGPS Central Ltd. During 2024/25 a total of £1.2m (£1.7m 2023/24) was payable to LGPS Central Ltd for governance, operator and product development fees. Of these £0.3m was a creditor balance at the year end. As at 31 March 2025, £2.8bn of LCC LGPS investments were managed by LGPS Central Ltd (£2.6bn as at 31 March 2024).

25. Contingent Liabilities and Contractual Commitments

When a member has left the Pension Fund before accruing sufficient service to qualify for a benefit from the scheme, they may choose either a refund of contributions or a transfer value to another pension fund. There are a significant number of these leavers who have not taken either of these options and as their ultimate choice is unknown, it is not possible to reliably estimate a liability. The impact of these 'frozen refunds' has, however, been considered in the calculation of the actuarial liabilities of the fund.

If all of these individuals choose to take a refund of contributions the cost to the Fund will be around £3m, although the statutory requirement of the Fund to pay interest to some members would increase this figure. Should all of the members opt to transfer to another scheme the cost will be considerably higher.

At 31st March 2025, the Fund had the following contractual commitments: -

| | 31-Mar-24 £m | 31-Mar-25 £m |
|---|-----------------|-----------------|
| Patria (formerly Aberdeen Standard Life Capital SOF III) | 8.4 | 7.5 |
| Adams Street Partners L.P. | 69.8 | 125.6 |
| Infracapital Greenfield Partners I Fund | 1.8 | 0.7 |
| M & G Debt Opportunities Funds IV | 0.8 | 1.9 |
| KKR Global Infrastructure | 7.2 | 6.0 |
| Stafford International Timberland & Carbon Offset Funds | 53.3 | 38.3 |
| LGPS Central PE Primary Partnership 2018 LP | 1.8 | 1.5 |
| LGPSC Credit Partnership IV | 60.8 | 47.1 |
| LGPSC Credit Partnership II LP | 106.8 | 83.0 |
| LGPSC Credit Partnership I LP | 29.1 | 27.7 |
| LGPS Central Core/Core Plus Infrastructure Partnership LP | 52.9 | 96.4 |
| LGPS Central PE Primary Partnership 2021 LP | 24.9 | 19.3 |
| LGPS Central PE Primary Partnership 2023 LP | 40.0 | 73.7 |
| LGPS Central UK Direct Property | 69.3 | 51.0 |
| LGPS Central Value Add /Opp Infrastructure Partnership | 0.0 | 27.2 |
| LGPS Central Low Return 23/24 | 0.0 | 180.0 |
| LGPS Central Real assets 23/24 | 0.0 | 100.0 |
| CRC Capital Release Fund VI | 0.0 | 32.0 |
| Quinbrook Infrastructure Partners | 46.9 | 30.9 |
| Partners Group Multi Asset Credit VI and VII | 11.7 | 9.5 |
| Total | 585.5 | 959.5 |

The fund is aware of the 'Virgin Media Ltd v NTL Pension Trustees II Ltd (and others)' case and considers that there is potential for the outcome of this case to have an impact on Leicestershire County Council Pension Fund. The case 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 due to the absence of this written actuarial confirmation. The case was taken to the Court of Appeal, and the original ruling was upheld in July 2024.

As a result, there may be a further liability to the Employer's share of Leicestershire County Council Pension Fund for benefits that were reduced by previous amendments, if those amendments prove invalid. The Government Actuary's Department bulletin in November 2024 states that HM Treasury does not believe the Virgin Media Case expressly addresses whether confirmation is required for public service pension schemes. Their view is that the relevant amendments in the LGPS would have been made by legislation and therefore would remain valid until revoked or

repealed by subsequent legislation or declared void by a court. At this point, it is therefore not possible to estimate the potential impact, if any, on Leicestershire County Council Pension Fund.

The Government will therefore introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards. On 2nd September 2025, the Government published amendments to the Pension Schemes Bill to allow the retrospective validation of amendments which may have otherwise been invalid, this followed the Court of Appeal's decision in the Virgin Media case.

25a. Key Management Personnel

The fund has identified the Director of Corporate Resources (LCC) and the Assistant Director Finance, Strategic Property and Commissioning (LCC) as key management personnel with the authority and responsibility to control or exercise significant influence over the financial and reporting decisions of the fund. The combined compensation for these officers attributable to Leicestershire County Council Pension Fund is shown below:

| 2023/24 | | 2024/25 | |
|-------------|-----------------------|-------------|--|
| £000s | | £000s | |
| 27.1 | Short-term benefits | 27.2 | |
| 8.0 | Pension contributions | 8.0 | |
| 35.1 | Total | 35.2 | |

26. Additional Voluntary Contributions (AVC's)

The Fund has an arrangement with Prudential whereby additional contributions can be paid to them for investment, with the intention that the accumulated value will be used to purchase additional retirement benefits. AVCs are not included in the pension fund accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. During 2024/25 £3.8m in contributions were paid to Prudential. The capital value of all AVC's at year end 31 March 2025 was £21.7m.

27. Policy Statements

The Fund has a number of policy statements which can be found on the [LPGS website](#). They have not been reproduced within the Accounts, as in combination they are sizeable, and it is not considered that they would add any significant value to most users of the accounts. The Statements are :

Investment Strategy Statement, Administration and Communication Strategy, Funding Strategy Statement.

28. Compliance Statement

Income and other taxes

The Fund has been able to gain either total or partial relief from local taxation on the Fund's investment income from eligible countries. The Fund is exempt from UK Capital Gains and Corporation tax.

Self-investment

There has been no material employer related investment in 2024/25 (or 2023/24). There were occasions on which contributions were paid over by the employer later than the statutory date and these instances are technically classed as self-investment. In no instance were the sums involved material, and neither were they outstanding for long periods.

Calculation of transfer values

There are no discretionary benefits included in the calculation of transfer values.

Pension Increase

All pension increases are made in accordance with the Pensions Increase (Review) Order 1997.

Changes to LGPS

All changes to LGPS are made via the issue of Statutory Instruments by Central Government.

Leicestershire County Council Pension Fund (the Fund) Actuarial Statement for 2024/25

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated February 2023. In summary, the key funding principles are as follows:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants.
- use a balanced investment strategy to meet the regulatory requirement for long-term cost efficiency (where efficiency in this context means to minimise cash contributions from employers in the long term)
- where appropriate, ensure stable employer contribution rates.
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy.
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.
- where appropriate, ensure fairness between employers and between different generations of tax-payers.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 17 years. Asset-liability modelling has been carried out which demonstrate that if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least a 75% likelihood that the Fund will achieve the funding target over 17 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2022. This valuation revealed that the Fund's assets, which at 31 March 2022 were valued at £5,790 million, were sufficient to meet 105% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2022 valuation was £283 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2023 to 31 March 2026 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2022 valuation report and FSS.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2022 valuation were as follows:

| Financial assumptions | 31 March 2022 |
|-----------------------------------|---------------|
| Discount rate | 4.4% pa |
| Salary increase assumption | 3.4% pa |
| Benefit increase assumption (CPI) | 2.9% pa |

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long-term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

| | Males | Females |
|--------------------|------------|------------|
| Current Pensioners | 21.5 years | 24.4 years |
| Future Pensioners* | 22.3 years | 25.9 years |

*Aged 45 at the 2022 Valuation.

Copies of the 2022 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

Experience over the period since 31 March 2022

Markets were disrupted by the ongoing war in Ukraine and inflationary pressures in 2022 and 2023, impacting on investment returns achieved by the Fund's assets. Asset performance improved in 2024 and early 2025, however the recent increase in US tariffs on imports has caused significant market volatility. The peak of this market volatility was experienced immediately after 31 March 2025, however, generally lower than expected asset returns were experienced in the month immediately prior to this.

High levels of inflation in the UK (compared to recent experience) have resulted in higher than expected LGPS benefit increases of 10.1% in April 2023 and 6.7% in April 2024. However, inflation has reduced towards historical levels and the Bank of England's target (2% pa), with LGPS benefits increasing by 1.7% in April 2025.

There has been a significant shift in the wider economic environment since 2022, resulting in generally higher expected future investment returns and a reduction in the value placed on the Fund's liabilities. Overall, the funding position is likely to be stronger than at the previous formal valuation at 31 March 2022.

The next actuarial valuation will be carried out as at 31 March 2025, and will be finalised by 31 March 2026. The FSS will also be reviewed at that time, and a revised version will come into effect from 1 April 2026.

Jamie Baxter FFA C.Act

09 May 2025

For and on behalf of Hymans Robertson LLP

Pension Fund Accounts Reporting Requirement

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2024/25 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the Leicestershire County Council Pension Fund ("the Fund").

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19. There are three options for its disclosure in the pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit.
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Fund's funding assumptions.

Present value of promised retirement benefits

| Year ended | 31 March 2025 | 31 March 2024 |
|-----------------------|---------------|---------------|
| Active members (£m) | 2,222 | 2,490 |
| Deferred members (£m) | 903 | 1,087 |
| Pensioners (£m) | 1,963 | 2,249 |
| Total (£m) | 5,088 | 5,826 |

The promised retirement benefits at 31 March 2025 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2022. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2025 and 31 March 2024. I estimate that the impact of the change in financial assumptions to 31 March 2025 is to decrease the actuarial present value by £958m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £12m.

Financial assumptions

| Year ended | 31 March 2025 | 31 March 2024 |
|-----------------------------|---------------|---------------|
| | % p.a. | % p.a. |
| Pension Increase Rate (CPI) | 2.75% | 2.75% |
| Salary Increase Rate | 3.25% | 3.25% |
| Discount Rate | 5.80% | 4.85% |

Demographic assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

| | Males | Females |
|--|------------|------------|
| Current pensioners | 21.0 years | 23.9 years |
| Future pensioners (assumed to be aged 45 at the latest valuation date) | 21.7 years | 25.3 years |

All other demographic assumptions are unchanged from last year and are as per the latest funding valuation of the Fund.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the obligations are set out below:

| Change in assumption at 31 March 2025 | Approximate % increase to promised retirement benefits | Approximate monetary amount (£m) |
|---|--|----------------------------------|
| 0.1% p.a. decrease in the Discount Rate | 2% | 92 |
| 1 year increase in member life expectancy | 4% | 204 |
| 0.1% p.a. increase in the Salary Increase Rate | 0% | 4 |
| 0.1% p.a. increase in the Pension Increase Rate (CPI) | 2% | 88 |

Professional notes

This paper accompanies the 'Accounting Covering Report – 31 March 2025' which identifies the appropriate reliance's and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by: -

Tom Hoare FFA C Act

12 May 2025

For and on behalf of Hymans Robertson LLP

Statement of Responsibilities for Leicestershire County Council Pension Fund

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to:

- Make arrangements for the proper administration of the financial affairs of its Pension Fund and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Corporate Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

THE DIRECTOR OF CORPORATE RESOURCES RESPONSIBILITIES

The Director of Corporate Resources is responsible for the preparation of the Authority's Pension Fund Statement of Accounts in accordance with proper accounting 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 Director of Corporate Resources has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Local Authority Code.
- Kept proper accounting records which were up to date,
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.
- Assessed the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Used the going concern basis of accounting on the assumption that the functions of the Pension Fund will continue in operational existence for the foreseeable future; and
- Maintained 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.

I certify that the above responsibilities have been complied with and the Statement of Accounts herewith presents a true and fair view of the financial position of the Leicestershire County Council Pension Fund as at 31 March 2025 and its income and expenditure for the year ended the same date.

DECLAN KEEGAN
DIRECTOR OF CORPORATE RESOURCES
29 JANUARY 2026

Independent auditor's report to the members of Leicestershire County Council

To follow

Independent auditor's report to the members of Leicestershire County Council on the pension fund financial statements of Leicestershire County Council Pension Fund

To follow

Annual Governance Statement (AGS) 2024-25

1. Introduction

Leicestershire County Council (the Council) is responsible for ensuring that its business is conducted in accordance with prevailing legislation, regulation and government guidance and that proper standards of stewardship, conduct, probity, and professional competence are set and adhered to by all those representing and working for and with the Council. This ensures that the services provided to the people of Leicestershire are properly administered and delivered economically, efficiently, and effectively. In discharging this responsibility, the Council must have in place a solid foundation of good governance and sound financial management.

Regulations 6 (1) (a) and (b) of the Accounts and Audit Regulations 2015 (the Regulations) require each English local authority to conduct a review, at least once a year, of the effectiveness of its system of internal control and approve an annual governance statement (AGS), prepared in accordance with proper practices in relation to internal control. The preparation and publication of an AGS, in accordance with the CIPFA/SOLACE 'Delivering Good Governance in Local Government: Framework' 2016 (the Framework), fulfils the statutory requirement of the Regulations. The AGS encompasses the governance system that applied in both the Authority and any significant group entities (e.g. ESPO, EMSS) during the financial year being reported.

2. What is Corporate Governance?

Corporate Governance is defined as how organisations ensure that they are doing the right things, in the right way, for the right people in a timely, inclusive, open, honest, and accountable manner. The Council's governance framework comprises the systems and processes, cultures, and values by which the Council is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.

The Framework sets the standard for local authority governance in the UK and the Council is committed to the principles of good corporate governance contained in the Framework. The seven principles (A-G) are listed in the Annex. Each principle scored 'Good' meaning conformance against most of the areas of the benchmark is good, although there may be minor developments required but with a limited impact on the ability to achieve departmental and Council objectives. Strategic, reputational and/or financial risks are minor, and performance is generally on track.

The Council has developed, adopted, and continued to maintain a Local Code of Corporate Governance which sets out the way the Council meets the principles outlined in the Framework. [The Code can be found on the LCC internet.](#)

3. Leicestershire's Vision and Outcomes

The County Council's Annual Delivery Report and Performance Compendium 2024 is part of the Council's policy framework and, as such, required the approval of the full County Council at its meeting on 4 December 2024. The documents provide performance data which will help the Council and its partners to ensure services continue to meet standards, provide value for money and that outcomes are being achieved for local people. It is best practice in performance management, and part of the Council's Internal Governance Framework, to undertake a review of overall progress at the end of the year and to benchmark performance against comparable authorities. It is also good practice to produce an annual performance report and ensure that it is scrutinised, transparent, and made publicly available.

The Annual Delivery Report described delivery, progress with implementing agreed plans and strategies, and achievements over the previous 12 months. It largely focused on performance against County Council priorities for community outcomes as set out in its Strategic Plan 2022-26 and other main service strategies. The Report also included information on the financial sustainability and the emergent implications for service demand and outcomes. [The Performance Compendium](#) outlined the inequity in national funding and the Council's Fair Funding proposals, transformation requirements and national and local service pressures, as well as detailed comparative performance metrics.

The Strategic Plan (2022-26), approved by the County Council on 18 May 2022 was refreshed for 2024-26.

4. What the Annual Governance Statement Tells You

The AGS reports on the extent to which the Council has met the requirements of the Local Code of Corporate Governance and the controls it has in place to manage¹ risks of failure in delivering its outcomes. The main aim of the AGS is to provide the reader with confidence that the Council has an effective system of internal control that manages risks to a reasonable level.

The 2024-25 AGS has been constructed by undertaking: -

- A review of the effectiveness of the Council's system of internal control
- Reviewing other forms of assurance
- Action taken on significant governance issues reported in the 2023-24 AGS
- A consideration of any significant governance issues arising during 2024-25
- Future challenges
- Action to Develop Areas Further

5. Review of Effectiveness of the System of Internal Control

To ensure the 2024-25 AGS presents an accurate picture of governance arrangements for the whole Council, each Director was required to complete a 'self-assessment', which provided details of the measures in place within their department to ensure conformance (or otherwise) with the seven core principles of the Local Code of Corporate Governance. Responses were accumulated to provide a high level overview found in the Annex.

A senior officers group met on 5 June 2025 to review the compilation of the AGS. The group comprises

- Director of Law & Governance (the Council's Statutory Monitoring Officer)
- Director of Corporate Resources (the Council's Statutory Chief Financial Officer)
- Head of Democratic Services
- Assistant Chief Executive
- Assistant Director – Finance & Commissioning
- Assistant Director – Corporate Services
- Head of Internal Audit & Assurance Service

The group has previously determined that progressing areas identified for development, should be the responsibility of designated Directors and Heads of Service during 2025-26. A review of progressing the implementation of previous years planned developments will be undertaken. Any previous year's

developments that were not carried forward into 2024-25 or reported through the Corporate Risk Register process will continue to be monitored.

6. Forms of Assurance

The Framework provides examples of policies, systems, and processes that an authority should have in place. Using this guidance, the Council can provide assurance that it has effective governance arrangements. The Council has an approved Local Code of Corporate Governance, and this provides examples of good governance in practice.

The Control Environment of Leicestershire County Council

The Council's Constitution includes Finance and Contract Procedure Rules, and a general Scheme of Delegation to Chief Officers. These translate into key operational internal controls such as: control of access to systems, offices, and assets; segregation of duties; reconciliation of records and accounts; decisions and transactions authorised by nominated officers; and production of suitable financial and operational management information. These controls demonstrate governance structures in place throughout the Council.

Internal Audit Service

The Council's Head of Internal Audit & Assurance Service (HoIAS) ensured that internal audit arrangements conformed to the requirements of the Public Sector Internal Audit Standards (the PSIAS) revised in 2017¹. The PSIAS require an external quality assessment (EQA) every 5 years. An EQA was undertaken in early Spring 2024 and the Assessor concluded that, *'The Leicestershire County Council internal audit service is delivering to a standard that generally conforms (the top rating) with the Public Sector Internal Audit Standards'*. Progress on implementing improvement actions was reported to the Corporate Governance Committee 6 December 2024. The HoIAS also conformed to the governance requirements and core responsibilities of the CIPFA Statement on the Role of the Head of Internal Audit in Public Service Organisations (2019)².

The HoIAS works with the Corporate Management Team to give advice and promote good governance throughout the organisation. The HoIAS leads and directs the Internal Audit Service (IAS) so that it makes a full contribution to and meets the needs of the Authority and external stakeholders, escalating any concerns and giving assurance on the Council's control environment.

There is an Internal Audit Charter (last revised January 2024) mandating the purpose, authority, and responsibility of the internal audit activity. The Charter allows the HoIAS to also be responsible for the administration and development of, and reporting on, the Council's risk management framework. Whilst this does present a potential impairment to independence and objectivity, the HoIAS arranges for any risk management reviews to be overseen by someone outside of the internal audit activity. An independent risk management maturity health check was last undertaken during the autumn of 2018. The next review is planned in the autumn of 2025.

To meet a PSIAS requirement to form an opinion on the overall adequacy and effectiveness of the Council's control environment i.e. its framework of governance, risk management and control, the HoIAS arranges a risk-based plan of audits.

Internal Audit reports often contain recommendations for improvements. The number, type and importance of recommendations determines how the auditor reaches an opinion on the level of assurance that can be given that controls are both suitably designed and are being consistently applied, and that material risks will likely not arise. The combined assessment of individual audit opinions and other assurances gained throughout the year (e.g. involvement in governance groups, attendance at Committees, evaluations of other external assurance provided), facilitate the HoIAS in forming the annual internal audit opinion on the overall adequacy and effectiveness of the Council's control environment.

¹ From 1 April 2025, the PSIAS were replaced by the Global Internal Audit Standards (GIAS) in the UK Public Sector. There is still a requirement to have an EQA every 5 years.

² From 1 April 2025, 'organisational responsibilities' listed in the CIPFA Statement, were replaced by a Code of Practice for the Governance of Internal Audit in UK Local Government.

The HoIAS presented his annual report to Corporate Governance Committee on 23 June 2025 and his opinion read: -

Rationale - The HolAS considers there was sufficient input by LCCIAS across the control environment to be able to give a full opinion. Assurance continued to be supplemented by good relationships with senior management, transparency over reporting significant governance issues in the draft Annual Governance Statement and providing detailed updates to risk positions in the Corporate Risk Register. Currently, six audits either contain high importance (HI) recommendations or a partial assurance rating and were reported in summary to Committee during the year. Because some audits haven't been fully closed there could yet be a few more, lower graded ratings but this will not affect the overall opinion. There was also an increase in the number of reactive investigations which LCCIAS either supported/advised on or led. Whilst these could indicate a weakening control environment, management has continued to accept and respond positively and strongly to LCCIAS recommendations. Nottingham City Internal Audit completed three of its four planned audits of EMSS main financial systems and gave an overall positive opinion.

Opinion - Reasonable assurance is given that the Council's control environment has remained overall adequate and effective during 2024-25.

Risk Management

The Corporate Governance Committee has a responsibility to ensure that an effective risk management system is in place. Risk management is about identifying and managing risks effectively, helping to improve performance and aid decision making relating to the development of services and the transformation of the wider organisation. Regular reports and presentations on specific strategic and corporate risks to the Council are provided to the Corporate Governance Committee.

The Council's Risk Management Policy and Strategy (which provide the framework within which risks can be managed) were reviewed, revised, and approved by the County Council in February 2025. An independent review of the framework is to be scheduled with the Council's new insurers.

Overview and Scrutiny

The cross-party overview and scrutiny function monitors the County Council's financial performance and performance against targets in the Strategic Plan and other related plans on a regular basis. This work is carried out by the Scrutiny Commission and five Overview and Scrutiny Committees which each has responsibility for scrutiny of a particular service area of the Council.

The challenge provided by the overview and scrutiny function has continued to be crucial in shaping Council policy and helping to ensure the delivery of efficient, high-quality services. An annual report which summarised the work undertaken during 2024-25 will be presented to the County Council in July 2025

Corporate Governance Committee

The Corporate Governance Committee is responsible for promoting and maintaining high standards of corporate governance within the Council and receives reports and presentations that deal with issues that are paramount to good governance. Terms of reference for the Committee were revised in December 2024 and have been categorised to more clearly set out the varied roles and functions of the Committee.

With regard to the promotion and maintenance of high standards of conduct by members and co-opted members within the County Council, the decisions and minutes of the Member Conduct Panel which meets as required are available on the internet.

The Monitoring Officer submits an annual report to the Corporate Governance Committee on the operation of the Members' Code of Conduct and arrangements for dealing with complaints.

Since July 2023 there have been four complaints received by the Monitoring Officer under the Members' Code of Conduct. These complaints were resolved as set out below:

- 1 complaint withdrawn / not progressed by complainant;
- 3 complaints resolved informally;

An increase in complaints since the 2024/25 reporting period is identified in the Auditor's Annual Report for 2024-25 and will be addressed as set out in the section on 'Future challenges' below.

During 2024-25 the Committee has provided assurance that: an adequate risk management framework is in place; the Council's performance is properly monitored; internal and external audit is effective and that there is proper oversight of the financial reporting processes.

An annual report which summarises the key business considered by the Committee during 2024-25 was presented at the meeting in June 2025 and presented to County Council in July 2025.

In accordance with CIPFA best practice guidance and following the approval of the County Council in July 2023, two Independent Members are appointed to the Committee. Independent Members are non-elected representatives and as such do not have voting rights but are part of the Committee in an advisory and consultative capacity. Of the 5 committees held in 2024-25 there was only 1 meeting where at least one of the Independent Members didn't attend.

In January 2024, the Committee undertook a self-assessment of good practice against the revised CIPFA Guidance on Audit Committees. The self-assessment provided a high-level review that incorporated the key principles set out in CIPFA's Position Statement: Audit Committees in Local Authorities and Police 2022. The results showed a high degree of performance against the good practice principles and is an indicator that the Committee is soundly based and has in place a knowledgeable membership. These are essential factors in developing an effective audit committee. The results of the self-assessment along with a self evaluation of knowledge and skills, were shared with the new committee prior to its meeting on 23 June 2025. The outcomes will be used to support the planning of the Committee's work plan and training plans during 2025-26.

The Chief Financial Officer (CFO)

The Director of Corporate Resources undertakes the statutory role of the Chief Financial Officer (CFO) for the Council. The CFO conforms to the governance requirements and core responsibilities of two CIPFA Statements on the Role of the Chief Financial Officer; in Local Government (2016) and in the Local Government Pension Scheme (2014). The CFO is a key member of the Corporate Management Team and is able to bring influence to bear on all material business decisions, ensuring that immediate and long-term implications, opportunities, and risks, are fully considered and in alignment with the MTFS and other corporate strategies. The CFO is aware of, and committed to, the five key principles that underpin the role of the CFO.

The Financial Management Code

The CIPFA Financial Management Code translates the principles of good financial management into seven Financial Management Standards. These standards address the aspects of an authority's operations and activities that must function effectively if financial management is to be undertaken robustly and financial sustainability is to be achieved.

The Code does not specify the frequency or the financial year compliance should be reported. The previous (January 2024) updated self-assessment retrospectively gave assurance on compliance at the end of the financial year 2022-23. However, other authorities report at the start of each financial year based on the latest MTFS and the position at the time. The Council has taken the latter approach for the latest assessment. This allows reporting of the Council's most up to date position and of any improvements, where needed. The Internal Audit Service undertook a high-level review of the 2025-26 self-assessment against the Code (as of 1 May 2025), and a copy of the assessment was reported to the Corporate Governance Committee in June 2025. Progress against areas for improvement is monitored by the Assistant Director (Finance, Strategic Property & Commissioning)

Local (External) Audit

The Council's local (external) auditors, Grant Thornton LLP, presented the final findings from their planned audit work 2023-24 to 'those charged with governance' at the Corporate Governance Committee on 6 December 2024.

The Auditor's Annual Report (AAR)

The Auditor's Annual Report (AAR) is a detailed review of the value for money (VfM) arrangements at the Council. The report covered four areas. These were financial sustainability; governance; improving economy, efficiency, and effectiveness and the opinion on the financial statements. Overall, the auditor's report was positive. The external auditor concluded that the Council has a good track record of sound financial management, had strong arrangements in place to manage the financial resilience risks, has a clear and documented governance framework in place that ensures all relevant information is provided and challenged before all major decisions are made. No significant weaknesses were reported. Eight improvement recommendations were made. An action plan tracker has been devised and is being monitored. Some

recommendations have been implemented

Opinion on the Financial Statements

The auditor gave an 'unqualified' opinion on the 2023-24 financial statements for the County Council and its Pension Fund on 24 January 2025 meaning that the external auditor is satisfied that the financial statements present a true and fair view.

Annual Audit Plan for the 2024-25 Accounts

The External Audit Plan and Informing the Audit Risk Assessment was reported to Corporate Governance Committee at its meeting on 31 March 2025.

The Monitoring Officer

The Director of Law & Governance undertakes the statutory role of Monitoring Officer (MO) for the Council. The MO has responsibility for:

- ensuring that decisions taken comply with all necessary statutory requirements and are lawful. Where in the opinion of the MO any decision or proposal is likely to be unlawful and lead to maladministration, he/she shall advise the Council and/or Executive accordingly,
- ensuring that decisions taken are in accordance with the Council's budget and its Policy Framework,
- providing advice on the scope of powers and authority to take decisions.

In discharging this role, the MO is supported by the Deputy Monitoring Officer and officers within the Legal and Democratic Services Teams.

Senior Information Risk Owner

The position of a SIRO is a requirement under the Data Security and Protection Toolkit, the Assistant Director People, Property and Transformation holds the position of the SIRO for the Council. The SIRO takes overall ownership of the Council's approach to handling information risk. The responsibilities of a SIRO include:

- owning the Council's policies, procedures and processes around information risk, ensuring they are implemented consistently across the Council;
- ensuring compliance with all other policies and procedures relating to information and data;
- managing any escalated risks that have been raised by information owners, Information Governance Team, Audit etc;
- acting as a champion on information risk and report to CMT on the effectiveness of risk management;
- leading and fostering a culture that values, protects and uses information for the success of the Council and benefit of our citizens;
- ensuring that the Council has a plan to monitor and improve information and data governance;
- maintaining expertise in Data Protection and other legislation that impact on Information and Data Governance; and
- owning the Council's information incident management framework.

Commercial and Collaborative Bodies Governance Arrangements

Commercial

ESPO is constituted as a joint committee (of six local authorities) set up to provide a comprehensive professional purchasing service to public sector bodies. It is overseen by a Management Committee which has overall strategic responsibility for ESPO. At its meeting on 22 March 2023, the Committee approved changes to the Finance and Audit Subcommittee (the Subcommittee) Terms of Reference, and the Risk Management Policy which provided delegated powers over Internal Audit, External Audit, Risk Management, and the Annual Governance Statement. Internal audit is undertaken by the Council's Internal Audit & Assurance Service as part of the servicing agreement. Like the County Council, the HolAS presents an annual report to the Subcommittee at its meeting in October. The HolAS opinion for 2024-25 was, 'No significant governance, risk management or internal control failings have come to the HolAS' attention

therefore substantial assurance is given that ESPO's control environment overall has remained adequate and effective'.

ESPO Trading Ltd ESPO's power to trade is restricted to a limited number of public bodies. The establishment of a trading company allows ESPO (Trading) to trade with other organisations – e.g. Care Homes, Nurseries, Housing Associations, Charities and Voluntary Organisations. The Trading is governed under the Companies Act 2006, its Articles of Association and Shareholder Agreement.

Eduzone Limited is a private limited company that supplies Early Years educational products and Early Years furniture to schools, nurseries, and child minders. ESPO acquired the company following the necessary due diligence in 2018. The incorporation of Eduzone into ESPO Trading Limited is in progress.

The **Investing in Leicestershire Programme (IILP)** guides the Council's investments in assets not directly used for the delivery of its services, but which contribute to the outcomes of the Council's Strategic Plan and provide a financial return. The Strategy requires reporting to various member bodies. Reporting on the financial performance is included in the budget monitoring reports on a quarterly basis. The IILP Annual Performance Report for 2023-24 was received by the Scrutiny Commission on 6 November 2024 and received by Cabinet on 22 November 2024. The IILP Strategy was received by the Scrutiny Commission and Cabinet alongside the MTFS. In light of the CIPFA Prudential Code, the County Council will continue to ensure that it will only undertake investments where they are directly and primarily related to the functions of the authority and where any financial returns are either related to the financial viability of the project in question or otherwise incidental to the primary purpose. This includes service delivery, housing, and regeneration of areas, which addresses areas of economic or social market failure and should only be made within the Council's area of economic influence. Some investments are made through the Council's Treasury Management strategy to ensure that the holdings are sufficiently diversified and not overly concentrated on property in Leicestershire.

The Council also has a traded service **Leicestershire Traded Services (LTS)**, which sits within the Corporate Resources Department. The quarterly financial and performance reports include the performance of the LTS as part of the Corporate Resources Department and these reports are considered by various member bodies. The Annual Report on the performance of Leicestershire Traded Services during 2023-24 was received by the Scrutiny Commission on 4 September 2024. As required further private briefings have been provided to the commission to ensure that they fully understand the key issues facing LTS. In 2024-25 the Commission requested a workshop, that took place in November 2024, to more closely consider School Food and Beaumanor Hall. The Commission received an exempt report at the March meeting to provide a further update on LTS.

Collaborative

East Midlands Shared Service (EMSS)

EMSS is constituted under Joint Committee arrangements to process payroll/HR and accounts payable and accounts receivable transactions for Leicestershire County Council and Nottingham City Council. The internal audit of EMSS is undertaken by Nottingham City Council (NCCIA).

After some delays, the Interim Head of Internal Audit (HoIA) at NCCIA presented their 2023-24 annual report and opinion on EMSS to the Corporate Governance Committee on 16 September 2024. It concluded that a "moderate" level of assurance can be given regarding the operating effectiveness of the internal control systems reviewed at EMSS, and that no significant issues have come to light through the audit procedures performed.

Resourcing of NCCIA is a major concern with delays in completing the 2023/24 audit and initially reduced capacity to resource the 2024/25 plan. The Chair of Corporate Governance Committee wrote to the Chair of Nottingham City Council Audit Committee raising these concerns and asked them to raise the issues with officers and take any mitigating action required to ensure an adequate Internal Audit service is provided for EMSS that both complies with regulations and provides adequate assurance. The outcome was that NCCIA resources were re-prioritised and three of the four scheduled 2024/25 audits were completed by the middle of February 2025. The fourth was cancelled (with approval from the Head of EMSS) because NCCIA considered that sufficient work had been covered in its external audit and there was a risk of duplication.

For the Head of Internal Audit Opinion – 2024/25, the Interim HoIA at NCC concluded that a "moderate" level of assurance can be given that internal control systems are operating effectively within EMSS and that no significant issues had been discovered.

The situation with the provision of internal audit will continue to be closely monitored.

Additionally, the position with Nottingham City Council issuing a s114 notice and the appointment of Government Commissioners continues to be monitored.

Local Pension Fund

Leicestershire County Council is a scheme manager as defined under the Public Service Pensions Act 2013 (and any associated legislation). The County Council has delegated the responsibility for decisions relating to the investment of the Fund's assets to the Local Pension Committee. Membership consists of Councillors from the County, City and District Council together with one university representative and non-voting employee representatives.

The Local Pension Committee's (the Committee's) principle aim is to consider pensions matters with a view to safeguarding the interests of all Fund members. The Members who sit on the Committee act on behalf of the beneficiaries of the LGPS and in this way have a similar role to trustees in primarily protecting the benefits of the LGPS members, overseeing the direction of investments and monitoring liabilities.

During the past year the team has been preparing for the triennial valuation of Fund. A number of updates have been provided to the Local Pension Committee and Local Pension Board. The valuation of the Fund as at 31 March 2025 will be completed during 2025 with outcomes and recommendations presented to the Local Pension Committee and new employer contribution rates effective from the 1 April 2026.

The Committee considered and revised its Terms of Reference at its meeting in March 2024.

The Local Government Pension Scheme (LGPS) Regulations require that Leicestershire County Council in its capacity as Administering Authority establishes a Local Pension Board (the Board). The purpose of the Board is to assist the Authority in securing compliance with the Regulations, other legislation relating to the governance and administration of the LGPS, the requirements imposed by the Pension Regulator in relation to the LGPS and to ensure the effective and efficient governance and administration of the LGPS.

The Board comprises of employer representatives who are all elected members from the County Council and Leicester City Council and employee representatives. The Administering Authority retains ultimate responsibility for the administration and governance of the Scheme.

The Board considered and revised its Terms of Reference at its meeting in February 2025.

There is a Pension Fund Training Policy which demonstrates to stakeholders the Committee's, the Board's, and Officers' recognition of the importance of knowledge and understanding of pension issues in the effective management of the Fund. Following consideration by the Board this was reviewed and approved by Committee in June 2025.

To identify whether the objectives of the Policy are being met, Fund officers maintain a training log to record training attended by members and officers, as well as requiring members to undertake an annual training needs assessment. Reporting against the policy is presented to the Committee and Board as part of the Fund Annual Report and Accounts and Training Needs Assessment update.

Local Government Pension Scheme (LGPS) - Central Pool

LGPS Central Limited (Central) is authorised and regulated by the Financial Conduct Authority as an asset manager and operator of alternative investment funds that became operational on 1 April 2018.

The Council is joint owner of Central, which manages the pooled assets of eight Midlands-based LGPS, including Leicestershire, with collective assets of approximately £64billion, on behalf of over one million LGPS members and over 3000 participating employers. The Company aims to use the combined buying power of its Partner Funds to reduce costs, improve investment returns and widen the range of available asset classes for investment for the benefit of local government pensioners, employees, and employers.

A range of collaborative governance vehicles has been established reflecting the administering authorities role as stakeholder from two different perspectives. These are as a co-owner of the company, and as a recipient of investment services. These interests are managed through the Shareholders' Forum and Joint Committee. The Shareholders' Forum oversees the operation and performance of Central, representing the ownership rights and

interests of the shareholding councils, ahead of general meetings. In March 2024 shareholders unanimously approved the Company's strategic business plan and budget alongside other resolutions.

The Joint Committee focuses on investor issues and is made up of member representatives of each of the funds. This provides assistance, guidance, and recommendations to the individual councils, taking into consideration the conflicting demands and interests of the participants within the pool. The Joint Committee does not have delegated authority to make binding decisions on behalf of the participating councils.

In June 2024, a new Chief Executive Officer was appointed to Central.

In November 2024 central government consulted on 'Fit for the Future' proposals relating to the investments of the LGPS covering asset pooling, UK and local investment and governance.

The Government published the outcome of this consultation on 29 May 2025 with the main items broadly in line with its original proposals. A number of key measures are listed below:

- Deadline for implementation of pooling of all LGPS assets by 31 March 2026, though flexibility is acknowledged for certain LGPS funds that are moving Pooling Companies (The Leicestershire County Council Pension Fund is not moving Pooling Companies).
- Implementation further defined to include transfer of management and oversight of all assets (public and private investments) to their respective pools.
- The Funds will be required to take principal investment advice from their pool, although they can still seek secondary advice.
- Funds remain responsible for setting the Strategic Asset Allocation (SAA) based around nine named asset classes.
- Funds will be required to set local investment targets and include details within their investment strategy statements with collaboration with local authorities, regional mayors and strategic bodies.
- Introduction of an independent Pool governance review every three years
- A Pension Bill will be introduced with secondary legislation to follow.

Central submitted its plan to central government outlining how it would meet the requirements on the future of the LGPS and received ministerial backing for these plans in late April 2025. Central developed their plan with input from partner funds and extensive engagement with stakeholders.

The Fund will continue to closely engage with Central and partner funds with the implementation of the 'Fit for Future' proposals over 2025-26 and beyond to continue to safeguard the interests of all Fund members.

Pensions internal audit arrangements

An annual update on Internal Audit arrangements was presented to the Council's Local Pension Board in June 2025. This included a summary of work completed during 2024/2025 and work planned for 2025/2026. The internal audit functions of the eight LGPS owners have formed an Internal Audit Working Group (IAWG). The first four-year programme of audit work has now been completed, and the plan has been refreshed for a further four years which covers 2023/24 to 2027/28. The 2024/25 audits were assigned to Leicestershire County Council (Governance), and colleagues at Shropshire Council (Investments).

Active Together

The Director of Public Health represents the Council and is an advisor to the Active Together Board of non-executive directors. There are defined terms of reference which set out the governance arrangements and key tasks of the Board. Underneath the Board is a number of subgroups (drawn from the Board and co-opted others) to provide additional scrutiny of areas of the business.

One of those sub-groups in the 'Business, Oversight and Audit' Committee which oversees business planning, financial and risk reporting, and reports to the Board quarterly. The Assistant Director - Delivery in Public Health is a member of this committee.

Leicester and Leicestershire Business & Skills Partnership

The County Council jointly with Leicester City Council is responsible for business representation, strategic economic planning, and the delivery of government growth, jobs and skills, and innovation programmes. This duty was transferred to upper tier local authorities (UTLAs) following the cessation of Local Enterprise Partnerships. The expectation is that UTLAs work together across our functional economic area. These

arrangements include a Business Board chaired by a private sector business representative, which provides advice to the leaders of the two UTLAs, namely the Leicester City Mayor and the Leader of the County Council, to inform their decisions regarding economic development strategy and investment. The two leaders meet regularly with the Business Board's Chair and attend Business Board meetings. The decision-makers and Business Board are supported by an executive team hosted by the City Council on behalf of the two UTLAs. Transition arrangements were put in place from 1 April 2024 with the former LEP Team continuing to deliver activities whilst the new governance, business representation and staffing arrangements were established. It was considered appropriate that Leicester & Leicestershire Enterprise Partnership (LLEP) Ltd. be retained as a legal entity with a Board comprising City and County senior officers, and for the City Council to formally remain as the Accountable Body. This is to enable existing agreements to which LLEP Ltd is a party to be updated, namely Enterprise Zone business rates agreements. Establishing a new Board required existing LLEP Directors to resign their positions. The two UTLAs have each appointed a senior officer to the Board to replace the former directors and enable legal obligations to be met.

Integrated Care Systems (ICS) & Integrated Care Partnership (ICP)

ICSS are partnerships that bring together NHS organisations, and upper tier local authorities across NHS footprint of Leicester, Leicestershire, and Rutland (LLR).

The ICP is a statutory committee jointly formed between the Integrated Care Board (ICB) and all upper-tier local authorities that fall within the ICS area. LCC membership includes the Lead member for Health and Wellbeing, the Director of Public Health, the Director of Adult Social Services and the Director of Children and Family Services.

The ICP is responsible for producing an integrated care strategy on how to meet the health and wellbeing needs of the population in the ICS area. The first Leicester, Leicestershire and Rutland (LLR) Integrated Care Strategy was published in draft in April 2023. It was designed to guide care and health organisations, staff, and the voluntary sector to key areas of focus where, collectively, a difference can be made to improve people's health and wellbeing over the coming years.

The ICB is also a statutory body and is a successor to the 3 Clinical Commissioning Groups (CCGs). The Director of Public Health represents LCC on the ICB, though in an ex officio capacity not as a representative of the Council as a decision-making body, in accordance with NHS requirements. A draft Integrated Care Board 5-Year Joint Forward Plan was presented to the Council's Health & Wellbeing Board on 25 May 2023. The Board agreed that the 5 Year Joint Forward Plan took account of the Leicestershire Health and Wellbeing Strategy

Leicestershire Health and Wellbeing Board

Health and Wellbeing Board acts as a forum in which key leaders from the local health and care system work together to improve the health and wellbeing of the local population and plan how to tackle inequalities in health. This is best achieved by a range of organisations working together and as a result, the Leicestershire Health and Wellbeing Board brings together key organisations: the ICB, District Representatives, NHS England, University Hospitals of Leicester NHS Trust, Leicestershire Partnership NHS Trust, Leicestershire Police, Office of the Police and Crime Commissioner and Healthwatch to ensure patients and service users voices are heard. As part of a review of the Board's governance arrangements at its meeting on 31 October 2023, Voluntary Action Leicester Shire became a member of the Health and Wellbeing Board to provide some context to issues raised from a voluntary and community sector perspective. The Health and Wellbeing Board is chaired by the Council's cabinet lead for Health and the other Council representatives are:

- Lead Members for Adult Social Care & Children & Young People
- The Chief Executive
- The Directors of Public Health, Adults & Communities and Children & Family Services

The Health and Wellbeing Board leads and directs work to improve the health and wellbeing of the population of Leicestershire through the development of improved and integrated health and social care services by: -

- Identifying needs and priorities across Leicestershire (the Place), and publishing and refreshing the Leicestershire Joint Strategic Needs Assessment (JSNA) and Pharmaceutical Needs Assessment so that future commissioning/policy decisions and priorities are based on evidence.

- Preparing and publishing a Joint Health and Wellbeing Strategy and Plan on behalf of the County Council and its partner clinical commissioning group(s) so that work is done across the Place to meet the needs identified in the JSNA in a co-ordinated, planned, and measurable way.
- In conjunction with all partners, communicating and engaging with local people in how they can achieve the best possible quality of life and be supported to exercise choice and control over their personal health and wellbeing.
- Approving the Better Care Fund (BCF) Plan including a pooled budget used to transform local services, so people are provided with better integrated care and support together with proposals for its implementation.
- Having oversight of the use of relevant public sector resources to identify opportunities for the further integration of health and social care services within the Place.

The BCF is reported quarterly regionally and nationally via NHS England (NHSE) and the Local Government Association (LGA) via a nationally prescribed template which is approved quarterly by the Board, a process supported operationally by the Integration Executive. The annual BCF plan is also submitted via NHSE/LGA regionally and nationally and is subject to a prescribed national assurance process against a number of national conditions, metrics, and financial rules.

The 2023–25 BCF Policy Framework was published in April 2023.

The completed year end BCF 2024-25 template, which demonstrates progress against integration priorities and BCF delivery, reported to the Health and Wellbeing Board at its meeting on 29 May 2025, where the Board was asked to approve it for the NHS England submission deadline of 6 June 2025. The work of the Health and Wellbeing Board is reported in an annual report and is also reported in the annual reports of Clinical Commissioning Groups (CCGS).

East Midlands Freeport Limited

The East Midlands Freeport (EMF) is the UK's only inland Freeport and features three main 'tax sites' straddling three East Midlands counties. The EMF brings together a mix of industries, businesses, and other collaborating partners, combining public and private sector expertise. The County Council (which is the accountable body) has participated in governance assurance reviews with MHCLG officials, with satisfactory outcomes.

The Council has acted as the accountable body for EMF since its establishment in 2021 but the Government has now asked for that responsibility to be transferred to the 'East Midlands Combined County Authority' if possible by February 2026. Discussions with the Combined Authority and EMF to enable that are ongoing.

East Midlands Development Company Limited (DevCo)

The County Council was one of five East Midlands local authority owners of EM DevCo Ltd. The company worked with partners from business, academia, and government to develop the local economy and create new jobs.

East Midlands Development Corporation closed during 2024/25, and the functions were transferred to East Midlands Combined County Combined Authority (EMCCA). Leicestershire County Council is not part of the EMCCA.

Enhanced Bus Partnership

This is a partnership between the County Council and the bus operators and is enabled by the 2017 Bus Services Act and Transport Act 2000, so has a legal status, but is not mandatory. Local authorities which wanted to be able to access Bus Service Improvement Plan (BSIP) funding had to establish a partnership and therefore every top tier authority has one.

An Enhanced Partnership Board is the key oversight body of the Enhanced Partnership and BSIP delivery. Membership consists of 2 large, 2 medium and 2 small bus operator representatives (voting), 2 County Council representatives (voting, with decision veto powers), 2 district/borough council representatives (non voting) and an independent chair (non voting).

7. Significant Governance Issues & Action Taken on Those Previously Reported

The Council has defined a 'significant governance issue' as one that is intended to reflect something that has happened in the year, or which is currently being experienced and meeting any of the following criteria:

- A. The issue has seriously prejudiced or prevented achievement of a principal objective of the authority;
- B. The issue has resulted in a need to seek additional funding to allow it to be resolved or has resulted in significant diversion of resources from another aspect of the business;
- C. The issue has led to a material impact on the accounts;
- D. Corporate Governance Committee has advised that the issue should be considered as a 'significant' issue for reporting in the AGS;
- E. The Head of Internal Audit Service has reported on the issue as significant, for reporting in the Annual Governance Statement, in the annual opinion on the internal control environment;
- F. The issue, or its impact, has attracted significant public interest or has seriously damaged the reputation of the organisation;
- G. The issue has resulted in formal action being taken by the Chief Financial Officer and/or Monitoring Officer;
- H. The issue has resulted in a Legal breach;
- I. The issue prompts intervention from a regulator.

Progress that has been made in dealing with the governance issues that were identified in the 2022-23 final AGS are detailed below:

| Issue Area for Improvement (AGS) 2023-24 | Lead Officer and Date | Progress during 2024-25 |
|--|---|---|
| <p>Environment & Transport Department</p> <p>During 2023-24, there were a number of investigations undertaken into working arrangements within the Highway & Transport Branch. Recommendations from the investigations were accepted by management and they have been transferred into a consolidated action plan. The Assisted Transport Improvement Board has been established, chaired by the Director and the Board's membership contains senior management representatives (E&T, HR, Commercial Services, Transformation, Legal, Internal Audit and Finance). The Board provides the necessary oversight of changes requiring rapid implementation and will align to (but not be responsible for) the management of complex, longer term improvement projects and initiatives. This work will continue be overseen by the Assisted Transport programme Delivery Board.</p> | <p>Director of Environment & Transportation December 2024</p> <p>Update January 2025 – the Department reported good progress against implementing actions.</p> <p>Update November 2025</p> <p>The HoIAS will review the implementation of actions and revised governance arrangements by the end of December.</p> | <p>The investigations did not identify any fraud issues and there was evidence of improvements to processes. The Internal Audit Service review of the implementation of actions and the revised governance arrangements (originally scheduled for the end of January 2025) will now be undertaken by the end of June.</p> |

| | | |
|---|--|--|
| <p>Capital Programme</p> <p>The Council has a number of large, complex capital projects in progress which have significant potential risks, such as financial and procurement risks. Inflationary pressures also continue to have an impact on large capital projects. The Council's risk management approach to major capital schemes will be reviewed to ensure risks are appropriately managed from project inception and that appropriate risk contingencies are maintained.</p> | <p>Director of Corporate Resources</p> <p>October 2024</p> <p>Update January 2025 - Lessons learned from large capital schemes is being used to inform the way future tenders are completed. There are continual actions underway to monitor and improve the risk.</p> <p>Update November 2025</p> <p>Building on this work the Council is now focussed on improved risk management at a programme wide level taking account of the diverse and significant capital programme, made of various strands including, major schemes, asset management programmes, pipeline schemes, minor highways and transport works, flood risk schemes, safety schemes as well as schemes funded from developer income. As the programme expands and is more diverse following the award of Local Transport Grant, proactive risk management, clear roles and responsibilities and auditable decision making will be the priority using the lessons learned, tools and templates developed through the capital programme improvement project to date.</p> | <p>The Council's risk management approach to major capital schemes has been reviewed to ensure risks are appropriately managed from project inception and that appropriate risk contingencies are maintained. Lessons learned from previous large capital schemes have been undertaken and are being used to inform the way future tenders are completed to minimise and manage future risks. A Capital Programme Improvement Project has established improved governance arrangements and reporting oversight around our large scale capital schemes. This includes monitoring costs against scheduled key milestones and implementation of defined decision points at which future financial implications are assessed. Liabilities are included within contingencies that are routinely tracked and monitored against plan including the implementation of a risk based approach for all major capital programmes.</p> <p>A Procurement Strategy / Contract Award template and process has been introduced to standardise the approach to procurement of major schemes, providing clarity on the key risks and commercials, whilst allowing for appropriate challenge and review at key procurement related gateways.</p> |
|---|--|--|

8. Significant Governance Issues Arising During 2024-25

This Annual Governance Statement (AGS) identifies that the Council has effective arrangements in place, but that its officers recognise the need to continuously review, adapt and develop governance arrangements to meet the changing needs of the organisation. Whilst the Council has identified areas to be developed (see Annex), it is important to recognise that there are four significant matters set out in the table below.

| Significant Governance Issue 2024-25 | Lead Officer and Date |
|--|--|
| <p>Education, Health, and Care Plans</p> <p>Identified in the Auditor's Annual Report (AAR) 2023-24 as an Area for Improvement under improving economy, efficiency and effectiveness –</p> <p>Completion of new Education, Health, and Care Plans (EHCPs) during 22/23 down to 3.8% although noted that improved processes in place and starting to show an increase.</p> | <p>Director of Children & Family Services</p> <p>Ongoing</p> |

The number of requests for EHCPs has continued to rise over the last 5 years, with a 25% increase in requests between January and September 2025. The total number of active EHCPs has also increased significantly, with a 13% increase during 2024 and an additional 15% increase in active EHCPs between January and September 2025 to 8,310. As a result of this the timeliness of EHCP had fallen well short of the 20-week expected timescale for completion. However, over the last year a recovery plan has been put in place to bring timeliness back in line with the 20-week timeframe. As a result of this recovery plan, timeliness has begun to improve and at the end of September 2025 it had reached 14% being issued within the 20-week timeframe cumulative performance between January and September, and average duration of plan completion is 24 weeks (down from 62.5 weeks in December 2024). Over the next 3 months, as a result of the recovery plan, timeliness is expected to move to being compliant with the statutory deadline.

Procurement

Identified in the Auditor's Annual Report (AAR) 2023-24 as an Area for Improvement under improving economy, efficiency and effectiveness - Work needs to continue to reduce the number of contract exceptions and extensions that are approved

The Council established a Corporate Procurement Board in January 2024 which must approve all exceptions. Contract extensions also need to be approved by Corporate Procurement Board in specific circumstances. The Council has also improved its use of procurement pipelines so that closer attention is given to contracts that may be nearing their end date or value. These actions, in conjunction with regular training, communication and the procurement toolkit have reduced the number of exceptions that have been required over the last 12 months from 116 in 2023-24 to 104 in 2024-25. The Corporate Procurement Board remains in place and the number of exceptions is continuing to reduce, with 17 being required in the first 6 months of 2025/26.

Care Quality Commission Assessment

Between September 2024 and February 2025, the Care Quality Commission (CQC) undertook an assessment of how well the County Council meets its duties under Part 1 of the Care Act 2014. The CQC judged the Council as, 'Requires improvement', noting, "Overall, we heard mixed feedback from people about their experiences of contact and support from the local authority and many people said their care and support had improved their independence."

The Council is developing an improvement plan to address the areas of improvement highlighted from the Assessment which include timeliness of assessments, support for informal carers, access to information and advice, and ensuring adequate provision of services. The additional resource implications of the improvements required are being determined. A further Assessment will be carried out within the next 12 -24 months. Failure to improve could result in statutory intervention.

An improvement recommendation was made in the Auditor's Annual Report (AAR) 2024-25

"The Council should ensure that the action plan developed in response to the Care Quality Commission September 2025 inspection report is fully costed, with clear milestones and progress is publicly reported on a regular basis."

The Director responded, 'The CQC action plan has been costed and is included as growth as part of the 2026/27 budget process and MTFS refresh. Immediate actions for 2025/26 are being funded through available earmarked reserves. Progress against the plan will be reported to the Adult and Communities Overview and Scrutiny Committee'.

Assistant Director (Finance, Strategic Property and Commissioning), Corporate Resources Department

Ongoing

Director of Adults & Communities

Actions scheduled to be delivered between December 2025 and November 2026

| | |
|---|--|
| <p>High Needs Block Deficit</p> <p>Identified in the Auditor's Annual Report (AAR) 2024-25 was a key recommendation</p> <p>"The Council urgently needs to work with schools and parents to develop and implement plans to ensure that specialist or independent school placements are only used for children where this is the most appropriate route. The Council also needs to continue to increase the number of places available for children in mainstream schools."</p> <p>The Director has responded, 'The Council is focused on implementing further mitigations to reduce demand for EHCP's and the unit cost of providing them, alongside delivering current TSIL programme savings. The further mitigations include mainstream inclusion initiatives to reduce reliance on ISP's, policy and commissioning reviews and accelerating provision of new special school places. The issue cannot be fully resolved by the Council alone, and the governments delayed SEND White Paper will be fundamental to the long-term sustainability of SEND'.</p> | <p>Director of Children & Family Services</p> <p>Ongoing, further mitigations to be built into 2026-27 budget.</p> |
|---|--|

The Council has identified areas to be developed which are reported in the Annex to the AGS.

The Code of Practice on Local Authority Accounting in the UK 2024-25, requires that significant events or developments relating to the governance system that occurred between the Balance Sheet date, (31 March), and the date on which the Statement of Accounts will be signed by the responsible financial officer, are reported. The draft AGS was updated in line with the Code of Practice.

9. Future Challenges

Significant challenges faced by the Council are detailed within the Corporate Risk Register, which is regularly reviewed by the Corporate Management Team and presented to the Corporate Governance Committee (the Committee). Managing these risks adequately will be an integral part of both strategic and operational planning; and the day to day running, monitoring, and maintaining the Council. The most recent update of the Corporate Risk Register was received by the Committee at its meeting on 31 March 2025.

Additional challenges continue to emerge, and key areas in particular are:

Transitioning to a new County Council administration

The outcome of the County Council elections which took place on 1 May 2025 was that the Reform UK party emerged as the largest party on the council although it fell 3 seats short of an overall majority and as such a minority administration position emerged. Whilst this is not a new feature of local government, following a long period of comparative stability at Leicestershire almost one third of experienced members did not seek re-election and of the fifty five total members almost two thirds are new. Therefore, it is inevitable that new officer/member relationships will need to be built and significant new member induction across all parties undertaken to enable a constructive transition to a council that continues to operate effectively.

In the Auditor's Annual Report for 2024-25, Grant Thornton reported it had been made aware of issues relating to the conduct of a small number of new Members, leading to several complaints being received. Conduct issues are being managed internally, with the Member Conduct Panel working with officers to process and determine complaints and bring learning points on issues such as social media usage back to their own political groups. The Council already provides extensive training and ongoing support for Members, including on the Members Code of Conduct, the Seven Principles of Public Life (Nolan Principles) and the Council's social media policy and will continue to identify training and development needs in this area and work with political group leaders in relation to specific conduct issues. Nationally the Government has just announced upcoming reforms to strengthen the standards and conduct framework, and the council will need to amend some of its processes to respond to these reforms in due course.

Local Government Reorganisation

In February 2025, the Minister of State for Local Government and English Devolution set out the formal invitation to the County Council (and all local authorities in two-tier areas and neighbouring unitary authorities) to develop a proposal for local government reorganisation which required interim plans to be submitted to the Government

by 21 March 2025. The Council submitted its interim plan for reorganisation and other proposals were sent to the government by Leicester City Council and Leicestershire's district councils in conjunction with Rutland County Council. The government has provided initial feedback on the interim plans so that final proposals can be worked on and submitted by the end of November 2025. In response to media queries, the Council stated that it noted the request for a single final submission, which can contain different options, and that will require discussion at a political level across Leicester, Leicestershire and Rutland. The Council agreed it will be helpful if all proposals are supported by the same evidence base and analysis so that the Government is able to clearly identify the right solution for Leicestershire. Regardless of the government's approach to the proposals submitted and its preferred way forward, there will follow a period of intensive work and demand on internal resources and short-term uncertainty and instability which will require mitigation.

Financial Sustainability

The Council's financial position is extremely challenging, with a budget gap in excess of £90m forecast in the Medium Term Financial Strategy by 2028/29 as well as a High Needs Deficit in excess of £60m at the end of 24/25. This is a challenge shared by the local government sector, with continued inflationary pressures, rising demand and funding uncertainty creating a complex and difficult financial landscape, made worse by the continuation of one-off financial settlements from government. The Spending Review and Funding Reform, both due during 2025 are compounding this uncertainty. The Council has a prudent level of reserves that provide some level of assurance over financial sustainability, and a corporate Strategic Change Programme which identifies and manages the delivery of a wide-ranging savings programme. However, the Council must ensure that this programme is adequately resourced and is currently undertaking a fundamental review and prioritisation exercise to ensure that the savings initiatives that have the largest savings potential have sufficient resources.

Covid-19 Public Inquiry

Information has been provided to the Inquiry at the request of the Chair (through the LGA) in relation to the Module 1 (Preparedness and Resilience). The Report from the first module was published in July 2024 but did not reference the council's response. Information has also been provided following a formal direction for evidence in Module 5 (Procurement) concerning the procurement and purchasing of PPE and Module 8 (the impact of the Covid-19 pandemic on children and young people). There has been engagement with the Inquiry team in relation to Module 7 (Test trace and isolation rules) but to date no request for information has been received.

Assistance with migrants and asylum seekers

Challenges remain with the asylum system. The funding model is yet to be reformed so upper tier authorities do not get their full costs recovered. The Full Dispersal Model is now in operation with an uplift in the number of asylum seekers each local authority is expected to find accommodation for. Meeting the existing and now stretch targets remains a challenge due to limited private rental stock availability and ongoing homeless and temporary accommodation pressure. Regional multi-agency meetings involving government departments, councils, and Home Office accommodation contractors have been established to explore options and mitigate issues arising from dispersal. Governance arrangements continue to be coordinated by East Midlands Councils who act as the Strategic Migration Partnership for all asylum, migration, and resettlement issues

Recruitment and retention

Whilst there have been improvements reflected in the Corporate Risk Register throughout the year there are still pockets where it's important not to lose traction.

CONTEST Strategy

The Council will continue to plan to meet its 'Prevent' and 'Protect' (Martyn's Law) duties under 'CONTEST' (the Government's Counter-terrorism strategy). The Terrorism (Protection of Premises) Act 2025, also known as Martyn's Law, received Royal Assent on Thursday 3 April 2025. Guidance will be published in due course which will assist in understanding the requirements set out in the legislation.

Artificial Intelligence and cyber security

Artificial Intelligence (AI) has the potential to transform various aspects of public sector, such as healthcare, education, security, and transportation, by enhancing efficiency, quality, accessibility, and innovation. However, AI also poses significant risks and challenges, such as ethical, legal, social, and economic implications, which

needs to be carefully addressed and regulated. Central Government has recognised the potential risks and opportunities surrounding AI. The National AI Strategy outlines the government's commitment to supporting the development and adoption of AI technologies across various sectors, including the public sector. Central government also provides a number of tools, such as the Generative AI Framework to inform and support local government implementations of AI. The NCSC (National Cyber Security Centre) provides guidance to help ensure any systems implemented are secure. The Council will continue its research and development of AI and fully debate and understand the risks and challenges.

The impact of a cyber/ransomware attack or IT system breach could be significant and will have varied effects on the organisation and its ability to provide critical/statutory services. To minimise the impact of such incidents, investment will need to continue to be made in the implementation of enterprise standard security systems, to further enhance our security posture and continue the journey to adopt greater defence in depth. Coupled with these technical defences, the Council will need to ensure it has robust business continuity and supporting disaster recovery plans, that are in place and regularly tested. Cyber security risk is included in the Corporate Risk Register with regular updates provided to members.

Procurement Regulations 2024

After much delay, large scale procurement reform was introduced on 24 February 2025. The Procurement Act replaced the Public Contract Regulations 2015. Implementation of the Act will significantly revise historical procurement rules.

All staff that are budget holders, or are involved in procuring goods or services, need to be aware of the regulations. The Commissioning Support Unit and Legal Services have created a set of rules, guidelines etc., amending the Contract procedure rules to reflect the new legislation. Guidance is available to cover the transition to the new regulations, and a comprehensive programme of learning and development to support the implementation of the changes. Further changes will be required as more intelligence is gained on the application of the Act.

Expected Service and National Reforms

Adult Social Care

- An adult social care sector pay agreement which would see pay increasing above national minimum wage levels
- Baroness Casey independent commission into adult social care commencing in 2025. This will be a two stage review with stage one reporting in 2026 and stage two reporting in 2028. The first phase will consider current and medium term reform and recommendations within the current financial spending envelope. Phase two will consider longer term recommendations on the future of Adult Social Care delivery and funding models
- The Casey Commission will inform the development of a national care service framework with new standards and responsibilities for councils
- Mental Health Bill which has additional duties and responsibilities for local authorities

Children & Family Services

- SEND - Details of the government's intended approach to SEND reform will be set out in a Schools White Paper which has been delayed to the new calendar year. The upcoming local government funding reform consultation will set out further details on supporting local authorities with regard to SEND as the government transitions to a reformed system.
- The Children's Wellbeing and Schools Bill – aims to break the link between young people's background and their future success. It will put in place a package of support to drive high and rising standards throughout the education and care systems so that every child can achieve and thrive.

Employment Rights Bill - proposes to make wide-ranging changes to employment rights through 28 individual employment reforms. Including:

- the removal of the two-year qualifying period for unfair dismissal protection;
- ending "exploitative" zero hours contracts;
- amending the current thresholds for collective redundancy consultation;
- amending the flexible working regime;
- amending statutory sick pay eligibility requirements;

- amending the employer's duty to prevent sexual harassment and third party harassment in the workplace;
- extending the time limits for bringing Employment Tribunal claims from three months to six months;

Waste Reforms

- Significant waste reforms being implemented by Government over the coming years including Collections and Packaging Reforms and Emissions Trading Scheme to cover energy from waste will have additional duties, responsibilities and costs for local authorities

Integrated Care Board (ICB)

- The requirement for Integrated Care Boards (ICB) to reduce their running costs nationally by approximately 50%, spending no more than £18.76 per head of the ICB's population, are likely to have an impact on adults and children's social care and public health. It is anticipated that the Leicester, Leicestershire and Rutland (LLR) ICB will 'cluster' with another ICB. This may lead to staff redundancies and/or the remaining staff in the ICB being responsible for a broader geographic area, potentially leading to less of a focus on the Leicestershire 'place' and a reduction in local partnership working.

Additionally, the new model ICB blueprint calls for the focus of ICBs to be strategic commissioning with certain functions of the ICB, in its current form, set to transfer to provider organisations or partners over time. These include safeguarding, infection and prevention and control (IPC) and communications. It is unknown what the future arrangements of these functions will be but may have implications for the Council.

10. Certification

The Council is satisfied that appropriate governance arrangements are in place and continue to be regarded as fit for purpose.

We propose over the coming year to take steps to address any matters to further enhance our governance arrangements in these challenging times. We are satisfied that these steps will address the need for any developments that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Furthermore, having considered all the principles of the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, we are satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

Credit must be given to our excellent staff, who continue to work under tight budgetary controls yet still deliver high quality services.

With many pressures over the horizon, we are confident that the Council is well placed to meet these challenges.

.....
John Sinnott
Chief Executive

.....
Dan Harrison
Leader of the Council

AREAS FOR FURTHER DEVELOPMENT IN 2025-26

The Corporate and Departmental AGS self-assessments contained a set of conformance statements under each core principle and related sub-principles as outlined in the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016). Each conformance statement required a corresponding score of 1, 2 or 3 to be recorded, based on the criteria below:

| Score | Definition | Description | Evidence (all inclusive) |
|-------|---|--|--|
| 1 | Good  | Conformance against most of the areas of the benchmark is good, although there may be minor developments required but with a limited impact on the ability to achieve departmental and Council objectives. Strategic, reputational and/or financial risks are minor, and performance is generally on track. | Many elements of good practice to a high standard and high quality. Substantial assurance can be given that coverage of the sub-principle is operating satisfactorily and extends to most/all services areas within the department |
| 2 | Some development areas for improvement  | There are some developments required against areas of the benchmark and the department may not deliver some of its own and the Council objectives unless these are addressed. The management of strategic, reputational and/or financial risks is inconsistent, and performance is variable across the department. | Some elements of good practice to a high standard and high quality. Moderate assurance can be given that coverage of the sub-principle is working adequately in certain service areas, with omissions in others. Proposal/Plans are in place to address perceived shortfalls |
| 3 | Key development and many areas for improvement  | Conformance against many/all areas of the benchmark is poor and therefore delivery of departmental and Council objectives is under threat. There are many strategic, reputational and/or financial risks and performance is off track. | Few elements of good practice to a high standard and high quality. Coverage of this expectation is omitted amongst most areas. Proposal/Plans to address perceived shortfalls are in early stages of development |

Examples of key actions is summarised in the table below.

Note: some actions are not included in the table as they are already reported through the Corporate Risk Register (CRR).

| Annual Review of the Effectiveness of the Council's Governance Framework against the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016) | | |
|--|---|--|
| Core Principles of the Framework | Overall Assessment | Action to Develop Areas Further in 2025-26 (Ongoing and New) |
| Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law |  | <ul style="list-style-type: none"> • |
| Principle B: Ensuring openness and comprehensive stakeholder engagement |  | <ul style="list-style-type: none"> • Keep relations with District Councils under review to ensure that any potential tensions over local government reorganisation don't impact on progress. • Embed new Public Advisory Group (PAG) and Citizens Assembly as part of enhanced Health Determinants Research Collaboration (HDRC) community research arrangements. |
| Principle C. Defining outcomes in terms of sustainable economic, social, and environmental benefit |  | <ul style="list-style-type: none"> • Continuing to develop the approach to multi-year monitoring of large and complex capital schemes to ensure medium term implications brought out, including risks and mitigations. • Produce new Strategic Plan to run for the life of the new Council from 2025 onwards. |
| Principle D. Determining the interventions necessary to optimise the achievement of the intended outcomes |  | <ul style="list-style-type: none"> • Continue to push for fairer funding sought to ensure longer term service sustainability. • Guidance to be reissued to Partnership Leads to re-enforce the need to pick up key partnership risks in partnership structures and where relevant into DMT risk registers • Look to further enhance reporting on the social value achieved through procurement/contracts |
| Principle E. Developing the entity's capacity including the capability of its leadership and the individuals within it |  | <ul style="list-style-type: none"> • Ensure all new members, since the election, receive appropriate and timely induction. • Obtain and evaluate all Members (including Independent Members) of Corporate Governance Committee's self-assessment of their knowledge and skills of an audit committee, to devise a training plan for the Committee. • Discussions continuing on Local Government Reorganisation ahead of a pathway to a possible devolution deal. • Continued work to ensure an effective Integrated Care Partnership that supports social care and public health priorities. • Further improve training through enhanced functionality from the thrive learning portal. |

| | | |
|--|---|---|
| <p>Principle F. Managing risks and performance through robust internal control and strong public financial management</p> |  | <ul style="list-style-type: none"> Review of performance reports planned to ensure more consistency and best practice in data visualisation. Corporate Data Strategy project under way to improve roles and arrangements that support the data pipeline and data architecture. Arrange for an overdue Risk Management independent review. Arrange for training and CRMG meetings. Ensure audit of Assurance Framework is completed early 2025-26. Corporate Data Strategy project still under way to improve roles and arrangements that support the data pipeline and data architecture. Continued focus required on data quality as systems and processes change e.g. key systems change in children and families services |
| <p>Principle G. Implementing good practices in transparency reporting and audit to deliver effective accountability</p> |  | <ul style="list-style-type: none"> Continuous development of procurement pipelines by departments. Importance of managing risks in partnership settings in accordance with the Council's Risk Management Policy to be reinforced to relevant managers. Implement actions from the Internal Audit Service EQA Implement the requirements of the Global Internal Audit Standards in the UK Public Sector and the Code of Practice on the Governance of Internal Audit in Local Government. |

Glossary of Terms

ACCOUNTING POLICIES

The specific principles, bases, conventions, rules and practices applied in preparing and presenting financial statements.

AMORTISED COST

The amortised cost of a financial asset or financial liability is:

- the amount at which the asset or liability is measured at initial recognition (usually "cost")
- *minus* any repayments of principal,
- *minus* any reduction for impairment or uncollectibility, and
- *plus or minus* the cumulative amortisation of the difference between that initial amount and the maturity amount.

CASH AND CASH EQUIVALENTS

- Cash is represented by cash in hand and deposits with financial institutions repayable without penalty within 24 hours.
- Cash equivalents are investments of less than 3 months from acquisition that are readily convertible to known amounts of cash with insignificant risk of a change in value.

CAPITAL EXPENDITURE

Payments for the acquisition, construction, enhancement, or replacement of assets such as land, buildings, roads, vehicles and computer equipment.

CAPITAL RECEIPTS

Income from the sale of capital assets e.g., sale of property, plant and equipment. Such income may only be used to repay loan debt or to finance new capital expenditure.

COLLECTION FUND

The fund administered by each authority collecting Council Tax and National Non-Domestic Rates (district councils in shire areas). The Authority precepts on these funds to finance its net expenditure after taking into account other sources of income, e.g. Government Grants, and charges for services.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

A statement which details the total income received and expenditure incurred by the Council during a year in line with IFRS reporting as required by the Code.

CREDITORS

Amounts owed by the Authority for work done, goods received, or services rendered but for which payment has not been made by the end of the financial year.

DEBTORS

Amounts due to the Authority but unpaid at the end of the financial year.

DEFERRED CAPITAL RECEIPTS

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

FAIR VALUE

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction at the market date. Fair value is referred to as the exit price.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

A statement of common accounting practices, devised by the International Accounting Standards Board, which form the basis for the treatment and recording of transactions as applicable to the majority of large organisations, in both the private and public sectors.

GENERAL FUND

The main revenue fund (reserve) of the Authority. Precept income, National Non-Domestic Rate income and government grants are paid into the fund, from which the cost of providing services is met.

IMPAIRMENT

A loss in the value of a fixed asset, arising from physical damage such as a major fire or a significant reduction in market value. In addition, a reduction in value where there is insufficient unrealised gains in the revaluation reserve for that asset.

INFRASTRUCTURE

The network of roads, bridges, sewers, lighting etc.

INTANGIBLE ASSET

Non-financial non-current assets that do not have physical substance but are identifiable and are controlled by the Authority through custody or legal rights (e.g. purchased software licences).

LEASING

A method of financing the acquisition of assets, notably equipment, vehicles, plant, etc. There are two forms of lease:

- a) A finance lease involves payment by the lessee (the user) of the full cost of the asset together with a return on the finance provided by the lessor, usually payable over the anticipated life of the asset.
- b) An operating lease involves the payment of a rental by a lessee for a period, which is normally less than the useful economic life of the asset.

LONG TERM BORROWING

Loans with terms over 1 year, raised to finance capital spending.

MINIMUM REVENUE PROVISION

The Authority has a duty to set aside a prudent amount of money as a provision for financing debt incurred to undertake capital expenditure.

MOVEMENT IN RESERVES STATEMENT

A reconciliation showing the movement in the year on the different reserves held by the Authority, analysed into 'usable' reserves (i.e. those that can be used to fund expenditure or reduce local taxation) and unusable reserves. It also shows how the balance of resources generated/consumed in the year links in with statutory requirements for raising council tax.

NON CURRENT ASSETS

Assets which are not readily convertible into cash or not expected to become cash within the next year. Examples include fixed assets, leasehold improvements, long term investments and long term debtors.

NON-OPERATIONAL ASSETS

Assets held by the Authority but not directly used for the provision of services, e.g. assets surplus to requirements, commercial properties, and assets under construction.

PRECEPTS

The income which the Authority receives from billing authorities (e.g. council tax and business rates from the collection funds of the district councils).

PROVISION

An amount set aside for any liabilities or losses of uncertain timing.

PUBLIC WORKS LOAN BOARD (PWLB)

A government body from which local authorities may obtain long term loans, usually at preferential interest rates.

REMUNERATION

All sums paid to an employee, including expenses, allowances, and redundancy payments subject to UK income tax, and the monetary value of any other benefits received other than in cash.

REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Capital expenditure incurred not resulting in an asset to the authority e.g. Grants to village halls.

REVENUE SUPPORT GRANT (RSG)

Grant paid by the Government in respect of general local authority expenditure.

RECHARGE

The transfer of costs from one service account to another.

REVENUE FUNDING OF CAPITAL

The financing of capital expenditure by a direct contribution from revenue.

REVENUE

Includes fees and interests earned from providing services and selling goods. Also includes Government grants to local authorities.

SERVICE LEVEL AGREEMENT (SLA)

An agreement between users and providers of support services which specifies the service to be provided and the charge to be made.

SHORT TERM ACCUMULATING COMPENSATED ABSENCES ADJUSTMENT ACCOUNT

Represents the reversal of the accrued charge to the Comprehensive Income and Expenditure Statement for outstanding annual leave, flexi leave and time off in lieu carried forward by employees required by regulations.

SPECIFIC GRANTS

Grants paid by the Government for a particular service.

TERMINATION BENEFITS

Employee benefits payable as a result of either: (a) the Authority's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept voluntary redundancy in exchange for those benefits.

TRUST FUNDS

Funds administered by the Authority for such purposes as charities, prizes and specific projects.

USABLE RESERVE

An amount set aside for purposes falling outside the definition of a provision that an Authority can apply to its provision of services, either by incurring expenses or undertaking capital investment.

UNUSABLE RESERVE

An amount set aside for purposes falling outside the definition of a provision that an Authority is not able to utilise to provide services. These include reserves that hold unrealised gains and losses as well as adjustment accounts which hold income and expenditure recognised statutorily against the general fund balance on a different basis from that expected by accounting standards as adopted by the code.



Copies of this Statement of Accounts are available from:

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The accounts can also be viewed at www.leicestershire.gov.uk

Photographs on cover:

County Hall, Leicester
Beaumanor Hall, Woodhouse, Leicestershire
Watermead Country Park