

# Draft Statement of Accounts

2024-2025



The Statement of Accounts is the formal financial report on the Council's activities as required by the Accounts and Audit Regulations 2015, and other statutory provisions.

The statement includes:

1. Narrative Report (pages 1 to 14)
2. The Statement of Responsibilities (page 15)
3. The Audit Opinion and Certificate (pages 16 to 22)
4. The Core Financial Statements comprising:-
  - The Comprehensive Income and Expenditure Statement (page 23)
  - The Movement in Reserves Statement (pages 24 to 25)
  - The Balance Sheet (page 26)
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5. The Notes to the Core Financial Statements (pages 28 to 112)
6. Group Accounts:
  - Introduction (pages 113 to 114)
  - The Group Comprehensive Income and Expenditure Statement (page 115)
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Further information about the Council's Accounts can be obtained from the Finance Department.

For details please contact James Walton on (01743) 258915.

James Walton  
Executive Director, S151 Officer



## Section 1

# Narrative Report



## Introduction

### About Shropshire Council

Shropshire Council is a unitary authority which was formed on 1 April 2009. The area covered by the Council is rural with an area of 3,197 square kilometres and a population of just 329,260. The Council represents 91.7% of the county of Shropshire with the remainder of the county being covered by Telford and Wrekin Council.

In 2022/23, the Council adopted the Shropshire Plan which outlines a new vision and priorities for the Council for the following 3 years, in addition to a new performance approach.

### Our Services

In 2024/25 the Council was organised around four directorates:

- **Health and Wellbeing** (including public health, regulatory services, community safety, emergency planning, risk management, planning services, libraries).
- **People** (including the support of and assistance to people with learning or physical disabilities or sensory impairment and older people, and the homeless or mental health services; children's social care and safeguarding; mainstream schools and education; early years and pre-school; special schools and special educational needs provision; education improvement, Shire Catering and Cleaning, public transport and home to school transport).
- **Place** (including economic growth, broadband, planning policy, property services and facilities management, waste management, highways, parking, street cleansing, arts, AONB, outdoor partnerships, climate change, leisure, museums, archives, theatre services, bereavement services, housing development and housing stock).
- **Resources** (including technology, information intelligence and insight, human resources and organisational development, finance, audit, and insurance, revenues and benefits, pensions, treasury, legal services, democratic services to support elected members, registrars and coroners, communications and engagement).

## Vision for Shropshire

The Shropshire Plan for 2022 to 2025 was agreed by Full Council on 12<sup>th</sup> May 2022. The Shropshire Plan is the key strategic document for the Council and sets out the vision, purpose and priorities of the Council and for its people, communities, businesses and organisations.

The Shropshire Plan (see link here: [The Shropshire Plan 2022-2025 | Shropshire Council](#)) is informed by the following key objectives which sit at the heart of everything the Council does:

- Healthy people,
- Healthy economy,
- Healthy environment, and a
- Healthy organisation.



# Narrative Report

Figure 1: Priorities within the Shropshire Plan



Alongside the Shropshire Plan, the Workforce Strategy sets out the key values of 'Getting It Right' (GiR) which is our overarching approach for the long term future of Shropshire.



Figure 2: Getting It Right – core values agreed by staff

## Performance

The delivery of the outcomes for Shropshire is monitored on a quarterly basis. It is presented using a performance portal, which enables a drill down into each performance measure. The information is reported to Cabinet with the report identifying specific measures by exception. The full information for each measure is published on the performance portal when the report is presented to Cabinet and this provides Overview and Scrutiny the opportunity to identify any measures which stand out that they would like to understand in greater detail. Members can request additional

## Narrative Report

information and receive it to inform whether they would want to add it to their work programme. Given the financial constraints that the Council is operating within, there is a reasonable performance position for the year. A summary of the performance for each priority in 2024/25 is detailed below:

### Healthy People

55% of the performance targets relating to Healthy People have been achieved during the financial year, against the backdrop of increased demand for services, particularly within Adults and Children's Social Care during the financial year.



There are 6 targets where action is required, and these relate to the following indicators:

- Assessment timeliness – within 45 working days (Children's Social Care)
- Stability of placements of looked after children
- % of Educational Health Care Plans (EHCP) issued within 20 weeks
- Rates of deaths by suicide
- Prevalence of overweight (Reception)
- Prevalence of overweight (Year 6)

Delivery plans are in place to address performance for these areas, however it is acknowledged that some of the measures planned may only see an improvement over the medium to long term.

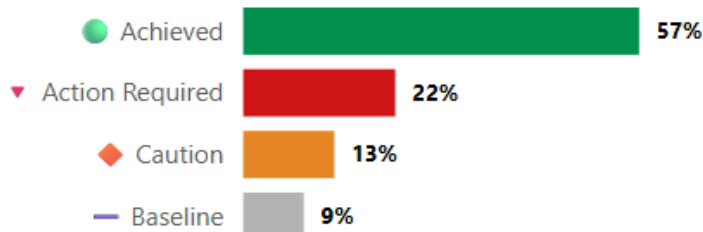


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## Healthy Economy

### The Shropshire Plan Performance HEALTHY ECONOMY

What have we achieved so far?



There are 5 targets where action is required, and these relate to the following indicators:

- Maintaining 5-year housing land supply
- Reduction of households in B&B accommodation
- Reduce the workplace pay gap with the national average by 50% by 2027
- Attainment 8 achievements (quality of education) inline or better than national average
- Reduce the % of workforce with no or low level qualifications

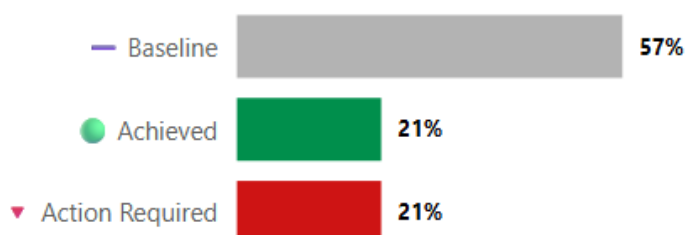
The Council is actively looking to reduce the number of households in B&B accommodation and has taken steps during the year to make more Council owned accommodation available for this purpose. The quality of education is based on secondary education which is predominantly provided through Academy Trusts now within Shropshire, therefore is difficult to influence.

During the year there has been an increase in the levels of investment in Shropshire, which continue to outperform the target. Net job growth continues to be strong in Shropshire with out of work claimants and Young People not in Employment, Education or Training are below the target and national averages.

## Healthy Environment

### The Shropshire Plan Performance HEALTHY ENVIRONMENT

What have we achieved so far?



## Narrative Report

There are 3 targets where action is required, and these relate to the following indicators:

- % of streetlights converted to LED
- Number of Environmental Permit inspections completed against statutory target
- % of household waste sent for re-use, recycling and composting

There was a reduction in the level of household waste sent for recycling, re-use and composting in the second half of the year which coincided with changes made to the Household Recycling Centres and the introduction of the green waste charge. Changes have since been made to the availability of the Household Recycling Centres which may positively impact this measure in the future.

Improvements were made to access to Broadband in the county and the level of renewable energy generated increased.

### Healthy Organisation



There are 4 targets where action is required, and these relate to the following indicators:

- Staff turnover rates
- Average number of days lost to sickness absence per year
- Responding to Freedom of Information Requests within statutory timescales
- Resident satisfaction with Highways and Transport services

The Council has been subject to significant organisational change in attempting to deliver financial savings and become a more sustainable council. As a result, this has impacted on the stability of the workforce with sickness levels also increasing. This will remain a challenge into 2025/26 as the Council continues to transform to the New Operating Model requiring further organisational change.

### Revenue Spending Plans for 2024/25

The Council's budget for the provision of services in 2024/25 and the Medium Term Financial Plan to 2028/29 was agreed by Council in February 2024. The budget was set against a backdrop of increasing demand pressures for statutory services, such as Children's Social Care and Adult's Services.

In total, the Council planned to spend £709.5m (gross) on council services in 2024/25 and planned to deliver new savings of £62.5m.



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The gross budget was financed through Government Grants (£300.8m), Service Income (£146.9m), Council Tax (£205.1m), Business Rates (£41.3m), Top Up Grant (£10.9m), Revenue Support Grant (£7.9m) and a Collection Fund Surplus (£3.6m).

### Revenue Outturn Position for 2024/25

As set out in the table below the 2024/25 outturn was a £34.230m spend variation from budget, representing a 13% variance on the gross budget. Further details of the outturn position for each directorate are shown in the Financial Outturn report which is presented to Cabinet and Council in June and July.

	Final Budget £000	Actual Outturn £000	Controllable Over/ (Under) £000
<b>Service Expenditure</b>			
Health and Wellbeing	5,992	5,503	(489)
People	214,687	245,931	31,244
Place	51,651	66,722	15,071
Resources	3,782	8,463	4,681
Strategic Management Board	(23)	295	318
<b>Service Delivery Budgets</b>	<b>276,089</b>	<b>326,914</b>	<b>50,825</b>
Corporate	(14,392)	(30,987)	(16,595)
<b>Net Budget</b>	<b>261,697</b>	<b>295,927</b>	<b>34,230</b>

The outturn position within Service Delivery budgets deteriorated significantly in the final quarter, in the main due to challenging demand levels within Adult Social Care. These pressures in Social Care were offset by the release of earmarked reserves within Corporate Budgets.

Year End Projected Over/(Under)spend	Quarter 1* £000	Quarter 2 £000	Quarter 3 £000	Outturn £000
Health and Wellbeing	185	(297)	(407)	(489)
People	17,306	16,319	17,345	31,244
Place	14,764	12,938	14,488	15,071
Resources	4,630	4,068	3,937	4,681
Strategic Management Board	438	613	510	318
<b>Service Delivery Budgets</b>	<b>37,323</b>	<b>33,641</b>	<b>35,873</b>	<b>50,825</b>
Corporate	1,184	1,454	(312)	(16,595)
<b>TOTAL</b>	<b>38,507</b>	<b>35,095</b>	<b>35,561</b>	<b>34,230</b>

During the year the Council experienced increased activity for Children's Social Care resulting in additional cost pressures. High demand and inflationary cost pressures in Adults Services, in addition to income levels reducing due to the transfer of people from assumed health funding to Local Authority funding resulted in a significant budgetary pressure in 2024/25. In addition, savings delivery planned during the budget was not as anticipated during the year and have resulted in overspends being realised for 2024/25. These savings have been carried forward for delivery in 2025/26.

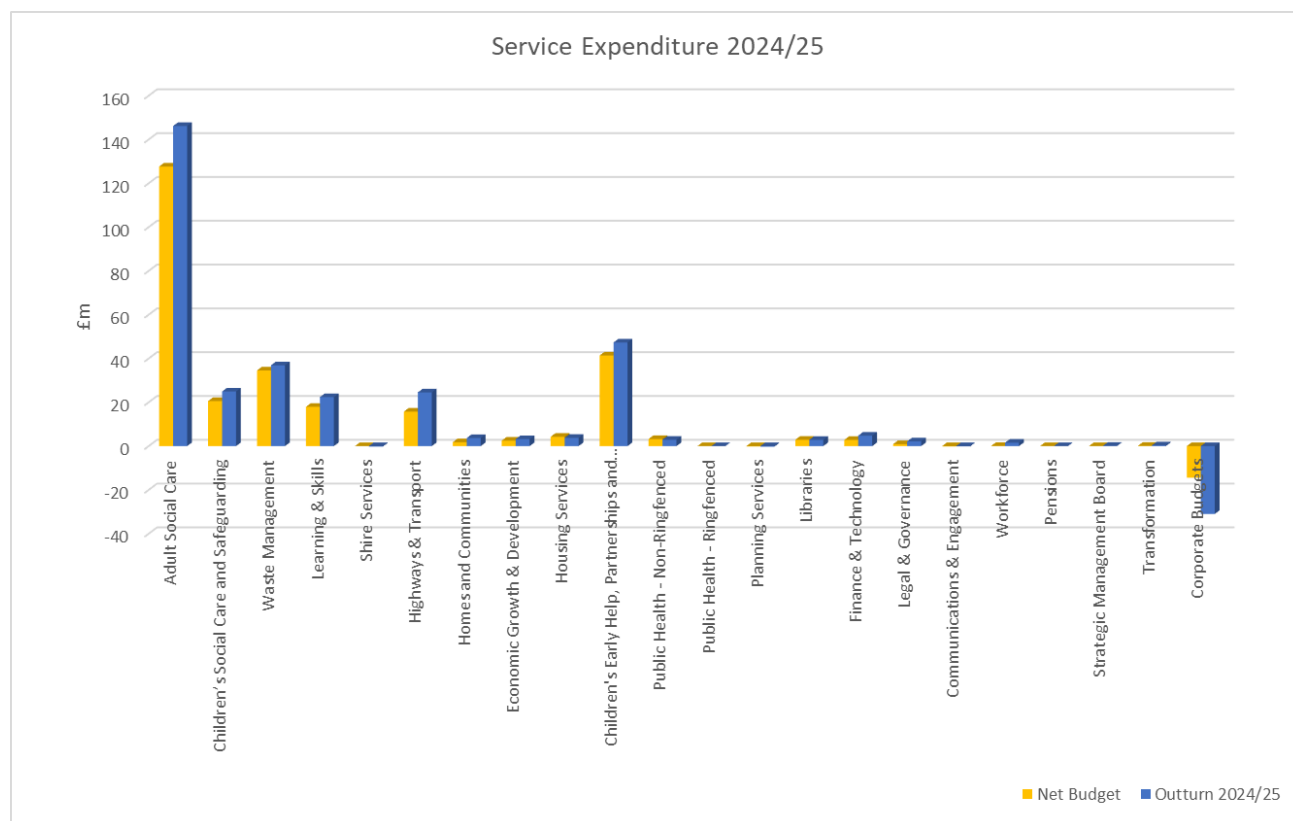
During 2024/25 the Council applied for Exceptional Financial Support and were able to utilise a Capitalisation Direction which enabled the Council to borrow to fund transformation costs (£26.9m). This allowed the Council to decommit £8.6m of the

## Narrative Report

development reserve so that this could instead be released to offset the pressures highlighted above.

Further detail on the Council's service expenditure can be found within the Comprehensive Income & Expenditure Statement and Notes 7, 8, 9 and 10 to the Accounts.

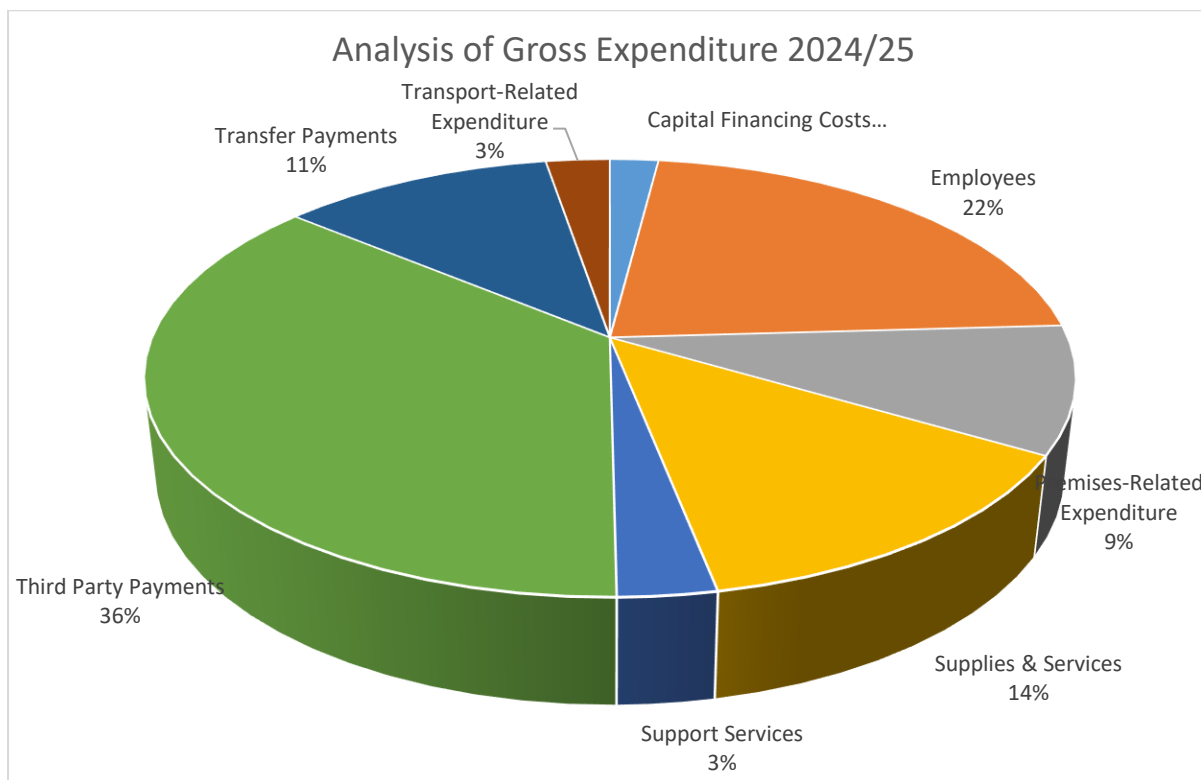
The chart below demonstrates which services the Council has spent its net budget on. It should be noted that this excludes any expenditure on schools which is funded separately through the Dedicated Schools Grant.



The gross expenditure for the Council, including expenditure for schools was £978.966m and this was spent on the following types of expenditure:



## Narrative Report



### **Reserves**

The Council holds several revenue reserves to provide resilience for unforeseen financial pressures, implementation costs of long term projects or long term contractual commitments.

In 2024/25 the Council had planned to increase the general fund balance by £30.584m to a balance of £38.821m. However, as outlined above, the overspend realised in the revenue budget has resulted in a significant proportion of the General Fund Balance needing to fund the overspend. The General Fund Balance as at 31 March 2025 was therefore £4.965m. This balance lies significantly below the risk assessed level of balances calculated for 2024/25. As a result of this anticipated position, The Council has again budgeted to increase reserves in 2025/26, however this is dependent on the Council delivering fully on their planned spending reductions and cost pressures being managed in areas such as social care and winter maintenance.

Earmarked reserves have decreased by £9.952m during 2024/25, which includes a decrease in schools delegated balances of £0.647m. Earmarked reserves have been utilised in 2024/25 mainly to offset cost pressures arising in the revenue outturn position, and non-delivery of savings where there has been slippage in delivery. Total earmarked reserves are held at £25.455m including delegated school balances of £6.693m.

### **Capital Outturn Position for 2024/25**

The Capital Budget is monitored throughout the year to identify any pressures and re-profile budgets based on revised expenditure projections. The budget changes as a result of slippage from the previous financial years capital programme, new capital allocations received or reductions in existing allocations and re-profiling of capital allocations between financial years.

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The table below provides a summary of the revised capital budget and expenditure for 2024/25 as at outturn and slippage into the next financial year. Further details of the outturn position are provided in the Financial Outturn report presented to Cabinet and Full Council.

Service Area	Revised Budget 2024/25 £000	Actual Spend 2024/25 £000	Variance 2024/25 £000
<b>General Fund</b>			
Health & Wellbeing	1,873	2,233	360
People	9,984	6,754	(3,230)
Place	82,345	81,198	(1,147)
Resources	100	223	123
Strategic Management Board	135	59	(76)
<b>Total General Fund</b>	<b>94,437</b>	<b>90,467</b>	<b>(3,970)</b>
<b>Housing Revenue Account</b>	<b>18,202</b>	<b>17,353</b>	<b>(849)</b>
<b>Total Capital Programme</b>	<b>112,639</b>	<b>107,820</b>	<b>(4,819)</b>

The table below provides a summary of the capital financing for the actual capital expenditure for 2024/25.

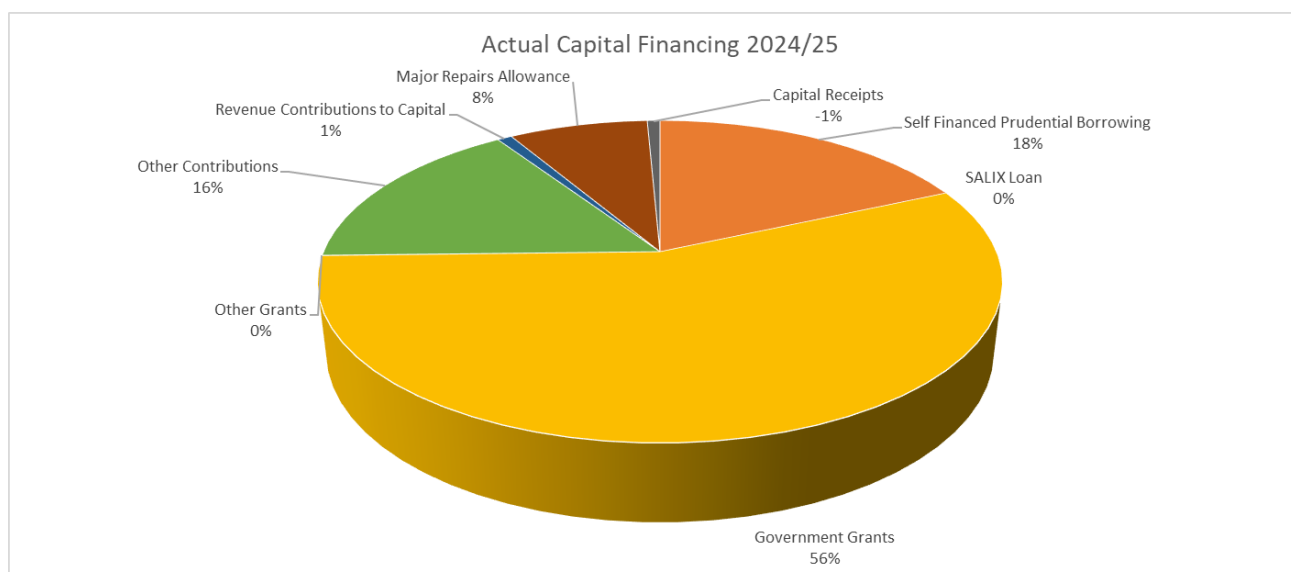
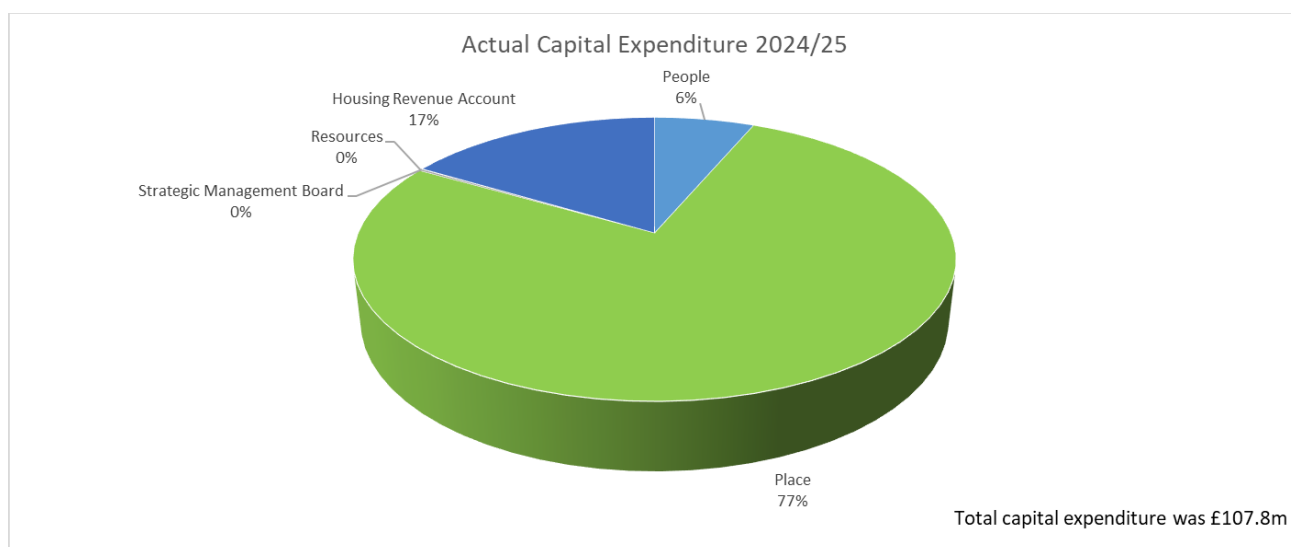
Financing	2024/25 £000
Capital Grants & Contributions	79,049
Revenue Contributions	901
Major Repairs Allowance	8,580
Self Financing Prudential Borrowing	20,075
Corporate Resources	(785)
	<b>107,820</b>

The areas of most significant expenditure for schemes undertaken in 2024/25 are as follows:

	Expenditure 2023/24 £000
<b>People</b>	
Schools Condition Schemes	1,408
Devolved Formula Capital	645
School Future Place Planning	2,424
<b>Place</b>	
Highways and Transport	33,978
North West Relief Road	7,281
Flood Defences and Water Management	694
Broadband	3,284
Economic Development	6,912
Commercial Investments	14,869
Leisure	10,910
Housing Services	9,164

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	Expenditure 2023/24 £000
Disabled Facilities Grants	5,326
National Landscapes including ROW	1,193
Corporate Landlord	10,199
<b>Housing Revenue Account</b>	
Housing Major Repairs Programme	9,100
Local Authority Housing Fund	5,040
Single Homelessness Accommodation Programme	2,523
New Build Programme	579



## Cash Flow Management

Cashflow forecasts are prepared for the current and future financial years and are monitored daily. The cashflow forecast is regularly updated to take account of future changes so the cash position of the Council can be managed appropriately.



## Narrative Report

The Council undertakes long-term borrowing, for periods over one year, to finance capital spending. The Council satisfies its borrowing requirement for this purpose by securing external loans. However, the Council can temporarily defer the need to borrow externally by using the cash it has set aside for longer term purposes; this practice means that there is no immediate link between the need to borrow to pay for capital spend and the level of external borrowing. The effect of using the cash set aside for longer term purposes to temporarily defer external borrowing is to reduce the level of cash that the Council has available for investment.

The Council has used cash to offset external borrowing for several years and this has generated significant savings for the Council in borrowing costs. Cash balances held by the Council reduced over the last three financial years and so in 2024/25 it has been necessary to secure additional borrowing. As a result, for cashflow purposes, the Council secured £126.9million of new loans for the General Fund and £19.2m for the Housing Revenue Account. £36m of the General Fund new loans related to renewing existing loans to take advantage of improved interest rates. The General Fund borrowing includes the Capitalisation Direction (£26.9m) as approved by the Government for Exceptional Financial Support. Further details are provided in the Statement of Accounts.

The Council is satisfied that cashflow levels are sustainable in the short to medium term, but will continue to review required borrowing levels in 2025/26.

## The Statement of Accounts

The purpose of the Statement of Accounts is to give electors, those subject to locally levied taxes and charges, Members of the Council, employees and other interested parties, clear information about the Council's finances. The format of the Statement of Accounts is governed by The Code of Practice on Local Authority Accounting in the United Kingdom, published by CIPFA (the Code). To make the document as useful as possible to its audience and to enable meaningful comparisons between authorities possible the Code requires:

- All Statement of Accounts to reflect a common pattern of presentation, although this does not necessarily require them to be in an identical format.
- Interpretation and explanation of the Statement of Accounts to be provided.
- The Statement of Accounts and supporting notes to be written in plain language.

The section on accounting policies describes the basis on which the financial information within the statements is prepared. The accounts have been prepared to give a true and fair view of the financial position of the Council and with the underlying assumption of the going concern concept. Information is included within the statements having regard to the concepts of relevance, reliability, comparability and understandability together with a consideration of materiality.

This statement of accounts comprises various sections and statements, which are briefly explained below:

- **A Narrative Report** – this provides an effective guide to the most significant matters reported in the accounts, including an explanation of the Council's financial position and details the performance of the Council during the financial year.

## Narrative Report

- **The Statement of Responsibilities** – this details the responsibilities of the Council and the Chief Financial Officer concerning the Council's financial affairs and the actual Statement of Accounts.
- **The Audit Opinion and Certificate** – this is provided by the external auditor following the completion of the annual audit.
- **The Core Financial Statements**, comprising:
  - **The Comprehensive Income and Expenditure Statement** – this is fundamental to the understanding of a Council's activities. It brings together all the functions of the Council and summarises all of the resources the Council has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise council tax according to different rules and for the ability to divert certain expenditure to be met from capital resources.
  - **The Movement in Reserves Statement** – this shows the movement in the year on the different reserves held by the Council which is analysed into 'usable reserves' and other reserves.
  - **The Balance Sheet** – like the Income and Expenditure Statement this is also fundamental to the understanding of the Council's financial position as at 31 March 2025. It shows the balances and reserves at the Council's disposal, long term liabilities and the fixed and net current assets employed in its operations, together with summarised information on the non current assets held.
  - **The Cash Flow Statement** – this consolidated statement summarises the Council's inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this statement, as cash in hand and cash equivalents.
- **The Notes to the Core Financial Statements** provide supporting and explanatory information on the Core Financial Statements and include the Council's accounting policies.
- **Group Accounts** – group financial statements are required to reflect the variety of undertakings that local authorities conduct under the ultimate control of the parent undertaking of that group. The group accounts should also include any interests where the Council is partly accountable for the activities because of the closeness of its involvements i.e. in associates and joint ventures. Some of the transactions involved are not considered material to the Council's accounts however the Council has decided to provide a full disclosure in terms of bodies that it has a relationship with.
- **The Housing Revenue Account** – There is a statutory duty to account separately for local authority housing provision.
- **The Collection Fund** – This account reflects the statutory requirement for billing authorities to maintain a separate Collection Fund, which shows the transactions of

## Narrative Report

the billing authority in relation to Non-Domestic Rates and the Council Tax, and illustrates the way in which these have been distributed to preceptors and the General Fund.

- **The Pension Fund Accounts and Disclosure Notes** – the Shropshire County Pension Fund is administered by this Council, however, the pension fund must be shown separately from the Council's own finances. The accounts summarise the financial position of the Shropshire County Pension Fund, including all income and expenditure for 2023/24 and assets and liabilities as at 31 March 2025.

A glossary to the Statement of Accounts is also included to help to make, what is ultimately a very technical accounting document, more understandable to the reader.

### Outlook for the Council

The Council produced a Medium Term Financial Strategy (MTFS) for the period 2025/26 – 2029/30, and the plan sets out a clear route to securing long term financial sustainability for the Council, whilst aligning the Council's resources to the Shropshire Plan.

The financial outlook for 2025/26 is extremely challenging. The Council continues to experience significant demand for services such as social care, and increasing cost pressures arising from inflation, particularly in the care market. The specific factors affecting the budget for 2025/26 are:

- Lower proportion of funding provided by the government compared to the national average for government funding. This included the loss the Rural Services Delivery Grant which is no longer distributed.
- Increased population, particularly amongst older adults
- Increasing demand for services such as:
  - children needing support or protection, and
  - adults with learning difficulties or autism;
  - demand for Temporary Accommodation and housing support
  - cost of living support
  - the challenge of delivering services across a large rural area with a sparse population

The impact of these factors are that demand for services outstrips the resources available to the Council within the current operating model. The 2025/26 budget therefore proposed a reduction to the overall size and scope of the council, and to secure efficiency and transformational improvements to continue to provide services the greatest extent possible within the available resources. The Council is also developing broader approaches to demand management, enabling us to better meet the challenges of demand increases. Also as highlighted earlier, only a proportion of the budget savings for 2024/25 were delivered, therefore the remaining balance that was not delivered has been carried forward to 2025/26. The total savings required for 2025/26 budget are £59.876m.

Despite the challenges encountered through the year, the objectives and overarching vision of The Shropshire Plan remain a clear guide to the priorities for the 2025/26 budget.



## Narrative Report

In May 2025, the local elections were held in Shropshire which resulted in a change of administration. It is therefore intended that a new Corporate Plan will be developed during 2025/26 which will help inform the 2026/27 budget and further years in the MTFS.

Next year we will be investing over £138 million of capital funding into local projects. The capital programme remains priority led, reflecting the need for growth in the Shropshire economy, significant investment in infrastructure and roads, investment in the current housing stock and continuing a new build programme for housing, and funding to deliver superfast broadband across much of Shropshire in the coming years.

Given the change in administration of the Council, it is intended that the Capital Programme and schemes identified within the Capital Strategy will be fully reviewed during the course of 2025/26 to confirm that the schemes progressed are in line with the Council's priorities.

### **Transactions within Group Boundary**

The Council has several organisations that it holds an interest or controlling share within. These include:

- Shropshire Towns and Rural Housing
- West Mercia Energy
- West Mercia Supplies (Pension)
- Cornovii Developments Limited
- Biodynamic Carbon Limited

Cornovii Developments Limited (CDL) was set up to address the unmet housing needs within Shropshire Council's administrative area, and during 2024/25 they have completed work at three sites, delivering a total of 81 homes. Whilst some of these houses have been sold on the open market, a third of these have been designated as affordable housing and 26 have been held by CDL for private rental purposes. CDL has generated turnover of £11.9m and holds total assets of £37.4m including those houses held for rental purposes, and work in progress as the company develop further sites. Further detail on the transactions for CDL are outlined in the Group Accounts section in the Statement of Accounts.

The interests held in the other companies as outlined above, are not considered material, however again, this is discussed in more detail within the Group Accounts section of the Statement of Account.



## Section 2

# Statement of Responsibilities



Shropshire  
Council

# Statement of Responsibilities

## **The Council's Responsibilities**

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, that officer is the Executive Director, S151 Officer;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

## **Approved by Council**

The Council's Statement of Accounts for 2024/25 was formally approved at a meeting of the Audit Committee on 26 June 2025.

Duncan Kerr  
Chair of the Audit Committee  
26 June 2025

## **Responsibilities of Executive Director, S151 Officer**

The Executive Director, S151 Officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC *Code of Practice on Local Authority Accounting in the United Kingdom* ("the Code").

In preparing this Statement of Accounts, the Executive Director, S151 Officer 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.

The Executive Director, S151 Officer has also:

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

## **Certificate of the Executive Director, S151 Officer**

I hereby certify that the Statement of Accounts present a true and fair view of the financial position and the income and expenditure of the Council for the year ended 31 March 2025.

James Walton  
Executive Director, S151 Officer  
30 June 2025



# Section 3

# Audit Opinion and Certificate



## **Audit Opinion and Certificate**

**WILL BE UPDATED FOLLOWING AUDIT OF ACCOUNTS**

## Audit Opinion and Certificate



## Audit Opinion and Certificate

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## Audit Opinion and Certificate

Section 4

# Core Financial Statements



## Comprehensive Income and Expenditure Statement

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

Restated 2023/24 (Note 2)				2024/25		
Gross Expenditure £000	Income £000	Net Expenditure £000		Gross Expenditure £000	Income £000	Net Expenditure £000
			<b>Expenditure on Continuing Services (Notes 7, 8, 9 and 10)</b>			
31,665	(23,092)	8,573	Health and Wellbeing	31,972	(26,688)	5,284
22,731	(20,399)	2,332	Local Authority Housing	16,190	(23,090)	(6,900)
466,007	(221,218)	244,789	People	523,761	(251,005)	272,756
165,133	(59,974)	105,159	Place	188,270	(72,110)	116,160
62,781	(54,331)	8,450	Resources	65,603	(55,991)	9,612
4,693	(81)	4,612	Strategic Management Board	7,963	(111)	7,852
10,327	(38,148)	(27,821)	Corporate	17,886	(41,474)	(23,588)
<b>763,337</b>	<b>(417,243)</b>	<b>346,094</b>	<b>Net Cost of Services</b>	<b>851,645</b>	<b>(470,469)</b>	<b>381,176</b>
		15,205	Other Operating Expenditure (Note 13)			37,596
		29,195	Financing and Investment Income and Expenditure (Note 14)			22,165
		(346,009)	Taxation and Non Specific Grant Income (Note 15)			(368,234)
		<b>44,485</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>72,703</b>
		(28,387)	(Surplus) or Deficit on Revaluation of Non-Current Assets			(898)
		2,928	Impairment Losses on Non-Current Assets Charged to the Revaluation Reserve			3,088
		(93,328)	Remeasurement of the Net Defined Benefit Liability (Note 41)			(19,418)
		<b>(118,787)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(17,228)</b>
		<b>(74,302)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>55,475</b>

## Movement In Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'.

The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Council's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

The Net Increase/(Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the council.

2024/25	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2024</b>	<b>8,237</b>	<b>35,407</b>	<b>43,644</b>	<b>11,737</b>	<b>6,008</b>	<b>58,498</b>	<b>119,887</b>	<b>658,403</b>	<b>778,290</b>
<b><u>Movement in reserves during 2024/25</u></b>									
Surplus or (deficit) on the provision of services	(83,180)	0	(83,180)	10,477	0	0	(72,703)	0	(72,703)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	17,228	17,228
<b>Total Comprehensive Income and Expenditure</b>	<b>(83,180)</b>	<b>0</b>	<b>(83,180)</b>	<b>10,477</b>	<b>0</b>	<b>0</b>	<b>(72,703)</b>	<b>17,228</b>	<b>(55,475)</b>
Adjustments between accounting basis & funding basis under regulations (Note 11)	69,754	0	69,754	(7,292)	(4,146)	(5,147)	53,169	(53,169)	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>(13,426)</b>	<b>0</b>	<b>(13,426)</b>	<b>3,185</b>	<b>(4,146)</b>	<b>(5,147)</b>	<b>(19,534)</b>	<b>(35,941)</b>	<b>(55,475)</b>
Transfers to/(from) Earmarked Reserves (Note 12)	10,014	(9,953)	61	(61)	0	0	0	0	0
<b>Increase/(Decrease) in 2024/25</b>	<b>(3,412)</b>	<b>(9,953)</b>	<b>(13,365)</b>	<b>3,124</b>	<b>(4,146)</b>	<b>(5,147)</b>	<b>(19,534)</b>	<b>(35,941)</b>	<b>(55,475)</b>
<b>Balance at 31 March 2025</b>	<b>4,825</b>	<b>25,454</b>	<b>30,279</b>	<b>14,861</b>	<b>1,862</b>	<b>53,351</b>	<b>100,353</b>	<b>622,462</b>	<b>722,815</b>



## Movement In Reserves Statement

2023/24	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
<b>Balance at 31 March 2023</b>	<b>7,093</b>	<b>52,579</b>	<b>59,672</b>	<b>12,359</b>	<b>7,400</b>	<b>52,395</b>	<b>131,826</b>	<b>572,162</b>	<b>703,988</b>
<b><u>Movement in reserves during 2023/24</u></b>									
Surplus or (deficit) on the provision of services	(42,446)	0	(42,446)	(2,039)	0	0	(44,485)	0	(44,485)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	118,787	118,787
<b>Total Comprehensive Income and Expenditure</b>	<b>(42,446)</b>	<b>0</b>	<b>(42,446)</b>	<b>(2,039)</b>	<b>0</b>	<b>0</b>	<b>(44,485)</b>	<b>118,787</b>	<b>74,302</b>
Adjustments between accounting basis & funding basis under regulations (Note 11)	26,386	0	26,386	1,449	(1,392)	6,103	32,546	(32,546)	0
<b>Net Increase/(Decrease) before Transfers to Earmarked Reserves</b>	<b>(16,060)</b>	<b>0</b>	<b>(16,060)</b>	<b>(590)</b>	<b>(1,392)</b>	<b>6,103</b>	<b>(11,939)</b>	<b>86,241</b>	<b>74,302</b>
Transfers to/(from) Earmarked Reserves (Note 12)	17,204	(17,172)	32	(32)	0	0	0	0	0
<b>Increase/(Decrease) in 2023/24</b>	<b>1,144</b>	<b>(17,172)</b>	<b>(16,028)</b>	<b>(622)</b>	<b>(1,392)</b>	<b>6,103</b>	<b>(11,939)</b>	<b>86,241</b>	<b>74,302</b>
<b>Balance at 31 March 2024</b>	<b>8,237</b>	<b>35,407</b>	<b>43,644</b>	<b>11,737</b>	<b>6,008</b>	<b>58,498</b>	<b>119,887</b>	<b>658,403</b>	<b>778,290</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council are matched by the reserves held by the Council. Reserves are reported in two categories. The first category are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

2023/24		2024/25	
£000		£000	£000
1,138,504	Property, Plant & Equipment (Note 16)	1,156,403	
2,119	Heritage Assets	2,167	
43,029	Investment Property (Note 17)	47,701	
2,603	Intangible Assets	1,078	
<b>1,186,255</b>	<b>Total Non Current Assets</b>		<b>1,207,349</b>
971	Long Term Investment (Note 21)	980	
15,259	Long Term Debtors (Note 21)	23,999	
<b>1,202,485</b>	<b>Total Long Term Assets</b>		<b>1,232,328</b>
	Current Assets		
	Current Held for Sale Investment Properties (Note 17)		
18,283		14,520	
3,904	Assets Held for Sale	4,678	
729	Inventories	561	
123,805	Short Term Debtors (Notes 21, 23 & 24)	151,120	
37,293	Cash & Cash Equivalents (Notes 21 & 25)	50,725	
<b>184,014</b>	<b>Total Current Assets</b>		<b>221,604</b>
<b>1,386,499</b>	<b>Total Assets</b>		<b>1,453,932</b>
	Current Liabilities		
(35,933)	Bank Overdraft (Notes 21 & 25)	(19,938)	
(32,802)	Short Term Borrowing (Note 21)	(58,392)	
(88,150)	Short Term Creditors (Notes 21 & 26)	(108,032)	
(2,707)	Provisions (Note 27)	(5,109)	
(8,622)	Grants Receipts in Advance - Revenue (Note 38)	(4,948)	
(19,716)	Grants Receipts in Advance - Capital (Note 38)	(18,667)	
<b>(187,930)</b>	<b>Total Current Liabilities</b>		<b>(215,086)</b>
<b>1,198,569</b>	<b>Total Assets Less Current Liabilities</b>		<b>1,238,846</b>
	Long Term Liabilities		
(603)	Long Term Creditors (Note 21)	(591)	
(281,527)	Long Term Borrowing (Note 21)	(364,866)	
(93,313)	Other Long Term Liabilities (Note 21)	(124,212)	
(38,587)	Pensions Liability (Note 41)	(20,246)	
(6,249)	Provisions (Note 27)	(6,116)	
<b>(420,279)</b>	<b>Total Long Term Liabilities</b>		<b>(516,031)</b>
<b>778,290</b>	<b>Net Assets</b>		<b>722,815</b>
	Financed by:		
119,887	Usable Reserves (Note 28)	100,353	
658,403	Unusable Reserves (Note 29)	622,462	
<b>778,290</b>	<b>Total Reserves</b>		<b>722,815</b>

## Cash Flow Statement

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

2023/24 £000	Revenue Activities	2023/24 £000	2023/24 £000
44,485	Net (surplus) or deficit on the provision of services	72,703	
(53,168)	Adjustments to net surplus or deficit on the provision of services for non cash movements	(84,026)	
75,347	Adjustments for items in the net surplus or deficit on the provision of services that are investing and financing activities	82,778	
<b>66,664</b>	<b>Net cash flows from Operating Activities (Note 30)</b>		<b>71,455</b>
(50,197)	Investing Activities (Note 31)	935	
(11,883)	Financing Activities (Note 32)	(101,817)	
<b>4,584</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>(29,427)</b>
5,944	Cash and cash equivalents at the beginning of the reporting period		1,360
<b>1,360</b>	<b>Cash and cash equivalents at the end of the reporting period (Note 25)</b>		<b>30,787</b>



## Section 5

# Notes to the Core Financial Statements





## 1. Accounting Policies

### 1.1 General

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

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

The accounts have been prepared on the assumption that the Council will continue to operate for the foreseeable future. This assumption is made because the Council carries out functions essential to the local community and are themselves revenue-raising bodies. If the Council were in financial difficulty alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year.

### 1.2 Accruals of Expenditure and Income

Revenue transactions are recorded in the year that the activity takes place, not simply when cash payment are made or received. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies 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 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 in financing and investment income and expenditure for the income that might not be collected.

### 1.3. Cash and Cash Equivalents

Cash is defined for the purpose of this statement, as cash in hand and deposits with financial institutions repayable on demand without penalty on notice. Cash equivalents

## Notes to the Core Financial Statements

are short term, highly liquid investments, normally with a maturity of 90 days or less from the date of investment, that are readily convertible to known amounts of cash.

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

### **1.4. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

### **1.5. Non-Current Assets - Intangible**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the authority as a result of past events (eg software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the authority.

Intangible assets are recognised based on cost and are amortised over the economic life of the intangible asset to reflect the pattern of consumption of benefits. Only intangible assets included in the capital programme are capitalised. Each intangible asset is assessed in terms of economic life, usually between three and seven years.

### **1.6. Non-Current Assets – Property, Plant and Equipment**

Property, plant and equipment are 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.

#### Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged to revenue as an expense when it is incurred.

## Notes to the Core Financial Statements

### Initial Measurement

An item of property, plant and equipment that qualifies for recognition as an asset is initially measured at its cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The authority does not capitalise borrowing costs incurred while assets are under construction. Expenditure is capitalised on an accrual's basis, with accruals made for capital works with a value of £75,000 or more undertaken but not paid for by the end of the financial year.

### Measurement after recognition

Property, plant and equipment assets are subsequently valued at current value on the basis recommended by the Code of Practice on Local Authority Accounting and in accordance with The Royal Institution of Chartered Surveyors (RICS) Valuation Standards. Property, plant and equipment assets are classified into the groupings required by the Code of Practice on Local Authority Accounting and valued on the following bases:

Category	Valuation Method (Current Value definition)
<u>Operational</u>	
Council Dwellings	Current value determined using the basis of Existing Use Value – Social Housing (EUV-SH).
Land & Buildings	Current value determined as the amount that would be paid for the asset in its existing use (Existing Use Value - EUV)
	For specialist properties where there is no market-based evidence of current value because of the specialist nature of the asset and the asset is rarely sold - Depreciated Replacement Cost (DRC) is used as an estimate of current value.
Vehicles, Plant & Equipment	Depreciated Historic Cost (HC) - as a proxy for current value where they are of short life or low value.
Infrastructure	Depreciated Historic Cost (HC)
Community Assets	Depreciated Historic Cost (HC)
<u>Non-operational</u>	
Surplus Assets	The current value measurement base is fair value, estimated at highest and best use from a market participant's perspective.
Assets Under Construction	Historic Cost (HC)

Land and buildings used for Council services are valued at fair value based on their existing use. Fair value is defined as the value that an asset would be purchased for by a willing buyer. Where sufficient market evidence of the value is not available, for example schools and leisure centres, depreciated replacement cost, using the modern equivalent asset method is used for valuation purposes. This is an estimate of how much it would cost to build the asset using the latest building methods which therefore takes into account the current cost of building materials. This value is then adjusted to take into account the age of the building.

Assets included in the Balance Sheet at current value are subject to a full revaluation with sufficient regularity to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. In the intervening years the valuations are subject to an annual desktop review to update the valuation to the balance sheet date. Where the valuation is calculated to be below £10,000 the valuation is recorded as de-minimis in the balance sheet.

## Notes to the Core Financial Statements

When new material assets are acquired/constructed or assets substantially enhanced or there is a change in use of the asset; the asset will be valued in the financial year in which the asset becomes operational. Where there is a change in use of the asset, the impact of this will be considered to determine if a revaluation is required.

The Housing Revenue Account Council Dwellings are subject a full valuation every five years and to an annual desktop review to update the valuation to the balance sheet date; undertaken by the Valuation Office Agency.

When an asset is revalued, any accumulated depreciation and impairment at the date of valuation shall be eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset. Where the carrying amount of property, plant and equipment is increased as a result of a revaluation, the increase shall be recognised in the Revaluation Reserve, unless the increase is reversing a previous impairment loss charged to Surplus or Deficit on the Provision of Services on the same asset or reversing a previous revaluation decrease charged to Surplus or Deficit on the Provision of Services on the same asset.

Where the carrying amount of an item of property, plant and equipment is decreased as a result of a revaluation, i.e. a significant decline in an asset's carrying amount during the period that is not specific to the asset (as opposed to an impairment, see 1.10), the decrease shall be recognised in the Revaluation Reserve up to the credit balance existing in respect of the asset (i.e. up to its historical cost) and thereafter in the Surplus or Deficit on the Provision of Services.

### Componentisation

Where components of an asset are significant in value in relation to the total value of the asset and they have substantially different economic lives, they are recognised and depreciated separately. Significant assets for this purpose are properties with a value in excess of £2.5m.

### Disposal / Derecognition

The carrying amount of an item of property, plant and equipment shall be derecognised:

- On disposal, or
- When no future economic benefits or service potential are expected from its use or disposal.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the 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). Any revaluation gains accumulated for the asset in the revaluation reserve are transferred to the capital adjustment account

Amounts received for a disposal are categorised as capital receipts. Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.



## Notes to the Core Financial Statements

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

A proportion (based on Agreement – Section 11(6) of the Local Government Act 2003) of receipts relating to dwellings disposed of under the Right to Buy Scheme are payable to the Government through the pooling system. The proportion that is required to be paid over to central government as a 'housing pooled capital receipt' is charged to Surplus or Deficit on the Provision of Services and the same amount appropriated from the Capital Receipts Reserve and credited to the General Fund Balance in the Movement in Reserves Statement. For the financial years, 2022-23, 2023-24 and 2024-25, local authorities were permitted to retain the share of Right to Buy receipts that had been previously returned to the Government and so retain 100% of these receipts.

Where a component of an asset is replaced or restored, the carrying amount of the old component is derecognised, based on the cost of the new component indexed back to the last valuation date, as a proxy for the deemed carrying amount of the replaced part. Where the new expenditure is deemed to also enhance the component of the original asset e.g. energy efficiency schemes the carrying amount of the old component is derecognised at a lower value, reflecting it is not a like for like replacement and a further enhancement has been made to the asset.

### **1.7. Non-Current Assets – Property, Plant and Equipment – Highways Network Infrastructure Assets**

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

#### Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, 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.

#### Measurement

Highways network 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 which was deemed at that time to be historical cost.

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

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets the accounts do not disclose the gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant

## Notes to the Core Financial Statements

information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

### Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over the useful lives of the capital expenditure incurred based on the type of works. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year from year of acquisition.

Useful lives of the various types of works on the highways network are assessed by the Asset Manager in Highways using industry standards where applicable as follows:

Part of Highways Network	Life
Carriageways	5 - 20 years (dependant on works)
Footways & Cycle Tracks	20 years
Fences, Walls & Barriers	10 years
Traffic Signals and Pedestrian crossings	15 years
Streetlighting	20 years - Conversions 40 years - New
Bridgeguard, Drainage Structures, Structures	40 - 100 years (dependant on works)
New bridges and structures	100 years

### Disposals and derecognition

When a component of the Network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts 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 transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The authority has determined in accordance with Regulation [30M England] of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil. This is because parts of infrastructure assets are rarely replaced before the part has been fully consumed.

## 1.8. Investment Properties

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

## Notes to the Core Financial Statements

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 the 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 and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the capital adjustment account and the capital receipts reserve.

### **1.9. Non-Current Assets Held for Sale**

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The following criteria have to be met before an asset can be classified as held for sale:

- The asset must be available for immediate sale in its present condition.
- The sale must be highly probable; with an active programme to dispose of the asset.
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to complete within one year of the date of classification.

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.

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

Investment Properties that are to be disposed of are not reclassified as an Asset Held for Sale and remain as Investment Properties until disposed of, reclassified to short terms investment properties where they are expected to be disposed of within a year of the balance sheet date.

### 1.10. Impairment

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

- A significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period, that is specific to the asset;
- Evidence of obsolescence or physical damage of an asset;
- A commitment by the Council to undertake a significant reorganisation; or
- A significant adverse change in the statutory or other regulatory environment in which the Council operates.

An impairment loss on a revalued asset is recognised in the Revaluation Reserve (to the extent that the impairment does not exceed the amount in the Revaluation Reserve for the same asset) and thereafter in the Surplus or Deficit on the Provision of Services.

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.

### 1.11. Depreciation

Depreciation is provided for on all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. Depreciation applies to all property, plant and equipment, whether held at historical cost or revalued amount, with the exception of:

- Investment properties carried at fair value;
- Assets Held for Sale; and
- Land where it can be demonstrated that the asset has an unlimited useful life (excluding land subject to depletion, i.e. quarries and landfill sites).

An asset is not depreciated until it is available for use and depreciation ceases at the earlier of: the date the asset is classified as held for sale and the date the asset is derecognised.

The finite useful life of an asset is determined at the time of acquisition or revaluation, estimated by the Valuer. Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Depreciation is calculated using the straight-line method. For Council Dwellings the depreciation charge is calculated on a componentised depreciation basis, using the Planned Programme Approach. The depreciation charge is calculated based on the stock data at 1st April, using the stock data of the major components at that date, from the housing condition data. The components are depreciated on a straightline basis over their useful life (10-80 years) for Decent Homes Standard; with the residual amount (excluding land) depreciated over 150 years.



## Notes to the Core Financial Statements

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

### 1.12. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are charged an accounting estimate of the cost of holding non-current assets during the year. This comprises

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

Depreciation, amortisation, impairments, revaluation gains or losses charged to the Surplus or Deficit on the Provision of Services are not proper charges to the General Fund or Housing Revenue Account. Such amounts are transferred to the Capital Adjustment Account and reported in the Movement in Reserves Statement. The only exception is depreciation charges for HRA dwellings and other properties, which are real charges to the HRA.

This ensures the Council is not required to raise Council Tax to cover depreciation, amortisation or revaluation/impairment losses. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement; further details are provided at Accounting Policy 1.16 (The Redemption of Debt). Depreciation, amortisation and revaluation/impairment losses are therefore replaced by revenue provision transferred from the Capital Adjustment Account and reported in the Movement in Reserves Statement.

Interest payable is reported within Net Operating cost within the Income and Expenditure Account and depreciation, calculated in accordance with Accounting Policy 1.11 (Depreciation), is charged directly to service revenue accounts.

Amounts set aside from revenue for the repayment of external loans, to finance capital expenditure or as transfers to other earmarked reserves are disclosed separately on the Movement in Reserves Statement.

### 1.13. Revenue Expenditure Funded from Capital under Statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the expenditure being carried on the Balance Sheet as a non-current asset. The purpose of this is to enable it to be funded from capital resources rather than be charged to the General Fund and impact on that year's council tax. These items are generally grants and expenditure on property not owned by the Council, and amounts directed under section 16(2) of Part 1 of the Local Government Act 2003.

Such expenditure is charged to the Surplus or Deficit on the Provision of Services in accordance with the general provisions of the Code. Any statutory provision that allows capital resources to meet the expenditure shall be accounted for by debiting the Capital

Adjustment Account and crediting the General Fund Balance and shown as a reconciling item in the Movement in Reserves Statement.

### **1.14. Heritage Assets**

Tangible Heritage Assets are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained by the Council principally for their contribution to knowledge and culture. Intangible heritage assets are intangible assets with cultural, environmental, or historical significance.

Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Councils accounting policies on property, plant and equipment. However, due to the unique nature of Heritage Assets, some of the measurement rules are relaxed in relation to the categories of Heritage Assets held.

### **1.15. Capital Receipts**

Capital receipts from the disposal of assets are held in the Usable Capital Receipts Reserve until such time as they are used to finance capital expenditure, used to finance expenditure under the flexibilities around the use of Capital Receipts for transformational revenue purposes currently extended to 2024/25 or are used to repay debt. At the balance sheet date, the Council may opt to set aside capital receipts in-hand within the Capital Adjustment Account to reduce the Capital Financing Requirement and the Minimum Revenue Provision (MRP) charge for the following financial year.

### **1.16. The Redemption of Debt**

The Council makes provision for the repayment of debt in accordance with the statutory "Minimum Revenue Provision" (MRP) requirements. For supported borrowing MRP is calculated based on a 45 year annuity basis and utilises Adjustment A (the variance between the credit ceiling and the Capital Financing Requirement (CFR) as at 1<sup>st</sup> April 2004) to reduce the supported borrowing CFR for MRP purposes. For unsupported borrowing MRP is calculated based on an annuity basis over the expected life of the asset for which the borrowing was undertaken. These amounts are transferred from the Capital Adjustment Account and reported in the Movement in Reserves Statement.

For HRA debt there is no mandatory requirement to make provision in the HRA for annual MRP payments. However, the Council will make annual voluntary provision for debt repayment in the HRA based on affordable levels in the HRA against the need for investment and delivering services in the HRA.

For assets under on-balance sheet PFI contracts and finance leases, the annual principal payment amount in the PFI or finance lease model is used as the MRP payment amount, with no additional charges above those within the contract.

Where the Council has made capital loans to third parties financed from the Council's balances, the annual repayments of principal amounts are treated as capital receipts and set aside in the Capital Adjustment Account in place of a revenue MRP charge.

### 1.17. Leases

#### The Council 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.

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 lease liability is 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 lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

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

The right-of-use asset is initially 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.

The right-of-use asset is subsequently measured using the fair value model unless it is deemed that the cost model is a reasonable proxy.

## Notes to the Core Financial Statements

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.

Leases of low value assets (less than £10,000) and short-term leases of 12 months or less are expensed to the Comprehensive Income and Expenditure Statement.

### The Council as Lessor

#### Operating leases

Where the Council grants an operating lease the asset is retained in the Balance Sheet. Rental income from operating leases is recognised on a straight-line basis over the term of the lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

## **1.18. Government Grants and Contributions**

### Revenue Grants

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as income at the date that the Council satisfies the conditions of entitlement to the grant/contribution and there is reasonable assurance that the monies will be received. If there are outstanding conditions on the grant income the income is held on the Balance Sheet as a Government creditor. Revenue grants are matched in service revenue accounts with the service expenditure to which they relate. Grants to cover general expenditure (e.g. Revenue Support Grant and New Homes Bonus) are credited to the foot of the Comprehensive Income and Expenditure Statement after Net Operating Expenditure.

### Capital Grants

Grants and contributions relating to capital expenditure shall be accounted for on an accruals basis and recognised immediately in the Comprehensive Income and Expenditure Statement as income, except to the extent that the grant or contribution has a condition(s) (as opposed to restrictions) that the Council has not satisfied.

Where a capital grant or contribution (or part thereof) has been recognised as income in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred at the Balance Sheet date, the grant or contribution shall be transferred from the General Fund (or Housing Revenue Account) to the Capital Adjustment Account, reflecting the application of capital resources to finance expenditure. This transfer shall be reported in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure it is posted to the capital grants unapplied reserve.

### Community Infrastructure Levy

The Council has elected to charge Community Infrastructure Levy (CIL) with effect from 1 January 2012. The levy applies to planning applications for the following types of development:



## Notes to the Core Financial Statements

- The formation of one or more new dwellings, (including holiday lets), either through conversion or new build, regardless of size (unless it is 'affordable housing'); or
- The establishment of new residential floor space (including extensions and replacements) of 100sqm or above.

The Council charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund infrastructure projects. This will largely be capital expenditure and includes roads and other transport schemes, flood defences, schools and other education facilities, medical facilities, sporting and recreation facilities and open spaces. Five percent of CIL charges will be used to meet the administrative costs of operating the levy.

CIL is received without outstanding conditions; it is therefore recognised in the Comprehensive Income and Expenditure Statement in accordance with the Council CIL instalment policy, following commencement date of the chargeable development in accordance with the accounting policy for government grants and contributions set out above.

The only exception for this is CIL monies received on developments where the CIL Liability Notice has been issued after 25th April 2013. On these receipts 15% of gross receipt or 25% in areas with a statutory Neighbourhood Plan in place; is treated as the Neighbourhood Fund element. The Neighbourhood Fund is the portion of CIL provided directly to Town and Parish Councils to be used for the provision, improvement, replacement, operation or maintenance of infrastructure or anything else which is concerned with addressing the demands that development places on an area.

### 1.19. Financial Assets

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

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

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

#### **Financial Assets Measured at amortised cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provision of a financial instrument. They are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council,, this means that the amount presented in the Balance Sheet is the outstanding principal receivable, adjusted

## Notes to the Core Financial Statements

for accrued interest receivable at the year end. Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to individuals at less than market rates (soft loans). Ordinarily when soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest would then be credited at a marginally higher effective rate of interest than the rate receivable from the individual, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance would be managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement. However, the soft loans that the Council has made are not material to the accounts so the impact has not been incorporated into the Core Financial Statements, instead Note 21 to the Core Financial Statements provides details about these soft loans.

### **Financial Assets Measured at Fair Value through Profit of Loss**

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

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

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

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

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

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

### **Expected Credit Loss Model**

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

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

### **1.20. Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For the borrowings that the Council has, this means the amount presented in the Balance Sheet is the outstanding principal repayable, adjusted for accrued interest payable at the year end. Interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

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

### **1.21. Reserves**

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year. The reserve is then appropriated back into the General Fund Balance so that there is no net charge against council tax for the expenditure.

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

### **1.22. Provisions, Contingent Liabilities and Contingent Assets**

#### Provisions

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes

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aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it becomes apparent that a transfer of economic benefits is not required, the provision is reversed and credited back to the relevant service.

### Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but any material liabilities will be disclosed in a separate note to the accounts.

### Contingent Assets

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

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

## **1.23. Inventories**

Inventories and stock are included on the Balance Sheet at the lower of cost price or net realisable value.

## **1.24. Overheads and Support Services**

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2023/24. The total absorption costing principle is used - the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties.



### 1.25. Group Accounts

The Council has financial relationships with a number of entities and partnerships and, therefore, is required to prepare Group Accounts, in addition to its main financial statements. All of the financial relationships within the scope of Group Accounts have been assessed.

The Council has accounted for Group Accounts in accordance with IFRS 3 - Business Combination, IFRS10 – Consolidated Financial Statements, IFRS 11 - Joint Arrangements, IFRS12 – Disclosure of Interest in Other Entities, IAS 27 - Separate Financial Statements, IAS28 - Investments in Associates and Joint Ventures except where interpretations or adaptations to fit the public sector have been detailed in the Code of Practice on Local Authority Accounting. Subsidiaries have been consolidated within the Council's accounts on a line by line by line basis and joint ventures have been consolidated using the equity method. Accounting policies have been aligned between the Council and the companies consolidated in the Group. Intragroup transactions relating to Subsidiaries are eliminated on consolidation.

### 1.26. Value Added Tax (VAT)

Only irrecoverable VAT is included in revenue and capital expenditure. All VAT receivable is excluded from income.

### 1.27. Employee Benefits

The Council accounts for employee benefits in accordance with the requirements of IAS 19 – Employee Benefits. This covers short-term employee benefits such as salaries, annual leave and flexi leave, termination benefits and post-employment benefits such as pension costs.

In accounting for annual leave the Council has categorised the staff into teachers and other staff. Teaching staff have been accounted for on the basis that working during term time entitles them to paid leave during the holidays e.g. working the Spring Term entitles them to paid Easter holidays. An accrual has been calculated based on the untaken holiday entitlement relating to the Spring Term. An accrual has been calculated for other staff based on the amount of untaken leave as at 31 March.

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. The cost of these are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure statement.

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

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

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the Council. However, the arrangements for the Teachers'

## Notes to the Core Financial Statements

scheme and the NHS scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The relevant service lines in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable to the two schemes in the year.

The Local Government Scheme is accounted for as a defined benefits scheme:

- The liabilities of the Shropshire County Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees.
- Liabilities are discounted to their value at current prices, using a discount rate of 5.8% (based on the indicative rate of return on high quality corporate bonds of appropriate duration)
- The assets of the Shropshire County Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
  - quoted securities – current bid price
  - unquoted securities – professional estimate
  - unitised securities – current bid price
  - property – market value.

The change in the net pensions 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 as part of Non Distributed Costs
  - net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (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 Pensions Reserve as Other Comprehensive Income and Expenditure

## Notes to the Core Financial Statements

- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
- Contributions paid to the Shropshire County 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 Council 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 them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **1.28. Foreign Currency Transactions**

Foreign currency transactions are accounted for on the basis of the equivalent sterling value of the underlying transaction, by applying the spot exchange rate at the date of the transaction.

### **1.29. Private Finance Initiative (PFI) Schemes**

PFI contracts are agreements to receive services, where the PFI contractor has responsibility for making available the assets needed to provide the services. The Council pays the contractor a payment, which is called a unitary charge, for the services delivered under the contract.

The Council has two PFI projects: the Quality in Community Services (QICS) PFI and the Waste Services PFI. Further details of these PFI projects are set out later in the document. The Council is deemed to control the services provided under these two PFI schemes, and as ownership of property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the operational assets used under the contracts on its balance sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. For the QICS scheme, the liability was written down by an initial capital contribution of £2.5m. At the commencement of the Waste contract the Council made various existing waste infrastructure assets available to the contractor. Under the Waste scheme, not all property, plant and equipment scheduled to be provided in the initial years of the contract has been provided and as a result part of the payments made to the scheme operator have been accounted

## Notes to the Core Financial Statements

for as a prepayment, with a corresponding entry also made to set aside the prepayment element of the unitary payment in the Capital Adjustment Account.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

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

- **Fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **Finance cost** – an interest charge as a percentage (based on the Internal Rate of Return of the scheme) of the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **Payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- **Lifecycle replacement costs** – proportion of amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out. On recognising the prepayment for lifecycle replacement costs a corresponding entry is also made to set aside the prepayment element of the unitary payment in the Capital Adjustment Account. Where works are carried out earlier than planned they are recognised as additions to Property, Plant and Equipment balanced by a temporary increase in the finance lease liability. When the programmed payment takes place the liability is written down.

### 1.30. Accounting for Council Tax and Non Domestic Rates

The Council Tax income included in the Comprehensive Income & Expenditure Statement is the accrued income for the year, and not the amount required under regulation to be transferred from the Collection Fund to the General Fund (the Collection Fund Demand). The difference is taken to the Collection Fund Adjustment Account through the Movement in Reserves Statement.

As the collection of Council Tax for preceptors (the West Mercia Police and Crime Commissioner, and Shropshire & Wrekin Fire & Rescue Authority) is an agency arrangement, the cash collected belongs proportionately to Shropshire Council as the billing authority and to the preceptors. This gives rise to a debtor or creditor position for the difference between cash collected from tax-payers and cash paid to preceptors under regulation. The Balance Sheet also includes the authority's share of the year end balances relating to arrears, impairment allowances for doubtful debts and prepayments.

In relation to Non-Domestic Rates, Shropshire Council collects income due as an agency arrangement. As with council tax, the cash collected belongs proportionately to Shropshire Council as the billing authority, and to Central Government and Shropshire & Wrekin Fire & Rescue Authority as preceptors. This gives rise to a debtor or creditor position for the difference between cash collected from tax-payers and cash paid to preceptors under regulation. The Balance Sheet also includes the authority's share of the year end balances relating to arrears, impairment allowances for doubtful debts, appeals and prepayments.



### 1.31. Accounting for Local Authority Maintained Schools

All Local Authority Maintained Schools in the Council area are considered to be entities controlled by the Council. In order to simplify the consolidation process and avoid consolidating in Group Accounts a considerable number of separate, relatively small entities; the Council's single entity financial statements include all the transactions of Local Authority Maintained Schools i.e. income, expenditure, assets, liabilities, reserves and cash flows of the schools.

The Council has the following types of maintained schools under its control:

- Community
- Voluntary Aided
- Voluntary Controlled
- Foundation

The Council recognises on balance sheet the non-current assets of schools where the Council legally owns the assets or where the school is in the legal ownership of a non religious body, on the basis that they are the assets of the school and need to be consolidated into the Council's accounts.

Community schools are owned by the Council and therefore recognised on the balance sheet.

The majority of Voluntary Aided and Voluntary Controlled schools in the Council area are owned by the respective Diocese. There is currently no legal arrangement in place for the School/Council to use the Diocese owned schools. The School/Council uses the school building to provide education under the provisions of the School Standards and Framework Act 1998. On this basis the school assets are used under "mere" licences and the assets are not recognised on the Council's balance sheet. The only exception to this is there are a small number of schools/part of schools that should have transferred to Diocese under Education Legislation; but the legal transfer has not been completed. These are still recognised in the Council balance sheet with an additional note disclosing that they are due to transfer.

Foundation schools owned by the Diocese are not recognised on the Council balance sheet as the position is the same as Voluntary Aided and Voluntary Controlled. Where ownership lies with the school or the school's Governing Body the School is recognised on the Council's Balance Sheet. There are a small number of schools who have recently changed their status to Foundation as part of local area Education Trusts. As yet no legal transfers have taken place of school land and buildings. On the assumption that these trusts will constitute the Governing Bodies of these schools, the schools are to remain on-balance sheet. This will be reviewed when the legal transfers are agreed in case the position is different.

Academy schools are not maintained schools controlled by the Council and as such are not accounted for in the Council's Accounts. Schools in Council ownership (Community Schools) which become Academies are provided to the Academy on a 125 year peppercorn lease. When schools transfer to Academy status the assets are written out of the balance sheet as at the date that the asset transfers. Additional notes are included in the accounts disclosing details of any schools where approval by the Department for

Education to transfer the School to Academy has been granted, but the school has not transferred by the balance sheet date.

### 1.32. 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:

- a) in the principal market for the asset or liability, or
- b) 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 market participants act in their economic best interest.

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

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

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

## 2. PRIOR PERIOD ADJUSTMENTS

Prior period adjustments have been made to the Council's 2023/24 financial statements as a result of a change to the Council's reporting structure.

The impact of the change to the Council's reporting structure on the Comprehensive Income and Expenditure Statement is detailed below:

## Notes to the Core Financial Statements

Directorates per 2023/24 statement of accounts	As reported in the CI&ES 2023/24	Movement between Directorates	As restated 2023/24
<b>Gross Expenditure</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Health & Wellbeing	17,735	13,930	31,665
Local Authority Housing	22,731	0	22,731
People	455,576	10,431	466,007
Place	189,866	(24,733)	165,133
Resources	63,094	(313)	62,781
Strategic Management Board	4,008	685	4,693
Corporate	10,327	0	10,327
<b>Cost of services</b>	<b>763,337</b>	<b>0</b>	<b>763,337</b>

Directorates per 2023/24 statement of accounts	As reported in the CI&ES 2023/24	Movement between Directorates	As restated 2023/24
<b>Gross Income</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Health & Wellbeing	(16,987)	(6,105)	(23,092)
Local Authority Housing	(20,399)	0	(20,399)
People	(217,839)	(3,379)	(221,218)
Place	(70,649)	10,675	(59,974)
Resources	(53,220)	(1,111)	(54,331)
Strategic Management Board	(1)	(80)	(81)
Corporate	(38,148)	0	(38,148)
<b>Cost of services</b>	<b>(417,243)</b>	<b>0</b>	<b>(417,243)</b>

Directorates per 2023/24 statement of accounts	As reported in the CI&ES 2023/24	Movement between Directorates	As restated 2023/24
<b>Net Expenditure</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Health & Wellbeing	748	7,825	8,573
Local Authority Housing	2,332	0	2,332
People	237,737	7,052	244,789
Place	119,217	(14,058)	105,159
Resources	9,874	(1,424)	8,450
Strategic Management Board	4,007	605	4,612
Corporate	(27,821)	0	(27,821)
<b>Cost of services</b>	<b>346,094</b>	<b>0</b>	<b>346,094</b>

### 3. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted.

## Notes to the Core Financial Statements

This applies to the adoption of the following new or amended standards within the 2025/26 Code:

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

The changes to IAS 21 and IAS 17 are not expected to have an impact on the Council's accounts. The changes to the measurement of non-investment assets are being monitored. It is not practicable to estimate the impact for the 2024/25 accounts and this will be assessed during 2025/26.

### 4. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- The Council takes judgements over the element of control in terms of deciding which assets should be on our balance sheet. The Council considers both the legal ownership of the asset and the circumstances under which schools occupy them, including rights and obligations.

A judgement is taken around Local Authority Maintained schools and particularly Voluntary Aided, Voluntary Controlled and Foundation schools that are not owned by the Council. The Council recognises the land and buildings used by schools in line with the provisions of the Code of Practice. It states that property used by local authority maintained schools should be recognised in accordance with the asset recognition tests relevant to the arrangements that prevail for the property. The substance of the arrangement in addition to the legal form are considered including any rights to take back the school buildings.



## Notes to the Core Financial Statements

The Council makes an assessment on whether it is probable that economic benefits or service potential associated with the asset will flow to the authority. Where assets are owned by the Council and used by maintained schools, the economic benefits and service potential of the asset is considered to be within the control of the Council and therefore the assets are recognised on the Council's balance sheet. Where the land and building assets used by the school are owned by an entity other than the Council, school or school Governing Body and provided to the school under "mere licences" which pass no interest to the school and are always revokable they are not recognised as assets of the school. Therefore they are not included on the Council's Balance Sheet.

The Council has completed an assessment of the different types of schools it controls within the Shropshire Council area to determine how these should be accounted for. The accounting treatment is detailed in the accounting policies (see 1.31).

- The Council receives a number of grants which require a judgment to be made as to whether it is acting as an agent for the Government in relation to the distribution of these grants or as the principal based on the criteria of each grant. Where the Council are deemed to be acting as an agent transactions are not reflected in the Council's accounts with the exception of a debtor, creditor and net cash position on the Balance Sheet.
- The Council is part of the Marches Local Enterprise Partnership (LEP) along with Herefordshire and Telford & Wrekin. Shropshire Council, Herefordshire Council and Telford & Wrekin Council set up a Joint Committee in 2023/24 to oversee the assets, resources and responsibilities of the Marches LEP. The Council acts as accountable body for the Marches LEP Joint Committee and therefore receives grant income on behalf of the LEP and processes expenditure in line with the grant schemes. The Council has concluded that the role of accountable body is to be deemed as an agent as the decisions in relation to the allocation of the funding is made by the Marches LEP Joint Committee, and therefore only the net grant held and corresponding creditor is included within the Council's accounts.

### **5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY**

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

There is a risk of material adjustment in the forthcoming financial year for the following items in the council's Balance Sheet at 31 March 2025:

## Notes to the Core Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant & Equipment (PPE)	<p>Full valuation is carried out a minimum of every 5 years. Where a full valuation is not carried out in year, a desktop valuation review is carried out to update all valuations annually to the Balance Sheet date.</p> <p>Estimates of remaining useful economic life are provided as part of the valuation and are used to calculate the depreciation charge on a straightline basis.</p>	<p>There is a risk of material adjustment in the year when the property is revalued.</p> <p>Note 16 details the carrying value for each class of PPE asset. A 1% increase in property valuations would result in a £2.554m increase in the valuation of Council dwellings and a £4.228m increase in the value of other land and buildings.</p> <p>There is a risk that annual depreciation charges are over or under stated and also correspondingly the NBV of the asset. This could also result in a risk of material adjustment in the year when the property is revalued.</p>
Property, Plant & Equipment - Infrastructure	<p>Infrastructure assets are measured at historic cost and depreciated over the useful lives of the various types of works on the highways network as assessed by the Asset Manager in Highways using industry standards. Highways assets are assumed to have been fully consumed once the useful life applied has expired.</p> <p>The carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is considered to be nil. This is because parts of infrastructure assets are rarely replaced before the part has been fully consumed.</p>	<p>If the useful life of assets is different to the life applied, depreciation is over or under charged in year and the carrying amounts of the assets are misstated.</p> <p>If previous expenditure has not been fully depreciated (carrying amount not nil) at the point replacement expenditure is incurred, the carrying amounts for assets will be overstated.</p>
Investment Properties	<p>Valued on a fair value basis reflecting market conditions at the balance sheet date and thus annual valuation reviews are required. This ensures the carrying amount reflects fair value at the Balance Sheet date.</p>	<p>Note 17 details the carrying value of Investment Properties. A 1% movement in Investment Property valuations would result in a £0.622m movement in the valuation of Investment Properties.</p>
NDR Appeals Provision	<p>The provision set aside for Non Domestic Rate appeals is estimated based on the number of outstanding appeals as per the Valuation Office and then these are assessed to establish the likelihood of the appeal being successful and the potential reduction in rateable value.</p>	<p>There is a risk that successful appeals will be significantly more than the estimate leading to an increased demand on the NDR collection fund in the year. Note 27 provides details on the NDR Appeals Provision. A 10% movement in the losses from appeals would result in a £0.190m movement in the value of the NDR Appeals Provision.</p>

## Notes to the Core Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	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. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. Further information on the assumptions and sensitivity is detailed in Note 41.	The effects on the net pension liability of changes in individual assumptions can be measured. For instance a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £64.834m.
Fair value measurements	When the fair values of financial assets and financial liabilities cannot be measured or based on quoted prices in active markets (i.e. level 1 inputs), their fair value is measured using valuation techniques. Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the Council's assets and liabilities. Where level 1 inputs are not available, the Council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example for investment properties, the authority's chief valuation officer). Information about the valuation techniques and inputs used in determining the fair value of the Council's assets and liabilities is disclosed in notes 17 and 21.	The authority uses the discounted cash flow model to measure the fair value of some of its investment properties and financial assets. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors (for both investment properties and some financial assets). Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurement for the investment properties and financial assets.
Accruals	Estimates of known future expenses or income where amounts are not yet certain are accrued in the year that they relate to. The proportion of estimates within the accruals processed for debtors and creditors are: <ul style="list-style-type: none"> <li>• Debtors 24%</li> <li>• Creditors 28%</li> </ul>	The expense or the income could be either higher or lower than expected. A 10% increase in the estimates for debtors would result in an additional debtor of £0.632m. A 10% increase from the estimate for creditors would result in an additional creditor of £0.402m.
Debt Impairment	The balance of outstanding debtors, including Council Tax and Business Rates debtors, is assessed annually and	There is a risk that if collection rates were to deteriorate then the allowance

## Notes to the Core Financial Statements

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
	a bad debt provision calculated to estimate the potential liability from non collection of the outstanding debts. The impact of the cost of living increases has created uncertainty around future collection rates. The estimated impact of this has been included in the calculation however the long-term impact of this is currently unknown.	for the impairment of bad debts would need to increase. Note 22 provides details on outstanding debtors and the allowance for impairment.

### 6. EVENTS AFTER THE REPORTING PERIOD

The Statement of Accounts was authorised for issue by the Executive Director, S151 Officer on 30<sup>th</sup> June 2025. Events taking place after this date are not reflected in the financial statement or notes.

## Notes to the Core Financial Statements

### 7. EXPENDITURE AND FUNDING ANALYSIS

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

2023/24 Restated						2024/25				
Net expenditure reported for resource management	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure reported for resource management	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
1,399	5,177	6,576	1,997	8,573	Health and Wellbeing	5,503	(1,695)	3,808	1,476	5,284
0	(1,542)	(1,542)	3,874	2,332	Local Authority Housing	0	(5,271)	(5,271)	(1,629)	(6,900)
206,496	33,078	239,574	5,215	244,789	People	245,931	4,282	250,213	22,543	272,756
77,677	(18,242)	59,435	45,724	105,159	Place	66,722	(3,677)	63,045	53,115	116,160
4,161	2,429	6,590	1,860	8,450	Resources	8,462	(137)	8,325	1,287	9,612
302	603	905	3,707	4,612	Strategic Management Board	295	537	832	7,020	7,852
(26,819)	2,189	(24,630)	(3,191)	(27,821)	Corporate	(30,986)	2,613	(28,373)	4,785	(23,588)
<b>263,216</b>	<b>23,692</b>	<b>286,908</b>	<b>59,186</b>	<b>346,094</b>	<b>Net Cost of Services</b>	<b>295,927</b>	<b>(3,348)</b>	<b>292,579</b>	<b>88,597</b>	<b>381,176</b>
0	(270,258)	(270,258)	(31,351)	(301,609)	Other Income and Expenditure	0	(282,338)	(282,338)	(26,135)	(308,473)



## Notes to the Core Financial Statements

2023/24 Restated						2024/25				
Net expenditure reported for resource management	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net expenditure reported for resource management	Adjustment to arrive at net amount chargeable to the General Fund and HRA balances	Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£000	£000	£000	£000	£000		£000	£000	£000	£000	£000
<b>263,216</b>	<b>(246,566)</b>	<b>16,650</b>	<b>27,835</b>	<b>44,485</b>	<b>Surplus or Deficit</b>	295,927	(285,686)	10,241	62,462	72,703
		72,031			Opening General Fund and HRA Balance			55,381		
		(16,650)			Less/Plus Surplus or (Deficit) on General Fund and HRA Balance in Year			(10,241)		
		<b>55,381</b>			<b>Closing General Fund and HRA Balance at 31 March*</b>			<b>45,140</b>		
* For a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement										

## Notes to the Core Financial Statements

### 8. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Adjustments from management reporting and General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Pension items reported at Directorate level (note 1) £000	Reserves reported at Directorate level (note 1) £000	Interest Payable and Receivable reported at Directorate level (note 2) £000	Reallocation of traded services and internal recharges (note 2) £000	Investment properties/Levies/revenue impairment reported at Directorate level £000	Other Adjustments (note 3) £000	Total to arrive at amount charged to the general fund & HRA £000	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustment between funding and accounting basis £000
Health and Wellbeing	0	53	(5)	(1,726)	0	(17)	<b>(1,695)</b>	2,297	(947)	126	<b>1,476</b>
Local Authority Housing	0	0	0	0	0	(5,271)	<b>(5,271)</b>	(1,629)	0	0	<b>(1,629)</b>
People	(659)	3,224	(273)	2,050	0	(60)	<b>4,282</b>	12,216	(5,787)	16,114	<b>22,543</b>
Place	(2)	997	(9,692)	3,074	2,188	(242)	<b>(3,677)</b>	55,029	(1,696)	(218)	<b>53,115</b>
Resources	(41)	1,193	263	(1,394)	0	(158)	<b>(137)</b>	1,734	(454)	7	<b>1,287</b>
Strategic Management Board	0	11	0	524	0	2	<b>537</b>	7,124	(126)	22	<b>7,020</b>
Corporate	0	(26,695)	(7,191)	(646)	0	37,145	<b>2,613</b>	(4,529)	9,629	(315)	<b>4,785</b>
<b>Net Cost of Services</b>	<b>(702)</b>	<b>(21,217)</b>	<b>(16,898)</b>	<b>1,882</b>	<b>2,188</b>	<b>31,399</b>	<b>(3,348)</b>	<b>72,242</b>	<b>619</b>	<b>15,736</b>	<b>88,597</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	702	645	16,898	(1,882)	(2,188)	(296,513)	<b>(282,338)</b>	(21,165)	458	(5,428)	<b>(26,135)</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>(20,572)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(265,114)</b>	<b>(285,686)</b>	<b>51,077</b>	<b>1,077</b>	<b>10,308</b>	<b>62,462</b>

## Notes to the Core Financial Statements

Adjustments from management reporting and General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Pension items reported at Directorate level (note 1) £000	Reserves reported at Directorate level (note 1) £000	Interest Payable and Receivable reported at Directorate level (note 2) £000	Reallocation of traded services and internal recharges (note 2) £000	Investment properties/Levies reported at Directorate level (note 2) £000	Other Adjustments (note 3) £000	Total to arrive at amount charged to the general fund & HRA £000	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustment between funding and accounting basis £000
Health and Wellbeing	0	1,583	9	(2,378)	0	5,963	<b>5,177</b>	2,194	(193)	(4)	<b>1,997</b>
Local Authority Housing	0	0	0	0	0	(1,542)	<b>(1,542)</b>	3,874	0	0	<b>3,874</b>
People	(131)	25,643	(207)	566	0	7,207	<b>33,078</b>	4,555	(1,096)	1,756	<b>5,215</b>
Place	0	4,634	(13,450)	2,207	1,782	(13,415)	<b>(18,242)</b>	45,976	(291)	39	<b>45,724</b>
Resources	(10)	831	369	415	0	824	<b>2,429</b>	1,954	(83)	(11)	<b>1,860</b>
Strategic Management Board	0	196	0	677	0	(270)	<b>603</b>	3,717	(14)	4	<b>3,707</b>
Corporate	0	(25,564)	(6,285)	(691)	0	34,729	<b>2,189</b>	(5,230)	2,355	(316)	<b>(3,191)</b>
<b>Net Cost of Services</b>	<b>(141)</b>	<b>7,323</b>	<b>(19,564)</b>	<b>796</b>	<b>1,782</b>	<b>33,496</b>	<b>23,692</b>	<b>57,040</b>	<b>678</b>	<b>1,468</b>	<b>59,186</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	141	856	19,564	(796)	(1,782)	(288,241)	<b>(270,258)</b>	(40,812)	4,878	4,583	<b>(31,351)</b>
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>8,179</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(254,745)</b>	<b>(246,566)</b>	<b>16,228</b>	<b>5,556</b>	<b>6,051</b>	<b>27,835</b>

Note 1) For resource management purposes, the authority includes pension charges in relation to IAS19 debits and credits in its directorate reporting, however this needs to be removed as it is not included in the net expenditure chargeable to the general fund and HRA balances.

Note 2) The authority includes income and expenditure in relation to investment properties, interest payable and receivable, levies and trading accounts within the Directorates however this is reported in the financial statements below the cost of services line and therefore the above table shows these items being reallocated. The income and expenditure for Corporate Landlord and Passenger Transport is also adjusted within the amendments for trading/internal recharges.

## Notes to the Core Financial Statements

Note 3) Corporate Funding and Housing Revenue Account are not reported to management as part of the Service Area reporting therefore these items have been included as adjustments in the above table.

### Adjustments for Capital Purposes

- 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 – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
  - Financing and investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.
  - Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied in the year.

### Net Change for the Pensions Adjustments

- 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 – the net interest in the defined benefit liability is charged to the CIES.

### Other Differences

- 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 transfer of any deficit arising on the Dedicated Schools Grant to the Dedicated Schools grant adjustment account
  - The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## Notes to the Core Financial Statements

### 9. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

Expenditure/Income	2024/25 £000	2023/24 £000
<b>Expenditure</b>		
Employee benefits expenses	233,838	221,430
Other service expenses	582,130	510,969
Support service recharges	28,559	35,440
Depreciation, amortisation, impairment	65,101	64,980
Interest payments	24,068	26,194
Precepts and levies	10,984	10,306
(Gain)/Loss on the disposal of assets	26,611	4,898
(Gain)/Loss Financial Assets and Liabilities	(928)	0
<b>Total Expenditure</b>	<b>970,363</b>	<b>874,217</b>
<b>Income</b>		
Fees, charges and other service income	(215,463)	(204,734)
Interest and investment income	(4,181)	(4,515)
Income from council tax, non-domestic rates	(269,932)	(253,445)
Government grants and contributions	(408,084)	(367,038)
<b>Total Income</b>	<b>(897,660)</b>	<b>(829,732)</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>72,703</b>	<b>44,485</b>

### 10. REVENUE CONTRACTS WITH CUSTOMERS

The Council's income from revenue contracts with customers is analysed by Service Area as follows:

Fees, charges and other service income	2024/25 £000	2023/24 £000
Health and Wellbeing	(10,924)	(8,699)
Local Authority Housing	(23,116)	(20,421)
People	(99,358)	(89,087)
Resources	(26,532)	(32,952)
Place	(48,304)	(47,392)
Strategic Management Board	(4,848)	(4,703)
Corporate	(2,381)	(1,480)
<b>Total Income</b>	<b>(215,463)</b>	<b>(204,734)</b>



## Notes to the Core Financial Statements

### 11. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

2024/25	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments to the Revenue Resources:</b>						
<i>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:</i>						
Pension costs	1,077	0	0	0	0	(1,077)
Financial instruments	(315)	0	0	0	0	315
Council tax and NDR	(5,379)	0	0	0	0	5,379
Holiday pay	669	0	0	0	0	(669)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	83,361	(4,555)	4,434	0	7,828	(91,068)
Dedicated Schools grant	15,335	0	0	0	0	(15,335)
<b>Total Adjustments to Revenue Resources</b>	<b>94,748</b>	<b>(4,555)</b>	<b>4,434</b>	<b>0</b>	<b>7,828</b>	<b>(102,455)</b>
<b>Adjustments between Revenue and Capital Resources:</b>						
Transfer of non-current asset proceeds from revenue to the Capital Receipts Reserve	(6,167)	(2,761)	0	22,258	0	(13,330)
Administrative costs of non-current asset disposals	479	24	0	(503)	0	0
Pooling of HRA resources from revenue to the Major Repairs Reserve						
Statutory provision for the repayment of debt	(18,352)	0	0	0	0	18,352
Capital expenditure financed from revenue balances	(954)	0	0	0	0	954
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(24,994)</b>	<b>(2,737)</b>	<b>0</b>	<b>21,755</b>	<b>0</b>	<b>5,976</b>
<b>Adjustments to Capital Resources:</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	(21,801)	0	21,801
Use of the Major Repairs Reserve to finance capital expenditure	0	0	(8,580)	0	0	8,580
Application of capital grants to finance capital expenditure	0	0	0	0	(12,975)	12,975
Cash payments in relation to deferred capital receipts	0	0	0	46	0	(46)
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>(8,580)</b>	<b>(21,755)</b>	<b>(12,975)</b>	<b>43,310</b>
<b>Total Adjustments</b>	<b>69,754</b>	<b>(7,292)</b>	<b>(4,146)</b>	<b>0</b>	<b>(5,147)</b>	<b>(53,169)</b>

## Notes to the Core Financial Statements

2023/24 Comparative Figures						
	General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Receipts Reserves £000	Capital Grants Unapplied £000	Movement in Unusable Reserves £000
<b>Adjustments to the Revenue Resources:</b>						
<i>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:</i>						
Pension costs	5,556	0	0	0	0	(5,556)
Financial instruments	(315)	0	0	0	0	315
Council tax and NDR	4,570	0	0	0	0	(4,570)
Holiday pay	(510)	0	0	0	0	510
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	38,565	5,465	5,134	0	15,465	(64,629)
Dedicated Schools grant	2,304	0	0	0	0	(2,304)
<b>Total Adjustments to Revenue Resources</b>	<b>50,170</b>	<b>5,465</b>	<b>5,134</b>	<b>0</b>	<b>15,465</b>	<b>(76,234)</b>
<b>Adjustments between Revenue and Capital Resources:</b>						
Transfer of non-current asset proceeds from revenue to the Capital Receipts Reserve	(8,550)	(1,848)	0	14,833	0	(4,435)
Administrative costs of non-current asset disposals	65	20	0	(85)	0	0
Payments to the government housing receipts pool	0	0	0	0	0	0
Pooling of HRA resources from revenue to the Major Repairs Reserve	0	0	0	0	0	0
Statutory provision for the repayment of debt	(13,775)	0	0	0	0	13,775
Capital expenditure financed from revenue balances	(1,524)	(2,188)	0	0	0	3,712
<b>Total Adjustments between Revenue and Capital Resources</b>	<b>(23,784)</b>	<b>(4,016)</b>	<b>0</b>	<b>14,748</b>	<b>0</b>	<b>13,052</b>
<b>Adjustments to Capital Resources:</b>						
Use of the Capital Receipts Reserve to finance capital expenditure	0	0	0	(14,792)	0	14,792
Use of the Major Repairs Reserve to finance capital expenditure	0	0	(6,526)	0	0	6,526
Application of capital grants to finance capital expenditure	0	0	0	0	(9,362)	9,362
Cash payments in relation to deferred capital receipts	0	0	0	44	0	(44)
<b>Total Adjustments to Capital Resources</b>	<b>0</b>	<b>0</b>	<b>(6,526)</b>	<b>(14,748)</b>	<b>(9,362)</b>	<b>30,636</b>
<b>Total Adjustments</b>	<b>26,386</b>	<b>1,449</b>	<b>(1,392)</b>	<b>0</b>	<b>6,103</b>	<b>(32,546)</b>

## 12. TRANSFERS TO/FROM EARMARKED RESERVES

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

	Balance at 31 March 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance at 31 March 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance at 31 March 25 £000
Sums set aside for major schemes, such as capital developments, or to fund major reorganisations	14,747	(12,208)	9,735	12,274	(13,914)	6,544	4,904
Insurance Reserves	3,636	(2,582)	529	1,583	(413)	280	1,450
Reserves of trading and business units	0	(5)	5	0	(2)	2	0
Reserves retained for service departmental use	21,584	(10,521)	1,631	12,694	(9,337)	7,486	10,844
School Balances	12,612	(11,534)	7,778	8,856	(7,784)	7,185	8,257
<b>Total</b>	<b>52,579</b>	<b>(36,850)</b>	<b>19,678</b>	<b>35,407</b>	<b>(31,450)</b>	<b>21,497</b>	<b>25,454</b>

### RESERVES

**Sums set aside for major schemes, such as capital developments, or to fund major reorganisations** – includes redundancy reserve, and specific reserves to fund capital and major projects including service transformation within the Council.

**Insurance Reserves** – includes fire liability and motor insurance reserves to fund the Council's future self insurance liabilities.

**Reserves of trading and business units** – includes any balance carried forward in relation to Shire Services to help smooth trading profits and losses over future years.

**Reserves retained for service departmental use** – includes a number of specific earmarked reserves for known service expenditure in future years. Significant balances include the Public Health reserve and a reserve including unringfenced revenue grants that have not been spent.

**School Balances** – includes unspent balances of budgets delegated to individual schools.

A breakdown of all specific earmarked reserve balances is shown in the 2024/25 Financial Outturn report.

## Notes to the Core Financial Statements

### 13. OTHER OPERATING EXPENDITURE

	2024/25 £000	2023/24 £000
Parish Council Precepts	10,831	10,156
Levies	154	151
(Gains)/losses on the disposal of non-current assets	26,477	5,232
(Gains)/losses on change in valuation of non-current assets	134	(334)
	<b>37,596</b>	<b>15,205</b>

### 14. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2024/25 £000	2023/24 £000
Interest payable and similar charges	24,068	26,192
Pensions interest cost and expected return on pensions assets	1,160	5,019
Interest receivable and similar income	(4,181)	(4,515)
Income and expenditure in relation to investment properties and changes in their fair value	(5,684)	(2,271)
(Gains)/Losses on Financial Assets and Liabilities	(928)	0
Revenue Impairment Losses	724	(22)
(Surpluses)/deficits on Trading Activities	7,006	4,792
	<b>22,165</b>	<b>29,195</b>

### 15. TAXATION AND NON SPECIFIC GRANT INCOMES

	2024/25 £000	2023/24 £000
Council tax income	(217,368)	(202,683)
Non domestic rates	(52,565)	(50,762)
Non ringfenced government grants	(45,660)	(42,597)
Capital grants and contributions	(52,641)	(49,967)
	<b>(368,234)</b>	<b>(346,009)</b>

## Notes to the Core Financial Statements

### 16. PROPERTY, PLANT & EQUIPMENT

The figures below provide information on the movement of non-current assets held by the Council during 2024/25.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant, & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment
<b>Cost or valuation</b>									
At 1 April 2024	<b>244,119</b>	<b>431,429</b>	<b>17,742</b>	<b>9,505</b>	<b>2,289</b>	<b>6,761</b>	<b>52,846</b>	<b>764,691</b>	<b>127,299</b>
Additions	14,959	14,440	1,890	20	514	0	19,634	<b>51,457</b>	365
Revaluation increases/(decreases) recognised in the Revaluation Reserve	75	(13,500)	0	0	0	(952)	0	<b>(14,377)</b>	(21,057)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,439)	(10,311)	(2,544)	0	0	396	0	<b>(14,898)</b>	(12,974)
Derecognition – disposals	(1,208)	(24,098)	(153)	0	0	0	0	<b>(25,459)</b>	0
Derecognition – other	0	(3,387)	(2,724)	(67)	(20)	0	0	<b>(6,198)</b>	(1,856)
Assets reclassified (to)/from Held for Sale	(64)	(1,883)	0	0	0	(525)	0	<b>(2,472)</b>	0
Other movements in cost or valuation	(86)	30,099	2,517	0	0	1,016	(2,063)	<b>31,483</b>	36,718
At 31 March 2025	<b>255,356</b>	<b>422,789</b>	<b>16,728</b>	<b>9,458</b>	<b>2,783</b>	<b>6,696</b>	<b>70,417</b>	<b>784,227</b>	<b>128,495</b>
<b>Depreciation and Impairments</b>									
At 1 April 2024	<b>0</b>	<b>0</b>	<b>(8,282)</b>	<b>(4,258)</b>	<b>(514)</b>	<b>(1,006)</b>	<b>0</b>	<b>(14,060)</b>	<b>(5,525)</b>
Depreciation charge for 2024/25	(4,355)	(21,457)	(2,400)	(443)	(97)	(36)	0	<b>(28,788)</b>	(8,539)
Depreciation written out to the Revaluation Reserve	176	15,062	0	0	0	0	0	<b>15,238</b>	2,471
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,179	6,364	0	0	0	36	0	<b>10,579</b>	4,716
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	(3,088)	0	0	0	0	0	<b>(3,088)</b>	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	(90)	(25)	(36)	0	0	0	0	<b>(151)</b>	0



## Notes to the Core Financial Statements

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant, & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment
Derecognition – disposals	0	0	64	0	0	0	0	64	0
Derecognition – other	0	30	2,712	67	20	0	0	2,829	1,856
Other movements in depreciation and impairment	90	3,114	36	0	0	0	0	3,240	0
At 31 March 2025	0	0	(7,906)	(4,634)	(591)	(1,006)	0	(14,137)	(5,021)
<b>NBV at 31 March 2025</b>	<b>255,356</b>	<b>422,789</b>	<b>8,822</b>	<b>4,824</b>	<b>2,192</b>	<b>5,690</b>	<b>70,417</b>	<b>770,090</b>	<b>123,474</b>
<b>NBV at 31 March 2024</b>	<b>244,119</b>	<b>431,429</b>	<b>9,460</b>	<b>5,247</b>	<b>1,775</b>	<b>5,755</b>	<b>52,846</b>	<b>750,631</b>	<b>121,774</b>

The comparative movements in 2023/24 were as detailed below:

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment
<b>Cost or valuation</b>									
At 1 April 2023	236,024	436,600	24,008	8,750	2,285	2,488	39,464	749,619	131,675
Additions	13,598	3,743	3,303	755	34	0	21,190	42,623	2,089
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(109)	7,612	0	0	0	1,107	0	8,610	1,329
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(10,092)	(1,106)	0	0	0	28	0	(11,170)	25
Derecognition – disposals	(882)	(3,251)	(49)	0	0	(317)	0	(4,499)	0
Derecognition – other	0	(3,297)	(9,520)	0	(77)	0	0	(12,894)	(7,819)
Assets reclassified (to)/from Held for Sale	(547)	(2,015)	0	0	0	0	(880)	(3,442)	0
Other movements in cost or valuation	6,127	(6,857)	0	0	47	3,455	(6,928)	(4,156)	0
At 31 March 2024	244,119	431,429	17,742	9,505	2,289	6,761	52,846	764,691	127,299
<b>Depreciation and Impairments</b>									
At 1 April 2023	0	0	(14,250)	(3,820)	(537)	(1,006)	0	(19,613)	(10,987)

## Notes to the Core Financial Statements

	Council Dwellings £000	Other Land and Buildings £000	Vehicles Plant & Equipment £000	Non Highways Infrastructure £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Total £000	PFI Assets Included in Property, Plant & Equipment
Depreciation charge for 2023/24	(5,067)	(21,198)	(3,472)	(438)	(54)	(242)	0	<b>(30,471)</b>	(9,179)
Depreciation written out to the Revaluation Reserve	178	19,391	0	0	0	208	0	<b>19,777</b>	6,895
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,889	1,807	0	0	0	34	0	<b>6,730</b>	31
Impairment (losses)/reversals recognised in the Revaluation Reserve	0	(2,755)	0	0	0	(172)	0	<b>(2,927)</b>	0
Impairment (losses)/reversals recognised in the Surplus/Deficit on the Provision of Services	(762)	(68)	0	0	0	(63)	0	<b>(893)</b>	0
Derecognition – disposals	0	0	24	0	0	0	0	<b>24</b>	0
Derecognition – other	0	0	9,416	0	77	0	0	<b>9,493</b>	7,715
Other movements in depreciation and impairment	762	2,823	0	0	0	235	0	<b>3,820</b>	0
At 31 March 2024	<b>0</b>	<b>0</b>	<b>(8,282)</b>	<b>(4,258)</b>	<b>(514)</b>	<b>(1,006)</b>	<b>0</b>	<b>(14,060)</b>	<b>(5,525)</b>
<b>NBV at 31 March 2024</b>	<b>244,119</b>	<b>431,429</b>	<b>9,460</b>	<b>5,247</b>	<b>1,775</b>	<b>5,755</b>	<b>52,846</b>	<b>750,631</b>	<b>121,774</b>
<b>NBV at 31 March 2023</b>	<b>236,024</b>	<b>436,600</b>	<b>9,758</b>	<b>4,930</b>	<b>1,748</b>	<b>1,482</b>	<b>39,464</b>	<b>730,006</b>	<b>120,688</b>

### Local Authority Maintained Schools

Included in the above balances for other land and buildings are all or a significant part of three primary schools for which plans are being finalised with the Diocese or for which instructions have been issued, but full ownership has not yet transferred to the Diocese. This detailed work is necessary because in many circumstances the schools are now physically different, and it is necessary to ensure that the transfers relate purely to the school function and no other uses which may now be on site. There is a legal obligation to transfer ownership under Education legislation (Education Act 1946 or Schools Standards and Framework 1998).

Work commenced on the first transfers in 2008/09, and further schools were identified in 2011/12, mainly as a result of Primary School Amalgamations, which resulted in the change of the category of a number of schools. These schools will be removed from the Council's balance sheet on completion of the legal transfer. The total net book value for these schools still included as at the balance sheet date is £8.199m.

In addition there are a number of primary schools where a small part of the site is required to transfer from the Council to the Diocese, these are mainly as a result of extensions to schools which have been built across land still in Shropshire Council ownership (e.g. former playing field land). Work is ongoing to legally transfer these further sections, and they are not included in the Council's balance sheet.

### Academy Schools

Where the School land and premises are in the freehold ownership of the Council, these are now leased by the Council to the Academy school on a 125-year peppercorn rent. On this basis the schools are now listed in the Council's fixed asset register at nil value. In 2024/25 eight schools in the freehold ownership of the Council and playing field sites at three further schools, transferred to Academy status. The value written out of the Council balance sheet in 2024/25 for the schools transferring was £20.811m.

At the balance sheet date Department of Education approval had been granted for twelve schools to convert to Academy status. Of the schools to transfer, three are in Council freehold ownership plus a further six the playing field land or associated facilities are. A lease to the schools on a 125-year peppercorn rent will be completed as part of the Academy transfers. The value of the school properties in the 2024/25 accounts is £6.120m. This is considered as a non-adjusting event after the reporting date.

### Depreciation

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

- Council Dwelling – componentised depreciation basis, using the Planned Programme Approach. The components are depreciated on a straightline basis over their useful life (10-80 years) for Decent Homes Standard; with the residual amount (excluding land) depreciated over 150 years.
- Other Land and Buildings – average 10 to 60 years range.
- Vehicles, Plant, Furniture & Equipment – 5 to 25 years.
- Infrastructure – 5 to 100 years.

### Capital Commitments

At 31 March 2025, the Council has entered into a number of contracts for the purchase, construction or enhancement of Property, Plant and Equipment or to provide grant funding to other bodies for a capital purpose in 2025/26 and future years budgeted to cost £24.693m. Similar commitments to 31 March 2023 were £30.302m. The major commitments were:

- Highways schemes - £15.776m
- Oswestry Innovation Park Scheme - £2.066m
- Climate Change Schemes - £1.544m
- Shrewsbury Town Centre Redevelopment Programme - £1.200m
- Homes & Communities Schemes - £0.441m
- Cambrian Railway Scheme - £0.122m
- Primary School Condition Scheme - £0.112m
- HRA Temporary Accommodation Programme - £1.407m

- HRA New Build Programme - £1.314m
- HRA Single Homelessness Accommodation Programme - £0.711m

### Revaluations

The Council carries out a rolling programme that ensures that all Property, Plant and Equipment required to be measured at current value is revalued at least every five years and are subject to an annual desktop review, in year where a full valuation is not undertaken. Valuations are undertaken by External and Internal Valuers for the General Fund and External Valuers for HRA assets. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Vehicles, plant, furniture and equipment are held on historic cost basis.

The significant assumptions applied in estimating the current values are:

- For all assets valued on a DRC or EUV basis an apportionment of each valuation has been made between land and buildings. The apportionment is provided only for the financial purposes, but this does not necessarily reflect how each asset would be treated in the open market.
- Valuation is based on the continuation of the existing uses for all of those properties that are owner occupied by Shropshire Council. Assumed that the properties are all occupied and/or operated in accordance with a valid planning permission. Valuers have not carried out any enquiries into highways or other statutory matters and have assumed there is nothing that would affect value.
- In accordance with instructions from Shropshire Council, Valuers have not undertaken any Building Surveys, test of services or site investigations and have prepared valuations on the basis that all properties (sites and buildings) are:
  - Free of any matters (including deleterious materials or contamination) that could otherwise affect value;
  - None of the properties are prone to flooding or other infrequent or regularly occurring natural events that could affect value;
  - All necessary mains services are connected to the properties.
- All valuations undertaken are reported on a gross basis before deduction of purchaser's costs, including stamp duty at prevailing rates. No allowance has been made for any expenses of realisation, nor taxation (including VAT) which might arise in the event of a disposal, and the property has been considered free and clear of all mortgages or other charges which may be secured thereon.
- All of the assets are held on an unencumbered freehold basis with the Title being good and marketable, based on the Report on Title provided.
- Where relevant, Valuers have carried out informal enquiries only of statutory undertakers. This information has been obtained from verbal discussions or the internet, and is provided without liability on behalf of the statutory bodies.
- Opinion of the remaining lives of property assets has been provided. This may not necessarily be the useful life of the asset to Shropshire Council. Estimates of the properties remaining lives are based upon information

## Notes to the Core Financial Statements

provided together with Valuers understanding of any recent capital expenditure which has been incurred in replacing or refurbishing individual buildings and the use of the buildings (if any) at the date of valuation. All buildings are assumed to have a maximum life expectancy from new of 60 years.

### Valuations of Non-Current Assets carried at Current Value

The following statement shows the progress of the Council's rolling programme for the revaluation of Property, Plant and Equipment. The valuations are commissioned from External Valuers. The basis of valuation is set out in the Statement of Accounting Policies. All values are stated on a net present value basis.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Surplus Assets £000	Total £000
Carried at Historical Cost	0	0	8,822	0	8,822
Valued at Current Value as at: 31-Mar-25	255,356	422,789	0	5,690	683,835
<b>Total Cost or Valuation</b>	<b>255,356</b>	<b>422,789</b>	<b>8,822</b>	<b>5,690</b>	<b>692,657</b>

All assets were subject to a Full or Desktop Valuations as at 31/03/25 to ensure the carrying amount reflected Current Value as at the balance sheet date.

In order to perform this exercise the other land and building category was split into the sub-categories with the relevant values detailed in the table below:

	2024/25 £000	2023/24 £000
Schools, Children's Services and other Education Facilities	60,098	84,592
Culture & Heritage Buildings	61,582	60,683
Leisure & Recreation	70,441	52,501
Highways & Car Parks	26,756	25,710
Social Care	41,635	40,906
Administrative Offices	13,967	17,172
Waste Management Site	106,744	104,470
Business / Commercial Sites (including Markets)	26,912	28,618
Housing Services (including Gypsy Sites)	8,371	8,700
Smallholdings	4,006	5,676
Other	2,277	2,401
<b>Total</b>	<b>422,789</b>	<b>431,429</b>

### Highway Infrastructure Assets

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



## Notes to the Core Financial Statements

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.

	2024/25 £000	2023/24 £000
Net book value (modified historical cost):		
At 1 April	387,873	385,883
Additions	25,116	29,613
Derecognition	0	0
Depreciation	(29,876)	(27,959)
Impairment	0	0
Other Movement in cost	206	336
<b>At 31 March</b>	<b>383,319</b>	<b>387,873</b>

### Reconciliation note to Property, Plant & Equipment in the Balance Sheet:

	2024/25 £000	2023/24 £000
Highway Infrastructure Assets	383,319	387,873
Other PPE Items	770,090	750,631
<b>Total PPE Assets</b>	<b>1,153,409</b>	<b>1,138,504</b>

The authority has determined in accordance with Regulation [30M England] of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil. Given the financial position of the Council over a number of years, we have not had sufficient resources to do anything other than undertake replacement or renewal expenditure when parts of infrastructure assets are worn out.

## 17. INVESTMENT PROPERTIES

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

	2024/25 £000	2023/24 £000
Rental income & service charges from investment property	(2,861)	(2,571)
Direct operating expenses arising from investment property	648	764
<b>Net (gain)/loss</b>	<b>(2,213)</b>	<b>(1,807)</b>

## Notes to the Core Financial Statements

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

	Long term		Current	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
Balance at start of the year	43,029	60,736	18,283	5,906
Additions:				
- Purchases	0	0	0	0
- Construction	0	6	0	0
- Subsequent expenditure	105	371	0	0
Disposals	(105)	(293)	(4,350)	(5,906)
Net gains/(losses) from fair value adjustments	2,044	(3,569)	1,427	4,033
Transfers:				
- (To)/from Property, Plant and Equipment	1,789	28	0	0
- (To)/from Current/Long term	840	(14,250)	(840)	14,250
<b>Balance at end of the year</b>	<b>47,702</b>	<b>43,029</b>	<b>14,520</b>	<b>18,283</b>

### Fair Value Hierarchy

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

2024/25	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2023 £000
<b>Recurring fair value measurements using:</b>				
Residential (market rental) properties	0	2,160	2,440	4,600
Land	0	12,360	16,600	28,960
Commercial units	0	289	28,373	28,662
<b>Total</b>	<b>0</b>	<b>14,809</b>	<b>47,413</b>	<b>62,222</b>

2023/24	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2022 £000
<b>Recurring fair value measurements using:</b>				
Residential (market rental) properties	0	3,993	0	3,993

## Notes to the Core Financial Statements

2023/24	Quoted prices in active markets for identical assets (Level 1) £000	Other significant observable inputs (Level 2) £000	Significant unobservable inputs (Level 3) £000	Fair value as at 31 March 2022 £000
<b>Recurring fair value measurements using:</b>				
Land	0	31,334	0	31,334
Commercial units	0	25,985	0	25,985
<b>Total</b>	<b>0</b>	<b>61,312</b>	<b>0</b>	<b>61,312</b>

### Transfers between levels of the fair value hierarchy

The transfers between levels 2 and 3 during the years is following the change of Valuers for the General Fund assets and the Valuers assessment of the fair value hierarchy, based on the information they have had available to them.

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

#### Significant Observable Inputs – Level 2

The fair value for the residential properties and land are where disposals are actively progressing (assets classed as Current Held for Sale Investment Property) and the valuation has been based on the market approach using current market conditions that have been observed following marketing of the assets and agreeing terms.

The commercial units are those held by the HRA and have been based on the market approach, with observable inputs from analysed and weighted market evidence such as sales, rentals and yields in respect of comparable properties in the same or similar locations at or around the valuation date.

#### Significant Unobservable Inputs – Level 3

The remaining Investment Properties have been measured using the market approach, utilising lease information, market evidence, income evidence and information that has been provided by the client. They are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements.

### Highest and Best Use of Investment Properties

In estimating the fair value of the authority's Investment Properties, the valuations have been on the basis of the highest and best use of the asset. In a small number of instances this differs to their current use, mainly where sites would have a higher value if use for residential development, and it is expected planning permission for these sites would be granted based on existing planning policy. The authority is actively working to bring these sites forward for development, but this process can take a number of years.

## Notes to the Core Financial Statements

### Valuation Process for Investment Properties

The fair value of the authority's investment properties are subject to revaluations in accordance with the authority's policy on revaluing non-current assets, commissioned to External and Internal Valuers. As the fair value must reflect market conditions at the balance sheet date, annual revaluations are necessary unless the authority can demonstrate that the carrying value is not materially different from the fair value at that date.

### 18. CAPITAL EXPENDITURE AND FINANCING

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

	2024/25 £000	2023/24 £000
<b>Opening Capital Financing Requirement (including PFI &amp; Finance Lease)</b>	<b>550,192</b>	<b>517,409</b>
<b>Capital investment</b>		
Property, Plant and Equipment	76,698	72,336
Investment Properties	105	377
Long Term Investment	10	-
Intangible Assets	55	300
Revenue Expenditure Funded from Capital under Statute	58,138	33,921
Capital Loans	16,627	23,500
Right To Use Assets	42,272	-
<b>Sources of finance</b>		
Capital receipts	(21,801)	(14,792)
Capital grants and other contributions	(78,997)	(58,845)
Direct Revenue Financing (Including MRA)	(9,534)	(10,239)
Minimum Revenue Provision	(18,353)	(13,775)
<b>Closing Capital Financing Requirement (including PFI &amp; Finance Lease)</b>	<b>615,412</b>	<b>550,192</b>
Closing Capital Financing Requirement – Supported & Unsupported Borrowing – General Fund	399,235	368,442
Closing Capital Financing Requirement – Supported & Unsupported Borrowing – HRA	100,193	96,745
Closing Capital Financing Requirement – PFI & Finance Lease	115,984	85,005
	<b>615,412</b>	<b>550,192</b>
<b>Explanation of movements in year</b>		
Increase/(decrease) in underlying need to borrow (supported by Government financial assistance)	(8,590)	3,841
Increase/(decrease) in underlying need to borrow (unsupported by Government financial assistance)	42,832	34,564
Assets acquired under finance leases	4,666	-
Assets acquired under PFI contracts	26,312	(5,622)
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>65,220</b>	<b>32,783</b>

### 19. PRIVATE FINANCE INITIATIVE SCHEMES

The Council has two Private Finance Initiative (PFI) schemes: The Quality in Community Services (QICS) PFI, signed on 21 May 2005, and the Waste Services PFI contract, signed on 29 September 2007.

#### a. The Quality in Community Services PFI Project

On 21 May 2005 the Council entered into a 30 year contract with Integrated Care Solutions (ICS) to supply and maintain six buildings:

- Three Resource Centres
- A Nursing Home
- A Joint Service Centre
- An Intermediate Care Hub

The contract was a Private Finance Initiative under the Capital Finance Regulations. The Council was awarded a PFI credit of £20.400m.

#### b. The Waste Services PFI Project

On 29 September 2007, the former Shropshire County Council, in its capacity as Contracting Authority for the former Shropshire Waste Partnership, entered into a 27 year waste contract with Veolia ES Shropshire Limited. Services under the contract commenced on 1 October 2007. On 20 October 2008 Shrewsbury & Atcham Borough Council joined the Partnership and the contract with Veolia for the remaining 26 years.

The contract is a Private Finance Initiative (PFI) contract and is part funded by £40.800m of PFI credits which are paid as an annual PFI grant.

There are two separable elements to the contract: a collection and recycling element and a waste treatment services element.

The collection and recycling element comprises the kerbside collections of recycling and waste, the operation of the Integrated Waste Management Facilities (comprising the household recycling centres and transfer stations) and waste treatment and disposal other than the operation of the Energy Recovery Facility. The contract is an output based contract but proposed waste infrastructure that will be used to deliver services under this element of the contract includes upgrades of the existing Craven Arms and Whitchurch recycling facilities, the development of Integrated Waste Management Facilities to service the Oswestry and Bridgnorth areas and the development of an In Vessel Composting Facility.

Two broad groups of assets are being provided under the Waste Services PFI contract:

- Vehicles and waste receptacles used to deliver the day to day waste service.
- Assets to be constructed under the contract to deliver improved recycling and diversion performance.



## Notes to the Core Financial Statements

The value of assets held and liabilities resulting from the QICS and Waste PFI contract and an analysis of the movements are shown below:

	QICS PFI Year Ended 31/03/25 £000	Year Ended 31/03/24 £000	Waste PFI Year Ended 31/03/25 £000	Year Ended 31/03/24 £000
<b>Non-Current Assets – Land &amp; Buildings</b>				
Balance Brought Forward	17,918	17,394	99,135	98,320
- IFRS 16 Transition Adjustment	(101)	0	34,275	0
- Depreciation in Period	0	0	(16)	(16)
- Additions	0	0	0	0
- Revaluation/Impairment	513	524	(32,001)	831
- Derecognition	0	0	0	0
Balance Carried Forward	18,330	17,918	101,393	99,135
<b>Non-Current Assets – Vehicles, Plant &amp; Equipment</b>				
Balance Brought Forward	0	0	4,722	4,974
- IFRS 16 Transition Adjustment	0	0	2,544	0
- Depreciation in Period	0	0	(1,336)	(2,237)
- Additions	0	0	365	2,089
- Revaluation/Impairment	0	0	(2,544)	0
- Derecognition	0	0	0	(104)
Balance Carried Forward	0	0	3,751	4,722
<b>Prepayments</b>				
Balance Brought Forward	0	0	13,140	11,386
- Planned Capital Expenditure	0	0	1,093	1,754
Balance Carried Forward	0	0	14,233	13,140
<b>Finance Lease Liability</b>				
Balance Brought Forward	(10,223)	(10,638)	(87,922)	(91,376)
- IFRS 16 Transition Adjustment	524	0	(26,668)	0
- Additions	(447)	0	(8,152)	0
- Early Lifecycle	0	0	0	0
- Repayment of Principal	420	415	6,918	3,454
Balance Carried Forward	(9,726)	(10,223)	(115,824)	(87,922)

### Details of Payments due to be made under PFI contracts

Year	Service Charges *	Principal	Interest	Total Unitary Charge Payment £000
	£000	£000	£000	
Amounts Falling Due Within One Year	40,009	5,154	10,901	56,064
Amounts Falling Due Within 2 – 5 Years	122,513	29,469	39,772	191,754
Amounts Falling Due Within 6 – 10 Years	188,063	39,169	35,851	263,083
Amounts Falling Due Within 11 – 15 Years	151,152	57,533	13,098	221,783
Amounts Falling Due Within 16 – 20 Years	0	0	0	0

\* comprised of operating costs and lifecycle costs

## Notes to the Core Financial Statements

### 20. LEASES

#### Authority as a Lessee

##### Right of use assets

This table shows the change in the value of right of use assets held under leases by the authority.

	Land and buildings £000	Vehicles, plant and equipment £000	Total £000
Balance at 1 April 2024	0	0	0
Additions	4,892	1,846	6,738
Revaluations	(3,007)	0	(3,007)
Depreciation and amortisation	(233)	(504)	(737)
Disposals	0	0	0
<b>Balance at 31 March 2025</b>	<b>1,652</b>	<b>1,342</b>	<b>2,994</b>

#### Reconciliation note to Property, Plant & Equipment in the Balance Sheet:

	2024/25 £000	2023/24 £000
Highway Infrastructure Assets	383,319	387,873
Other PPE Items	770,090	750,631
Right of Use Assets	2,994	0
<b>Total PPE Assets</b>	<b>1,156,403</b>	<b>1,138,504</b>

##### Transactions under leases

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

	2024/25 £000	2023/24 £000
<b>Comprehensive income and expenditure statement</b>		
Interest expense on lease liabilities	179	0
Expense relating to short term leases	430	0
Expense relating to exempt leases of low-value items	634	0
<b>Cash flow statement</b>		
Minimum lease payments	2,132	0

##### Maturity of lease liabilities

The lease liabilities are due to be settled over the following time bands:

	31 March 2025 £000	31 March 2024 £000
Less than one year	1,471	1,509
One to five years	1,552	2,892
More than five years	2,263	2,395
	<b>5,286</b>	<b>6,796</b>

## Notes to the Core Financial Statements

### Authority as Lessor

#### Operating Leases

The Council leases out property under operating leases for a variety of purposes, including:

- For the provision of community services.
- For economic development purposes to provide suitable affordable accommodation for local businesses.
- For income generation as Investment Properties.

#### Transactions under leases

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

	2024/25 £000	2023/24 £000
<b>Operating leases</b>		
Total lease income	5,119	4,851
<b>Total</b>		

### Maturity analysis of lease receivables

The minimum lease payments committed as at 31 March are:

	31 March 2025 £000	Operating leases 31 March 2024 £000
Expiring less than one year	1,527	1,517
Expiring between one to two years	356	280
Expiring between two to three years	446	352
Expiring between three to four years	265	446
Expiring between four to five years	52	255
Expiring later than five years	1,608	1,325
	<b>4,254</b>	<b>4,175</b>

## 21. FINANCIAL INSTRUMENTS

### Categories of Financial Instruments

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

## Notes to the Core Financial Statements

Financial Assets	Long term				Current				Total	
	Investments		Debtors		Investments		Debtors			
	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Fair value through profit or loss</b>										
Long Term Equity Instruments	571	571	0	0	0	0	0	0	571	571
<b>Amortised cost</b>										
Investment	409	400	23,999	15,259	0	0	100,944	79,847	125,352	95,506
Cash and Cash Equivalents	0	0	0	0	50,725	37,293	0	0	50,725	37,293
<b>Total financial assets</b>	<b>980</b>	<b>971</b>	<b>23,999</b>	<b>15,259</b>	<b>50,725</b>	<b>37,293</b>	<b>100,944</b>	<b>79,847</b>	<b>176,648</b>	<b>133,370</b>
Non-financial assets	0	0	0	0	0	0	50,176	43,958	50,176	43,958
<b>Total</b>	<b>980</b>	<b>971</b>	<b>23,999</b>	<b>15,259</b>	<b>50,725</b>	<b>37,293</b>	<b>151,120</b>	<b>123,805</b>	<b>226,824</b>	<b>177,328</b>

Financial Liabilities	Long term				Current				Total	
	Borrowings		Creditors		Borrowings		Creditors			
	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25	31-Mar-24
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Amortised cost</b>										
Principal	(364,866)	(281,527)	(591)	(603)	(55,959)	(31,058)	(69,308)	(63,788)	(490,724)	(376,976)
Loans accrued interest	0	0	0	0	(2,433)	(1,744)	0	0	(2,433)	(1,744)
Bank Overdraft	0	0	0	0	0	0	(19,938)	(35,933)	(19,938)	(35,933)
PFI and Finance lease liabilities	(124,212)	(93,313)	0	0	0	0		(4,832)	(124,212)	(98,145)
<b>Total Financial Liabilities</b>	<b>(489,078)</b>	<b>(374,840)</b>	<b>(591)</b>	<b>(603)</b>	<b>(58,392)</b>	<b>(32,802)</b>	<b>(89,246)</b>	<b>(104,553)</b>	<b>(637,307)</b>	<b>(512,798)</b>
Non financial liabilities	0	0	0	0	0	0	(38,724)	(19,530)	(38,724)	(19,530)
<b>Total</b>	<b>(489,078)</b>	<b>(374,840)</b>	<b>(591)</b>	<b>(603)</b>	<b>(58,392)</b>	<b>(32,802)</b>	<b>(127,970)</b>	<b>(124,083)</b>	<b>(676,031)</b>	<b>(532,328)</b>

The debtors figure included in the balance sheet includes payments in advance from individuals and organisations and transactions relating to Council Tax and Business Rates which are not considered to be financial instruments, therefore these prepayments have been excluded above. Similarly the creditors figure also includes transactions relating to Council Tax and Business Rates and receipts in advance which are not a financial instrument, therefore these have been excluded above. A reconciliation of the Financial Instrument figures to the Balance Sheet is provided below:

## Notes to the Core Financial Statements

	31-Mar-25 £000	31-Mar-24 £000
<b>Debtors:</b>		
Financial assets carried at contract amounts as per Financial Instruments	100,944	79,847
Debtors that are not financial instruments	50,176	43,958
<b>Total Debtors as per Balance Sheet</b>	<b>151,120</b>	<b>123,805</b>
<b>Creditors:</b>		
Financial liabilities carried at contract amount as per Financial Instruments	(69,308)	(68,620)
Creditors that are not financial instruments	(38,724)	(19,530)
<b>Total Creditors as per Balance Sheet</b>	<b>(108,032)</b>	<b>(88,150)</b>

### Soft Loans

Following a review in this area it has been identified that interest free loans with a nominal value of £2.079m are advanced to clients receiving residential/nursing care, who following assessment, are required to pay the full cost of their care. As all of the clients funds are tied up in the property they own, a legal charge is made against the property and when the property is sold the outstanding debts are cleared and the legal charge removed.

In addition, clients who are required to make adaptations to their homes to maintain their independence are also given interest free loans, the nominal value of these loans is £0.283m. A legal charge is again placed against the property and when the property is sold the amount of the loan is repaid and the legal charge removed.

The deferred charges loans are part of the Charging Residential Accommodation Guide (CRAG) assessment and the adaptation loans are part of Disabled Facilities Grant legislation, which means they are part of national agreements. These loans are not part of the Council's internal policies and therefore are not classified as soft loans.

### **Income, Expense, Gains and Losses**

	2024/25		2023/24	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Net gains/losses on:				
Financial assets measured at fair value through profit or loss	0	0	0	0
Financial assets measured at amortised cost	0	0	0	0
Investments in equity instruments designated at fair value through other comprehensive income	0	0	0	0



## Notes to the Core Financial Statements

	2024/25		2023/24	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Financial assets measured at fair value through profit or loss	(928)	0	0	0
Financial liabilities measured at fair value through profit or loss	0	0	0	0
Financial liabilities measured at amortised cost	0	0	0	0
<b>Total net gains/losses</b>	<b>(928)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Interest revenue:				
Financial assets measured at amortised cost	(4,181)		(4,515)	0
Other financial assets measured at fair value through other comprehensive income	0		0	0
<b>Total interest revenue</b>	<b>(4,181)</b>		<b>(4,515)</b>	<b>0</b>
<b>Interest expense</b>				
Interest Expense	24,068		26,192	0

### The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value Disclosures are Required)

Except for the financial assets carried at fair value, all other financial liabilities and financial assets held by the Council are carried in the Balance Sheets at amortised cost. The fair values calculated are as follows.

Financial Liabilities	31 March 2025		31 March 2024	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
<b>Financial liabilities held at amortised cost</b>				
- Loans/Borrowings	420,798	383,079	312,127	289,460

The fair value of borrowings is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain arising from a commitment to pay interest to lenders below current market rates.

Financial Assets	31 March 2025		31 March 2024	
	Carrying amount £000	Fair value £000	Carrying amount £000	Fair value £000
<b>Financial assets held at amortised cost:</b>				
Cash	30,000	30,000	28,400	28,400
Fixed Term Deposits	20,600	20,600	8,000	8,000
Long term debtors	23,999	23,999	15,259	15,259
Long term investments	981	981	970	970

## Notes to the Core Financial Statements

The fair value of the assets held at amortised cost is taken to be the carrying amount due to the short term nature of the assets.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

### Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

Recurring fair value measurements using:	31-Mar-25			Total
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	£000	£000	£000	£000
<b>Financial liabilities</b>				
Financial liabilities held at amortised cost:				
Loans/borrowings	0	383,079	0	383,079
<b>Total</b>	<b>0</b>	<b>383,079</b>	<b>0</b>	<b>383,079</b>
<b>Financial assets</b>				
Soft loans to third parties	0	0	0	0
Cash and Fixed Term Deposits	0	50,600	0	50,600
<b>Total</b>	<b>0</b>	<b>50,600</b>	<b>0</b>	<b>50,600</b>

Recurring fair value measurements using:	31-Mar-24 Comparative Year			Total
	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	
	£000	£000	£000	£000
<b>Financial liabilities</b>				
Financial liabilities held at amortised cost:				
Loans/borrowings	0	289,460	0	289,460
PFI and finance lease liabilities	0	126,387	0	126,387
<b>Total</b>	<b>0</b>	<b>415,847</b>	<b>0</b>	<b>415,847</b>
<b>Financial assets</b>				
Soft loans to third parties	0	0	750	750
Cash and Fixed Term Deposits	0	36,400	0	36,400
<b>Total</b>	<b>0</b>	<b>36,400</b>	<b>750</b>	<b>37,150</b>

## Notes to the Core Financial Statements

The fair value for financial liabilities and financial assets that are not measured at fair value included in levels 2 and 3 in the table above have been arrived at using a discounted cash flow analysis with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at 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, using the following assumptions.

Financial Assets	Financial Liabilities
No early repayment or impairment is recognised	No early repayment is recognised
The fair value of cash and fixed term deposits is taken to be the carrying amount due to the short term nature of the assets.	Estimated ranges of interest rates at 31 March 2025 of 4.81% to 5.98% for loans payable, based on new lending rates for equivalent loans at that date
The fair value of trade and other receivables is taken to be the invoiced or billed amount	

## 22. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The identification, understanding and management of risk are, by necessity, a major part of the Council's treasury management activities. The Council's overall risk management procedures focus on the unpredictability of financial markets, and are structured to implement suitable controls to minimise these risks. The procedures for risk management require the Council to manage risk in the following ways:

- By formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- By the adoption of a Treasury Policy Statement and treasury management clauses;
- By approving annually in advance prudential and treasury indicators for the following three years;
- By approving an investment strategy for the forthcoming year.

To avoid the Council suffering loss as a result of its treasury management activities a number of risk management procedures have been put in place.

These procedures are based on the concept that firstly security of principal is paramount, secondly that there is a need to maintain liquidity and finally earning a rate of return commensurate with the first two concepts.

### **Credit Risk Exposure**

Credit and counterparty risk is the failure by a third party to meet its contractual obligations under an investment, loan or other commitment, especially due to deterioration in its creditworthiness.

As a holder of public funds, Shropshire Council regards it a prime objective of its treasury management activities to be the security of the principal sums it invests. The enhancement of returns is a secondary consideration to the reduction or minimisation of

## Notes to the Core Financial Statements

risk. Accordingly, the Council ensures that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited.

The main criteria for determining the suitability of investment counterparties is outlined in the Council's creditworthiness policy which is approved as part of the Annual Investment Strategy. The Council's lending list is reviewed continuously in conjunction with its treasury advisor and formally updated monthly. Additions to, and deletions from, the list are approved by the Section 151 Officer.

The total permitted investment in any one organisation at any one time varies with the strength of the individual credit rating. For the highest rating the maximum amount is currently limited to £20.000m.

The analysis below summarises the Council's potential maximum exposure to credit risk, based on the experience of default, adjusted to reflect current market conditions.

	Amount deposited at 31 March 2025	Historical experience of default	Historical experience adjusted for market conditions at 31 March 2025	Estimated maximum exposure to default and uncollectability at 31 March 2025
	£000	%	%	£000
	A	B	C	(AxC)
Deposits with banks and financial institutions having a default rating of:				
AAA	30,000	0	0	0
AA	20,600	0	0	0
A	0	0	0	0
BBB	0	0	0	0
Other Local Authorities	0	0	0	0
Debtors (Customers)	38,649	0	0	0

No credit limits were exceeded during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Council generally allows its customers 20 days credit. Of the £38.649m invoiced income outstanding from customers £22.270m is past its due date for payment. This amount past due date is analysed by age as follows:

Age of Debt	2024/25 £000	2023/24 £000
Less than 3 months overdue	3,946	6,967
3 to 6 months overdue	4,113	2,223
6 months to 1 year overdue	3,110	2,717
More than 1 year overdue	11,101	9,469
	<b>22,270</b>	<b>21,376</b>

Further details on the amounts outstanding from customers which is past its due date for payment is provided in the below table.

## Notes to the Core Financial Statements

2024/25	Adult Services		Place		Other		Total	
	Value of Debt £000	Allowance for impairment losses £000	Value of Debt £000	Allowance for impairment losses £000	Value of Debt £000	Allowance for impairment losses £000	Value of Debt £000	Allowance for impairment losses * £000
Less than 3 months overdue	4,789	0	1,638	4	541	0	6,968	4
3 to 6 months overdue	1,890	0	287	76	47	2	2,224	78
6 months to 1 year overdue	2,388	204	290	86	40	4	2,718	294
More than 1 year overdue	7,638	4,173	1,374	451	454	112	9,466	4,736
	<b>16,705</b>	<b>4,377</b>	<b>3,589</b>	<b>617</b>	<b>1,082</b>	<b>118</b>	<b>21,376</b>	<b>5,112</b>

\* Allowance for impairment losses in the table above relates only to sundry debtors. Other allowances for impairment losses in relation to Council Tax and Business Rates debtors are also provided for within the total Debtors figure on the Balance Sheet.

Loss allowances on trade receivables are calculated using historical experience of default and knowledge of any current and future events which could impact on collection. Trade receivables have been assessed on an individual service basis with some items grouped based on their age and type.

Long term debtors are assessed for expected credit losses by reviewing historical experience of repayments and assessing any current or future events which could result in default of repayments.

### **Liquidity Risk Exposure**

Liquidity risk is the risk that cash is not available when required. This can jeopardise the ability of the Council to carry out its functions or disrupt those functions being carried out in the most cost effective manner. The Council therefore has sufficient standby facilities to ensure that there is always sufficient liquidity to deal with unexpected circumstances.

As the Council has ready access to borrowings from the money markets to cover any day to day cash flow need, and the Public Works Loan Board and money markets for access to longer term funds, 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 Council will be bound to replenish a significant proportion of its borrowings at a time of unfavourably high interest rates. The Council's strategy therefore is to ensure that no more than 15% of loans mature in any one financial year.

In addition, all of the Council's short term liquidity requirements can be satisfied through short term borrowing and bank overdraft facilities.



## Notes to the Core Financial Statements

The maturity analysis of financial liabilities is as follows:

Age of Debt	2024/25 £000	2023/24 £000
Less than 1 year	55,932	31,032
Between 1 and 2 years	59,619	932
Between 2 and 5 years	45,446	978
Between 5 and 10 years	74,487	73,487
More than ten years	185,314	206,131
	<b>420,798</b>	<b>312,560</b>

### **Interest Rate Risk**

Interest rate risk is the risk that unexpected changes in interest rates expose the Council to greater costs or a shortfall in income than have been budgeted for. The Council minimises this risk by seeking expert advice on forecasts on interest rates from its Treasury Management consultants, and agreeing with them the strategy for the forthcoming year for the investment and debt portfolios. Movement of actual interest rates against these expectations is monitored continuously with advice from our treasury advisor.

The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. Interest rate exposure limits and other prudential limits are set through this Strategy. The limit for variable rate debt is 50% of the total debt portfolio however the Council works to a more prudent level and maximises its exposure to 25%. As borrowings are not carried at fair value, nominal gains and losses on fixed rate borrowings do not impact on the Surplus or Deficit on the Provision of Services or other Comprehensive Income and Expenditure.

As at 31 March 2025 the Council's total outstanding debt (excluding accrued interest) amounted to £420.798m of which none of these loans were at stepped interest rates. Out of this balance £382.355m relates to fixed rate Public Works Loan Board (PWLB) loans, £20.850m relates to Lenders Option Borrower Option (LOBO) market loans, £16.184m relates to Market Loans, £1.409m relates to SALIX loans and £0.026m relates to temporary loans for voluntary groups. As the LOBO loans have a call option where the lender can increase the rate of the loan at predetermined dates these loans are classified as variable rate loans. The interest rates range between 3.83% and 4.27%. Of the total amount, £5.150m has an annual call date, £5.700m has a 2 yearly call date and £10.000m has a 5 yearly call date. If the lender increases the interest rate on the LOBO loans at the predetermined date then the Council has the option to repay the loan in full thereby offering the potential for the Council to avoid this increase in interest payable.

The majority of the Council's investments are fixed rate deposits however, investments in Call Accounts are classified as variable rate investments. As at the end of March 2025, £30.000m was held in a Call Account.

### **Price Risk**

The Council, excluding the pension fund, does not invest in equity shares or bonds, therefore is not exposed to losses arising from movements in share/bond prices.

## Notes to the Core Financial Statements

### Foreign Exchange Risk

The Council has no financial assets or liabilities denominated in foreign currencies therefore the exposure to loss arising from movements in exchange rates is zero.

## 23. DEBTORS

These are sums of money due to the Council but unpaid at 31 March 2025.

	2024/25 £000	2023/24 £000
Debtors:		
Central Government Bodies	22,543	14,358
Other Local Authorities	9,512	5,569
NHS Bodies	16,624	6,173
Public Corporations and Trading Funds	0	7
Other Entities and Individuals	75,973	73,420
Prepayments	26,468	24,278
	<b>151,120</b>	<b>123,805</b>

## 24. DEBTORS FOR LOCAL TAXATION

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	2024/25 £000	2023/24 £000
Less than 1 year	7,314	6,870
1 – 2 years	4,329	3,837
2 – 3 years	3,057	2,753
More than 3 years	11,681	10,368
	<b>26,381</b>	<b>23,828</b>

## 25. CASH AND CASH EQUIVALENTS

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

	31 March 2025 £000	31 March 2024 £000
Bank current accounts	30,115	37,293
Short term deposits	20,610	0
<b>Total Cash and Cash Equivalents</b>	<b>50,725</b>	<b>37,293</b>
Bank Overdraft	(19,938)	(35,933)
<b>Cash Overdrawn</b>	<b>(19,938)</b>	<b>(35,933)</b>

## Notes to the Core Financial Statements

### 26. CREDITORS

These are amounts owed by the Council for work done, goods received or services rendered which had not been paid by 31 March 2025.

	2024/25 £000	2023/24 £000
Creditors:		
Central Government Bodies	(12,819)	(10,012)
Other Local Authorities	(2,439)	(1,929)
NHS Bodies	(652)	(637)
Public Corporations and Trading Funds	0	0
Other Entities and Individuals	(73,635)	(62,042)
Receipts In Advance	(18,487)	(13,530)
	<b>(108,032)</b>	<b>(88,150)</b>

### 27. PROVISIONS

The value of provisions held as at 31 March 2025 are as follows:

	Balance at 31 March 2023 £000	Transfers Out 2023/24 £000	Transfers In 2023/24 £000	Balance at 31 March 2024 £000	Transfers Out 2024/25 £000	Transfers In 2024/25 £000	Balance at 31 March 2025 £000
<b>Short Term Provisions</b>							
Accumulated Absences Account	3,055	(3,055)	2,545	2,545	(2,545)	3,212	3,212
Highways & Transport Provision	405	(405)	0	0	0	0	0
Housing Enforcement	156	0	0	156	0	0	156
Termination Benefits	55	(55)	5	5	(5)	1,741	1,741
Other short term provisions	92	(92)	0	0	0	0	0
<b>Total Short Term Provisions</b>	<b>3,763</b>	<b>(3,607)</b>	<b>2,550</b>	<b>2,706</b>	<b>(2,550)</b>	<b>4,953</b>	<b>5,109</b>
<b>Long Term Provisions</b>							
S106	73	0	0	73	(73)	0	0
Liability Insurance	4,095	(964)	847	3,978	(885)	875	3,968
NDR Appeals	4,074	(4,461)	2,342	1,955	(2,710)	2,659	1,904
Tenancy Deposit Clawbacks	235	(28)	36	243	(28)	29	244
<b>Total Long Term Provisions</b>	<b>8,477</b>	<b>(5,453)</b>	<b>3,225</b>	<b>6,249</b>	<b>(3,696)</b>	<b>3,563</b>	<b>6,116</b>
<b>Total Provisions</b>	<b>12,240</b>	<b>(9,060)</b>	<b>5,775</b>	<b>8,955</b>	<b>(6,246)</b>	<b>8,516</b>	<b>11,225</b>

## Notes to the Core Financial Statements

### 28. USABLE RESERVES

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

	31 March 2025 £000	31 March 2024 £000
Usable Capital Receipts Reserve	0	0
Major Repairs Reserve	1,862	6,008
Earmarked Reserves	25,454	35,407
Capital Grants Unapplied Account	53,351	58,498
HRA Balance	14,861	11,737
General Fund Balance	4,825	8,237
<b>Total Usable Reserves</b>	<b>100,353</b>	<b>119,887</b>

### 29. UNUSABLE RESERVES

	31 March 2025 £000	31 March 2024 £000
Revaluation Reserve	158,652	180,081
Capital Adjustment Account	504,685	527,183
Financial Instruments Adjustment Account	(2,423)	(2,738)
Deferred Capital Receipts Reserve	407	454
Pensions Reserve	(20,246)	(38,587)
Collection Fund Adjustment Account	2,239	(3,140)
Accumulated Absences Account	(3,214)	(2,545)
Dedicated Schools Grant Adjustment Account	(17,638)	(2,305)
<b>Total Unusable Reserves</b>	<b>622,462</b>	<b>658,403</b>

#### Revaluation Reserve

The Revaluation Reserve contains the gains made by the authority arising from increases in the value of its property, plant and equipment. The balance is reduced when assets with accumulated gains are:

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

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

## Notes to the Core Financial Statements

	2024/25 £000	2023/24 £000
<b>Balance at 1 April</b>	<b>180,081</b>	<b>166,380</b>
Upward revaluation of assets	29,064	35,536
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	(31,254)	(10,077)
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	<b>(2,190)</b>	<b>25,459</b>
Difference between fair value depreciation and historical depreciation	(9,193)	(8,572)
Accumulated gains on assets sold or scrapped	(10,046)	(3,169)
Other transfers to the Capital Adjustment Account	0	(17)
Amount written off to the Capital Adjustment Account	<b>(19,239)</b>	<b>(11,758)</b>
<b>Balance at 31 March</b>	<b>158,652</b>	<b>180,081</b>

### 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 Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert current and 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 contains accumulated gains and losses on investment properties and gains recognised on donated assets that have yet to be consumed by the authority.

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 11 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2024/25 £000	2023/24 £000
<b>Balance at 1 April</b>	<b>527,183</b>	<b>536,319</b>
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
- Charges for depreciation and impairment of non-current assets	(59,644)	(59,400)
- Revaluation losses on Property, Plant and Equipment	(7,482)	(4,105)
- Amortisation of intangible assets	(1,580)	(1,605)
- Revenue expenditure funded from capital under statute	(58,138)	(33,921)
- Amounts of non current assets written off on disposal or sale as part of the gain/loss of disposal to the Comprehensive Income and Expenditure Statement	(48,232)	(19,980)
	<b>(175,076)</b>	<b>(119,011)</b>



## Notes to the Core Financial Statements

	2024/25 £000	2023/24 £000
Adjusting amounts written out of the Revaluation Reserve	19,239	11,758
Net written out amount of the cost of non current assets consumed in the year	(155,837)	(107,253)
Capital financing applied in the year:		
- Use of the Capital Receipts Reserve to finance new capital expenditure	21,801	14,792
- Use of the Major Repairs Reserve to finance new capital expenditure	8,580	6,526
- Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	66,022	49,484
- Application of grants to capital financing from the Capital Grants Unapplied Account	12,975	9,362
- Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	18,353	13,775
- Capital expenditure charged against the General Fund and HRA balances	953	3,713
	<b>128,684</b>	<b>97,652</b>
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	3,471	465
Movement in the Donated Assets Account credited to the Comprehensive Income and Expenditure Statement	1,184	0
<b>Balance at 31 March</b>	<b>504,685</b>	<b>527,183</b>

### Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing difference arising from the 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 on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred, but reversed out of the General Fund Balance to the account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the authority's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

	2024/25 £000	2023/24 £000
<b>Balance at 1 April</b>	<b>(2,738)</b>	<b>(3,053)</b>
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements.	315	315
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0	0
<b>Balance at 31 March</b>	<b>(2,423)</b>	<b>(2,738)</b>

### Deferred Capital Receipts Reserve

## Notes to the Core Financial Statements

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.

	2024/25 £000	2023/24 £000
<b>Balance at 1 April</b>	<b>454</b>	<b>498</b>
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0
Transfer to the Capital Receipts Reserve upon receipt of cash	(47)	(44)
<b>Balance at 31 March</b>	<b>407</b>	<b>454</b>

### 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.

	2024/25 £000	2023/24 £000
<b>Balance at 1 April</b>	<b>(38,587)</b>	<b>(126,359)</b>
Remeasurements of the net defined benefit liability/(asset)	19,418	93,328
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(32,877)	(29,640)
Employer's pension contributions and direct payments to pensioners payable in the year	31,800	24,084
<b>Balance at 31 March</b>	<b>(20,246)</b>	<b>(38,587)</b>

### Collection Fund Adjustment Account

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

## Notes to the Core Financial Statements

	2024/25 £000	2023/24 £000
<b>Balance at 1 April</b>	<b>(3,140)</b>	<b>1,431</b>
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and non-domestic rates income calculated for the year in accordance with statutory requirements	5,379	(4,571)
<b>Balance at 31 March</b>	<b>2,239</b>	<b>(3,140)</b>

### Accumulated Absences Account

The Accumulated Absences 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.

	2024/25 £000	2023/24 £000
<b>Balance at 1 April</b>	<b>(2,545)</b>	<b>(3,055)</b>
Settlement or cancellation of accrual made at the end of the preceding year	2,545	3,055
Amounts accrued at the end of the current year	(3,214)	(2,545)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	<b>(669)</b>	<b>510</b>
<b>Balance at 31 March</b>	<b>(3,214)</b>	<b>(2,545)</b>

### Dedicated Schools Grant Adjustment Account

On the 6 November 2020, the secretary of State for Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument to amend the Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020 for the financial years beginning 1 April 2020 and ending 31 March 2023. The Regulations have since been extended for a further three years.

The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its schools budget relating to its accounts for the financial years beginning on 1 April 2020 and ending 31 March 2026, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The new accounting practice has the effect of separating schools budget deficits from the local authorities' general fund for a period of three financial years.

	2024/25 £000	2023/24 £000
<b>Balance at 1 April</b>	<b>(2,304)</b>	<b>0</b>

## Notes to the Core Financial Statements

	2024/25 £000	2023/24 £000
In year Dedicated Schools Grant (over)/underspend	(15,335)	(2,304)
<b>Balance at 31 March</b>	<b>(17,639)</b>	<b>(2,304)</b>

### 30. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	2024/25 £000	2023/24 £000
Interest received	(4,422)	(5,397)
Interest paid	23,267	26,278

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

	2024/25 £000	2023/24 £000
Depreciation	59,644	59,400
Impairment and revaluation (increases)/decreases	6,299	4,106
Amortisation	1,580	1,605
(Gains)/Losses on Financial Assets/Liabilities	(928)	0
Adjustment for effective interest rates	112	0
Increase/Decrease in Interest Creditors	689	(86)
Increase/Decrease in Creditors	11,709	(12,005)
Increase/Decrease in Interest and Dividend Debtors	241	882
Increase/Decrease in Debtors	(30,266)	(18,144)
Increase/Decrease in Inventories	168	57
Pension Liability	1,077	5,556
Contributions to/(from) Provisions	2,270	(3,285)
Carrying amount of non-current assets sold	34,902	15,546
Movement in Investment Property Values	(3,471)	(464)
	<b>84,026</b>	<b>53,168</b>

The Surplus or Deficit on the Provision of Services has been adjusted for the following items that are investing and financing activities:

	2024/25 £000	2023/24 £000
Carrying amount of short and long term investment sold	0	0
Capital Grants credited to surplus or deficit on the provision of services	(73,850)	(64,948)
Proceeds from the sale of property plant and equipment, investment property and intangible assets	(8,928)	(10,399)
<b>Non cash adjustments</b>	<b>(82,778)</b>	<b>(75,347)</b>

### 31. CASH FLOW STATEMENT – INVESTING ACTIVITIES

## Notes to the Core Financial Statements

	2024/25 £000	2023/24 £000
Purchase of property, plant and equipment, investment property and intangible assets	76,378	72,650
Purchase of investments in Associates and Joint Ventures	10	0
Other payments for investing activities*	16,627	24,182
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(8,974)	(10,444)
Proceeds from the sale of short term and long term investments	0	(57,536)
Other receipts from investing activities**	(83,106)	(79,049)
<b>Net cash flows from investing activities</b>	<b>935</b>	<b>(50,197)</b>

\* This includes short term loans granted to third parties

\*\* This includes capital grants received in year.

### 32. CASH FLOW STATEMENT – FINANCING ACTIVITIES

	2024/25 £000	2023/24 £000
Cash receipts of short and long-term borrowing	(170,087)	(30,911)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on balance sheet PFI contracts	10,201	3,869
Repayments of short and long term borrowing	61,043	11,111
Other payments for financing activities*	(2,974)	4,048
<b>Net cash flows from financing activities</b>	<b>(101,817)</b>	<b>(11,883)</b>

\* Represents the difference between the preceptors/Central Government share of cash collected and net cash paid in relation to Council Tax and NDR

### 33. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

2024/25	1 April	Financing cash flows	Non-cash changes Acquisition	Other non-cash changes	31 March
	£000	£000	£000	£000	£000
Long-term borrowings	281,527	0	91,087	(7,748)	364,866
Short-term borrowings	32,802	689	79,000	(54,100)	58,391
On balance sheet PFI liabilities	98,146	(9,313)	36,718	0	125,551
<b>Total liabilities from financing activities</b>	<b>412,475</b>	<b>(8,624)</b>	<b>206,805</b>	<b>(61,848)</b>	<b>548,808</b>

2023/24	1 April	Financing cash flows	Non-cash changes Acquisition	Other non-cash changes	31 March
	£000	£000	£000	£000	£000
Long-term borrowings	286,998	0	728	(6,199)	281,527
Short-term borrowings	7,606	(86)	182	25,100	32,802
On balance sheet PFI liabilities	102,014	(3,868)	0	0	98,146
<b>Total liabilities from financing activities</b>	<b>396,618</b>	<b>(3,954)</b>	<b>910</b>	<b>18,901</b>	<b>412,475</b>

## Notes to the Core Financial Statements

### 34. MEMBERS' ALLOWANCES

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

	2024/25 £000	2023/24 £000
Basic Allowances	1,049	1,015
Special Responsibility Allowances	297	278
Expenses	11	19
<b>Total</b>	<b>1,357</b>	<b>1,312</b>

### 35. OFFICERS' REMUNERATION

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

Post Holder Information (Post Title & Name)		Salary	Expense Allowances	Compensation for Loss of Office	Total excl. pension contributions	Employers Pension contributions	Total incl. pension contributions
Chief Executive - Andy Begley	2024/25	£171,321	£0	£0	£171,321	£29,467	£200,788
	2023/24	£167,143	£0	£0	£167,143	£28,748	£195,891
Executive Director of People	2024/25	£148,751	£0	£0	£148,751	£25,585	£174,336
	2023/24	£145,123	£0	£0	£145,123	£24,961	£170,084
Executive Director of Health, Wellbeing & Prevention	2024/25	£148,751	£0	£0	£148,751	£25,585	£174,336
	2023/24	£139,618	£0	£0	£139,618	£24,014	£163,632
Executive Director of Place <sup>2</sup> (left post on 7 <sup>th</sup> March 2025)	2024/25	£185,104	£0	£37,575	£222,679	£23,934	£246,613
	2023/24	£145,123	£0	£0	£145,123	£2,080	£147,203
Executive Director of Resources <sup>1</sup>	2024/25	£148,751	£0	£0	£148,751	£25,585	£174,336
	2023/24	£145,123	£0	£0	£145,123	£24,961	£170,084
Assistant Director – Transformation & Efficiency (started in post on 19 <sup>th</sup> June 2023)	2024/25	£109,252	£0	£0	£109,252	£18,792	£128,044
	2023/24	£83,494	£0	£0	£83,494	£14,361	£97,855

<sup>1</sup> An element of the total remuneration paid to the Executive Director of Resources is recharged to Shropshire & Wrekin Fire Authority (£18,720), the Marches LEP (£694), West Mercia Energy (£12,120) and West Mercia Supplies (£1,320) to reflect the various treasurer roles undertaken within those organisations.

<sup>2</sup> The total remuneration paid to the Executive Director of Place includes 3 months in lieu of notice



## Notes to the Core Financial Statements

The numbers of officers whose remuneration exceeded £50,000 is analysed into bands of £5,000 as follows. The senior officers included in the table above are not included within this analysis. The remuneration disclosed below includes salary costs and expense allowances, paid in line with the Council's pay policy agreed by Full Council:

Salaried Remuneration Band £	2024/25 No. of Employees	2023/24 No. of Employees
50,000 – 54,999	174	158
55,000 – 59,999	95	77
60,000 – 64,999	58	38
65,000 – 69,999	18	19
70,000 – 74,999	14	24
75,000 – 79,999	21	12
80,000 – 84,999	10	18
85,000 – 89,999	13	3
90,000 – 94,999	3	5
95,000 – 99,999	8	8
100,000 – 104,999	1	7
105,000 – 109,999	13	12
110,000 and above	2	1

The numbers of exit packages with total cost per band and total cost of the exit packages, including redundancy payments, pension strain and unpaid leave are set out in the table below. The figures disclosed include exit packages for schools and the Council.

	No. of compulsory redundancies		No. of other departures agreed		Total no of exit packages by cost band		Total cost of exit packages in each band £000	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
£0 - £20,000	34	18	70	21	104	39	882	337
£20,001 - £40,000	2	5	36	8	38	13	1,070	393
£40,001 - £60,000	1	2	14	2	15	4	729	203
£60,001 - £80,000	0	7	10	1	10	8	706	577
£80,001 - £100,000	1	2	7	2	8	4	723	363
£100,001 - £150,000	0	2	11	2	11	4	1,337	474
£150,001 - £200,000	1	0	20	0	21	0	3,658	0
£200,001+	0	3	10	1	10	4	3,817	1,166
	<b>39</b>	<b>39</b>	<b>178</b>	<b>37</b>	<b>217</b>	<b>76</b>	<b>12,922</b>	<b>3,513</b>

### 36. EXTERNAL AUDIT COSTS

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and statutory inspections provided by the Council's external auditors:

	2024/25 £000	2023/24 £000

## Notes to the Core Financial Statements

	2024/25 £000	2023/24 £000
Fees payable to external audit with regard to external audit services carried out by the appointed auditor	401	380
Fees payable in respect of other services provided by the external audit during the year	88	65
<b>Total</b>	<b>489</b>	<b>445</b>

### 37. DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education (DfE), the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools' Budget. The Schools' Budget includes elements for a range of educational services provided on a Council-wide basis and for the Individual Schools' Budget (ISB), which is divided into a budget share for each school.

Details of the deployment of DSG for 2024/25 are as follows:

	Central Expenditure £000	ISB £000	Total £000
Final DSG for 2024/25 before academy recoupment			285,552
Academy and high needs figure recouped for 2024/25			(159,560)
<b>Total DSG after academy recoupment for 2024/25</b>			<b>125,992</b>
Brought forward from 2023/24			0
Less Carry Forward to 2025/26 agreed in advance			0
<b>Agreed initial budget distribution in 2024/25</b>	<b>67,829</b>	<b>58,163</b>	<b>125,992</b>
In year adjustments	(238)	0	(238)
<b>Final budget distribution in 2024/25</b>	<b>67,591</b>	<b>58,163</b>	<b>125,754</b>
Actual central expenditure	(83,656)	0	(83,656)
Actual ISB deployed to schools	0	(56,742)	(56,742)
Early years maintained settings included in ISB on S251	0	(691)	(691)
<b>In year carry forward to 2025/26</b>	<b>(16,065)</b>	<b>730</b>	<b>(15,335)</b>
Plus carry forward to 2025/26 agreed in advance			0
<b>Carry forward to 2025/26</b>			<b>(15,335)</b>
DSG unusable reserve at the end of 2023/24			(2,304)
Additions to DSG unusable reserve at the end of 2024/25			(15,335)
<b>Total of DSG unusable reserve at the end of 2024/25</b>			<b>(17,639)</b>

### 38. GRANT INCOME

## Notes to the Core Financial Statements

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

	2024/25 £000	2023/24 £000
<b>Credited to Taxation and Non-Specific Grant Income</b>		
Revenue Support Grant	(7,974)	(7,479)
Local Services Support Grant	(546)	(430)
New Homes Bonus	(1,808)	(1,748)
Business Rates Relief Grant	(25,565)	(22,688)
Rural Service Support Grant	(8,982)	(7,757)
Services Grant	(357)	(2,066)
Other Grants	(428)	(556)
Capital Grants & Contributions	(52,641)	(49,966)
<b>Total</b>	<b>(98,301)</b>	<b>(92,690)</b>
<b>Credited to Services</b>		
DWP Housing Benefit	(46,174)	(45,973)
DWP Housing Benefit Admin Subsidy	(643)	(644)
MHCLG Waste PFI	(3,087)	(3,186)
MHCLG Social Services PFI	(1,523)	(1,523)
DFE Dedicated Schools Grant	(125,754)	(115,398)
DFE Pupil Premium Grant	(4,197)	(4,444)
DFE UFSM	(1,573)	(1,746)
DFE PE & Sports	(1,296)	(1,652)
Teachers Pay Grant	(1,273)	(859)
ESFA Teachers Pension employer contribution grant	(1,740)	0
DfT Bus Services Operators Grant	(512)	(512)
Strengthening Families	(1,093)	(1,012)
HO Asylum Seekers	(3,306)	(3,390)
DoH Public Health Grant	(13,658)	(13,192)
MHCLG/DoH Adult Social Care New Burdens	(28,010)	(21,547)
Improved Better Care Fund	(11,863)	(11,863)
DWP Discretionary Housing Payment Grant	(301)	(308)
Flexible Homelessness grant	(1,164)	(1,138)
Apprenticeship Levy	(710)	(474)
DWP Household Support Fund	(4,178)	(4,178)
DfE Holiday Activities and Food Programme	(734)	(714)
MHCLG Rough Sleepers Initiative	(551)	(347)
MHCLG Domestic Abuse Duty Capacity Building Fund	(603)	(592)
DfT CBSSG Restart	(500)	0
DfT Local Transport Fund	0	(1,407)
DfE Recovery Premium Funding	(138)	(558)
DLUHC Homes for Ukraine Scheme Local Authority Tariff Payment	(1,781)	(2,365)
DLUHC UK Shared Prosperity Funding	(6,327)	(1,465)
DfE Homes for Ukraine Education and Childcare Grant	0	(5)

## Notes to the Core Financial Statements

	2024/25 £000	2023/24 £000
DHSC Adult Social Care Discharge Fund	(2,772)	(1,663)
DfT Local Transport Authority Bus Recovery Funding	0	(47)
DHSC Market Sustainability and Fair Cost Fund	(6,098)	(3,264)
DHSC Rough Sleeping Drug and Alcohol Treatment Grant	(906)	(878)
DEFRA Farming in Protected Landscapes	(1,654)	(894)
DfE Early Years Supplementary Grant	35	(929)
DfE Multiply Funding	(425)	(337)
DfE Mainstream Schools Additional Grant	0	(2,021)
DHSC Supplementary Substance Misuse Treatment and Recovery Grant	(552)	(336)
DHSC Market Sustainability and Improvement Fund	0	(2,120)
DHSC Local Authority Urgent and Emergency Care Support Fund	0	(654)
DfT Bus Service Improvement Plan Plus	(2,076)	(61)
DfE Implementing Supported Accommodation Reforms	(485)	(138)
DfE Wraparound Childcare Programme Grant	(668)	(19)
DfE Core Schools Budget Grant	(1,783)	0
DEFRA Food waste collections	(562)	0
DHSC Local Stop Smoking Services and Support Grant	(359)	0
Adoption Support Fund	(384)	(269)
Other Grants	(6,013)	(5,245)
Capital Grants & Contributions	(22,392)	(14,982)
<b>Total</b>	<b>(309,783)</b>	<b>(274,349)</b>

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year-end are as follows:

	31-Mar-25 £000	31-Mar-24 £000
<b>Current Liabilities</b>		
<b>Grants Receipts in Advance (Capital Grants)</b>		
Department of Transport	(3,149)	(3,252)
Department for Education	(2,363)	(2,050)
Environment Agency	(1,579)	(872)
Department for Science, Innovation & Technology	(990)	(1,097)
Arts Council	(251)	(40)
Department for Business, Energy & Industrial Strategy	(2,883)	(2,318)
Department for Levelling Up, Housing & Communities		(9,118)
Ministry of Housing, Communities & Local Government	(4,117)	
Department for Environment, Food & Rural Affairs	(2,809)	(12)
Historic England	(38)	(80)
Other Grants & Contributions	(516)	(877)
<b>Total</b>	<b>(18,695)</b>	<b>(19,716)</b>
<b>Grants Receipts in Advance (Revenue Grants)</b>		

## Notes to the Core Financial Statements

	31-Mar-25 £000	31-Mar-24 £000
Standards Fund	(358)	(350)
DfT Bus Service Improvement Plan Plus	(2,684)	(1,429)
Homes for Ukraine Scheme Local Authority Tariff Payment	(456)	(2,134)
DfT Active Travel	(201)	(174)
UK Shared Prosperity Fund	0	(1,747)
DHSC - The Accelerating Reform Fund	(238)	0
MHCLG - Defence Afghan Relocation & Resettlement	(234)	0
MHCLG Social Services PFI	(210)	(210)
DEFRA Farming in Protected Landscapes	0	(595)
DfT – Bus Capacity	0	(290)
DfT CBSSG Restart	0	(500)
Other Grants	(567)	(1,193)
<b>Total</b>	<b>(4,948)</b>	<b>(8,622)</b>
<b>TOTAL</b>	<b>(23,643)</b>	<b>(28,338)</b>

### 39. COMMUNITIES INFRASTRUCTURE LEVY

The Communities Infrastructure Levy (CIL) is a planning charge that is applied to most types of new development within the county. The balance held at the end of the financial year is detailed in the below table. The Neighbourhood Fund due to Parish and Town Councils is held on the Balance Sheet within Creditors, the remaining balance is held within Capital Grants Unapplied.

	2024/25		2023/24	
	£000	£000	£000	£000
<b>Opening Balance April</b>		<b>(37,124)</b>		<b>(34,288)</b>
Receipts received	(6,536)		(7,881)	
Expenditure incurred	8,760		5,045	
<b>Closing Balance</b>		<b>(34,900)</b>		<b>(37,124)</b>
<b>Closing Balance allocated to:</b>				
Neighbourhood Fund	(1,179)		(1,360)	
Strategic Fund	(3,784)		(5,260)	
Local Area Fund	(29,937)		(30,504)	
<b>Total</b>		<b>(34,900)</b>		<b>(37,124)</b>

### 40. PENSION SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education. The scheme is technically a defined benefits scheme. However the Scheme is unfunded and the Department of Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The scheme has in excess of 3,700 participating employers and consequently the Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2024/25, the Council paid £7.946m to Teachers' Pensions in respect of teachers' retirement benefits. The contribution rate for April 2024 to March 2025 was 28.68%. The amount paid for 2023/24 were £7.069m and the contribution rate was 23.68%.

Public Health employees previously employed by the NHS are covered by the provisions of the NHS Pensions Scheme. The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme.

In 2024/25, the Council paid £0.019m to the NHS Pensions Scheme in respect of public health employee retirement benefits, representing 14.4% of pensionable pay. The figures for 2023/24 were £0.018m and 14.4%.

### **41. DEFINED BENEFIT PENSION SCHEMES**

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

The Local Government Pension Scheme, administered by Shropshire Council is a funded defined benefit scheme. This means that the Council and employees pay contributions into a fund, which is invested in accordance with the Local Government Pension Scheme Regulations.

We recognise the cost of retirement benefits in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund/HRA Balance via the Movement in Reserves Statement during the year.



## Notes to the Core Financial Statements

	Local Government Pension Scheme	
	2024/25	2023/24
	£000	£000
<b>Comprehensive Income and Expenditure Statement</b>		
Cost of Services:		
- current service cost	(21,897)	(22,241)
- past service gain/(cost)	(21)	0
- curtailment gain/(cost)	(8,276)	(2,179)
- settlement gain/(cost)	(1,523)	(201)
	<b>(31,717)</b>	<b>(24,621)</b>
Financing and Investment Income and Expenditure:		
- net interest expense	(1,160)	(5,019)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	<b>(32,877)</b>	<b>(29,640)</b>
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
- return on plan assets	3,847	72,112
- experience gain/(loss)	1,467	(9,973)
- actuarial gains and (losses) arising on changes in financial assumptions	152,590	14,149
- actuarial gains and (losses) arising on changes in demographic assumptions	3,531	17,040
Effect of asset ceiling	(142,017)	0
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	<b>(13,459)</b>	<b>63,688</b>
Movement in Reserves Statement		
- reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	32,877	29,640
Actual amount charged against the Fund Balances for pensions in the year:		
- employers' contributions payable to scheme	(31,800)	(24,084)

### Assets and Liabilities Recognised in the Balance Sheet

	2024/25	2023/24
	£000	£000
Present value of the defined benefit obligation	(1,024,758)	(1,151,280)
Fair value of plan assets	1,146,529	1,112,693
Effect of asset ceiling	(142,017)	0
<b>Net liability arising from defined benefit obligation</b>	<b>(20,246)</b>	<b>(38,587)</b>

## Notes to the Core Financial Statements

### Reconciliation of the Movements in the Fair Value of the Scheme Assets

	Local Government Pension Scheme	
	2024/25 £000	2023/24 £000
Opening fair value of scheme assets at 1 April	1,112,693	1,012,607
Interest income	53,875	48,611
Remeasurement gain/(loss):		
Return on plan assets excluding the amount included in the net interest expense	3,847	72,112
Settlements	(8,952)	(1,685)
Contributions from employer	31,800	24,084
Contributions from employees into the scheme	7,761	7,571
Benefits paid	(53,516)	(49,651)
Other	(979)	(956)
<b>Closing fair value of scheme assets at 31 March</b>	<b>1,146,529</b>	<b>1,112,693</b>

### Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2024/25 £000	2023/24 £000
Opening balance at 1 April	(1,151,280)	(1,138,966)
Current Service Cost	(20,918)	(21,285)
Interest Cost	(55,035)	(53,630)
Contributions from scheme participants	(7,761)	(7,571)
Remeasurement gain/(loss):		
Experience gains/(losses)	1,467	(9,973)
Actuarial gains/(losses) arising from changes in financial assumptions	152,590	14,149
Actuarial gains/(losses) arising from changes in demographic assumptions	3,531	17,040
Other		
Past service costs	(21)	0
Losses/(gains) on curtailment	(8,276)	(2,179)
Benefits paid	53,516	49,651
Liabilities extinguished on settlements	7,429	1,484
<b>Closing balance at 31 March</b>	<b>(1,024,758)</b>	<b>(1,151,280)</b>

### Local Government Pension Scheme Assets

Assets in the Shropshire County Pension Fund consist of the following categories:

	2024/25 £000	2023/24 £000
<b>Cash and cash equivalents</b>	<b>7,567</b>	<b>15,578</b>
Equity investments:		
Global quoted	675,879	629,117
<b>Sub-total equity</b>	<b>675,879</b>	<b>629,117</b>
Bonds:		

## Notes to the Core Financial Statements

	2024/25 £000	2023/24 £000
Overseas Global active investment grade	113,162	116,165
Overseas Global Dynamic	40,931	46,177
<b>Sub-total bonds</b>	<b>154,093</b>	<b>162,342</b>
Property:		
Property funds	50,103	39,167
<b>Sub-total property</b>	<b>50,103</b>	<b>39,167</b>
Alternatives:		
Private Equity	86,563	91,352
Infrastructure	67,531	69,432
Hedge Funds	48,269	46,844
Property Debt	4,930	11,349
Insurance Linked Securities	18,574	18,248
Private Debt	33,020	29,264
<b>Sub-total alternatives</b>	<b>258,887</b>	<b>266,489</b>
<b>Total assets</b>	<b>1,146,529</b>	<b>1,112,693</b>

### 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 is dependent on assumptions about mortality rate, salary levels and other variables.

The Council element of the Fund liabilities has been assessed by Mercer Limited, an independent firm of actuaries. Estimates for the Council element of the Fund are based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

	Local Government Pension Scheme	
	2024/25	2023/24
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	21.8yrs	21.8yrs
Women	24.3yrs	24.2yrs
Longevity at 65 for future pensioners:		
Men	23.1yrs	23.1yrs
Women	26.0yrs	26.0yrs
Rate of inflation	2.60%	2.70%
Rate of increase in salaries	3.85%	3.95%
Rate of increase in pensions	2.70%	2.80%
Rate for discounting scheme liabilities	5.80%	4.90%

The estimation of the defined benefit obligations is sensitive to the actuarial 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

## Notes to the Core Financial Statements

period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in Assumption £000	Decrease in Assumption £000
Longevity (increase or decrease in 1 year)	1,046,066	1,003,450
Rate of inflation (increase or decrease by 0.25%)	1,058,799	990,717
Rate of increase in salaries (increase or decrease by 0.25%)	1,029,347	1,020,169
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	959,924	1,089,592

### **Techniques Employed to Manage Risk**

The Shropshire County Pension Fund does not hold an Asset & Liability Matching Strategy however does use other techniques to manage risks within the Fund. The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits to pay 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, currency and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. Further details of the market, credit and liquidity risk management are detailed in Note 16 of the Shropshire County Pension Fund Annual Report.

### **Impact on the Council's Cash Flows**

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 19 years. Funding levels are monitored on an annual basis. A triennial valuation was completed as at 31 March 2022. Revised contribution rates from the 2022 actuarial valuation took effect on 1<sup>st</sup> April 2023.

The Council is projected to pay £22.894m employer contributions to the scheme in 2025/26.

The weighted average duration of the defined benefit obligation for scheme members is 16 years for 2024/25 (16 years 2023/24).

### **Asset Ceiling**

Under IFRIC14, an asset ceiling limits the amount of the net pension asset that can be recognised to the lower of (1) the amount of the net pension asset or (2) the present value

## Notes to the Core Financial Statements

of any economic benefits available in the form of refunds or reductions in future contributions to the plan. The year end showed a net asset in the pension scheme therefore an adjustment has been made in the 2024/25 accounts to apply the asset ceiling, as calculated by the Actuary.

	2024/25 £000	2023/24 £000
Opening asset ceiling impact	0	0
Interest on surplus above asset ceiling	0	0
Change in asset ceiling (net of interest)	142,017	0
<b>Asset ceiling impact at end of period</b>	<b>142,017</b>	<b>0</b>

## 42. RELATED PARTIES

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

### Central Government

Central Government has significant influence over the general operations of the Council, being responsible for the statutory framework within which the Council operates, provides the majority of its funding through the payment of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of transactions with Government departments appear in other parts of the Statement of Accounts.

### Members and Officers

Members of the Council have direct control over the Council's financial and operating policies. Certain senior officers may also be in a position to influence policies, particularly those who form the Council's management team. All Council members and senior officers have been contacted, advising them of their obligations and asking for any declarations of related party transactions to be disclosed. Members are also asked to confirm that their entries in their Disclosure of Pecuniary Interests are correct.

The Council has made payments to a number of outside organisations on which it is represented by members. The total amount of payments to these bodies in 2024/25 was £34.198m compared with £29.101m for 2023/24.

Councillors are often members of other public or charitable organisations in their own capacity, or are employed by organisations that we process transactions with. These relationships are declared within the Members' register. The Council has made payments of £22.114m to organisations where members and senior officers are employed and £0.460m to organisations where members and senior officers occupy positions in their own capacity.

### Entities Controlled or Significantly Influenced by the Council

As administrator for the pension fund, the Council has control of the fund within the overall statutory framework. The Council received £2.411m from the pension fund for the costs of administration it provided in 2024/25 compared with £2.299m for 2023/24.

## Notes to the Core Financial Statements

The Council also has group relationships with West Mercia Energy, West Mercia Supplies Pension, Shropshire Towns & Rural Housing, Cornovii Developments Ltd and Biodynamic Carbon Ltd. Further detail on the type of relationship held with each company is considered in more detail under the Group Accounts section which begins on page 113.

During 2024/25 expenditure of £25.797m and income of £0.858m was incurred between Shropshire Council and Shropshire Towns & Rural Housing Limited. There was a creditor balance of £4.514m and a debtor balance of £0.405m as at 31<sup>st</sup> March 2025.

During 2024/25 expenditure of £0.187m and income of £2.892m was incurred between Shropshire Council and Cornovii Developments Ltd. There was a debtor balance of £9.509m as at 31<sup>st</sup> March 2025.

During 2024/25 Shropshire Council paid West Mercia Energy £7.722m.

During 2024/25 income of £0.024m was incurred between Shropshire Council and Biodynamic Carbon Ltd. There was a debtor balance of £0.400m as at 31<sup>st</sup> March 2025.

### 43. SCHOOLS

Transactions of Shropshire Council maintained schools are consolidated in the single entity financial statements.

Expenditure and income relating to these schools is detailed below:

	Expenditure £000	Income £000	Total £000
Primary	62,928	(67,742)	(4,814)
Secondary	4,592	(4,211)	381
Special	4,212	(4,480)	(268)
<b>Total</b>	<b>71,732</b>	<b>(76,433)</b>	<b>(4,701)</b>

The number of Shropshire Council maintained schools were:

	31st March 2025	31st March 2024
Primary	64	80
Secondary	1	1
Special	1	1
<b>Total</b>	<b>66</b>	<b>82</b>

### 44. BETTER CARE FUND

Shropshire Council and NHS Shropshire Telford & Wrekin Integrated Care Board (ICB) are partners in the provision of a range of services including hospital admission avoidance, hospital discharge planning, carers' support and reablement. Joint arrangements of this type are permitted under section 75 of the National Health Service Act 2006, which enables health and social care authorities to work together for a common



## Notes to the Core Financial Statements

objective, creating a pooled fund, with the aims as below. In Shropshire, the Council acts as the host authority for the pooled fund.

The aims of, and benefits to, the partners in entering into this agreement are to:

- ◆ improve the quality and efficiency of the services;
- ◆ meet the national conditions and local objectives as set out in the Better Care Fund plan;
- ◆ make more effective use of resources through the establishment and maintenance of an aligned fund for expenditure on the services

Financing	2024/25 £000	2023/24 £000
<b>Pooled Fund</b>		
<b>Funding provided to the Better Care Fund:</b>		
Shropshire Council	0	0
NHS Shropshire Telford & Wrekin ICB	11,952	11,849
<b>Total</b>	<b>11,952</b>	<b>11,849</b>
<b>Expenditure met from the Better Care Fund:</b>		
Shropshire Council	11,952	11,849
NHS Shropshire Telford & Wrekin ICB	0	0
<b>Total</b>	<b>11,952</b>	<b>11,849</b>
<b>Non-Pooled Fund</b>		
<b>Funding provided to the Better Care Fund:</b>		
Shropshire Council	21,838	20,717
NHS Shropshire Telford & Wrekin ICB	18,217	17,241
<b>Total</b>	<b>40,055</b>	<b>37,958</b>
<b>Expenditure met from the Better Care Fund:</b>		
Shropshire Council	21,838	20,717
NHS Shropshire Telford & Wrekin ICB	18,217	17,241
<b>Total</b>	<b>40,055</b>	<b>37,958</b>
<b>Total Better Care Fund</b>		
<b>Total funding provided to the Better Care Fund:</b>	<b>52,006</b>	<b>49,806</b>
<b>Total expenditure met from the Better Care Fund:</b>	<b>52,006</b>	<b>49,806</b>
<b>Net Underspend Arising on the Better Care Fund During the Year</b>	<b>0</b>	<b>0</b>

In 2024/25 Shropshire Council spent Disabled Facilities Grant (DFG) of £5.326m which was an overspend against the planned DFG commitments. This was funded through previous years slippage within the Capital Programme and the temporary use of reserves. This overspend will be accommodated within the Capital budget for 2025/26. DFG has been reported showing spend against the BCF of the full planned amount for 24/25 of £4.942m.

## Notes to the Core Financial Statements

The Council acts as the principal for the Pooled Fund and therefore all income and expenditure incurred in relation to this is accounted for within the Council's Income and Expenditure Statement. Income and expenditure incurred directly by the Council in relation to the Non-Pooled Fund is accounted for in the Council's Income and Expenditure Statement.

### 46. TRUST ACCOUNTS

Funds held in Trust Accounts are not available for the Council's use. The Council supports the work of a number of trusts including:

Trust	Purpose	Income £	Expenditure £	Assets £	Liabilities £
Shropshire Youth Foundation	Supports the development of under 25 year old residents in Shropshire through their leisure time activities.	(12,537)	4,934	258,361	(1,550)
Shropshire Schools Jubilee Trust	General fund to support the learning needs of children and young people either living or studying in Shropshire.	(5,304)	4,125	173,014	0
Rosalie Inskip Music Trust	Supports excellence in music for young people living in Shropshire.	(20,307)	7,348	387,043	0
Priory Educational Trust	Charitable trust to support ex-pupils of Priory Boys School.	(1,652)	0	67,442	0

Accounts are prepared and published for these organisations by Shropshire Council in our role of administering the trusts.

Trusts deliver great benefit into the local community and make a valuable contribution but the Council itself does not derive benefit from them.

### 47. CONTINGENT LIABILITIES

At 31 March 2025 Council had the identified the following contingent liabilities:

There are a number of legal cases outstanding that may result in future costs for the Council. These include:

- Employment tribunal appeals
- Dispute relating to adult social care day centre in relation to recovering overpayments.
- Potential planning permission litigation or judicial review involving highways
- Judicial review claim in relation to childcare social work assessment
- Potential property tenancy dispute.

The Council's usual practice when outsourcing a service that requires continued pension provision for employees is to require the contractor to put a Bond in place to reduce the Council's risk regarding picking up outstanding pension liabilities on termination of the admission agreement. The Council has provided additional guarantees, above those covered automatically by the Local Government Pension Scheme Regulations, to a

## Notes to the Core Financial Statements

number of Bodies that have been admitted to the Shropshire County Pension Fund. The bodies with additional guarantees who currently have employees who are active members of the scheme are listed below. The Bodies listed as being grouped with Shropshire Council means all Pension assets and liabilities stay with the Council and they contribute the consolidated Council Employer pension contribution rate unless stated otherwise.

### **Bodies that have additional pension liability guarantee**

Employer	Active Members	Deferred Members	Pensioners Members	Dependant Members	Surplus/(Deficit) as at 31/03/2022 Valuation
Age UK Telford & Wrekin	3	5	28	0	£0.286m
Association of Local Councils	2	0	2	0	(£0.050m)
Coverage Care from 1/3/1997	1	24	124	9	£2.299m
Coverage Care from 13/1/2013	7	16	18	2	£0.690m
Perthyn	3	10	9	0	£0.072m
Shropshire Towns & Rural Housing	169	84	47	3	£0.367m

### **Bodies that have additional pension liability guarantee and are Grouped with the Council**

Employer	Active Members	Deferred Members	Pensioners Members	Dependant Members
Bethphage from 8/12/2016	7	6	5	0
Bethphage from 1/7/2017	7	1	1	0
Energize Shropshire Telford & Wrekin	0	0	1	0
Enterprise South West Shropshire	0	2	0	0
South Shropshire Leisure Ltd *	13	24	4	0

\* South Shropshire Leisure Ltd Employer contribution rate is capped by the Council to 5%.

The Council has entered into six "Funding and Development Agreements" with a Development Trust for construction of supported living properties. Under these agreements the Development Trust has provided the Council with funding totalling £2.696m for the construction of a supported living property at each site. The contributions will be repayable if the properties cease to be used as supported living properties or the Council fails to conform to the stipulated conditions of the contract within a period of 30 years from when the properties are first occupied.



Section 6

# Group Accounts





### Introduction

This document presents the statutory financial statements for the Shropshire Council Group for the period from 1 April 2024 to 31 March 2025. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (The Code) published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The aim of the Group Accounts is to provide the reader with an overall view of the material economic activities of the Council.

In common with many other local authorities, the Council uses different forms of service delivery, where this is appropriate. In some cases it has created separate companies with its partners to deliver those services. The use of separate companies mean that the Council's single entity financial statements on their own do not fully reflect the assets and liabilities or income and expenditure associated with all of its activities. The Group Accounts more fully reflect the overall financial picture. A review of all of the Council's relationships with other bodies has been carried out to consider whether it is appropriate to prepare full group accounts. The transactions involved are not considered material to the Council's accounts however the Council has decided to provide a full disclosure in terms of bodies that it has a relationship with.

The pages which follow contain the Group's Financial Statements for the year ended 31 March 2025, with comparative figures for the previous financial year.

### **SHROPSHIRE TOWNS & RURAL HOUSING LIMITED**

Shropshire Towns and Rural Housing Limited (the Company) is a private company limited by guarantee wholly owned by Shropshire Council (the Council). The Company was formed as an Arm's Length Management Organisation under Section 27 of the Housing Act 1985 to undertake the management and maintenance of Shropshire Council's retained housing stock from 1<sup>st</sup> April 2013.

For 2024/25 Shropshire Towns and Rural Housing Limited had total income of £25.728m, total expenditure of £26.413m, assets of £8.248m and liabilities of £5.462m.

### **WEST MERCIA ENERGY**

West Mercia Energy (WME) is a Purchasing Consortium that was established as a Joint Committee under s101 of the Local Government Act 1972. Shropshire Council is one of four constituent Authorities, the other three Councils are Worcestershire County Council, Herefordshire Council and the Telford & Wrekin Council.

Shropshire Council has reviewed in detail the accounting treatment that should be applied to WME within this Council. The Council considers that WME should be accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures) with specific regard to the independence that West Mercia Energy has to pursue its own commercial strategy in buying and selling and has access to the market in its own right for its main inputs and outputs.

For 2024/25 West Mercia Energy had total income of £179.857m, total expenditure of £177.888m, assets of £52.868m and liabilities of £48.880m.

### **WEST MERCIA SUPPLIES (PENSIONS)**

West Mercia Supplies (Pensions) Joint Committee pursuant to section 101(5) of the Local Government Act 1972, was set up from 1<sup>st</sup> April 2020 by the Executives of the four Member Authorities, Herefordshire Council, Shropshire Council, Telford & Wrekin Council and Worcestershire County Council. The Executives of the four Member Authorities of West Mercia Energy (WME) agreed to remove the responsibility for the discharge of their functions in relation to the pension deficit liability in relation to former West Mercia Supplies (WMS) employees (including added years Benefits) from the business of the WME Joint Committee with effect from 1 April 2020. This is to enable any pension deficit to be separately identified, separately valued and monitored.

WMS Pensions has been accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures).

For 2024/25 West Mercia Supplies (Pensions) had total income of £0.175m, total expenditure of £0.104m and liabilities of £0.841m.

### **CORNOVII DEVELOPMENTS LIMITED**

Cornovii Developments Limited is a limited company wholly owned by Shropshire Council. The Company's principal activity and reason for it being established is to address unmet housing need in the county of Shropshire.

For 2024/25 the amounts incorporated into the group accounts for Cornovii Developments Limited are total expenditure of £12.280m, income of £12.070m, assets of £37.466m and liabilities of £37.561m.

### **BIODYNAMIC CARBON LIMITED**

Biodynamic Carbon Limited is a limited company in which Shropshire Council obtained a 50% shareholding during 2024/25. The Company uses proprietary technology to produce biochar and also generate Carbon Offset Removal Certificates.

For 2024/25 Biodynamic Carbon Limited had total income of £0.063m, total expenditure of £0.077m, assets of £0.420m and liabilities of £0.415m.



## Group Accounts

### The Group Comprehensive Income & Expenditure Statement

2023/24				2024/25		
Group Expenditure	Group Income	Group Net Expenditure		Group Expenditure	Group Income	Group Net Expenditure
£000	£000	£000		£000	£000	£000
Expenditure on Continuing Services						
31,665	(23,092)	8,573	Health and Wellbeing	31,972	(26,688)	5,284
25,893	(20,680)	5,213	Local Authority Housing	15,913	(22,301)	(6,388)
466,007	(221,218)	244,789	People	523,761	(251,005)	272,756
163,631	(59,436)	104,195	Place	197,111	(83,920)	113,191
62,781	(54,331)	8,450	Resources	65,603	(55,991)	9,612
4,693	(81)	4,612	Strategic Management Board	7,963	(111)	7,852
10,683	(38,148)	(27,465)	Corporate	18,543	(41,474)	(22,931)
765,353	(416,986)	348,367	Net Cost of Services	860,866	(481,490)	379,376
		15,205	Other Operating Expenditure			37,596
		30,470	Financing and Investment Income and Expenditure			24,329
		(346,009)	Taxation and Non Specific Grant Income			(368,234)
		48,033	(Surplus)/Deficit on the provision of services			73,067
		(477)	Associates & Joint Ventures Accounted for on an equity basis			(371)
		47,556	Group (Surplus)/Deficit			72,696
		(28,387)	(Surplus) or deficit on revaluation of non-current assets			(898)
		2,927	Impairment losses on Non-Current Assets Charged to the Revaluation Reserve			3,088
		(94,563)	Remeasurement of pension assets and liabilities			(19,321)
		(20)	Share of other comprehensive income and expenditure of Associates and Joint Ventures			(316)
		(120,043)	Other Comprehensive Income and Expenditure			(17,447)
		(72,487)	Total Comprehensive Income and Expenditure			55,249

## Group Accounts

### Group Movement in Reserves Statement

2024/25	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority's Share of Reserves of Subsidiaries, Associates and Joint Ventures £000	Total Authority Reserves £000
<b>Balance at 31 March 2024</b>	<b>8,237</b>	<b>35,407</b>	<b>43,644</b>	<b>11,737</b>	<b>6,008</b>	<b>58,498</b>	<b>119,887</b>	<b>658,403</b>	<b>778,290</b>	<b>2,657</b>	<b>780,947</b>
<b>Movement in reserves during 2024/25</b>											
Surplus or (deficit) on the provision of services	(61,134)	0	(61,134)	10,477	0	0	(50,657)	0	(50,657)	(22,039)	(72,696)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	17,228	17,228	219	17,447
<b>Total Comprehensive Income and Expenditure</b>	<b>(61,134)</b>	<b>0</b>	<b>(61,134)</b>	<b>10,477</b>	<b>0</b>	<b>0</b>	<b>(50,657)</b>	<b>17,228</b>	<b>(33,429)</b>	<b>(21,820)</b>	<b>(55,249)</b>
Adjustments between Group Accounts and authority accounts	(22,046)	0	(22,046)	0	0	0	(22,046)	0	(22,046)	22,046	0
<b>Net Increase/Decrease before Transfers</b>	<b>(83,180)</b>	<b>0</b>	<b>(83,180)</b>	<b>10,477</b>	<b>0</b>	<b>0</b>	<b>(72,703)</b>	<b>17,228</b>	<b>(55,475)</b>	<b>226</b>	<b>(55,249)</b>
Adjustments between accounting basis and funding basis under regulations	69,754	0	69,754	(7,292)	(4,146)	(5,147)	53,169	(53,169)	0	95	95
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(13,426)</b>	<b>0</b>	<b>(13,426)</b>	<b>3,185</b>	<b>(4,146)</b>	<b>(5,147)</b>	<b>(19,534)</b>	<b>(35,941)</b>	<b>(55,475)</b>	<b>321</b>	<b>(55,154)</b>
Transfers to/from Earmarked Reserves	10,014	(9,953)	61	(61)	0	0	0	0	0	0	0
<b>Increase/Decrease in 2024/25</b>	<b>(3,412)</b>	<b>(9,953)</b>	<b>(13,365)</b>	<b>3,124</b>	<b>(4,146)</b>	<b>(5,147)</b>	<b>(19,534)</b>	<b>(35,941)</b>	<b>(55,475)</b>	<b>321</b>	<b>(55,154)</b>
<b>Balance at 31 March 2025</b>	<b>4,825</b>	<b>25,454</b>	<b>30,279</b>	<b>14,861</b>	<b>1,862</b>	<b>53,351</b>	<b>100,353</b>	<b>622,462</b>	<b>722,815</b>	<b>2,978</b>	<b>725,793</b>

## Group Accounts

2023/24 Comparative figures	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Housing Revenue Account £000	Major Repairs Reserve £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority' s Share of Reserves of Subsidiaries, Associates and Joint Ventures £000	Total Authority Reserves £000
<b>Balance at 31 March 2023</b>	7,093	52,579	59,672	12,359	7,400	52,395	131,826	572,162	703,988	4,587	708,575
<b>Movement in reserves during 2023/24</b>											
Surplus or (deficit) on the provision of services	(20,319)	0	(20,319)	(2,039)	0	0	(22,358)	0	(22,358)	(25,197)	(47,555)
Other Comprehensive Income and Expenditure	0	0	0	0	0	0	0	118,787	118,787	1,255	120,042
<b>Total Comprehensive Income and Expenditure</b>	<b>(20,319)</b>	<b>0</b>	<b>(20,319)</b>	<b>(2,039)</b>	<b>0</b>	<b>0</b>	<b>(22,358)</b>	<b>118,787</b>	<b>96,429</b>	<b>(23,942)</b>	<b>72,487</b>
Adjustments between Group Accounts and authority accounts	(22,127)	0	(22,127)	0	0	0	(22,127)	0	(22,127)	22,127	0
<b>Net Increase/Decrease before Transfers</b>	<b>(42,446)</b>	<b>0</b>	<b>(42,446)</b>	<b>(2,039)</b>	<b>0</b>	<b>0</b>	<b>(44,485)</b>	<b>118,787</b>	<b>74,302</b>	<b>(1,815)</b>	<b>72,487</b>
Adjustments between accounting basis and funding basis under regulations	26,386	0	26,386	1,449	(1,392)	6,103	32,546	(32,546)	0	(115)	(115)
<b>Net Increase/Decrease before Transfers to Earmarked Reserves</b>	<b>(16,060)</b>	<b>0</b>	<b>(16,060)</b>	<b>(590)</b>	<b>(1,392)</b>	<b>6,103</b>	<b>(11,939)</b>	<b>86,241</b>	<b>74,302</b>	<b>(1,930)</b>	<b>72,372</b>
Transfers to/from Earmarked Reserves	17,204	(17,172)	32	(32)	0	0	0	0	0	0	0
<b>Increase/Decrease in 2023/24</b>	<b>1,144</b>	<b>(17,172)</b>	<b>(16,028)</b>	<b>(622)</b>	<b>(1,392)</b>	<b>6,103</b>	<b>(11,939)</b>	<b>86,241</b>	<b>74,302</b>	<b>(1,930)</b>	<b>72,372</b>
<b>Balance at 31 March 2024</b>	<b>8,237</b>	<b>35,407</b>	<b>43,644</b>	<b>11,737</b>	<b>6,008</b>	<b>58,498</b>	<b>119,887</b>	<b>658,403</b>	<b>778,290</b>	<b>2,657</b>	<b>780,947</b>

## Group Accounts

### Group Balance Sheet

SC £000	31 March 2024 Adjustments £000	Group £000		SC £000	31 March 2025 Adjustments £000	Group £000
1,138,504	56	1,138,560	Property, Plant & Equipment	1,156,403	49	1,156,452
2,119	0	2,119	Heritage Assets	2,167	0	2,167
43,029	0	43,029	Investment Property	47,701	10,232	57,933
2,603	15	2,618	Intangible Assets	1,078	11	1,089
<b>1,186,255</b>	<b>71</b>	<b>1,186,326</b>	<b>Total Non-Current Assets</b>	<b>1,207,349</b>	<b>10,292</b>	<b>1,217,641</b>
971	(571)	400	Long Term Investment	980	(580)	400
0	563	563	Investments in Associates and Joint Ventures	0	867	867
15,259	0	15,259	Long Term Debtors	23,999	(9,360)	14,639
<b>1,202,485</b>	<b>63</b>	<b>1,202,548</b>	<b>Total Long Term Assets</b>	<b>1,232,328</b>	<b>1,219</b>	<b>1,233,547</b>
			Current Assets			
18,283	0	18,283	Current Held for Sale Investment Properties	14,520	0	14,520
3,904	0	3,904	Assets Held for Sale	4,678	0	4,678
0	0	0	Short Term Investments	0	0	0
729	31,357	32,086	Inventories	561	25,831	26,392
123,805	(32,985)	90,820	Short Term Debtors	151,120	(26,856)	124,264
37,293	5,556	42,849	Cash & Cash Equivalents	50,725	3,529	54,254
<b>184,014</b>	<b>3,928</b>	<b>187,942</b>	<b>Total Current Assets</b>	<b>221,604</b>	<b>2,504</b>	<b>224,108</b>
<b>1,386,499</b>	<b>3,991</b>	<b>1,390,490</b>	<b>Total Assets</b>	<b>1,453,932</b>	<b>3,723</b>	<b>1,457,655</b>
			Current Liabilities			
(35,933)	0	(35,933)	Bank Overdraft	(19,938)	0	(19,938)
(32,802)	0	(32,802)	Short Term Borrowing	(58,392)	0	(58,392)
(88,150)	(1,334)	(89,484)	Short Term Creditors	(108,032)	(744)	(108,776)
(2,707)	0	(2,707)	Provisions	(5,109)	0	(5,109)
(8,622)	0	(8,622)	Grants Receipts in Advance – Revenue	(4,948)	0	(4,948)
(19,716)	0	(19,716)	Grants Receipts in Advance – Capital	(18,667)	0	(18,667)
<b>(187,930)</b>	<b>(1,334)</b>	<b>(189,264)</b>	<b>Total Current Liabilities</b>	<b>(215,086)</b>	<b>(744)</b>	<b>(215,830)</b>
<b>1,198,569</b>	<b>2,657</b>	<b>1,201,226</b>	<b>Total Assets Less Current Liabilities</b>	<b>1,238,846</b>	<b>2,979</b>	<b>1,241,825</b>
			Long Term Liabilities			
(603)	0	(603)	Long Term Creditors	(591)	0	(591)
(281,527)	0	(281,527)	Long Term Borrowing	(364,866)	0	(364,866)
(93,313)	0	(93,313)	Other Long Term Liabilities	(124,212)	0	(124,212)
(38,587)	0	(38,587)	Pensions Liability	(20,246)	0	(20,246)
(6,249)	0	(6,249)	Provisions	(6,116)	(1)	(6,117)
<b>(420,279)</b>	<b>0</b>	<b>(420,279)</b>	<b>Total Long Term Liabilities</b>	<b>(516,031)</b>	<b>(1)</b>	<b>(516,032)</b>
<b>778,290</b>	<b>2,657</b>	<b>780,947</b>	<b>Total Assets Less Liabilities</b>	<b>722,815</b>	<b>2,978</b>	<b>725,793</b>
			Financed by:			
119,887	3,147	123,034	Usable Reserves	100,353	2,239	102,592
658,403	(490)	657,913	Unusable Reserves	622,462	739	623,202
<b>778,290</b>	<b>2,657</b>	<b>780,947</b>	<b>Total Reserves</b>	<b>722,815</b>	<b>2,978</b>	<b>725,793</b>

## Group Accounts

### Group Cash Flow Statement

SC £000	2023/24 Adjustments £000	Group £000	Revenue Activities	SC £000	2024/25 Adjustments £000	Group £000
44,485	3,071	47,556	Net (surplus) or deficit on the provision of services	72,703	(8)	72,695
(53,168)	24,099	(29,069)	Adjustments to net surplus or deficit on the provision of services for non cash movements	(84,026)	(4,202)	(88,228)
75,347	113	75,460	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	82,778	169	82,947
<b>66,664</b>	<b>27,283</b>	<b>93,947</b>	<b>Net cash flows from operating activities</b>	<b>71,455</b>	<b>(4,041)</b>	<b>67,414</b>
(50,197)	(19,749)	(69,946)	Investing activities	935	6,717	7,652
(11,883)	(356)	(12,239)	Financing activities	(101,817)	(649)	(102,466)
<b>4,584</b>	<b>7,178</b>	<b>11,762</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>(29,427)</b>	<b>2,027</b>	<b>(27,400)</b>
5,944	12,734	18,678	Cash and cash equivalents at the beginning of the reporting period	1,360	5,556	6,916
<b>1,360</b>	<b>5,556</b>	<b>6,916</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>30,787</b>	<b>3,529</b>	<b>34,316</b>

## **Notes to Group Accounts**

### **G1. Accounting Policies**

#### **G1.1 General**

The single entity accounting policies detailed on pages 28-49 have been adopted and applied for group account purposes.

The accounting policies applied by the organisations included within Group Accounts are reviewed and adjustments are made to the accounts to align the accounting policies with those adopted by the Council where necessary.

#### **G1.2 Reason for Consolidation**

The organisations included within Group Accounts have been assessed to establish whether Shropshire Council controls the entity, has significant influence over the entity or has joint control of the arrangement. If the organisation does not meet one of these criteria then it is not included within the Group Accounts.

Shropshire Towns and Rural Housing Limited, Cornovii Developments Limited and SSC No.1 Limited are all wholly owned by Shropshire Council. Shropshire Council controls each of the organisations therefore they have been consolidated into the Group Accounts as subsidiaries.

Shropshire Council has reviewed in detail the accounting treatment that should be applied to WME and WMS (Pensions) within this Council. Shropshire Council is one of four constituent Authorities, the other three Councils are Worcestershire County Council, Herefordshire Council and Telford & Wrekin Council. The Council has joint control over the arrangement and has rights to share the net assets. The Council considers that WME should be accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures) with specific regard to the independence that West Mercia Energy has to pursue its own commercial strategy in buying and selling and has access to the market in its own right for its main inputs and outputs.

Shropshire Council is a 50% shareholder of Biodynamic Carbon Ltd. and has joint control over the arrangement. Biodynamic Carbon Ltd has been consolidated into the Group Accounts as a joint venture.

#### **G1.3 Basis for Consolidation**

Shropshire Towns and Rural Housing Limited has been included within the accounts as a subsidiary under the requirements of IFRS 10 (Consolidated Financial Statements) by means of a line-by-line consolidation of the Comprehensive Income and Expenditure Statement and the Balance Sheet.

WME has been accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures). Shropshire Council's share of West Mercia Energy balances is 26.9%. The company has been incorporated into the Group Accounts using the Equity method. Figures have been consolidated based on draft statement of accounts for 31<sup>st</sup> March 2025.

WMS Pensions has been accounted for as a Joint Venture (under IFRS11 – Joint Arrangements and IAS 28 – Investments in Associates and Joint Ventures). Shropshire Council's share of West Mercia Supplies Pensions balances is 25%. The company has been incorporated into the Group Accounts using the Equity method. Figures have been consolidated based on draft statement of accounts for 31<sup>st</sup> March 2025.



## Group Accounts

Cornovii Developments Limited has been included within the accounts as a subsidiary under the requirements of IFRS 10 (Consolidated Financial Statements) and IAS 27 (Separate Financial Statements) by means of a line-by-line consolidation of the Comprehensive Income and Expenditure Statement and the Balance Sheet.

Biodynamic Carbon Ltd has been accounted for as a Joint Venture (under IAS 28 – Investments in Associates and Joint Ventures). Shropshire Council's share of Biodynamic Carbon Ltd balances is 50%. The company has been incorporated into the Group Accounts using the Equity method. Figures have been consolidated based on draft statement of accounts for 31<sup>st</sup> March 2025.

### G1.4 Investment Properties

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

### G2. Consolidation of West Mercia Energy

Figures in respect of West Mercia Energy have been consolidated using the equity method. The amounts included in the Group Comprehensive Income and Expenditure Statement are:

	WME £000	SC Share (26.9%) £000
Turnover	(179,138)	(48,250)
Cost of Goods Sold and Operating Expenses	177,888	47,913
Interest and Investment Income	(719)	(194)
<b>Net Operating Surplus</b>	<b>(1,969)</b>	<b>(531)</b>
Distribution of Surplus to Member Authorities	2,438	657
<b>Net Deficit/(Surplus) for the year</b>	<b>469</b>	<b>126</b>

### G3. Consolidation of West Mercia Supplies (Pensions)

Figures in respect of West Mercia Supplies (Pension) have been consolidated using the equity method. The amounts included in the Group Comprehensive Income and Expenditure Statement are:

	WMS(P) £000	SC Share (25%) £000
Turnover	(175)	(44)
Cost of Goods Sold and Operating Expenses	7	2
Interest and Investment Income	97	24
<b>Net Deficit/(Surplus) for the year</b>	<b>(71)</b>	<b>(18)</b>

## Group Accounts

### G4. Consolidation of Shropshire Towns & Rural Housing Limited

The operating income (£25.728m) and expenditure (£26.310m) of Shropshire Towns & Rural Housing Limited, giving a net expenditure of £0.582m has been included within Local Authority Housing (HRA) in the Net Cost of Services. The inter-company transactions with Shropshire Council have been excluded from Local Authority Housing (HRA) (Income/Expenditure £24.939m).

### G5. Consolidation of Biodynamic Carbon Ltd

Figures in respect of Biodynamic Carbon Ltd have been consolidated using the equity method. The amounts included in the Group Comprehensive Income and Expenditure Statement are:

	Biodynamic Carbon Ltd £000	SC Share (50%) £000
Turnover	(63)	(31)
Cost of Goods Sold and Operating Expenses	77	38
Interest and Investment Income	0	0
<b>Net Deficit/(Surplus) for the year</b>	<b>14</b>	<b>7</b>

### G6. Consolidation of Cornovii Developments Ltd

The operating expenditure (£11.733m) and income (£12.033m) of Cornovii Developments Ltd has been included within Place in the Net Cost of Services.

### G7. Investment included in Group Balance Sheet

	WME £000	SC Share (26.9%) £000
<b>Assets</b>		
Plant & Equipment	5	1
Other Long Term Assets	98	26
Short term debtors	36,245	9,763
Cash and cash equivalents	16,520	4,450
<b>Total Assets</b>	<b>52,868</b>	<b>14,240</b>
<b>Liabilities</b>		
Short term creditors	(48,880)	(13,166)
Other long term liabilities	0	0
<b>Total Liabilities</b>	<b>(48,880)</b>	<b>(13,166)</b>
<b>Net Investments in Associates and Joint Ventures</b>	<b>3,988</b>	<b>1,074</b>

## Group Accounts

	WMS(P) £000	SC Share (25%) £000
<b>Assets</b>		
Short term debtors	0	0
<b>Total Assets</b>	<b>0</b>	<b>0</b>
<b>Liabilities</b>		
Short term creditors	(134)	(33)
Other long term liabilities	(707)	(177)
<b>Total Liabilities</b>	<b>(841)</b>	<b>(210)</b>
<b>Net Investments in Associates and Joint Ventures</b>	<b>(841)</b>	<b>(210)</b>

	Biodynamic Carbon Ltd £000	SC Share (50%) £000
<b>Assets</b>		
Plant & Equipment	392	196
Short term debtors	(4)	(2)
Cash and cash equivalents	32	16
<b>Total Assets</b>	<b>420</b>	<b>210</b>
<b>Liabilities</b>		
Short term creditors	(23)	(11)
Other long term liabilities	(392)	(196)
<b>Total Liabilities</b>	<b>(415)</b>	<b>(207)</b>
<b>Net Investments in Associates and Joint Ventures</b>	<b>5</b>	<b>3</b>

### G8. Cash and Cash Equivalents

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

	31 March 2025 £000	31 March 2024 £000
Bank current accounts	54,254	42,849
Short term deposits with building societies		0
<b>Total Cash and Cash Equivalents</b>	<b>54,254</b>	<b>42,849</b>
Bank Overdraft	(19,938)	(35,933)
<b>Cash Overdrawn</b>	<b>(19,938)</b>	<b>(35,933)</b>

## Group Accounts

### G9. Pension Liability

#### Amounts Recognised in the Comprehensive Income and Expenditure Statement

	Local Government Pension Scheme	
	2024/25	2023/24
	£000	£000
<b>Comprehensive Income and Expenditure Statement</b>		
Cost of Services:		
- current service cost	(22,945)	(23,059)
- past service gain/(cost)	(21)	0
- curtailment gain/(cost)	(8,276)	(2,179)
- settlement gain/(cost)	(1,523)	(201)
	<b>(32,765)</b>	<b>(25,439)</b>
Financing and Investment Income and Expenditure:		
- net interest expense	(1,133)	(5,055)
Total Post Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	<b>(33,898)</b>	<b>(30,494)</b>
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement:		
- return on plan assets	3,913	73,292
- experience (gain)/loss	1,469	(10,083)
- actuarial gains and losses arising on changes in demographic assumptions	152,647	14,341
- actuarial gains and losses arising on changes in financial assumptions	6,679	17,707
- effect of asset ceiling	(145,290)	(3,067)
Total Post Employment Benefit Charged to Other Comprehensive Income and Expenditure	<b>19,418</b>	<b>92,190</b>
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	<b>(14,480)</b>	<b>61,696</b>

#### Assets and Liabilities Recognised in the Balance Sheet

	2024/25	2023/24
	£000	£000
Present value of the defined benefit obligation	(1,041,414)	(1,169,238)
Fair value of plan assets	1,167,270	1,131,345
Effect of Asset Ceiling	(146,102)	(694)
<b>Net liability arising from defined benefit obligation</b>	<b>(20,246)</b>	<b>(38,587)</b>

## Group Accounts

### Reconciliation of the Movements in the Fair Value of the Scheme Assets

	Local Government Pension Scheme	
	2024/25	2023/24
	£000	£000
Opening fair value of scheme assets at 1 April	1,131,345	1,028,994
Interest income	54,817	49,405
Remeasurement gain/(loss):		
Return on plan assets excluding the amount included in the net interest expense	3,913	73,292
Contributions from employer	32,905	24,841
Contributions from employees into the scheme	8,165	7,845
Benefits paid	(53,898)	(50,357)
Settlements	(8,952)	(1,685)
Other	(1,025)	(990)
<b>Closing fair value of scheme assets at 31 March</b>	<b>1,167,270</b>	<b>1,131,345</b>

### Reconciliation of Present Value of the Scheme Liabilities

	Local Government Pension Scheme	
	2024/25	2023/24
	£000	£000
Opening balance at 1 April	(1,169,238)	(1,156,491)
Current Service Cost	(21,920)	(22,069)
Interest Cost	(55,916)	(54,460)
Contributions from scheme participants	(8,165)	(7,845)
Remeasurement gain/(loss):		
Experience gains/losses	1,469	(10,083)
Actuarial gains/losses arising from changes in demographic assumptions	152,647	14,341
Actuarial gains/losses arising from changes in financial assumptions	6,679	17,707
Other	0	0
Past service costs	(21)	0
Losses/(gains) on curtailment	(8,276)	(2,179)
Benefits paid	53,898	50,357
Liabilities extinguished on settlements	7,429	1,484
<b>Closing balance at 31 March</b>	<b>(1,041,414)</b>	<b>(1,169,238)</b>

### Pension Scheme Assets

Assets in the Pension Fund consist of the following categories:

	2024/25	2023/24
	£000	£000
<b>Cash and cash equivalents</b>	<b>7,704</b>	<b>15,839</b>
Equity investments:		
Global quoted	688,106	639,663
<b>Sub-total equity</b>	<b>688,106</b>	<b>639,663</b>

## Group Accounts

	2024/25 £000	2023/24 £000
Bonds:		
Overseas Global Active Investment Grade	115,209	118,112
Overseas Global Fixed Income	0	0
Overseas Global Dynamic	41,671	46,951
Other class 2 - absolute return bonds	0	0
<b>Sub-total bonds</b>	<b>156,880</b>	<b>165,063</b>
Property:		
Property funds	51,009	39,824
<b>Sub-total property</b>	<b>51,009</b>	<b>39,824</b>
Alternatives:		
Private Equity	88,129	92,883
Infrastructure	68,753	70,596
Hedge Funds	49,142	47,629
Property Debt	5,019	11,539
Insurance Linked Securities	18,910	18,554
Private Debt	33,617	29,755
<b>Sub-total alternatives</b>	<b>263,570</b>	<b>270,956</b>
<b>Total assets</b>	<b>1,167,269</b>	<b>1,131,345</b>

### G10. Investment Properties

	Long term		Current	
	2024/25 £0	2023/24 £0	2024/25 £0	2023/24 £0
Balance at start of the year	43,029	60,736	18,283	5,906
Additions:				
- Purchases	0	0	0	0
- Construction	0	6	0	0
- Subsequent expenditure	105	371	0	0
Disposals	(105)	(293)	(4,350)	(5,906)
Net gains/(losses) from fair value adjustments	2,965	(3,569)	1,427	4,033
Transfers:				
- (To)/from Property, Plant and Equipment	1,789	28	0	0
- (To)/from Inventories	9,310	0	0	
- (To)/from Current/Long term	840	(14,250)	(840)	14,250
<b>Balance at end of the year</b>	<b>57,933</b>	<b>43,029</b>	<b>14,520</b>	<b>18,283</b>



## Group Accounts

### G11. Inventories

	2024/25 £000	2023/24 £000
Raw Materials	552	686
Work in Progress	25,762	31,317
Finished Goods	78	83
<b>Net liability arising from defined benefit obligation</b>	<b>26,392</b>	<b>32,086</b>

### G12. Adjustments between Group Accounts and Authority Accounts in the Group Movement in Reserves Statement

	General Fund Balance £000	Earmarked General Fund Reserves £000	Housing Revenue Account £000	Major Repairs Reserve £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000	Authority' s Share of Reserves of Subsidiaries, Associates and Joint Ventures	Total Authority Reserves £000
Purchase of goods and services from subsidiaries	22,046	0	0	0	22,046	0	22,046	(22,046)	0
<b>Total adjustments between Group Accounts and authority accounts</b>	<b>22,046</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>22,046</b>	<b>0</b>	<b>22,046</b>	<b>(22,046)</b>	<b>0</b>

# Section 7 Housing Revenue Account



## Housing Revenue Account

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

### HRA INCOME AND EXPENDITURE STATEMENT

2023/24		2024/25	
£'		£	£
	<b>Expenditure</b>		
7,301,264	Repairs & Maintenance	7,972,952	
3,673,749	Supervision and Management	4,767,040	
189,603	Rents, rates taxes and other charges	166,363	
4,889,370	Depreciation – Dwellings	4,190,140	
245,300	- Other	243,990	
6,017,538	Impairment, revaluation losses and (reversals of impairment or revaluation losses)	(1,637,256)	
79,010	Debt Management Costs	79,620	
45,000	Provision for Bad or Doubtful Debts	50,000	
<b>22,440,834</b>	<b>Total Expenditure</b>		<b>15,832,849</b>
	<b>Income</b>		
(19,253,466)	Dwelling Rents	(21,525,323)	
(97,499)	Non Dwelling Rents	(99,371)	
(4,706)	Other Income	(5,674)	
(972,822)	Charges for Services and Facilities	(1,424,648)	
<b>(20,328,493)</b>	<b>Total Income</b>		<b>(23,055,016)</b>
<b>2,112,341</b>			<b>(7,222,167)</b>
268,561	HRA Share of Corporate & Democratic Core		371,690
<b>2,380,902</b>	<b>Net Cost of HRA Services</b>		<b>(6,850,477)</b>
(467,115)	(Gain) or loss on sale of HRA Assets		(513,956)
3,371,541	Interest payable and similar charges		3,455,326
(1,258,990)	Interest and Investment Income		(1,393,552)
(57,500)	Income & Expenditure in relation to investment properties & change in fair values		(25,500)
(1,930,156)	Capital grants and contributions receivable		(5,148,823)
<b>2,038,682</b>	<b>(Surplus) or deficit for the year on HRA Services</b>		<b>(10,476,982)</b>



# Housing Revenue Account

## MOVEMENT ON THE HRA STATEMENT

2023/24 £		2024/25 £
(12,359,313)	Balance on the HRA at the end of the previous year	(11,736,617)
2,038,682	(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	(10,476,982)
467,115	Gain or Loss on sale of HRA non-current assets	513,956
(1,915,411)	Transfer to/from the Capital Adjustment Account	6,778,379
590,386	Net increase or (decrease) before transfers to or from reserves	(3,184,647)
32,310	Transfers to or (from) Reserves	60,670
622,696	(Increase) or Decrease in year on the HRA	(3,123,977)
(11,736,617)	Balance on the HRA at the end of the current year	(14,860,594)

## NOTES TO THE HOUSING REVENUE ACCOUNT

### 1. HOUSING STOCK

	2024/25	2023/24
<b>Total Number of Dwellings at 31 March :</b>		
Houses and Bungalows	3,150	3,148
Flats	887	889
	<b>4,037</b>	<b>4,037</b>
<b>Change in Stock</b>		
Stock at 1 April	4,036	4,000
Less: Sales – Right to Buy	(18)	(15)
Sales – Other	0	(1)
Disposal/restructuring	(3)	(23)
Acquisition – full ownership	21	67
Acquisition – shared ownership	0	9
	<b>4,037</b>	<b>4,036</b>

### 2. RENT ARREARS

	2024/25 £	2023/24 £
Due from Current Tenants	154,993	138,690
Due from Former Tenants	88,297	78,782
<b>Total Rent Arrears as at 31 March</b>	<b>243,290</b>	<b>217,472</b>
Pre-Payments	(644,883)	(601,690)
<b>Net Arrears</b>	<b>(401,593)</b>	<b>(384,218)</b>

As at 31 March 2025, the total provision set aside for HRA related bad debts is £0.347m.

# Housing Revenue Account

## 3. BALANCE SHEET VALUE OF ASSETS

	Council Dwellings	Other Land & Buildings	Vehicles, Plant, Furniture & Equipment	Infrastructure Assets	Assets Under Construction	Total Property, Plant & Equipment	Investment Properties	Current Assets Held for Sale	Total
	£	£	£	£	£	£	£	£	£
<b>Cost or Valuation</b>									
<b>At 1 April 2024</b>	<b>244,118,700</b>	<b>1,485,000</b>	<b>0</b>	<b>315,396</b>	<b>2,759,173</b>	<b>248,678,269</b>	<b>288,500</b>	<b>946,027</b>	<b>249,912,796</b>
Additions	14,958,783	5,719	56,602	20,590	2,302,884	17,344,578	0	0	17,344,578
Revaluation increases/(decreases) recognised in the Revaluation Reserve	75,000	11,000	0	0	0	86,000	0	0	86,000
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,438,607)	3,000	0	0	0	(2,435,607)	500	0	(2,435,107)
Derecognition – disposals	(1,208,000)	0	0	0	0	(1,208,000)	0	(1,009,749)	(2,217,749)
Derecognition – other	0	(5,719)	0	0	0	(5,719)	0	0	(5,719)
Assets reclassified (to)/from Held for Sale	(63,722)	0	0	0	0	(63,722)	0	63,722	0
Other movements in cost or valuation	(86,354)	(75,000)	0	0	(3,646)	(165,000)	0	0	(165,000)
<b>As at 31 March 2025</b>	<b>255,355,800</b>	<b>1,424,000</b>	<b>56,602</b>	<b>335,986</b>	<b>5,058,411</b>	<b>262,230,799</b>	<b>289,000</b>	<b>0</b>	<b>262,519,799</b>
<b>Accumulated Depreciation and Impairment</b>									
<b>At 1 April 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(218,610)</b>	<b>0</b>	<b>(218,610)</b>	<b>0</b>	<b>0</b>	<b>(218,610)</b>
Depreciation Charge	(4,355,070)	(28,290)	(11,320)	(39,450)	0	(4,434,130)	0	0	(4,434,130)
Depreciation written out to the Revaluation Reserve	176,250	18,910	0	0	0	195,160	0	0	195,160
Depreciation written out to the Surplus/Deficit on the Provision of Services	4,178,820	9,380	0	0	0	4,188,200	0	0	4,188,200
Impairment losses/(reversals) recognised in the Revaluation Reserve	0	(49,663)	0	0	0	(49,663)	0	0	(49,663)
Impairment losses/(reversals) recognised in the Surplus/Deficit on the Provision of Services	(90,000)	(25,337)	0	0	0	(115,337)	0	0	(115,337)
Derecognition – disposals	0	0	0	0	0	0	0	0	0
Derecognition – other	0	0	0	0	0	0	0	0	0
Other movements in depreciation and impairment	90,000	75,000	0	0	0	165,000	0	0	165,000
<b>As at 31 March 2025</b>	<b>0</b>	<b>0</b>	<b>(11,320)</b>	<b>(258,060)</b>	<b>0</b>	<b>(269,380)</b>	<b>0</b>	<b>0</b>	<b>(269,380)</b>
<b>Net Book Value</b>									
<b>As at 31 March 2025</b>	<b>255,355,800</b>	<b>1,424,000</b>	<b>45,282</b>	<b>77,926</b>	<b>5,058,411</b>	<b>261,961,419</b>	<b>289,000</b>	<b>0</b>	<b>262,250,419</b>
<b>As at 31 March 2024</b>	<b>244,118,700</b>	<b>1,485,000</b>	<b>0</b>	<b>96,786</b>	<b>2,759,173</b>	<b>248,459,659</b>	<b>288,500</b>	<b>946,027</b>	<b>249,694,186</b>

## Housing Revenue Account

There is a difference of £381.159m between the tenanted valuation and the District Valuer's Vacant Possession Value of £635.265m at 31 March 2025.

The Vacant Possession Value is an estimate of the total sum that would be received if all of the assets were sold on the open market. The tenanted value declared on the balance sheet is less in recognition of the fact that the properties are occupied by tenants on secure rent less than would be obtainable on the open market.

The difference represents the economic cost of the Government providing council housing at less than market rents.

### 4. CAPITAL EXPENDITURE FINANCING

Capital expenditure in the year on Council Housing Stock and Infrastructure was financed as follows.

	2024/25 £	2023/24 £
Usable Capital Receipts	175,839	171,497
Revenue Contributions utilised in year	1,967,840	2,968,972
Major Repairs Allowance	8,580,231	6,526,319
Government Supported borrowing	3,447,884	4,243,242
Government Grants and Contributions	3,180,984	1,149,616
<b>Total Capital Expenditure on Housing Stock</b>	<b>17,352,778</b>	<b>15,059,646</b>

### 5. CAPITAL RECEIPTS

Capital receipts from the disposal of Housing Revenue Account Assets are shown below. Prior to 2022/23, 75% of Capital Receipts arising from Right to Buy disposals were subject to National Pooling arrangements payable to DLUHC. For 2022/23 and 2023/24 flexibilities were introduced to allow Local Authorities to retain 100% of the Right to Buy Disposal income for these time periods.

	2024/25 £	2023/24 £
Sale of Council Houses under Right to Buy (RTB)	1,590,650	1,255,043
RTB Discounts Repaid	0	0
Other Land & Buildings	0	0
Mortgage Receipts	0	0
<b>Total Capital Receipts from HRA Asset Disposals</b>	<b>1,590,650</b>	<b>1,255,043</b>
Less Capital Receipts subject to Pooling requirement	0	0
<b>Net Capital Receipts from HRA Asset Disposals</b>	<b>1,590,650</b>	<b>1,255,043</b>

### 6. HOUSING REPAIRS ACCOUNT

	2024/25 £	2023/24 £
Balance Brought Forward 1 April	25,000	25,000
Expenditure on Capital	0	0
<b>Balance Carried Forward 31 March</b>	<b>25,000</b>	<b>25,000</b>



# Section 8 Collection Fund



## Collection Fund

The Collection Fund is a statutory account showing the transactions of the billing authority in relation to the collection of council tax and non-domestic rates from taxpayers and the distribution to local authorities and Central Government.

Council Tax £000	2023/24 NDR £000	Total £000		Council Tax £000	2024/25 NDR £000	Total £000
<b>Income:</b>						
(248,358)	0	(248,358)	Income from Council Tax (showing the net amount receivable, net of benefits, discounts for prompt payments and transitional relief)	(264,592)	0	(264,592)
0	0	0	Transfers from General Fund	0	0	0
(470)	0	(470)	- Transitional relief	(176)	0	(176)
0	(70,151)	(70,151)	- Discretionary relief	0	(80,656)	(80,656)
0	(6,697)	(6,697)	Income collectable from business ratepayers	0	(3,025)	(3,025)
			Transitional Protection Payments			
<b>(248,828)</b>	<b>(76,848)</b>	<b>(325,676)</b>	<b>TOTAL INCOME</b>	<b>(264,768)</b>	<b>(83,681)</b>	<b>(348,449)</b>
<b>Expenditure:</b>						
203,733	39,425	243,158	Precepts	215,935	41,306	257,241
31,239	0	31,239	- Shropshire Council and Parish and Town Councils	33,076	0	33,076
13,129	776	13,905	- West Mercia Police & Crime Commissioner	13,646	812	14,458
0	38,821	38,821	- Shropshire & Wrekin Fire Authority	0	40,578	40,578
			- Central Government			
0	456	456	Charges to Collection Fund	0	460	460
			- costs of collection			
(294)	0	(294)	Bad and doubtful debts	(317)	3	(314)
2,298	(87)	2,211	- write offs	684	270	954
			- allowance for impairment			
0	(9,103)	(9,103)	Appeals rates	0	(5,532)	(5,532)
0	4,779	4,779	- write offs	0	5,427	5,427
			- provisions			
2,836	4,005	6,841	Contributions	(1,016)	(5,269)	(6,285)
			- Towards previous year's estimated Collection Fund surplus/(deficit)			
<b>252,941</b>	<b>79,072</b>	<b>332,013</b>	<b>TOTAL EXPENDITURE</b>	<b>262,008</b>	<b>78,055</b>	<b>340,063</b>
<b>4,113</b>	<b>2,224</b>	<b>6,337</b>	<b>Deficit/(Surplus) for the Year</b>	<b>(2,760)</b>	<b>(5,626)</b>	<b>(8,386)</b>
(2,211)	831	(1,380)	Balance brought forward	1,902	3,055	4,957
<b>1,902</b>	<b>3,055</b>	<b>4,957</b>	<b>Balance carried forward</b>	<b>(858)</b>	<b>(2,571)</b>	<b>(3,429)</b>



## Collection Fund

### NOTES TO THE COLLECTION FUND

#### 1. COUNCIL TAX BASE

The council tax base consists of the number of chargeable dwellings in each valuation band adjusted to reflect discounts and other variations. The total tax base is calculated by converting each band to its band D equivalent and providing for losses and variations during the year of collection. The tax base for 2024/25 was as follows:-

Council Tax Band	Net Dwellings	Ratio	Band D Equivalents
A1	34.62	5/9	19.23
A	18,040.97	6/9	12,027.32
B	30,787.59	7/9	23,945.90
C	27,415.57	8/9	24,369.39
D	19,858.26	9/9	19,858.26
E	16,111.70	11/9	19,692.07
F	8,594.15	13/9	12,413.78
G	4,506.50	15/9	7,510.84
H	289.06	18/9	578.13
			<b>120,414.92</b>
Adjustment for MoD Properties (591.34 Band D Equivalents) and Collection Rate (98.5%)			(1,223.75)
			<b>119,191.17</b>

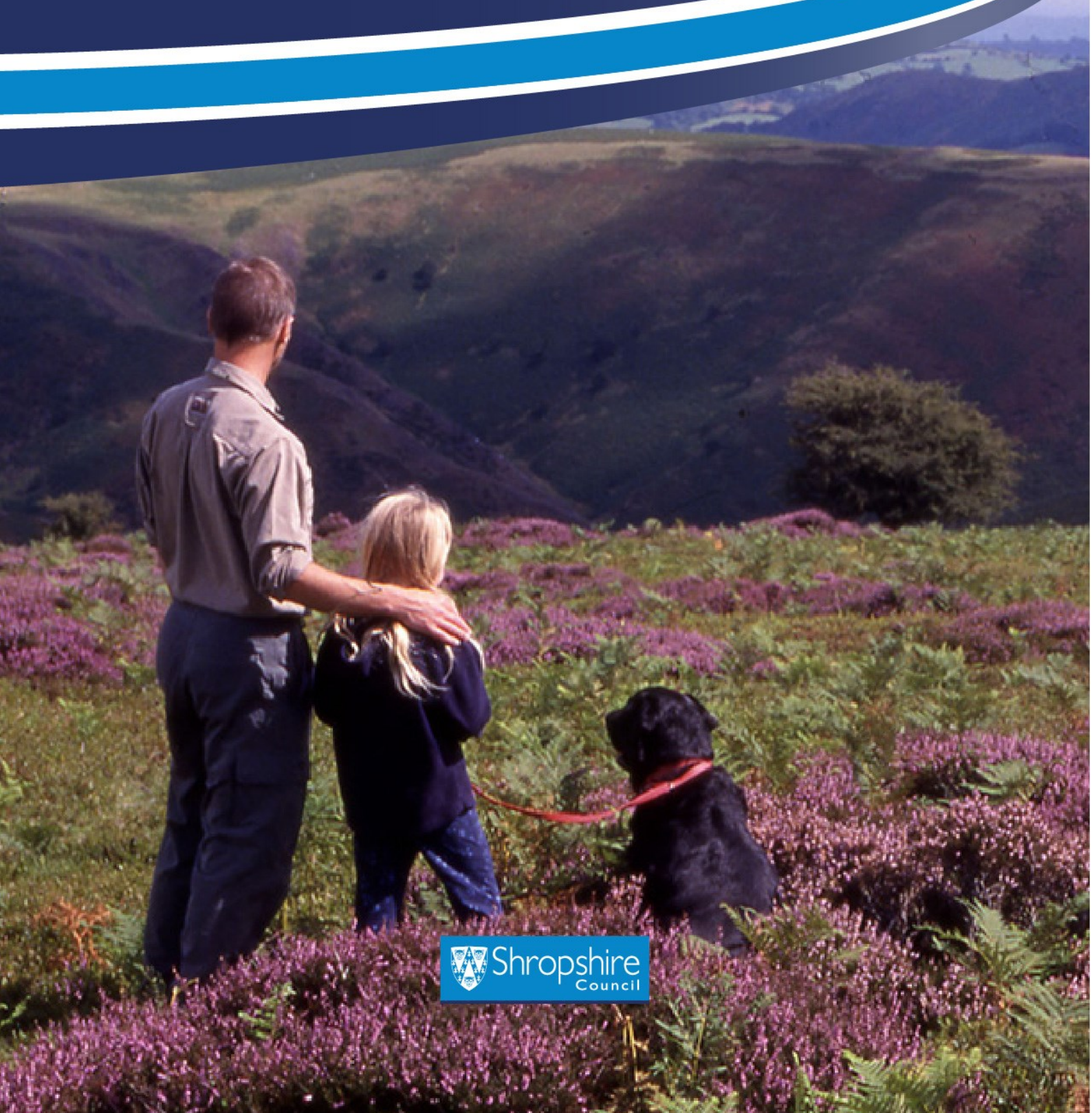
#### 2. NON-DOMESTIC RATES (BUSINESS RATES)

Shropshire Council is the billing authority for NDR and retains 49% share of the total collected and distributes the remaining balance to Central Government (50%) and Shropshire & Wrekin Fire Authority (1%).

At 31 March 2025, the total non-domestic rateable value for all business premises in Shropshire was £251,323,328. The multiplier set by Government to calculate rate bills in 2024/25 was 49.9p for small businesses and 54.6p for all other businesses.

Section 9

# Pension Fund Accounts



## Introduction

The Shropshire fund increased in value by £123 million in 2024/25 to be valued at £2.626 billion at the end of the year. The fund increased in value by 5 % over the year but slightly underperformed against its benchmark by 0.14%. The majority of asset classes performed positively with double digit returns from Hedge Funds, Insurance Linked Securities and the LGPS Central Infrastructure Fund. Negative performance was seen on the property debt portfolio reflecting the difficulties in exiting the final few loans remaining as part of the planned maturity of this investment and on Global Sustainable Equity after a difficult final quarter. Overall the portfolio performed as expected given the difficult trading conditions seen in the final quarter of 2024/25.

The strongest absolute returns were generated in Insurance Linked Securities managed by Securis which generated excellent returns of 11.4% despite the impact of the US wildfires on performance in the final quarter. Infrastructure managed by LGPS Central generated returns of 11.3%, Hedge Funds managed by BlackRock generated returns of 10.5% and LGPS Private Debt Fund returned 9.45%.

Equities had a more difficult year compared to 2023/24 with passive equity managed by Legal and general showing the best performance with a return of 7.54%, LGPS Central Global equity return just below 4% whilst LGPS Central Sustainable Equity returned a negative 1.27% for the year. Both the LGPS Central equity products were hit hard by the volatile market conditions in the final quarter of 2024/25 having shown double digit performance for the previous nine months.

The Pensions Committee determine the strategic asset allocation for the fund. This outlines the proportion of assets that the fund invests in equities, bonds and alternative assets such as property and infrastructure. This is the most important decision that the Committee makes because it has the biggest impact on the long-term returns of the fund.

The Committee agreed a revised strategic asset allocation in June 2023. There were no revisions to the investment strategy in 2024/25. Additional commitments were completed in respect of private market allocations as follows private debt managed by LGPS Central for £90m. This fund is still in the early capital raising stages and will take a few years for capital to be fully deployed as is the case with all private market investments. These changes were implemented during the financial year. Additional commitments will also be required to private equity and Infrastructure both managed by LGPS Central in 2025/26 to reflect the return of capital from legacy investments with HarbourVest and GIP Infrastructure. These new/additional allocations will be funded by a reduction to targeted return strategies and a reduction of the overweight equity position.

The fund undergoes an independent actuarial valuation every 3 years. The last actuarial valuation was conducted at the end of March 2022, identifying that the fund had a funding level (the relationship between estimated future pension payments and the funds held to pay for these pensions) of 100% using the fund's standard assumptions which was an increase from 94% at the previous valuation in March 2019. This was the first time for over 23 years the funding level has been 100% at the valuation date which is really positive news. Due to some of the individual employer decisions made as part of this consultation process the official funding level signed off by the Actuary as at 31 March 2022 was 99%. The next valuation is being undertaken as at 31 March 2025 and work on this is already underway with results expected by the end of 2025.

The fund continues to make good progress addressing responsible investment issues, including climate change and achieving its net zero target by 2050 or before.



## Pension Fund Accounts

The fund became a signatory to the revised Stewardship Code in August 2023 and a renewal submission was presented to the Financial Reporting Council (FRC) for the 15 months from 1st January 2023 to 31st March 2024. The FRC confirmed the application was successful in October 2024 which is a great achievement and really positive news. This confirms how seriously the fund continues to take Responsible Investment and Environmental, Social and Governance issues.

Since 2020 the fund has commissioned its pooling company, LGPS Central Limited, to undertake an in-depth review of the fund's exposure to financially material climate-related risks and opportunities on an annual basis. The fund also published its fourth Task Force on Climate-related Financial Disclosures (TCFD) aligned report in December 2024 showing a 63% reduction in the carbon footprint of the equity portfolio compared to 31 March 2020 based on normalized financed emissions.

Further details relating to this and the significant progress which has been made during the year with regards climate risk monitoring, setting a net zero target, responsible investment, climate risk training and the fund's carbon footprint are included within the Corporate Governance section of the annual report.

The Shropshire fund continued to work with eight other funds in the Midlands region during the year. LGPS Central Ltd has been established to manage investment assets on behalf of its eight Local Government Pension Scheme (LGPS) funds across the Midlands region. It is a multi-asset manager, investing up to potentially £60 billion of assets (£32.4 billion invested as at December 2024), on behalf of 900,000 LGPS members and 2,500 employers.

LGPS Central Ltd is jointly owned on an equal share basis by eight pension funds and is a Collective Portfolio Management Investment Firm (CPMI) regulated by the Financial Conduct Authority (FCA). The participating pension funds are Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire. West Midlands Integrated Transport Authority (ITA) Pension fund will also be an investor, but not a shareholder, with its shareholder rights represented by West Midlands Pension Fund.

The key objectives of LGPS Central will be to deliver cost savings and improve risk adjusted investment returns after cost, enable access to a wider range of asset classes for the participating pension funds, and to ensure good governance. LGPS Central manage a wide range of asset classes, employing a mix of internal and external investment management. The majority of assets under management are structured in an Authorised Contractual Scheme (ACS), itself regulated by the FCA, in addition to other pooled investments held in alternative structures. The company has been formed to act as an Alternative Investment Fund Manager (AIFM) to allow the participating LGPS administering authorities to pool their respective investments.

On the 14 November 2024, the Chancellor set out his Mansion House speech which included the proposed consultation on LGPS "Fit for the Future", the consultation being published the following day.

The consultation covered three key areas LGPS Pooling, Local investment and Governance of Funds and Pools. Partner Funds in LGPS Central Ltd reviewed the information contained in the consultation and submitted individual responses to the consultation. Delegated authority for the Fund's response was approved at Pension Committee in December 2024. The government response to the consultation is still awaited. Some of the key points to note are:



## Pension Fund Accounts

1. LGPS Pooling - This included a requirement for all legacy assets to be under pool control by the 31st March 2026. At the 31st March 2025 the Fund had a number of legacy portfolios outside the Pools control. These fall roughly into two types, private market assets which will gradually mature and be reinvested in pooled products such as private equity with HarbourVest, Infrastructure with GIP or Property Debt with DRC, or investments that don't have a pooled product equivalent. These include property and targeted return strategies like T Rowe Price Dynamic Bond Fund, BlackRock – Hedge Fund and Insurance Linked Securities. The consultation also proposed that the Pooling companies should provide all investment advice to the funds and that funds should delegate implementation decisions to the pooling company.

In addition to the impacts on the funds, the consultation also advised that all pooling companies should be FCA regulated companies. In the case of LGPS Central this criterion was already met as that is how the company was established.

2. Local Investment - The Chancellor set out growth as her number one mission and is looking for the LGPS through their pooling companies to build networks and increase long term investment in local communities.
3. Governance - This brought forward many of the recommendations from the Scheme Advisory Board Good Governance review and set up the framework of independent governance reviews.

The governments response to the consultation is expected in late spring early summer 2025 and in the interim regular investment pooling meetings continue to be held with representatives from each of the eight LGPS funds forming LGPS Central on both governance and transition issues.

During 2024/25 we have made an additional £90m allocation to Private Debt to maintain our 7.5% target allocation to this asset class and further allocations will be considered in 2025/26 in light of the 2025 valuation results. The Fund has also completed an oversight agreement with LGPS Central in respect of its passive equity mandate with Legal and General. Given the nature of this asset it is not cost effective to fully transition to a pooled product at this time but the agreement allows LGPS Central through EOS at Federated Hermes to undertake voting on all the Funds equity portfolios which allows consolidation of reporting and increased consistency. This continues to show the fund's commitment to pooling assets and looking for appropriate cost effective solutions for legacy assets.

The Pensions Administration Team have continued to ensure over the past 12 months that the service they deliver is both efficient and effective for all stakeholders and that all benefits are paid accurately, on time and in line with scheme regulations.

Training days for all team members are held twice a year, where the team are able to work in groups to look at how we deliver our service and provide feedback on changes to processes. Information sessions are also held on current issues affecting the LGPS.

All regulatory deadlines were met by the fund in 2024-25, including issuing Annual Benefit Statements, P60 documents, Pensions Savings Statements and publishing the Annual Report.

During the year the team continued to work on the implementing the McCloud ruling and ensuring the underpin is applied to protected members.

## Pension Fund Accounts

Work has also started on the implementation of Pensions Dashboards so that we are able to connect by the October 2025 deadline.

As part of the funds ongoing programme, several policies were reviewed and updated in line with statutory guidance and changes to the team's working practices.

The new Pension Regulator's General Code came into effect on 28 March 2024 and an action plan was created to identify any areas of work that would need to be completed to achieve compliance with this.

Certain aspects of the Scheme Advisory Board's Good Governance recommendations have been introduced as part of the Government's Fit for the Future consultation; we await the Government's formal response to this but have been reviewing the recommendations to identify any gaps we may have.

The fund's Business Plan for 2024-26 can be found on the website and progress against this is reported to and regularly reviewed by both Board and committee members.

The annual meeting for scheme employers is run as a virtual event and the Pension Committee and Pension Board meetings continue to be live streamed, Committee meetings must be held in person, however Board members can choose to attend virtually, this has proved particularly useful when holding training sessions for members of both board and committee.

The information here and other developments are covered in more detail on the following pages.

## Pension Fund Accounts

### PENSION FUND ACCOUNT FOR THE YEAR ENDED 31 MARCH 2025

2023/24 £000		2024/25 £000
	<b>Income</b>	
	Contributions	
(63,025)	Employers (Note 7)	(73,017)
(20,584)	Employees (Note 7)	(21,501)
(7,573)	Transfers In from other pension funds (Notes 3, 7)	(11,061)
<b>(91,182)</b>	<b>Total Income</b>	<b>(105,579)</b>
	<b>Expenditure</b>	
	Benefits Payable	
79,602	Pensions (Note 7)	88,105
16,026	Commutation of pensions and lump sum retirement benefits (Note 7)	22,014
1,966	Lump Sum Death Benefits (Note 7)	2,591
	Payment to & on Account of Leavers	
243	Refund of contributions (Note 7)	243
6,927	Transfers to other funds (Notes 3, 7)	5,634
<b>104,764</b>	<b>Total Expenditure</b>	<b>118,587</b>
<b>13,582</b>	<b>Net (additions) / withdrawals from dealings with scheme members</b>	<b>13,008</b>
<b>21,145</b>	<b>Management Expenses (Note 8)</b>	<b>23,944</b>
<b>34,727</b>	<b>Net additions/(withdrawals) including fund management expenses</b>	<b>36,952</b>
	<b>Returns on Investments</b>	
(11,187)	Investment Income (Notes 3, 9)	(14,005)
(11,504)	(Gain)/loss on cash and currency hedging	329
105	Taxes on Income (Note 10)	112
(271,230)	(Profits) and losses on disposal of investments and changes in value of investments (Note 11a)	(146,611)
<b>(293,816)</b>	<b>Net return on investments</b>	<b>(160,175)</b>
<b>(259,089)</b>	<b>Net (increase)/decrease in the net assets available for benefits during the year</b>	<b>(123,223)</b>
<b>2,244,087</b>	<b>Opening net assets of the scheme</b>	<b>2,503,176</b>
<b>2,503,176</b>	<b>Closing net assets of the scheme</b>	<b>2,626,399</b>

## Pension Fund Accounts

### PENSION FUND NET ASSET STATEMENT AS AT 31 MARCH 2025

31-Mar-24		31-Mar-25	
£000		£000	%
	<b>Long Term Investments</b>		
1,315	Equities (Note 11)	1,315	0.05
	<b>Investment Assets</b>		
16	Equities (Note 11)	18	0.00
	Pooled Investment Vehicles		
2,478,163	Other Managed Funds (Note 11)	2,594,391	98.78
	Other Investment Balances		
685	Loans (Note 11)	685	0.03
	Cash Deposits		
14,957	Deposits (Note 11)	20,246	0.77
1,650	Temporary Investments (Note 27)	5,700	0.22
<b>2,496,786</b>	<b>Total Investment Assets</b>	<b>2,622,355</b>	<b>99.85</b>
	<b>Long Term Debtors</b>		
1,724	Lifetime and Annual Tax Allowances (Note 18a)	1,857	0.07
	<b>Current Assets</b>		
7,171	Contributions due from Employers (Note 18b)	7,262	0.28
2,307	Other Current Assets (Note 18b)	1,121	0.04
0	Cash Balances (Note 27)	46	0.00
	<b>Current Liabilities</b>		
(665)	Unpaid Benefits (Note 19)	(1,418)	(0.06)
(4,107)	Other Current Liabilities (Note 19)	(4,824)	(0.18)
(40)	Cash Balances	0	0
<b>2,503,176</b>	<b>Net Assets of the Scheme – Available to Fund Benefits as at 31 March</b>	<b>2,626,399</b>	<b>100.00</b>

The Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the period end. The actuarial present value of promised retirement benefits is disclosed in the Statement by the Consulting Actuary.

## Pension Fund Accounts

### NOTES TO THE SHROPSHIRE COUNTY PENSION FUND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2025

#### 1. DESCRIPTION OF FUND

The Shropshire County Pension Fund is part of the Local Government Pension Scheme and is administered by Shropshire Council. The Council is the reporting entity for this Pension Fund.

The Fund is governed by the Public Service Pensions 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 Shropshire Council to provide pensions and other benefits for pensionable employees of Shropshire Council 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 Shropshire County Pension Fund Committee, which is a committee of Shropshire Council.

Membership of the LGPS is voluntary and 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 Shropshire County Pension Fund include:

- 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.

There are 164 employers with active members within the Shropshire County Pension Fund including Shropshire Council itself, as detailed below.

Shropshire County Pension Fund	31 March 2025	31 March 2024
Number of employers with active members	166	146
<b>Number of employees in the scheme</b>		
Shropshire Council	5,395	5,951
Other employers	11,738	11,076
<b>Total</b>	<b>17,133</b>	<b>17,027</b>
<b>Number of pensioners in the scheme</b>		
Shropshire Council	6,668	6,312
Other employers	7,644	7,143
<b>Total</b>	<b>14,312</b>	<b>13,455</b>

## Pension Fund Accounts

Shropshire County Pension Fund	31 March 2025	31 March 2024
<b>Number of deferred pensioners in the scheme</b>		
Shropshire Council	8,250	8,301
Other employers	10,108	10,076
<b>Total</b>	<b>18,358</b>	<b>18,377</b>

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the LGPS Regulations 2013 and ranged from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2025. Employers' contributions are set based on triennial actuarial funding valuations. The last such valuation was as at 31 March 2022. Currently, employer contribution rates range from 0% to 30% of pensionable pay.

Prior to 1 April 2014, pension benefits under the LGPS were based on 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 uprated annually in line with the Consumer Prices Index.

A range of other benefits are also provided including early retirement, ill-health pensions and death benefits.

## 2. BASIS OF PREPARATION

The statement of accounts summarises the Fund's transactions for the 2024/25 financial year and its financial position at 31 March 2025. The accounts have been prepared in accordance with the 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 accounts have been prepared on a going concern basis.

Paragraph 3.3.1.2 of the Code requires disclosure of any accounting standards issued but not yet adopted. No such accounting standards have been identified for 2024/25.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits that fall due after the end of the financial year nor do they take into account the actuarial present value of promised retirement benefits. The Code gives administering authorities the option to disclose this information in the net assets statement, in the notes to the accounts or by appending an actuarial report prepared for this purpose. The Pension Fund has opted to disclose this information within the statement by the consulting actuary.

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 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 that 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. Contributions received earlier than the due date are



## Pension Fund Accounts

accounted for on receipt and are recognised as contributions received within the pension fund account statement.

- Employer deficit funding contributions are accounted for on the due dates on which they are payable under the schedule of contributions set by the scheme actuary or on receipt if earlier than due date.

### 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 (see below) to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see note 7). Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

### Investment Income

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 also disclosed in the net assets statement as a current financial asset.

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, provided that payment has been approved.

#### 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 its pension fund management expenses in accordance with CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the Fund on an accruals basis as follows:

<b>Administrative expenses</b>	All staff costs relating to the pensions administration team are charged direct to the Fund. Council recharges for management, accommodation and other overhead costs are also accounted for as administrative expenses of the Fund.
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## Pension Fund Accounts

<b>Oversight and governance</b>	<p>All costs associated with governance and oversight are separately identified, apportioned to this activity and charged as expenses to the Fund.</p> <p>Where invoice has not been received by the year-end date, an estimate based upon the previous quarters is used for inclusion in the fund account. In 2024/25, £0.175m of fees is based on such estimates (2023/24 £0.227m)</p>
<b>Investment management expenses</b>	<p>Investment fees 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 returns by investment managers, these expenses are grossed up to increase the change in value of investments.</p> <p>Fees charged by external investment managers and custodian are set out 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.</p> <p>In addition, the Fund has negotiated with BlackRock (Hedge Fund) that an element of their fee will be performance related.</p> <p>Total performance related fees for all managers in 2024/25 £0.649m (2023/24 £0.458m).</p> <p>Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the fund account. In 2024/25, £0.225m of fees is based on such estimates (2023/24 £0.187m).</p>

### Net Assets Statement

#### Financial assets

The Share Capital investment in LGPS Central Limited is valued at transaction price i.e. cost. LGPS Central Limited began to trade on 3 April 2018. The Pension Fund's view is that the market value of this investment at 31 March 2024 cannot be reasonably assessed as the Company was set up for the sole purpose of LGPS pooling and no market exists for its potential sale, and that cost is therefore an appropriate estimate of fair value.

All other investment assets are included in the financial statements on a fair value basis as at the reporting date. A financial asset is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset. Any amounts due or payable in respect of trades entered into but not yet complete at 31 March each year are accounted for as financial instruments held at amortised cost and reflected in the reconciliation of movements in investments and derivatives in Note 11a. Any gains or losses on investment sales arising from changes in the fair value of the asset are recognised in the fund account

The values of investments as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (see note 14).

## Pension Fund Accounts

### Foreign Currency transactions

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, overseas investments and purchases and sales outstanding at the end of the reporting period.

### 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.

### Loans and receivables

Financial assets classed as amortised cost are carried in the net asset statement at the value of outstanding principal receivable at the year-end date plus accrued interest.

### Financial liabilities

A financial liability is recognised in the net asset statement on the date the Fund becomes legally responsible for that liability. The Fund recognises financial liabilities relating to investment trading at fair value and any gains or 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 in the net asset statement at the value of the outstanding principal at 31 March each year. Any interest due not yet paid is accounted for on an accruals basis and included in administration costs.

### Contingent Liabilities

Shropshire County Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation. More details are disclosed in Note 21 Related Party Transactions.

The Fund has no other contingent liabilities.

### Additional voluntary contributions

Shropshire County Pension Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. Please see note 20 for further information.

## 4. CRITICAL JUDGMENTS IN APPLYING ACCOUNTING POLICIES

### Investment in LGPS Central

The Share Capital investment has been valued at cost on the basis that fair value as at 31 March 2025 cannot be reliably estimated. Management have made this judgment because:

- LGPS Central Limited was set up for the specific purpose of LGPS Pooling
- No dividend to shareholders has as yet been declared
- There is no market for the sale of shares and all pension authorities are required to comply with the LGPS pooling requirements.

## Pension Fund Accounts

### 5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historical 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 the following year are as follows:

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Private Equity</b>	Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2022). Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	<p>The total private equity investments in the financial statements are £199.6 million. There is a risk that this investment may be under or over-stated in the accounts.</p> <p>A 10% movement in the valuation would equate to a £20 million adjustment to the value of these assets</p>
<b>Infrastructure</b>	Infrastructure investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	<p>The infrastructure investments in the financial statements are £157.9 million. There is a risk that this investment may be under or over-stated in the accounts.</p> <p>A 10% movement in the valuation would equate to a £15.8 million adjustment to the value of these assets</p>
<b>Property Debt</b>	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	<p>The total property debt investments in the financial statements are £10.4 million. There is a risk that this investment may be under or over-stated in the accounts.</p> <p>A 5% movement in the valuation would equate to a £1 million adjustment to the value of these assets</p>
<b>Private Debt</b>	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	<p>The total private debt investments in the financial statements are £79.0 million. There is a risk that this investment may be under or over-stated in the accounts.</p> <p>A 10% movement in the valuation would equate to a £7.9 million adjustment to the value of these assets</p>
<b>Insurance Linked Securities</b>	Investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	<p>The total insurance linked securities investments in the financial statements are £44.3 million. There is a risk that this investment may be under or over-stated in the accounts.</p> <p>A 5% movement in the valuation would equate to a £2.2 million adjustment to the value of these assets</p>

## Pension Fund Accounts

Item	Uncertainties	Effect if actual results differ from assumptions
<b>Hedge Funds</b>	Some hedge fund investments are not regularly traded and as such there is a degree of estimation involved in the valuation.	<p>The total hedge fund value in the financial statements is £114.1 million. There is a risk that this investment may be under or overstated in the accounts.</p> <p>A 5% movement in the valuation would equate to a £5.7 million adjustment to the value of these assets</p>

## 6. EVENTS AFTER THE REPORTING DATE

These are events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the financial statements are authorised for issue. There have been no events between 31 March 2025, and when these accounts were authorised, that require any adjustments to be made.

Guaranteed minimum pensions (GMP) equalisation remedy in LGPS is still to be legislated on. GMP reconciliation has ensured that data is up to date for when any changes required are known.

The McCloud remedy in LGPS came into force in 2023/24 and is being applied to accounts as required, this is not expected to have a significant impact on any of the figures quoted. The Fund is not aware of any cases affected by the Goodwin test cases.

There are no non-adjusting events after the reporting date for GMP & McCloud.

The Court of Appeal upheld a High Court ruling on section 9(2B) rights in the case of Virgin Media Ltd v NTL in July 2024. We have been advised that HM Treasury is still assessing the implications of this ruling on the LGPS. The Scheme Advisory Board continue to raise the matter with the pensions minister for clarification.

There are no non-adjusting events after the reporting date in respect of this ruling.

## 7. ANALYSIS OF THE MAIN REVENUE ACCOUNT TRANSACTIONS

The following table provides further analysis of contributions received and benefits paid between the Administering Authority (Shropshire Council), Designated Bodies and Scheme Employers (Unitary, Town and Parish Councils) and Admission Bodies (Private bodies carrying out former Local Government functions or bodies providing a public service on a non-profit making basis).

2024/25	Administering Authority	Admission Bodies	Designation Bodies/ Scheme Employers	Total
	£000	£000	£000	£000
<u>Contributions Received</u>				
Employees	7,707	1,764	12,030	21,501
Employers	29,860	3,258	39,899	73,017
Transfers In	5,765	346	4,950	11,061

## Pension Fund Accounts

2024/25	Administering Authority	Admission Bodies	Designation Bodies/ Scheme Employers	Total
	£000	£000	£000	£000
<b>Total Income</b>	<b>43,332</b>	<b>5,368</b>	<b>56,879</b>	<b>105,579</b>
<u>Payments Made</u>				
Pensions	47,228	11,673	29,204	88,105
Lump Sums	9,599	3,385	9,030	22,014
Death Benefits	860	260	1,471	2,591
Refunds	76	4	163	243
Transfers Out	2,859	321	2,454	5,634
<b>Total Expenditure</b>	<b>60,622</b>	<b>15,643</b>	<b>42,322</b>	<b>118,587</b>

2023/24 comparative figures	Administering Authority	Admission Bodies	Designation Bodies/ Scheme Employers	Total
	£000	£000	£000	£000
<u>Contributions Received</u>				
Employees	7,550	1,826	11,208	20,584
Employers	22,559	4,815	35,651	63,025
Transfers In	3,617	43	3,913	7,573
<b>Total Income</b>	<b>33,726</b>	<b>6,684</b>	<b>50,772</b>	<b>91,182</b>
<u>Payments Made</u>				
Pensions	43,459	10,530	25,613	79,602
Lump Sums	6,778	3,065	6,183	16,026
Death Benefits	429	458	1,079	1,966
Refunds	78	7	158	243
Transfers Out	3,476	74	3,377	6,927
<b>Total Expenditure</b>	<b>54,220</b>	<b>14,134</b>	<b>36,410</b>	<b>104,764</b>

This table shows a breakdown of the employers contributions above:

	2024/25	2023/24
	£000	£000
Employers normal contributions	60,617	56,555
Employers deficit contributions	2,665	2,845
Employers augmentation contributions	9,735	3,625
	<b>73,017</b>	<b>63,025</b>

## 8. MANAGEMENT EXPENSES

This analysis of the costs of managing the Shropshire County Pension Fund during the period has been prepared in accordance with CIPFA's Accounting for Local Government Pension Scheme Management Expenses (2016).

Management Expenses	2024/25	2023/24
	£000	£000
Administrative costs	1,946	1,870
Investment management expenses	20,260	17,634



## Pension Fund Accounts

Oversight and governance costs	1,738	1,641
	<b>23,944</b>	<b>21,145</b>

Each external Investment Manager receives a fee for their services based on the market value of the assets they manage on the Fund's behalf. One active manager is required to produce a specific target return in excess of their benchmark return and is paid a performance related fee (over and above a basic fee) for reaching required level of outperformance. The management fees disclosed also include all investment management fees directly incurred by the Fund by pooled fund investments.

The investment management expenses shown below includes £0.649m (2023/24 £0.458m) in respect of performance related fees paid/payable to the Fund's investment managers.

It also includes £3.266m in respect of transaction costs (2023/24 £3.632m).

In addition to these costs, indirect costs are incurred through the bid-offer spread on investment sales and purchases. These are reflected in the cost of investment acquisitions and in the proceeds from the sales of Investments (see note 11a).

Investment Expenses	2024/25 £000	2023/24 £000
Management Fees	11,968	8,999
Performance Fees	649	458
Other Fees	4,358	4,524
Transaction Costs	3,266	3,632
Custody Fees	19	21
	<b>20,260</b>	<b>17,634</b>

The costs incurred by the fund in administering the fund totalled £1.946m for the year ended 31 March 2025 (2023/24 £1.870m).

Administrative Costs	2024/25 £000	2023/24 £000
Employee Costs	1,241	1,095
IT	408	630
Consultants	81	24
Printing, Postage & Design	61	53
Office Accommodation	37	32
Subscriptions	7	7
Other Costs	111	29
	<b>1,946</b>	<b>1,870</b>

The costs incurred by the fund in Oversight and Governance totalled £1.738m for the year ended 31 March 2025 (2023/24 £1.641m).

Oversight & Governance costs	2024/25 £000	2023/24 £000
Investment advice	271	338
Employee costs (pensions investment)	395	302
Actuarial advice	93	103

## Pension Fund Accounts

Oversight & Governance costs	2024/25	2023/24
	£000	£000
LGPS Central Pooling costs	704	663
Responsible engagement overlay	51	51
External audit	102	70
Performance analysis	27	30
Internal audit	25	18
Legal & Committee	23	22
Other Costs	47	44
	<b>1,738</b>	<b>1,641</b>

### 8a. INVESTMENT MANAGEMENT EXPENSES

The tables below show a breakdown of investment management expenses by investment type.

2024/25					
	Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000	Other Costs £000
<b><u>Pooled Investments Vehicles</u></b>					
Global Equity	3,833	2,413	0	1,239	181
Fixed Income	2,534	675	0	1,824	35
Hedge Fund of Funds	1,290	445	649	0	196
Infrastructure	3,447	2,699	0	0	748
Pooled property investments	1,744	1,613	0	131	0
Private Equity	5,010	2,558	0	0	2,452
Private Debt	1,735	1,171	0	0	564
Property Debt	169	121	0	0	48
Insurance Linked Securities	479	273	0	72	134
	<b>20,241</b>	<b>11,968</b>	<b>649</b>	<b>3,266</b>	<b>4,358</b>
Custody Fees	19				
<b>Total</b>	<b>20,260</b>				

2023/24 comparative figures					
	Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000	Other Costs £000
<b><u>Pooled Investments Vehicles</u></b>					
Global Equity	3,329	1,818	0	1,293	218
Fixed Income	4,044	1,183	0	2,234	627
Hedge Fund of Funds	1,438	731	458	0	249
Infrastructure	2,028	1,732	0	0	296
Pooled property investments	1,149	1,104	0	45	0
Private Equity	4,902	1,933	0	0	2,969
Private Debt	24	11	0	0	13

## Pension Fund Accounts

2024/25

	Total £000	Management Fees £000	Performance Related Fees £000	Transaction Costs £000	Other Costs £000
Property Debt	249	200	0	0	49
Insurance Linked Securities	451	287	0	60	104
	17,614	8,999	458	3,632	4,525
Custody Fees	20				
<b>Total</b>	<b>17,634</b>				

### 9. INVESTMENT INCOME

The table below analyses the investment income received by the Fund over the last 12 months.

	2024/25 £000	2023/24 £000
Dividends from equities	(1)	(1)
Income from pooled investment vehicles	(12,690)	(10,270)
Interest on cash deposits	(332)	(185)
Other	(982)	(731)
	<b>(14,005)</b>	<b>(11,187)</b>

### 10. TAXES ON INCOME

This table breaks down the taxes on income by asset class.

	2024/25 £000	2023/24 £000
Withholding tax – equities	0	0
Withholding tax – pooled	112	105
	<b>112</b>	<b>105</b>

### 11. INVESTMENTS

This table shows investment assets by type of investment

	2024/25 £000	2023/24 £000
<b>Investment Assets</b>		
<b>Equities</b>	18	16
<b>Pooled Funds</b>		
Global Equity	1,508,181	1,444,229
Fixed Income	363,501	354,383
Hedge Fund of Funds	114,088	103,226
Infrastructure	157,915	161,956
Pooled property investments	117,386	84,545
Private Equity	199,616	200,502
Property Debt	10,417	22,222

## Pension Fund Accounts

	2024/25 £000	2023/24 £000
Insurance Linked Securities	44,303	39,770
Private Debt	78,984	67,330
<b>Other Investments</b>		
Loans	685	685
<b>Cash Deposits</b>		
Deposits	20,246	14,957
Temporary Investments	5,700	1,650
<b>Total</b>	<b>2,621,040</b>	<b>2,495,471</b>
<b>Long-term Investments</b>		
UK unquoted equities		
Shares in LGPS Central asset pool	1,315	1,315
<b>Total Investment Assets</b>	<b>2,622,355</b>	<b>2,496,786</b>

### 11a.RECONCILIATION OF MOVEMENTS IN INVESTMENTS

Investment type	Value as at 1 April £000	Purchases at cost and derivative payments £000	Sale proceeds and derivative receipts £000	Transition £000	Other cash transactions £000	Change in market value £000	Value as at 31 March £000
<b>2024/25</b>							
Equities	1,331		(38)			0	*1,333
Pooled Investment Vehicles – Other Managed Funds	2,478,163	101,897	(114,054)		(18,282)	146,667	*2,594,391
Other Investment Balances	685						685
<b>Sub total</b>	<b>2,480,179</b>	<b>101,897</b>	<b>(114,092)</b>	<b>0</b>	<b>(18,282)</b>	<b>146,707</b>	<b>2,596,409</b>
Cash deposits – with Managers***	14,957	1,782	(3,915)		7,518	(96)	20,246
Temporary Investments	1,650				4,050		5,700
<b>Total</b>	<b>2,496,786</b>	<b>103,679</b>	<b>(118,007)</b>	<b>0</b>	<b>(6,714)</b>	<b>**146,611</b>	<b>2,622,355</b>

\* Within the Pooled Investment Vehicles - other managed funds total of £2594.391m are £605.323m of level 3 investments as at 31 March 2025. Within the Equities figure of £1.333m are £1.315m of level 3 investments as at 31 March 2025. The value of the level 3 investments was £596.321m as at 1 April 2024 which increased to £606.638m as at 31 March 2025. The increase in value is due to purchases of £63.217m, sales of £85.448m and change in market value of £32.548m.

\*\* The total change in market value for 2024/25 as per the table above is £146.611m. This figure is made of up of profit on sales of £33.081m, market value gains offset by directly charged fees of £19.048m and also the difference between book cost and market value for the whole Fund which for 2024/25 was £94.482m.

\*\*\* Cash deposits figure includes Money Market Fund balances and certain class action proceeds relating to legacy holdings.

## Pension Fund Accounts

Investment type							
2023/24 Comparative figures	Value as at 1 April £000	Purchases at cost and derivative payments £000	Sale proceeds and derivative receipts £000	Transition £000	Other cash transactions £000	Change in market value £000	Value as at 31 March £000
Equities	1,325		(111)			117	*1,331
Pooled Investment Vehicles – Other Managed Funds	2,221,038	378,745	(375,778)		(16,930)	271,088	*2,478,163
Other Investment Balances	685						685
<b>Sub total</b>	<b>2,223,048</b>	<b>378,745</b>	<b>(375,889)</b>	<b>0</b>	<b>(16,930)</b>	<b>271,205</b>	<b>2,480,179</b>
Cash deposits – with Managers***	12,683	2,215	(26)		60	25	14,957
Temporary Investments	2,600				(950)		1,650
<b>Total</b>	<b>2,238,331</b>	<b>380,960</b>	<b>(375,915)</b>	<b>0</b>	<b>(17,820)</b>	<b>**271,230</b>	<b>2,496,786</b>

\* Within the Pooled Investment Vehicles - other managed funds total of £2478.163m are £595.006m of level 3 investments as at 31 March 2024. Within the Equities figure of £1.331m are £1.315m of level 3 investments as at 31 March 2024. The value of the level 3 investments was £590.231m as at 1 April 2023 which increased to £596.321m as at 31 March 2024. The increase in value is due to purchases of £74.550m, sales of £74.459m and change in market value of £5.999m.

\*\* The total change in market value for 2023/24 as per the table above is £271.230m. This figure is made of up of profit on sales of £14.251m, market value gains offset by directly charged fees of £16.733m and also the difference between book cost and market value for the whole Fund which for 2023/24 was £240.246.

\*\*\* Cash deposits figure includes Money Market Fund balances and certain class action proceeds relating to legacy holdings.

## 12. STOCK LENDING

The Fund no longer participates in a stock lending programme with its Custodian, Northern Trust following termination of the remaining segregated equities fund in April 2022.

## 13. ANALYSIS OF DERIVATIVES

Currently, Legal & General, who manage the global equity passive portfolio, hedge 100% of their foreign currency exposure back to sterling. The global equity passive portfolio also has an equity protection strategy in place on approximately £625m initial notional value.

## 14. FAIR VALUE – BASIS OF VALUATION

Unquoted equities in LGPS Central are valued using the cost approach / considering Fair Value at Initial Recognition approach as these methodologies provide viable approaches to valuing this shareholding, and they both generate consistent valuations at historic cost less any adjustment for impairment. This will be the approach used for valuing this holding until any change in circumstances creates an alternative approach.

All other investment assets are valued using fair value techniques based on the characteristics of each instrument, where possible using market-based information. There has been no change in the valuation techniques used during the year.

The valuation basis for each category of investment asset is set out below.

## Pension Fund Accounts

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Market quoted equities and pooled fund investments	Level 1	The published bid market price on the final day of the accounting period	Not required	Not required
Quoted fixed income bonds	Level 1	Quoted market value based on current yields	Not required	Not required
Cash and cash equivalents	Level 1	Carrying value is deemed to be fair value because of the short-term nature of these financial instruments	Not required	Not required
Pooled property funds	Level 2	Closing bid price where bid and offer prices are published. Closing single price where single price published	NAV based pricing set on a forward pricing basis	Not required
Pooled equity fund investments	Level 2	Index tracking funds & valuations are based on the market quoted prices of the respective underlying securities	Evaluated price feeds	Not required
Pooled fixed income fund investments	Level 2	Average of broker prices	Evaluated price feeds	Not required
Infrastructure	Level 3	Discounted Cash Flows, Market valuations of comparable companies & Binding sale agreements	Enterprise Value / EBITDA multiple, Discount Rate	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Shares in LGPS Central asset pool	Level 3	Valued using cost approach and considering fair value at initial recognition approach	No market for shares in LGPS Central and no immediate plans to pay dividends. Cost approach generates a figure similar to the original cost of investment when LGPS Central was created	Valuation reviewed on an annual basis to ascertain if there is any reason that this valuation may have been impaired
Insurance linked securities	Level 3	Closing single price. Investments are fair valued using earned net assets value method	NAV based pricing set on a forward pricing basis. NAV based pricing based upon either 3rd party broker marks or independent Milliman valuations using available industry loss assumptions and 3rd party reports.	Valuations could be affected by any changes to underlying values of the invested portfolio. Value appreciation/depreciation is typically dependent on and contingent on specific insurance events/triggers not occurring.



## Pension Fund Accounts

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
Private Debt	Level 3	Valuations received directly from the manager of the underlying investment and comply with revised International Private Equity and Venture Capital Valuation Guidelines 2018	Inputs are unobservable and are dependent on the valuations provided by the manager of the underlying investment	Valuations could be affected by changes to the valuation of the underlying investment portfolio arising from changes to estimates and differences between unaudited and audited accounts
Property Debt	Level 3	Valued using amortised cost and considering fair value at initial recognition approach	Underlying property value, projected future cashflows, cash available, indicative market interest rates for similar products	Valuation reviewed on a quarterly basis to ascertain if there is a reason that this valuation may have been impaired
Private Equity and other unquoted	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines 2018 and the IPEV Board's Special Valuation Guidance (March 2020) or other appropriate guidelines	EBITDA multiple, revenue multiple, discount for lack of marketability, control premium	Valuations could be affected by changes to expected cashflows or by differences between audited and unaudited accounts
Hedge Funds	Level 3	Valuations received directly from the third party hedge funds with which the fund of hedge fund manager invests	Valuations/prices of the investments held are not publicly available. NAV based pricing set on a forward pricing basis	Valuations are affected by any changes to the value of the financial instrument being hedged against

### Sensitivity of assets valued at level 3

The Fund has determined that the valuation methods described above for level 3 investments are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2025 and 31 March 2024.

Asset	Potential variation in fair value (+/-)	Value as at 31-Mar-25	Potential value on increase	Potential value on decrease
		£000	£000	£000
Private Equity	20%	199,616	239,539	159,693
Hedge Funds	5%	114,088	119,792	108,384
Insurance Linked	5%	44,303	46,518	42,088
Infrastructure	20%	157,915	189,498	126,332
Private Debt	10%	78,984	86,882	71,086

## Pension Fund Accounts

Asset	Potential variation in fair value (+/-)	Value as at 31-Mar-25	Potential value on increase	Potential value on decrease
		£000	£000	£000
Property Debt	10%	10,417	11,459	9,375
Unquoted UK Equity	15%	1,315	1,512	1,118
<b>Total</b>		<b>606,638</b>	<b>695,200</b>	<b>518,076</b>

Asset	Potential variation in fair value (+/-)	Value as at 31-Mar-24	Potential value on increase	Potential value on decrease
		£000	£000	£000
Private Equity	5%	200,502	210,527	190,477
Hedge Funds	5%	103,226	108,387	98,065
Insurance Linked	5%	39,770	41,759	37,782
Infrastructure	5%	161,956	170,054	153,858
Private Debt	5%	67,330	70,697	63,964
Property Debt	5%	22,222	23,333	21,111
Unquoted UK Equity	5%	1,315	1,381	1,249
<b>Total</b>		<b>596,321</b>	<b>626,138</b>	<b>566,506</b>

### 14a. FAIR VALUE HIERARCHY

Assets and liabilities have been classified into three levels, according to the quality and reliability of information used to determine fair values.

Level 1 - where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Comprise quoted equities, quoted bonds and unit trusts.

Level 2 - where quoted market prices are not available, or where valuation techniques are used to determine fair value based on observable data.

Level 3 - where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Shropshire County 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. Valuations are undertaken quarterly.

The values of the investment in hedge funds 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 table provides an analysis of the assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

## Pension Fund Accounts

Asset type	Investment Manager	Investment Type	Market Value	Quoted market price	Using observable inputs	With significant evaluation inputs
				Level 1	Level 2	Level 3
2024/25			£000	£000	£000	£000
Equities	LGPS Central Ltd*	UK Equities (unquoted)	1,315			1,315
Pooled Investment Vehicles	HarbourVest Partners Ltd	Private Equity	186,074			186,074
	Aberdeen Property Investors	Property Unit Trusts	117,386		117,386	
	Blackrock Global Infrastructure Partners	Hedge Fund Infrastructure	114,088			114,088
			91,810			91,810
	Legal & General T.Rowe Price	Global Equities Global Dynamic Bonds	838,683		838,683	
			96,944		96,944	
	Securis	Insurance Linked Securities	44,303			44,303
	DRC	Property Debt	10,417			10,417
	LGPS Central Ltd	Global Equities	669,498	669,498		
	LGPS Central Ltd	Investment Grade Corporate Bonds	266,557	266,557		
	LGPS Central Ltd	Private Debt	78,984			78,984
	LGPS Central Ltd	Infrastructure	66,105			66,105
	LGPS Central Ltd	Private Equity	13,542			13,542
Cash Deposits & Other (including net Current Assets)			26,649	26,649		
<b>Total</b>			<b>2,622,355</b>	<b>962,704</b>	<b>1,053,013</b>	<b>606,638</b>

Asset type	Investment Manager	Investment Type	Market Value	Quoted market price	Using observable inputs	With significant evaluation inputs
				Level 1	Level 2	Level 3
2023/24			£000	£000	£000	£000
Equities	LGPS Central Ltd*	UK Equities (unquoted)	1,315			1,315
Pooled Investment Vehicles	HarbourVest Partners Ltd	Private Equity	195,758			195,758
	Aberdeen Property Investors	Property Unit Trusts	84,545		84,545	
	Blackrock Global Infrastructure Partners	Hedge Fund Infrastructure	103,226			103,226
			112,450			112,450
	Legal & General T Rowe Price	Global Equities Global Dynamic Bonds	789,842		789,842	
			100,358		100,358	
	Securis	Insurance Linked Securities	39,770			39,770
	DRC	Property Debt	22,222			22,222
	LGPS Central Ltd	Global Equities	654,387	654,387		
	LGPS Central Ltd	Investment Grade	254,025	254,025		

## Pension Fund Accounts

Asset type	Investment Manager	Investment Type	Market Value	Quoted market price	Using observable inputs	With significant evaluation inputs
2023/24			£000	Level 1 £000	Level 2 £000	Level 3 £000
		Corporate Bonds				
	LGPS Central Ltd	Private Debt	67,330			67,330
	LGPS Central Ltd	Infrastructure	49,506			49,506
	LGPS Central Ltd	Private Equity	4,744			4,744
Cash Deposits & Other (including net Current Assets)			17,308	17,308		
<b>Total</b>			<b>2,496,786</b>	<b>925,720</b>	<b>974,745</b>	<b>596,321</b>

\* Share Capital investment in LGPS Central Ltd has been carried at cost

### 14b.RECONCILIATION OF FAIR VALUE MEASUREMENTS WITHIN LEVEL 3

Investment type	Value as at 1 April £000	Transfers into Level 3 £000	Transfers out of Level 3 £000	Purchases at cost and derivative payments £000	Sale proceeds and derivative receipts £000	Other cash transactions £000	Unrealised gains and losses £000	Realised gains and losses £000	Value as at 31 March £000
<b>2024/25</b>									
Equities (unquoted)	1,315				0	0	0	0	1,315
Private Equity	200,502			17,898	(24,970)	(5,011)	(8,524)	19,721	199,616
Infrastructure	161,957			21,125	(34,747)	(3,447)	(5,529)	18,556	157,915
Hedge Fund	103,225			0	0	(1,290)	10,863	1,290	114,088
Insurance	39,770			0	0	(478)	4,506	505	44,303
Linked Securities									
Property Debt	22,222			0	(10,218)	(169)	(1,587)	169	10,417
Private Debt	67,330			24,194	(15,513)	(1,735)	2,973	1,735	78,984
<b>Total</b>	<b>596,321</b>	<b>0</b>	<b>0</b>	<b>63,217</b>	<b>(85,448)</b>	<b>(12,130)</b>	<b>2,702</b>	<b>41,976</b>	<b>606,638</b>

## 15. FINANCIAL INSTRUMENTS

### 15a. CLASSIFICATION OF FINANCIAL INSTRUMENTS

The following table analyses the carrying amounts of financial instruments by category and net assets statement heading. No financial instruments were reclassified during the accounting period.

	31 March 2025			31 March 2024		
	Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000	Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000
<b>Financial Assets</b>						

## Pension Fund Accounts

	31 March 2025			31 March 2024		
	Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000	Fair value through profit & loss £000	Financial assets at amortised cost £000	Financial liabilities at amortised cost £000
Equities	1,333			1,331		
Pooled Investment Vehicles – Other Managed Funds	2,594,391			2,478,163		
Other Investment Balances - Loans		685			685	
Cash		25,992			16,607	
<b>Total Assets</b>	<b>2,595,724</b>	<b>26,677</b>	<b>0</b>	<b>2,479,494</b>	<b>17,292</b>	<b>0</b>
<b>Financial Instruments</b>						
Debtors		10,240			11,202	
Creditors			(6,242)			(4,812)
<b>Total</b>	<b>2,595,724</b>	<b>36,917</b>	<b>(6,242)</b>	<b>2,479,494</b>	<b>28,494</b>	<b>(4,812)</b>

### 15b.NET GAINS AND LOSSES ON FINANCIAL INSTRUMENTS

	2024/25 £000	2023/24 £000
<b>Financial Assets</b>		
Fair value through profit and loss	146,611	271,230
Loans and receivables	0	0
Financial liabilities measured at amortised cost	0	0
<b>Financial Liabilities</b>		
Fair value through profit and loss	0	0
Loans and receivables	0	0
Financial liabilities measured at amortised cost	0	0
	<b>146,611</b>	<b>271,230</b>

## 16. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

### Risk and Risk Management

The Fund's primary long-term risk is that its assets will fall short of its liabilities (i.e. promised benefits to pay members). 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 there is sufficient liquidity to meet the Fund's forecast cash flows. The Fund manages these investment risks as part of its overall pension fund risk management programme.

Responsibility for the Fund's risk management strategy rests with the Pensions Committee. Risk management policies are established to identify and analyse the risks faced by the Pension Fund's operations. Policies are reviewed regularly to reflect changes in activity and in market conditions.

## Pension Fund Accounts

### 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, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the assets mix. The objective of the Fund's risk management strategy is to identify, manage and control market risk exposure within acceptable parameters, whilst optimising investment return.

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, the Pension Fund and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis and manage any identified risk in two ways:

- The exposure of the Fund to market risk is monitored through a factor risk analysis, to ensure that risk remains within tolerable levels
- Specific risk exposure is limited by applying risk-weighted maximum exposures to individual investments.

### 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 by factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the Fund investment strategy.

### Other price risk – sensitivity analysis

In consultation with its investment advisors, the Fund has determined that the following movements in market price risk are reasonably possible for the 2025/26 reporting period, assuming that all other variables, in particular foreign exchange rates and interest rates, remain the same.

Asset Type	Potential market movements (+/-)
Global Unconstrained Equities	20.7%
Global Equities (passive)	19.5%
Investment Grade Bonds	7.8%
Unconstrained bonds	5.9%
UK Property	12.5%
Private Equity	23.9%
Hedge Funds	5.1%
Infrastructure	20.5%
Property Debt	10.1%
Insurance Linked Securities	4.8%
Private Debt	10.6%

Should the market price of the Fund investments increase/decrease in line with the above, the change in the net assets available to pay benefits would be as follows.



## Pension Fund Accounts

Asset type	Value as at 31 March 2025 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
<b>2024/25</b>				
<b>Net Assets including Cash and Other</b>	31,990	0	31,990	31,990
<b>Investment Portfolio Assets</b>				
Global Equities (unconstrained)	669,516	138,590	808,106	530,926
Global Equities (passive)	838,683	163,543	1,002,226	675,140
Investment Grade Bonds	266,557	20,791	287,348	245,766
Unconstrained Bonds	96,944	5,720	102,664	91,224
Property	117,386	14,673	132,059	102,713
Private Equity	199,616	47,708	247,324	151,908
Hedge Funds	114,088	5,819	119,907	108,269
Infrastructure	157,915	32,373	190,288	125,542
Property Debt	10,417	1,052	11,469	9,365
Insurance Linked Securities	44,303	2,127	46,430	42,176
Private Debt	78,984	8,372	87,356	70,612
<b>Total assets available to pay benefits</b>	<b>2,626,399</b>	<b>440,768</b>	<b>3,067,167</b>	<b>2,185,631</b>

Asset type	Value as at 31 March 2024 £000	Potential market movement £000	Value on increase £000	Value on decrease £000
<b>2023/24 Comparative Figures</b>				
<b>Net Assets including Cash and Other</b>	24,998	0	24,998	24,998
<b>Investment Portfolio Assets</b>				
Global Equities (unconstrained)	654,403	133,498	787,901	520,905
Global Equities (passive)	789,842	153,229	943,071	636,613
Investment Grade Bonds	254,026	18,290	272,316	235,736
Unconstrained Bonds	100,358	5,921	106,279	94,437
Property	84,545	10,568	95,113	73,977
Private Equity	200,502	47,920	248,422	152,582
Hedge Funds	103,225	5,264	108,489	97,961
Infrastructure	161,956	31,258	193,214	130,698
Property Debt	22,221	1,978	24,199	20,243
Insurance Linked Securities	39,770	1,989	41,759	37,782
Private Debt	67,330	6,464	73,794	60,866
<b>Total assets available to pay benefits</b>	<b>2,503,176</b>	<b>416,378</b>	<b>2,919,554</b>	<b>2,086,798</b>

### Interest rate risk

The Fund recognises that interest rates can vary and can affect both income to the Fund and the carrying value of fund assets, both of which affect the value of the net assets available to pay benefits. A 1% movement in interest rates is consistent with the level of sensitivity applied as part of the Fund's risk management strategy.

The Fund's direct exposure to interest rate movements as at 31 March 2025 and 31 March 2024 is set out below.

Asset Type	As at 31 March 2025 £000	As at 31 March 2024 £000
Cash and cash equivalents	25,946	16,607
Cash balances*	(46)	(40)

## Pension Fund Accounts

Asset Type	As at 31 March 2025 £000	As at 31 March 2024 £000
Bonds	363,501	354,383
<b>Total change in assets available</b>	<b>389,493</b>	<b>370,950</b>

\* Overdrawn cash balance as at 31 March 2024

The following analysis shows the effect in the year on the net assets available to pay benefits of a plus or minus 1% change in interest rates assuming all variables, in particular exchange rates, remain constant. This 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.

Assets exposed to interest rate risk	Value as at 31 March £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
<b>As at 31 March 2025</b>				
Cash and cash equivalents	25,946	0	25,946	25,946
Cash balances	46	0	46	46
Fixed Income	363,501	3,635	367,136	359,866
<b>Total</b>	<b>389,493</b>	<b>3,635</b>	<b>393,128</b>	<b>385,858</b>

Assets exposed to interest rate risk	Value as at 31 March £000	Potential movement on 1% change in interest rates £000	Value on increase £000	Value on decrease £000
<b>As at 31 March 2024</b>				
Cash and cash equivalents	16,607	0	16,607	16,607
Cash balances	(40)	0	(40)	(40)
Fixed Income	354,383	3,544	357,927	350,839
<b>Total</b>	<b>370,950</b>	<b>3,544</b>	<b>374,494</b>	<b>367,406</b>

During 2024/25 the Fund received £0.267m (2023/24 £0.120m) in interest from surplus pension fund revenue cash. This was either invested in call accounts (including Insight Money Market Fund) which are classified as a variable rate investment or a fixed term deposit. A 1% change in interest rates throughout the year would have increased or decreased the amount of interest earned on these investments by £0.059m. In addition, the Fund earned £0.065m (2023/24 £0.066m) in interest on its loan to LGPS Central Ltd. The impact of a 1% change in interest rates would have increased or decreased interest earned on this loan by £0.007m.

### Currency risk

Currency risk represents the risk that future cash flows will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on any cash balances and investment assets not denominated in UK sterling. Following analysis of historical data in consultation with the Fund investment advisors, the Fund considers the likely volatility associated with foreign exchange rate movements to be not more than 10%. A 10% 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:

### Currency risk – sensitivity analysis

## Pension Fund Accounts

Assets exposed to currency risk	Asset value as at 31 March 2025 £000	Potential market movement £000 10%	Value on increase £000 10%	Value on decrease £000 10%
Overseas Equities	627,244	62,724	689,968	564,520
Overseas Private Equity	199,002	19,900	218,902	179,102
Overseas Private Debt	31,645	3,165	34,810	28,480
Overseas Infrastructure	125,065	12,507	137,572	112,558
Cash balances	13,563	1,356	14,919	12,207
<b>Total change in assets available to pay benefits</b>	<b>996,519</b>	<b>99,652</b>	<b>1,096,171</b>	<b>896,867</b>

Assets exposed to currency risk	Asset value as at 31 March 2024 £000	Potential market movement £000 10%	Value on increase £000 10%	Value on decrease £000 10%
Overseas Equities	610,843	61,084	671,927	549,759
Overseas Private Equity	199,813	19,981	219,794	179,832
Overseas Private Debt	21,846	2,185	24,031	19,661
Overseas Infrastructure	140,711	14,071	154,782	126,640
Cash balances	7,893	789	8,682	7,104
<b>Total change in assets available to pay benefits</b>	<b>981,106</b>	<b>98,111</b>	<b>1,079,217</b>	<b>882,995</b>

### Credit Risk

Credit risk represents the risk that the counterparty to a financial transaction will fail to discharge an obligation and cause the Fund to incur a financial loss. Assets potentially affected by this risk are investment assets, cash deposits and third-party loans. The selection of high-quality counterparties, brokers and financial institutions minimises credit risk and the market values of investments generally reflect an assessment of credit risk.

Credit risk may also occur if an employing body not supported by central government does not pay contributions promptly, or defaults on its obligations. The Pension Fund has not experienced any actual defaults in recent years and the current practice is to obtain a guarantee before admitting new employers so that all pension obligations are covered in the event of that employer facing financial difficulties. All contributions due at 31 March 2025 and 31 March 2024 were received in the first two months of the financial year.

In January 2018 the Fund advanced a loan of £0.685m to LGPS Central asset pool on commercial rates, repayable in 2027. LGPS Central have not defaulted on any annual loan interest repayments to date. The credit risk at 31 March 2025 is therefore not considered to be significant and no credit loss adjustment has been made.

The Fund has set limits on the maximum sum placed on deposit with individual financial institutions.

The investment priorities for the management of the pension fund revenue cash held for day-to-day transactions are the security of the principal sums it invests. The enhancement of returns is a secondary consideration to the minimisation of risk. Accordingly, the Administering Authority

## Pension Fund Accounts

ensures that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited.

The main criteria for determining the suitability of investment counterparties is outlined in the Administering Authority's creditworthiness policy which the Pension Fund has also adopted and approved as part of the annual Pension Fund Treasury strategy.

The Fund's lending list is reviewed continuously in conjunction with the Administering Authority's treasury advisor. The total permitted investment in any one organisation at any one time varies with the strength of the individual credit rating. The maximum amount is currently limited to £5,000,000. With security of capital being the main priority, lending continues to be restricted to highly credit rated institutions including Money Market funds, part nationalised institutions and other Local Authorities. In addition to credit ratings the Administering Authority continually monitors the financial press and removes institutions from its approved lending list immediately if appropriate.

The Pension Fund has had no experience of default or uncollectable deposits over the past five financial years.

Asset type	Rating	As at 31 March 2025 £000	As at 31 March 2024 £000
Lloyds	AA-	3,000	0
Insight BGP Liquidity Fund	AAAm	2,700	0
Handelsbanken Instant Access Account	AA	0	1,650
<b>Total</b>		<b>5,700</b>	<b>1,650</b>

### Liquidity risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due i.e. that cash is not available when required. The Pension Fund therefore takes steps to ensure that it always has adequate cash resources to meet its commitments. The Fund's cash holding under its treasury management arrangements at 31 March 2025 was £5.70m (31 March 2024 £1.65m).

The Fund has immediate access to cash through two instant access accounts and one instant access money market account, which at any one time could have up to £13 million available in total. The Fund can also access immediate cash held by Northern Trust, which as at 31 March 2025 was £16.617m (31 March 2024 £12.373m). The Fund does not have access to an overdraft facility.

Officers prepare a daily cash flow forecast to understand and manage the timing of the Fund's cash flows. The appropriate strategic level of cash balances to be held forms part of the investment strategy.

## 17. FUNDING ARRANGEMENTS

In line with the Local Government Pension Scheme Regulations 2013, the Fund's actuary undertakes a funding valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such valuation took place as at 31 March 2022 and the next valuation will take place as at 31 March 2025.

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The key elements of the funding policy are:

- To ensure the long-term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- To ensure that employer contribution rates are as stable as possible
- To minimise the long-term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- To reflect the different characteristics of employing bodies in determining contribution rates where it considers it reasonable to do so
- To use reasonable measures to reduce the risk to other employers and ultimately to the council taxpayer from an employer defaulting on its pension obligations

The aim is to achieve 100% solvency over a period of 16 years and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. For each individual employer, the funding objective, method and assumptions depend on a particular employer's circumstances and different approaches have been adopted where applicable, in accordance with the Funding Strategy Statement.

At the 2022 actuarial valuation, the Fund was assessed as 99% funded (94% at the March 2019 valuation). This corresponded to a deficit of £22 million (2019 valuation was £132 million) at that time. Revised contributions set by the 2022 valuation were introduced in 2023/24 and the common contribution rate (i.e. the average employer contribution rate in respect of future service only) is 18.4% of pensionable pay (16.6% at the March 2019 valuation).

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were as follows:

Financial assumptions	31 March 2022	31 March 2019
Discount rate	4.8% p.a.	4.25% p.a.
Assumed long term CPI inflation	3.1% p.a.	2.4% p.a.
Salary increases – long term	4.35% p.a.	3.65% p.a.
Salary increases – short term	No allowance	No allowance
Pension increases in payment	3.1% p.a.	2.4% p.a.

The assumed life expectancy from age 65 is as follows:

Demographic assumptions		31 March 2022	31 March 2019
Current pensioners (at age 65)	Males	22.1	22.8
	Females	24.4	24.9
Future pensioners (assumed current age 45)	Males	23.4	24.1
	Females	26.2	26.6

It is assumed that, on average, retiring members will take 75% of the maximum tax-free cash available at retirement (80% at 2019).

## Pension Fund Accounts

### 18a. LONG TERM DEBTORS

Details of long-term debtors outstanding as at 31 March 2025 is shown below:

Long term Debtors	2024/25 £000	2023/24 £000
Lifetime and annual tax allowances*	1,857	1,724
<b>Total</b>	<b>1,857</b>	<b>1,724</b>

\* The HMRC annual allowance limits the tax relief on pension contributions each year and the Life time allowance (abolished after 5th April 2023) limits the total amount of savings in a pension pot without facing a tax charge when drawing it. The Pension Fund pays the tax charge upfront on behalf of those members affected and who elect for 'scheme pays'. The Fund is reimbursed by the members via pension deductions over time.

### 18b. ANALYSIS OF DEBTORS

Provision has been made for debtors known to be outstanding as at 31 March 2025. An analysis of debtors outstanding as at 31 March 2025 is shown below:

Debtors	2024/25 £000	2023/24 £000
Contributions due - employees	1,626	1,561
Contributions due - employers	5,636	5,610
Other entities and individuals	1,121	2,307
<b>Total</b>	<b>8,383</b>	<b>9,478</b>

### 19. ANALYSIS OF CREDITORS

Provision has also been made for creditors known to be outstanding at 31 March 2025. An analysis of creditors outstanding as at 31 March 2025 is shown below:

	2024/25 £000	2023/24 £000
Central Government bodies	(1,310)	(1,023)
Other Local Authorities	(2,420)	(2,306)
Other entities and individuals	(2,512)	(1,443)
<b>Total</b>	<b>(6,242)</b>	<b>(4,772)</b>

### 20. ADDITIONAL VOLUNTARY CONTRIBUTIONS

Scheme members have the option to make Additional Voluntary Contributions (AVCs) to enhance their pension benefits. These contributions are invested with an appropriate provider and used to purchase an annuity at retirement. Contributions are paid directly from scheme members to the AVC provider and are therefore not represented in these accounts in accordance with regulation 4 (1) (b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

Contributions are invested in with-profit, unit linked or deposit funds of the scheme member. At present there are around 582 scheme members with AVC policies. These policies are held either by Utmost or Prudential.



## Pension Fund Accounts

During 2024/25 contributions to schemes amounted to £1.176m (2023/24 £1.078m). The combined value of the AVC funds as at 31 March 2025 was £5.342m (31 March 2024 £5.669m).

### NOTE 21: RELATED PARTY TRANSACTIONS

#### Shropshire Council

The Shropshire County Pension Fund is administered by Shropshire Council. Shropshire Council incurred costs of £2.411m (2023/24 £2.299m) in relation to the administration and management of the Fund and all these costs are recharged to the Pension Fund.

Shropshire Council is also the single largest employer of members of the Pension Fund. At the year end, a balance of £3.487m (2023/24 £2.798m) was due to the Fund from the Council relating to contributions which became due in March but were paid in April and other payments due.

Several employees of Shropshire Council hold key positions in the financial management of the Shropshire County Pension Fund. The Executive Director of Resources (s151 Officer), the Head of Pensions (LGPS Senior Officer), the Pensions Investment & Responsible Investment Manager, the Pension Fund Accountant, the Pensions Investment Analyst and the Pensions Administration Manager are all active members of the Fund.

Under the Local Government Pension Scheme 1997 Regulations, Councillors were entitled to join the scheme. Legislation which came into force on 1 April 2014 meant the LGPS was only available to councillors and elected mayors of an English County Council or District Council who elected to join before 31 March 2014. From 1 April 2014 access to the LGPS for councillors was removed and those councillor members who were in the Scheme on the 31 March 2014 could only remain in the Scheme until the end of their current term of office. The remaining active councillor members were removed from the Scheme in May 2017 at the end of their individual office. All councillor members who sit on the Pension Fund Committee who joined the LGPS before 31 March 2014 are now either deferred or pensioner members of the Fund.

#### LGPS Central

LGPS Central (LGPSC) has been established to manage investment assets on behalf of nine Local Government Pension Scheme (LGPS) funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPSC Pool.

The Fund invested £1.315m in share capital and £0.685m in a loan to LGPSC in 2017/18. These remain the balances at 31 March 2025. The Fund was owed interest of £0.065m (31 March 2024 £0.065m) on the loan to LGPSC at 31 March 2025. The rate of interest applied to the LGPSC loan is Bank of England Base Rate plus 4.5% margin. This loan is due to be repaid to the fund in 2027.

In addition, the Fund has now invested in several LGPSC sub-funds (Global Equity, Global Sustainable Equity, Infrastructure, Private Debt, Private Equity and Global Investment Grade Corporate Bonds). The Fund incurred investment management costs totalling £8.942m in respect of investments held with LGPS Central of which £0.032m was payable to LGPSC at 31 March 2025.

## Pension Fund Accounts

The Fund incurred costs totalling £0.703m (2023/24 £0.645m) in respect of Governance, Operator Running and Product Development in connection with LGPSC in 2024/25 of which £0.168m (31 March 2024 £0.159m) was payable to LGPSC at 31 March 2025.

Shropshire Council as the Administering Authority of the Shropshire County Pension Fund has guaranteed a share of the pension liability relating to employees of LGPS Central Ltd that transferred into the company on creation. If this guarantee is called this will be funded by the Pension Fund. The guarantee is on a joint and several basis with the other partner Funds in LGPS Central.

As at the 31st March 2025 LGPS Central Ltd IAS 19 figure was a surplus of £1.68m. As the figure is in surplus, no amount would be due from the Fund.

The guarantee only comes into effect following certain events which (directly or indirectly) cause LGPS Central to cease to be a Scheme employer or fail to pay amounts due. This is not anticipated to be a likely event. The amount of any liability calculated under IAS 19 is subject to the specific assumptions required for the calculation of such a figure under accounting standards. In the event of an exit payment being required, this would be calculated by the Actuary based on the best estimates of the actual liability at the time.

### NOTE 21a: KEY MANAGEMENT PERSONNEL

The posts of Executive Director of Resources (s151 Officer) and Head of Pensions (LGPS Senior Officer) are deemed to be key management personnel with regards to the fund. The financial value of the relationship with the fund (in accordance with IAS24) is set out below:

	2024/25 £000	2023/24 £000
Short-term benefits*	145	124
Post employment benefits**	61	173
<b>Total</b>	<b>206</b>	<b>297</b>

\* This is the Pension Fund's element of short term remuneration for key management personnel, i.e. annual salary, benefits in kind and employer contributions

\*\* This is the change in value of accrued pension benefits, expressed as cash equivalent transfer value

## 22. CONTRACTUAL COMMITMENTS

The Fund has a 22.5% (~£590 million) strategic asset allocation to private market investments split Private Equity (7.5%), Infrastructure (7.5%) and Private Debt (7.5%). The Fund has a legacy allocation to Property Debt which will mature over the next 6 months and be subsumed by the Private Debt allocation. It is necessary to over commit the strategic asset allocation because some of these investments will mature and be repaid before the committed capital is fully invested.

As at 31 March 2025 £338m has been committed to investments in private equity via a fund of funds manager, HarbourVest Partners (£278m) and a separate investment through LGPS Central (£60m). Investment in this asset class will be made as opportunities arise over the next 2-3 years. As at 31 March 2025 the fund's Private Equity investments totalled £199.616m (31 March 2024 £200.502m). Commitments outstanding at the 31 March 2025 were £94.6m.

## Pension Fund Accounts

As at 31 March 2025 £220m has been committed to investment in Infrastructure via Global Infrastructure Partners (£135m) and LGPS Central Core/Opportunistic Infrastructure Partnership (£85m). The outstanding commitments at the 31 March 2025 were £42.4m (Global Infrastructure Partners £20.2m and LGPS Central Core/Opportunistic Infrastructure Partnership £22.2m). Investment in this asset class will be made as opportunities arise over the next 2-3 years. As at 31 March 2025 the fund's Infrastructure investments totalled £157.915m (31 March 2024 £161.956m).

As at 31 March 2025 £47m has been committed to investment in Property Debt via DRC & £210m committed to investment in Private Debt via LGPS Central. The Property Debt portfolio is a legacy asset and will mature over the next 6 months. As at 31 March 2025 there were outstanding commitments of £136.9m, Private Debt via LGPS Central £131.6m and Property Debt via DRC £5.3m. The commitment of £210m to LGPS Central includes £90m commitment to the LGPS Central 2024 Private Debt Scheme to allow further commitments in line with the strategic asset allocation. No drawdown against this commitment had been made at the 31 March 2025. Investments in the Private Debt portfolio will be made as opportunities arise over the next 2-3 years. As at 31 March 2025 the fund's Property Debt and Private Debt investments totalled £10.417m & £78.984m (31 March 2024 £22.222m & £67.330m) respectively.

### **NOTE 23: CONTINGENT ASSETS**

23 admitted body employers in the Shropshire County Pension Fund hold bonds to guard against the possibility of being unable to meet their pension obligations. These bonds are drawn in favour of the Pension Fund and payment will only be triggered in the event of employer default.

### **NOTE 24: VALUE ADDED TAX**

The Fund is reimbursed VAT by HM Revenue and Customs. The accounts are shown exclusive of VAT.

### **NOTE 25: CUSTODY OF INVESTMENTS**

Custodial Services are provided to the Fund by Northern Trust. This includes the safekeeping of assets, the collection of income and the monitoring and execution of corporate actions in conjunction with investment managers. The Custodian also provides independent confirmation of the assets and their value held by the Fund. Securities are held on a segregated basis via a nominee account and are clearly separated from the Custodian's own assets.

### **NOTE 26: FUND AUDITORS**

Grant Thornton has completed its audit in accordance with the Local Audit and Accountability Act 2014 and International Standards on Auditing (UK and Ireland) issued by the Auditing Practice Board. The Audit Certificate is published within this report.

### **NOTE 27: PENSION FUND BANK ACCOUNT**

Since April 2010 all income received for the Pension Fund has been paid into a separate pension fund bank account. The balance on this account is monitored daily and surplus cash balances invested and as at 31 March 2025 £5.70 million was invested (31 March 2024

## Pension Fund Accounts

£1.65m). The cash balance in the Pension Fund account as at the same date was in hand by £0.05 million (31 March 2024 £0.04m overdrawn).

### NOTE 28: FUND STRUCTURE UPDATE

In June 2023 following several investment strategy workshops the Pension Committee agreed the Fund's new strategic asset allocation which is detailed below against the previous allocations:

Asset	2021 Strategic Allocation % of Fund	2023 Strategic Allocation % of Fund	Change
Targeted return funds (e.g. absolute return bonds, hedge funds, insurance linked securities)	25%	7.5%	-17.5%
Property Debt	3.5%	0%	-3.5%
Equities	50%	55%	+5%
Private Debt	4%	7.5%	+3.5%
Indirect Property	5%	5%	-
Private Equity	6.25%	7.5%	+1.25%
Infrastructure	6.25%	7.5%	+1.25%
Investment Grade Corporate Bonds	0%	10%	+10%

Implementation of the new strategy commenced in 2023/24 and continued in 2024/25. Allocation changes in respect of public markets (Equity and Investment Grade Corporate Bonds) were all completed in 2023/24. Private Market (Private Equity, Infrastructure, Debt) changes will take longer to fully implement as this involves the timing of maturities from existing investments and the drawdown of new commitments over time. This will result in additional holdings remaining in target return funds until the capital is required to meet commitments. Investments in this sector currently reside with individual managers as the proposed LGPS Central product for this area was withdrawn in 2023/24.

In September 2017, an equity protection strategy was implemented with Legal & General, one of the Fund's existing managers. The strategy is currently being used to reduce equity risk. At 31 March 2025 approximately 42% of total global equities were being protected at this time. The equity protection strategy remained constant during 2024/25 at c.£640 million (notional). Geopolitical tensions and uncertainty in economic forecasts led to a full review of the equity protection options on several occasions during 2024/25. At the 31 March 2025, the fund held equity protection options with Legal and General which had expiry dates of June 2025 and December 2025. The June 2025 equity protection policy was removed in April 2025 after the year end. The December 2025 protection on the S&P only remains in place covering a notional value of £420m. Full updates are provided to Pension Committee each quarter on the equity protection strategy.

During the financial year the Fund made additional commitments of £90m to the LGPS Central Private Debt 2024 vintage to achieve the target allocation of 7.5%. The Fund also made increased investments with Aberdeen to increase the property allocation towards the 5% allocation. The Committee also agreed to a slight amendment to the targeted return allocation of 7.5% with Insurance Linked Securities being retained at an allocation of 1.5% and absolute bonds reduced from 3.75% allocation to 2.25% to accommodate.

## Pension Fund Accounts

The strategic allocation in June 2023 removed the allocation to property debt in favour of private debt. The property debt portfolio will mature over the next 6 months and proceeds will be used to meet existing commitments to the LGPS Central Private Debt fund. The total proportion of the fund to debt investments remains at 7.5% but this is now reflected as private debt in the strategic asset allocation.

# Pension Fund Accounts

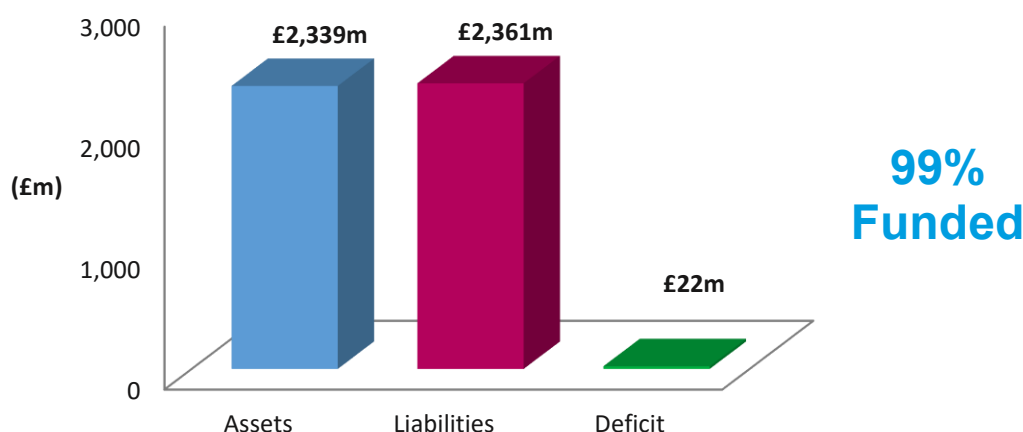
## SHROPSHIRE COUNTY PENSION FUND

### Accounts for the year ended 31 March 2025 Statement by the Consulting Actuary

This statement has been provided to meet the requirements under Regulation 57(1)(d) of The Local Government Pension Scheme Regulations 2013.

An actuarial valuation of the Shropshire County Pension Fund was carried out as at 31 March 2022 to determine the contribution rates with effect from 1 April 2023 to 31 March 2026.

On the basis of the assumptions adopted, the Fund's assets of £2,339 million represented 99% of the Fund's past service liabilities of £2,361 million (the "Solvency Funding Target") at the valuation date. The deficit at the valuation was therefore £22 million.



The valuation also showed that a Primary contribution rate of 18.4% of pensionable pay per annum was required from employers. The Primary rate is calculated as being sufficient, together with contributions paid by members, to meet all liabilities arising in respect of service after the valuation date.

The funding objective as set out in the FSS is to achieve and maintain a solvency funding level of 100% of liabilities (the solvency funding target). In line with the FSS, where a shortfall exists at the effective date of the valuation a deficit recovery plan will be put in place which requires additional contributions to correct the shortfall. Equally, where there is a surplus it may be appropriate to offset this against contributions for future service, in which case contribution reductions will be put in place to allow for this.

The FSS sets out the process for determining the recovery plan in respect of each employer. At the actuarial valuation the average recovery period adopted was 16 years for employers in deficit and 12 years for the employers in surplus, and the total initial recovery payment (the "Secondary rate" for 2023/26) was an addition of approximately £1.7m per annum in £ terms (which allows for the contribution plans which have been set for individual employers under the provisions of the FSS), although this varies year on year.

Further details regarding the results of the valuation are contained in the formal report on the actuarial valuation dated March 2023.



## Pension Fund Accounts

In practice, each individual employer's position is assessed separately and the contributions required are set out in the report. In addition to the certified contribution rates, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

The funding plan adopted in assessing the contributions for each individual employer is in accordance with the Funding Strategy Statement (FSS). Any different approaches adopted, e.g. with regard to the implementation of contribution increases and deficit recovery periods, are as determined through the FSS consultation process.

The valuation was carried out using the projected unit actuarial method and the main actuarial assumptions used for assessing the Solvency Funding Target and the Primary rate of contribution were as follows:

	<b>For past service liabilities (Solvency Funding Target)</b>	<b>For future service liabilities (Primary rate of contribution)</b>
<b>Rate of return on investments (discount rate):</b>		
Standard	4.80% per annum	5.20% per annum
Lower risk	4.55% per annum	4.70% per annum
<b>Rate of pay increases (long term)</b>	4.35% per annum	4.35% per annum
<b>Rate of increases in pensions in payment (in excess of GMP)</b>	3.10% per annum	3.10% per annum

The assets were assessed at market value.

The next triennial actuarial valuation of the Fund is due as at 31 March 2025. Based on the results of this valuation, the contribution rates payable by the individual employers will be revised with effect from 1 April 2026.

## Pension Fund Accounts

### Actuarial Present Value of Promised Retirement Benefits for the Purposes of IAS 26

IAS 26 requires the present value of the Fund's promised retirement benefits to be disclosed, and for this purpose the actuarial assumptions and methodology used should be based on IAS 19 rather than the assumptions and methodology used for funding purposes. The assumptions adopted are shown in Appendix B.

The movement in the value of the Fund's promised retirement benefits for IAS 26 is as follows:

<b>Start of period liabilities</b>	<b>£2,519m</b>
<b>Interest on liabilities</b>	£121m
<b>Net benefits accrued/paid over the period*</b>	(£28m)
<b>Actuarial losses / (gains) - see below</b>	(£364m)
<b>End of period liabilities</b>	<b>£2,248m</b>

*\*this includes any increase in liabilities arising as a result of early retirements*

Key factors leading to actuarial gains above are:

- Change in financial assumptions: Corporate bond yields increased over the year, with a corresponding increase in discount rate from 4.9% p.a. to 5.8% p.a. The long-term assumed CPI is slightly lower at the end of year than it was at the start of year. In combination, these factors lead to a significant reduction in liabilities.
- Change in demographic assumptions: As noted in appendix B, the mortality assumptions have been updated to reflect the latest mortality tables and future life expectancy improvement model. This acts to slightly reduce the liabilities.
- Pension increases / inflation experience: The figures allow for the impact of actual CPI experienced over the year compared to the start of period assumption (experience to September 2024 fed into the April 2025 pension increase of 1.7%, and actual inflation from that point will feed into the 2026 increase). As inflation over the year was a little lower than the long-term assumption, this slightly decreases the liabilities.

**Clive Lewis**  
Fellow of the Institute and  
Faculty of Actuaries

**Mark Wilson**  
Fellow of the Institute and  
Faculty of Actuaries

**Mercer Limited**  
May 2025

## Appendix A - additional considerations

**The “McCloud judgment”:** The figures above allow for the impact of the judgment based on the proposed remedy.

**GMP indexation:** The above figures allow for the provision of full CPI pension increases on GMP benefits for members who reach State Pension Age after 6 April 2016.

**Market volatility and tariffs:** There was significant volatility in markets shortly after the accounting date, in part due to the announcements on tariffs coming from the USA. The period-end figures reflect market conditions as at the accounting date, but do not allow for any subsequent experience.

**Virgin Media Court Case:** Our current understanding is that, while HM Treasury are still assessing the implications, they do not believe the case is relevant to public service pension schemes. Given this, and the unknown impact on benefits even if it were to be required, we have not made any allowance for the Virgin Media judgment.

# Appendix B – financial and demographic assumptions

To assess the liability value of the benefits, we have used the following assumptions as at 31 March 2025 (the 31 March 2024 assumptions are included for comparison):

## Financial assumptions

	31 March 2024	31 March 2025
Rate of return on investments (discount rate)	4.90% per annum	5.80% per annum
Rate of CPI inflation/Care benefit revaluation	2.70% per annum	2.60% per annum
Rate of pay increases	3.95% per annum	3.85% per annum
Increases on pensions (in excess of GMP) / Deferred revaluation	2.80% per annum	2.70% per annum

## Post retirement mortality (normal health)

	31 March 2024 (M/F)	31 March 2025 (M/F)
Base mortality table	SAPS 3 / SAPS 3 middle	SAPS 4 / SAPS 4 middle
Future improvements	CMI 22 1.5%	CMI 23 1.5%
Additional parameters	S=7, A=0 W20=W21=0%, W22=25%	S=7, A=0 W20=W21=0%, W22=W23=15%
Non-retired member (current age 45):		
Weightings	102% / 92%	101% / 93%
Life expectancies at age 65	23.1 / 26.0	23.1 / 26.0
Retired members (current age 65):		
Weightings	98% / 92%	96% / 92%
Life expectancies at age 65	21.8 / 24.2	21.8 / 24.3

The base tables are set based on the most recent mortality analysis for the Fund (undertaken as part of the 2022 actuarial valuation). The future improvements allow for a best estimate long-term improvement rate of 1.5%, and have been updated to allow for the latest base tables available (the “S4” series of tables and CMI 2023 at the end of period), with a reweighting to maintain consistency with the underlying mortality analysis.

## Other demographic assumptions

The other demographic assumptions are the same as those used for 2022 actuarial funding valuation – full details are set out in the formal report on the actuarial valuation dated March 2023.

## **Pension Fund Accounts**

**TO BE COMPLETED FOLLOWING EXTERNAL AUDIT**











# Section 10

# Glossary



## Glossary

Accountable Body	An accountable body receives external funding and is responsible for the financial management of these funds, therefore the accountable body must ensure that robust accounting and performance management arrangements are in place with regard to the distribution and spending of these funds.
Accounting Concepts	The basis on which an organisation's financial statements are based to ensure that those statements 'present fairly' the financial position and transactions of that organisation. Accounting concepts include 'materiality', 'accruals', 'going concern' and 'primacy of legislative requirements'.
Accounting Policies	The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements.
Accumulated Absences Account	The Accumulated Absences 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.
Accruals	The accruals accounting concept requires the non-cash effect of transactions to be included in the financial statement for the year in which they occur, not in the period in which the cash is paid or received.
Actuarial Basis	The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.
Actuarial Gain	This may arise on defined benefit pension scheme liabilities and assets. A gain represents a positive difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were lower than estimated).
Actuarial Loss	These may arise on defined benefit pension scheme liabilities and assets. A loss represents a negative difference between the actuarial assumptions and actual experience (e.g. liabilities during the period were higher than estimated).

## Glossary

Adjusted Capital Financing Requirement	The value of the Capital Financing Requirement after it has been adjusted by the value of Adjustment A.
Adjustment A	The difference between the Council's Credit Ceiling and Capital Financing Requirement to ensure that the impact of the Prudential Code (effective from 1 April 2004) is neutral on the Council's revenue budget. Once calculated the figure is fixed.
Appropriation	The transfer of sums to and from reserves, provisions and balances.
Asset Ceiling	This is the limit on the amount of surplus (net assets) that an employer can recognise on their balance sheet for a defined benefit pension scheme. The limit is based on the present value of any economic benefits the employer can derive from the surplus.
Assets	These are economic resources that can include anything tangible or intangible that is capable of being owned or controlled to produce value and that is held to have positive economic value.
Associated Company	<p>An organisation in which the Council has a participating interest and over which it can exercise significant influence without support from other participants in that organisation (e.g. other board members etc.).</p> <p>The exercise of significant influence occurs when one organisation is actively involved and is influential in the direction of another organisation through its participation in policy decisions including decisions on strategic issues. A holding of 20% or more of the voting rights of an organisation is generally recognised as being a significant influence.</p>
Balances	Amounts set aside to meet future expenditure but not set aside for a specific purpose.
Balance Sheet	The financial statement that reports the financial position of an organisation at a point in time, for Shropshire Council this is the 31 <sup>st</sup> March. It shows the balances and reserves at the Council's disposal, long term liabilities and the fixed and net current assets employed in its operations, together with summarised information on the non-current assets held.



## Glossary

Below the Line Items	Items that are notionally allocated to services to arrive at the “Net Cost of Service”. Below the line items include depreciation and IAS19 pension costs.
Bonds	Investment in certificates of debts issued by a Government or company. These certificates represent loans which are repayable at a future date with interest.
Borrowing	Loans from the Public Works Loans Board and the money markets which finance the capital programme of the Council.
Budget	The financial plan reflecting the Council’s policies and priorities over a period of time i.e. what the Council is going to spend to provide services. This is the end product of a budget strategy.
Budget Strategy	A plan of how the Council is going to meet its policies and priorities, taking account of the resources available to the Council. This will include proposals for efficiency savings and possibly service changes and/or cuts, which may free resources to spend on other policies and priorities.
Cabinet	The group of members (local councillors) that provide the executive function of the Council within the policy parameters set by Council. This group of members is able to exercise considerable control over the Council. Its decision- making powers are set out in the Council’s Constitution.
Capital Adjustment Account	<p>The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provision.</p> <p>The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.</p> <p>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.</p>
Capital Expenditure	Expenditure on items that have a life of more than one year, such as buildings, land, major equipment.

## Glossary

Capital Financing Requirement (CFR)	This sum represents the Council's underlying need to borrow for capital purposes. It is calculated by summing all items on the balance sheet that relate to capital expenditure, e.g. non-current assets, financing leases, Government grants deferred etc. The CFR will be different to the actual borrowing of the Council as actual borrowing will relate to both capital and revenue activities and it is not possible to separate these sums. This figure is then used to calculate the Council's Minimum Revenue Provision.
Capital Grants Unapplied	The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Council has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.
Capital Receipts	The proceeds from the sale of non-current assets such as land and buildings. These sums can be used to finance new capital expenditure.
Capital Receipts Reserve	The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.
Capitalised Expenditure	Represents expenditure on assets. This expenditure is reflected in the value of assets that are reported in the Balance Sheet and will result in increased depreciation costs to the Income and Expenditure Account.
Cash Equivalents	Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
Cash Flow Statement	The financial statement that summarises the Council's inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
Code of Practice on Local Authority Accounting (Code)	A publication produced by CIPFA that provides comprehensive guidance on the content of a Council's Statement of Accounts.

## Glossary

Collection Fund	A separate statutory fund which records Council Tax and Non-Domestic Rates collected, together with payments to precepting authorities (e.g. Police Authorities, Fire Authorities etc.), NDR distribution to Central Government and the billing Council's own General Fund.
Collection Fund Adjustment Account	The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.
Comprehensive Income and Expenditure Statement	This is fundamental to the understanding of a Council's activities. It brings together all of the functions of the Council and summarises all of the resources that the Council has generated, consumed or set aside in providing services during the year. As such, it is intended to show the true financial position of the Council, before allowing for the concessions provided by statute to raise Council Tax according to different rules and for the ability to divert particular expenditure to be met from capital resources.
Constitution	The document that sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that the Council is efficient, transparent and accountable to local people.
Contingent Liability	Potential costs that the Council may incur in the future because of something that happened in the past.
Corporate Bonds	Investments in certificates of debt issued by a company. These certificates represent loans which are repayable at a future date with interest.
Council	The Council comprises all of the democratically elected Councillors who represent the various electoral divisions.
Council Tax	A local taxation that is levied on dwellings within the local Council area. The actual level of taxation is based on the capital value of the property, which is split into 8 bands from A to H, and the number of people living in the dwelling.

## Glossary

Council Tax Base	To set the Council Tax for each property a Council has to first of all calculate the council tax base. This is a figure that is expressed as the total of band D equivalent properties. The total amount to be raised from Council Tax is divided by this figure to determine the level of tax for a band D property. The level of tax for the other bands of property are calculated by applying a predetermined ratio to the band D figure.
Council Tax Precept	The amount of income due to the Council in respect of the total Council Tax collected.
Credit	A credit represents income to an account.
Credit Ceiling	A term from the old Local Authority capital expenditure system, the credit ceiling represented the Council's total debt outstanding after taking account of sums set aside to repay borrowing.
Creditors	Represents the amount that the Council owes other parties.
Debit	A debit represents expenditure against an account.
Debt Charges	This represents the interest payable on outstanding debt.
Debtors	Represents the amounts owed to the Council.
Dedicated Schools Grant (DSG)	A specific grant paid to Local Authorities to fund the cost of running its schools.
Dedicated Schools Grant (DSG) Adjustment Account	The Dedicated Schools Grant (DSG) Adjustment Account holds any DSG deficit separately from the Council's General Fund.
Deferred Capital Receipts Reserve	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 Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts.
Deficit	Arises when expenditure exceeds income or when expenditure exceeds available budget.

## Glossary

Depreciation	The accounting term used to describe the charge made representing the cost of using tangible non-current assets. The depreciation charge for the year will represent the amount of economic benefits consumed in the period, e.g. due to wear and tear over time.
Direct Revenue Financing	The cost of capital projects that is charged against revenue budgets.
Equities	Ordinary shares in UK and overseas companies traded on a stock exchange. Shareholders have an interest in the profits of the company and are entitled to vote at shareholder's meetings.
Estimation Techniques	The methods adopted by an organisation to arrive at estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves.
Exceptional Item	Material Items which derive from events or transactions that fall within the ordinary activities of the council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.
Finance Lease	A lease that transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee. The payments usually cover the full cost of the asset, together with a return for the cost of finance.
Financial Instruments	Financial instruments are formally defined in the Code as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The definition is a wide one, it covers the treasury management activity of the Council, including the borrowing and lending of money and the making of investments. However, it also extends to include such things as receivables and payables and financial guarantees.

## Glossary

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 benefitting from gains per statutory provisions. The Council uses the Account to manage premiums paid on the early redemption of loans. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.
Fixed Interest Securities	Investments in mainly Government but also company stocks, which guarantee a fixed rate of interest. The securities represent loans which are repayable at a future date but which can be traded on a recognised stock exchange before the repayment date.
Futures	A contract made to purchase or sell an asset at an agreed price on a specified future date.
General Fund Balance	<p>The General Fund is the statutory fund into which all the receipts of a Council are required to be paid and out of which all liabilities of the Council are to be met, except to the extent that statutory rules might provide otherwise.</p> <p>The General Fund Balance is the reserve held by the Council for general purposes, i.e. against which there are no specific commitments. That said it is prudent and sensible for these sums to be treated as a contingency to protect the Council's financial standing should there be any financial issues in the year.</p>
Going Concern	The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.
Group Accounts	Where a Council has an interest in another organisation (e.g. a subsidiary organisation) group accounts have to be produced. These accounts report the financial position of the Council and all organisations in which it has an interest.
Hedge Funds	An investment fund that uses sophisticated investment strategies to profit from opportunities on financial markets around the world. These strategies include borrowing money to make investment, borrowing shares in order to sell them and profiting from company mergers.



## Glossary

Heritage Assets	These are tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained by the Council principally for their contribution to knowledge and culture.
Housing Revenue Account	The Housing Revenue Account reflects the statutory obligation to maintain a revenue account for the local authority council housing provision in accordance with Part VI of the Local Government and Housing Act 1989. This account includes the revenue costs of providing, maintaining and managing Council dwellings are charged. These costs are financed by tenants' rents and government housing subsidy.
Impairment	Impairment of an asset is caused either by a consumption of economic benefits e.g. physical damage (e.g. fire at a school) or a deterioration in the quality of the service provided by the asset (e.g. a library closing and becoming a storage facility), or by a general fall in prices of that particular asset or type of asset.
Index Linked Securities	Investments in Government stock that guarantee a rate of interest linked to the rate of inflation. These securities represent loans to Government which can be traded on recognised stock exchanges.
Inflow	This represents cash coming into the Council.
International Financial Reporting Standards (IFRS)	International Financial Reporting Standards are issued by the International Accounting Standards Board (IASB) to develop a single set of financial reporting standards for general purpose financial statements.
Investments	An asset which is purchased with a view to making money by providing income, capital appreciation or both.
Joint Venture	An organisation in which the Council is involved where decisions require the consent of all participants.
LDI	Liability driven investment (LDI) strategies aim to enable pension funds to reduce risk and improve funding levels by reducing volatility over time. Because the value of future pension payments is directly linked to inflation, interest rates and the longevity of Fund members, Funds have sought investments linked to such factors.

## Glossary

Leases	A method of funding expenditure by payment over a defined period of time. An operating lease is similar to renting, the ownership of the asset remains with the lessor and the transaction does not fall within the capital control system. Finance leases are more akin to borrowing and do fall within the capital system.
Liabilities	An obligation to transfer economic benefits. Current liabilities are usually payable within one year.
Liquid Resources	These are resources that the Council can easily access and use, e.g. cash or investments of less than 365 days.
Major Repairs Reserve	The Council is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year end.
Managed Funds	A type of investment where a number of investors pool their money into a fund which is then invested by a fund manager.
Materiality	Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole. A matter is material if its omission would reasonably influence the reader of the accounts. Materiality has both quantitative and qualitative aspects.
Minimum Revenue Provision (MRP)	A minimum amount, set by law, which the Council must charge to the income and expenditure account, for debt redemption or for the discharge of other credit liabilities (e.g. finance lease).
Movement in Reserves Statement	This provides a reconciliation showing how the balance of resources generated/consumed in the year links in with statutory requirements for raising Council Tax.
Non Domestic Rates (NDR)	Taxation that is levied on business properties. This is collected by billing authorities and then distributed to preceptors and Central Government.
Net Book Value	The amount at which non-current assets are included in the balance sheet. It represents historical cost or current value less the cumulative amounts provided for Depreciation or Impairment.

## Glossary

Net Expenditure	The actual cost of a service to an organisation after taking account of all income charged for services provided.
Net Cost of Service	The actual cost of a service to an organisation after taking account of all income charged for services provided. The net cost of service includes the cost of depreciation relating to non-current assets.
Non-Current Assets	Tangible assets that yield benefits to the Council for a period of more than one year, examples include land, buildings and vehicles.
Operating Lease	A lease where the asset concerned is returned to the lessor at the end of the period of the lease.
Outflow	This represents cash going out of the Council.
Outturn	Actual expenditure within a particular year. In the Narrative Report this expenditure is stated before taking into account Depreciation and other Below the Line Items.
Pension Reserve	The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.
Post Balance Sheet Event	Those events both favourable and unfavourable, that occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the Responsible Financial Officer.
Precept	The amount levied by the various joint authorities (e.g. police and fire authorities) which is collected by the council on their behalf. A body which can set a precept is called a preceptor.

## Glossary

Primacy of Legislation	The accounting concept primacy of legislation applies when accounting principles and legislative requirements are in conflict, in such an instance the latter shall apply.
Prior Period Adjustments	These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors.
Private Finance Initiative (PFI)	A Government initiative that enables, through the provision of financial support, Authorities to carry out capital projects through partnership with the private sector.
PFI Credits	The financial support provided to Local Authorities to part fund PFI capital projects.
Provisions	Provisions represent sums set aside to meet specific future expenses which are likely or certain to be incurred, as a result of past events, where a reliable estimate can be made of the amount of the obligation.
Prudence	This accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in light of the information available.
Prudential Borrowing	The amount of borrowing undertaken by the Council to fund capital expenditure, in line with affordable levels calculated under the Prudential Code.
Prudential Code	The Government removed the extensive capital controls on borrowing and credit arrangements from 2004/05 and replaced them with a Prudential Code under which each Council determines its own affordable level of borrowing. The Prudential Code requires authorities to set specific prudential indicators e.g. affordable borrowing limit on an annual basis.
Public Works Loans Board (PWLb)	A Government agency providing long and short term loans to local authorities at interest rates only slightly higher than those at which Government itself can borrow.
Public Sector Bonds	Investments in certificates of debt issued by Government. These represent loans to Governments which are tradable on recognised stock exchanges.

## Glossary

Revaluation Reserve	<p>The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are revalued downwards or impaired and the gains are lost, used in the provision of services and the gains are consumed through depreciation, or disposed of and the gains are realised.</p> <p>The Reserve contains only revaluation gains accumulated since 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.</p>
Revenue Expenditure	Expenditure on the day to day running costs of the Council, such as salaries, wages, utility costs, repairs and maintenance.
Revenue Expenditure Funded By Capital Under Statute	Expenditure incurred during the year that may be capitalised under statutory provisions and does not result in the creation of non-current assets.
Revenue Support Grant (RSG)	An amount of money that Central Government makes available to Local Authorities to provide the services that it is responsible for delivering.
Reserves	Sums are set aside in reserves for specific future purposes rather than to fund past events.
Service Reporting Code of Practice (SERCOP)	Provides guidance to local authorities on financial reporting to stakeholders. It establishes 'proper practice' with regard to consistent financial reporting, which allows direct comparisons to be made with the financial information published by other local authorities.
Soft Loan	This is a loan which is provided with a below-market rate of interest.
Specific Grant	A grant awarded to a Council for a specific purpose or service that cannot be spent on anything else.
Subsidiary	An organisation that is under the control of the Council (e.g. where the Council controls the majority of voting rights, etc.)
Surplus	Arises when income exceeds expenditure or when expenditure is less than available budget.

## Glossary

Trading Service/Organisation	A service run in a commercial style and environment, providing services that are mainly funded from fees and charges levied on customers.
Treasury Strategy	A plan outlining the Council's approach to treasury management activities. This includes setting borrowing and investment limits to be followed for the following year.
Unit Trusts	A pooled Fund in which small investors can buy and sell units. The pooled Fund then purchases investments, the returns on which are passed on to the unit holders. It enables a broader spread of investments than investors could achieve individually.
Unquoted Equity Investment	Investments in unquoted securities such as shares, debentures or unit trusts which are not quoted or traded on a stock market.
Usable Capital Receipts Reserve	Represents the resources held by the Council that have arisen from the sale of non-current assets that are yet to be spent on other capital projects.
Usable Reserves	Reserves that can be applied to fund expenditure or reduce local taxation, all other reserves retained on the balance sheet cannot.
Variation	The difference between budgeted expenditure and actual outturn, also referred to as an over or under spend.
Virement	The transfer of resources between two budgets, such transfers are governed by financial rules contained within the Constitution.



# Draft Statement of Accounts 2024-2025

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## Have your say –

We want to know what you think of this statement of accounts.

Tell us your views by telephone (01743) 258948 or email  
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If you can read this but know someone who can't, please contact us on (01743) 258948 so we can provide this information in a more suitable format such as large print, Braille and audio, or translated into another language.