Draft Statement of Accounts 2025/26

Contents

	Page
Narrative Report	5
Statement of Responsibilities	24
Core Financial Statements	
Comprehensive Income and Expenditure Statement	27
Movement in Reserves Statement	28
Balance Sheet	29
Cash Flow Statement	30
Notes to the Core Financial Statements	31
Supplementary Financial Statements	
Housing Revenue Account - Income and Expenditure Statement	157
Movement on the Housing Revenue Account Statement	158
Notes to the Housing Revenue Account	159
Collection Fund Income and Expenditure Account	
Collection Fund Income and Expenditure Account	163
Notes to the Collection Fund	164
Group Accounts	
Narrative Report	167
Group Comprehensive Income and Expenditure Statement	170
Group Movement in Reserves Statement	171
Group Balance Sheet	172
Group Cash Flow Statement	173
Notes to the Group Accounts	174
Annual Governance Statement 2025/26	200
Glossary	202
Auditor's Report	210

Notes to the Core Financial Statements

	Note	Page
Setting the Accounts Framework		
Accounting Policies	1	31
Critical Judgements in Applying Accounting Policies	2	54
Accounting Standards That Have Been Issued but Have Not Yet Been Adopted	3	57
Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty	4	58
Events After the Reporting Period	5	63
Notes Supporting the Comprehensive Income and Expenditure Statement		
Expenditure and Funding Analysis	6	64
Note to the Expenditure and Funding Analysis	7	66
Expenditure and Funding Analysis by Nature of Activity	8	68
Material Items of Income and Expense	9	68
Other Operating Expenditure	10	69
Financing and Investment Income and Expenditure	11	69
Taxation and Non Specific Grant Income	12	70
Trading Operations	13	71
Grant Income	14	73
Dedicated Schools Grant	15	75
Notes Supporting the Movement in Reserves Statement		
Adjustments Between Accounting Basis and Funding Basis Under Regulations	16	76
Usable Reserves	17	79
Unusable Reserves	18	82
Pension Schemes Accounted for as Defined Contribution Schemes	19	87
Defined Benefit Pension Schemes	20	88
Notes Supporting the Balance Sheet		
Property, Plant and Equipment	21	96
Heritage Assets	22	101
Intangible Assets	23	103
Long Term Debtors	24	103
Short Term Investments	25	104
Assets Held for Sale	26	104
Short Term Debtors	27	105
Cash and Cash Equivalents	28	106
Short Term Creditors	29	106
Provisions	30	107
Contingent Liabilities and Contingent Assets	31	108
Council Borrowing	32	109
Notes Supporting the Cash Flow Statement		
Cash Flow Statement - Operating Activities	33	110
Cash Flow Statement - Investing Activities	34	110
Cash Flow Statement - Financing Activities	35	110
Cash Flow Statement - Other Adjustments	36	111

Disclosures Providing Additional Supporting Information		
Financial Instruments	37	111
Nature and Extent of Risks Arising from Financial Instruments	38	119
Capital Expenditure and Capital Financing	39	123
Leases	40	124
Service Concession Arrangements	41	128
Members' Allowances	42	131
Officers' Remuneration	43	132
Exit Packages	44	138
Auditor Remuneration	45	138
Related Parties	46	139
Joint Funding Arrangements/Pooled Budgets	47	143
The Council Acting as Agent	48	145
Trust Funds	49	147
Prior Period Adjustment	50	149

NARRATIVE REPORT

Foreword from the Executive Director of Finance

Introduction

The 2025/26 financial year represented an important stage in Birmingham City Council's recovery journey. The Council continued to operate within the framework of Government intervention and Commissioner oversight whilst delivering its Improvement and Recovery Plan, strengthening governance arrangements and progressing organisational and financial transformation.

The Council approved a balanced budget for 2025/26 supported by just £11m of Exceptional Financial Support (EFS) from Government. During the year, the Council continued to address several significant challenges, including Equal Pay liabilities, financial sustainability, service transformation and implementation of the Brindley (Oracle) Programme.

The provisional outturn position for 2025/26 reported a General Fund underspend of £23.6m, after avoiding the use of £11.0m of EFS that had been assumed within the approved budget. The Council also approved a balanced Medium Term Financial Plan covering the period 2026/27 to 2028/29 without the requirement for new EFS to support the revenue budget.

During the year, Commissioners recognised progress in a number of areas including leadership stability, governance, housing services, financial management and organisational resilience. The publication of the Commissioners' Assurance Plan in January 2026 provides a framework for assessing progress towards the eventual conclusion of Government intervention.

The Council also continued to strengthen its financial reporting, governance and assurance arrangements throughout 2025/26. Work continued with external auditors and stakeholders to support improvements in the audit process and the timely production of financial statements. These improvements form an important part of the Council's wider recovery programme and commitment to restoring sustainable financial management and accountability.

The Council has also benefited from reforms to local government funding, including the introduction of a multi-year settlement and changes to funding distribution arrangements which better reflect levels of deprivation and service demand. These reforms provide greater certainty for financial planning and support the Council's objective of returning to long-term financial sustainability.

Whilst significant progress has been made, important challenges remain. The Council continues to address historic Equal Pay liabilities, deliver savings and transformation programmes, implement the Brindley Programme and demonstrate that improvements are sustainable and embedded across the organisation.

This Narrative Report provides an overview of the Council, the environment in which it operates, its performance during 2025/26, its financial position at 31 March 2026 and the opportunities and challenges that lie ahead.

1. About Birmingham City Council

Birmingham – A City of Challenges and Opportunities

Birmingham is the second largest city outside London, with a population of 1,166,000 people, projected to continue growing to 1,191,000 by 2032. It is a city where, despite robust economic potential, major investment opportunities, and strong school age educational attainment, poverty remains a deep-rooted and significant challenge. According to the latest Indices of Deprivation, 44% of Birmingham's population live in neighbourhoods that are in the 10% most deprived in England. The cost-of-living crisis has intensified severe financial distress among low-income households, widening existing socio-economic and health inequalities including lower life expectancy and declining healthy life expectancy.

Income deprivation, which particularly affects the city's youngest and oldest residents, and the City's housing crisis, will require the Council to balance multiple needs of a young population (such as children's services, employment and education opportunities, and affordable housing) against the projected increase in the older population (such as healthcare and adult social care).

The Birmingham City Vision and State of the City 2025 report set out the key opportunities and challenges facing the city and provide the evidence base for the priorities included in Council's Corporate Plan.

Political and Governance Structure

Birmingham City Council is comprised of 101 councillors. The table below shows the political composition of the Council at 31 March 2026:

Party	Councillors
Green	2
Labour	52
Conservative	22
Liberal Democrats	13
Independent	10
Vacant Seats	2
Total	**101**

The political composition shown above reflects the position at 31 March 2026. Following the local elections held in May 2026, the political balance of the Council has changed significantly. A new administration has now been formed. Councillor Roger Harmer was appointed Leader of the Council and Councillor Julien Pritchard was appointed Deputy Leader. The administration comprises the Liberal Democrat and Green parties together with the Better Birmingham and Birmingham Independent Groups. Further information regarding the Council's current political composition, leadership arrangements and governance structure is available on the Council's website.

Leadership and Management Structure

The Council Leadership Team (CLT) is responsible for managing the activities of the Council's staff and for advising Councillors on the potential implications of political decisions. By law, senior Council staff are not allowed to participate in any party-political activity and are expected to advise and help all Councillors irrespective of their political affiliation.

The Managing Director (formerly termed "Chief Executive") is the senior officer who leads and takes responsibility for the work of the paid staff of the Council. The role of Managing Director is a full-time appointment.

The Leader, together with the Cabinet, takes all the significant decisions within the Council (excluding planning and licensing issues) through their Cabinet meetings or individual decision-making process.

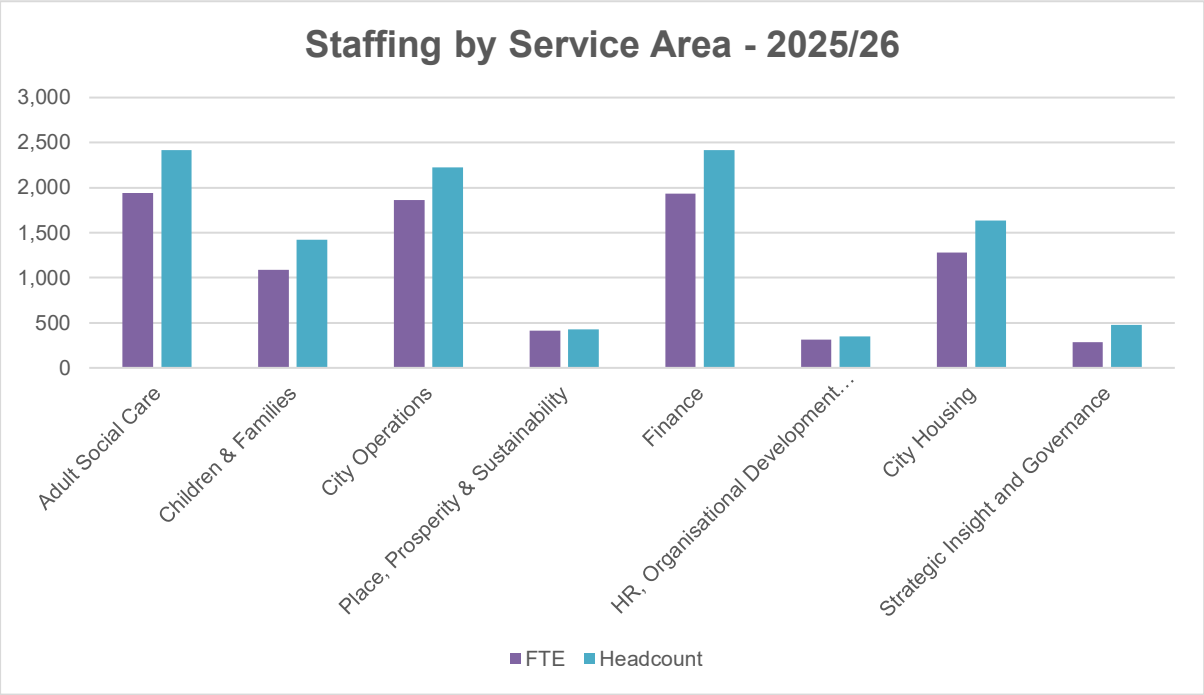
Services Delivered by the Council

The Council's services are delivered through directorates, designed to deliver those services as efficiently as possible. The 2025/26 structure is as follows:

Directorate	Purpose/Services
Adult Social Care	Services to support adults including integration of health and social care services, information and advice, and prevention, recovery and re-enablement services. Safeguarding of adults including multiagency arrangements. Assessment of eligibility for services.
Children and Families	Education of children and young people, special educational needs, and early years provision. Children's services and safeguarding. Skills and employability, youth engagement, employment opportunities, and libraries.
City Housing	Council housing services and support.
City Operations	Waste strategy and services, cleaner neighbourhoods, graffiti removal, dog warden services and recycling. Arts, culture and sports, including museums, galleries, sporting events and leisure facilities. Parks and allotments. Bereavement services. Highways and infrastructure.
Finance	Finance, Digital Technology Services, Internal Audit, Procurement, Revenues & Benefits and Business Support. Also included are Traded Services such as CityServe, Civic Catering and Cleaning.
HR, Organisational Development and Transformation	Human Resources, Payroll and Corporate Services.
Place, Prosperity and Sustainability (PPS)	International and domestic investment including tourism and visitor economy. Economic growth including development and housing programmes. Transport and connectivity including major transport strategies and air quality. Planning and property services.
Strategic Insight and Governance	Includes the Managing Director and City Solicitor divisions.

Workforce

In supporting the delivery of services, the Council employed, as at 31 March 2026, 19,069 staff which equated to 14,203 full-time equivalents (FTE). If schools' staff are excluded, the Council employed 11,369 staff which equated to 9,116 FTE. The chart below shows the Council's staffing, excluding school staff, by service area for 31 March 2026:



2. Operating Environment and Key Challenges

Government Intervention and Improvement Activity

On the 5th of October 2023, the Secretary of State exercised powers under the Local Government Act 1999 to intervene at Birmingham City Council. Statutory Directions were issued under Section 15 of the Act, including the appointment of Commissioners and requirements for the Council to take action to address identified governance, financial management and service delivery concerns. Further details of the intervention and Statutory Directions are available on the Council's website and through publications issued by the Ministry of Housing, Communities and Local Government.

The intervention was in place for the whole of the 2025/26 financial year. At the issue date the Council is still subject to this intervention.

In their October 2025 report, Commissioners recognised progress in a number of areas, including improved leadership stability, strengthened political governance and progress in restoring effective decision-making arrangements, whilst noting that significant challenges remained.

In January 2026 Commissioners published their Assurance Plan, setting out the outcomes that must be achieved before intervention can conclude. The Assurance Plan identifies ten priority outcome areas covering leadership, governance, finance, workforce, organisational effectiveness and key service areas, against which progress towards the conclusion of intervention will be assessed.

The Assurance Plan confirms that whilst progress has been made, the Council must demonstrate that the causes of intervention have been addressed, that improvements are sustainable and that continuous improvement has become embedded across the organisation. Intervention is currently expected to remain in place until October 2028 unless Government determines that it can be ended earlier.

The Improvement and Recovery Plan (IRP) remains the Council's principal framework for delivering organisational recovery and improvement. Originally approved in April 2024 in response to the Statutory Directions, the IRP brings together the programmes and activities required to address the causes of intervention, strengthen governance and financial management, and support the delivery of Best Value. The IRP operates alongside the Brindley Programme, which continues to deliver the Council's medium-term financial recovery and transformation objectives.

During 2025/26 the IRP was further refined to provide a sharper focus on the critical programmes required to sustain improvement, embed organisational change and support the Council's long-term recovery objectives. The IRP is now a key component of the Council's Corporate Plan and provides the framework through which recovery and improvement activity is monitored and delivered.

Progress against the Improvement and Recovery Plan is regularly monitored by Members, Commissioners and senior management and forms an important component of the Council's governance and assurance framework.

Statutory Recommendations

On Friday 29th September 2023, the Council's External Auditors Grant Thornton, issued Statutory Recommendations to the Council under Schedule 7 of the Local Audit and Accountability Act 2014. The recommendations related to significant weaknesses in governance, financial management, decision-making and the Council's arrangements to secure economy, efficiency and effectiveness.

The 12 recommendations have informed a significant programme of improvement activity across the Council and are closely aligned with the Improvement and Recovery Plan and the requirements of Government intervention. As at the date of authorisation of these financial statements, 10 of the 12 statutory recommendations have been implemented and closed. Two recommendations (SR2 and SR3) remain open. The Council's External Auditor has retained SR11 (Governance and Management Capacity) as partially implemented, and all outstanding recommendations continue to be monitored until fully implemented.

Equal Pay

The Council continues to address the historic Equal Pay issues that have had a significant impact on its financial position and were a key factor in the Government intervention announced in 2023. The Council's objective remains to ensure that employees are remunerated fairly and lawfully whilst securing value for money for the residents of Birmingham.

During 2025/26 the Council reached settlement of the Trade Union claims. Work continues to mitigate the risk of future Equal Pay liabilities and to ensure that new pay arrangements are sustainable and legally compliant. Settlement offers and payments to claimants commenced during the year and will continue during 2026/27. Additional funding has been included within the 2026/27 budget to support the completion of the Equal Pay Programme and the implementation of associated changes.

Commissioners identified progress on the Equal Pay Programme as a positive indicator of improvement during 2025/26. A reshaped Pay and Grading structure for former Grade 1 to Grade 5 employees has been implemented and work to resolve historic Equal Pay liabilities continues. Settlement offers and payments are progressing in accordance with agreed plans, whilst further activity continues to address remaining Equal Pay risks.

The resolution of Equal Pay liabilities remains a key component of the Council's wider financial recovery and long-term financial sustainability strategy.

Brindley Programme

The Brindley Programme is a key component of the Council's Improvement and Recovery Plan and supports the modernisation of the Council's financial systems through the implementation of Oracle Fusion Cloud ERP and a new Income Management System.

During 2025/26 significant progress was made across system design, testing, business readiness and governance activities. The Council successfully implemented the new Income Management System in December 2025, replacing the previous bespoke Bank Reconciliation System and strengthening income management and reconciliation processes.

Independent assurance reviews and external assessments undertaken during the year recognised improvements in programme governance, oversight and delivery arrangements, whilst continuing to highlight the importance of business readiness, data quality and organisational change to support successful implementation.

The programme remains a significant element of the Council's wider transformation and recovery activity. Subject to the successful completion of the remaining programme milestones, Oracle Fusion Cloud ERP is expected to be implemented during Summer 2026. The Council will continue to focus on business readiness, data quality and organisational change to support a successful transition and the realisation of associated benefits.

Industrial Action

The Waste service is facing a prolonged period of industrial action. The impact of strikes is not only a cost to the Council, but also detrimental to the environment due to a decrease in separation of recyclable waste and the ability to deliver the new statutory duties from 1 April. Action has been taken to ensure there is sufficient capacity to manage the ongoing impact of the dispute along with the strategy for its resolution/mitigating the impact. Plans are now in place to recommence the waste transformation programme in June 2026. As well as the operational impact the financial impacts have been considerable with the delays to achieving savings, loss of income and the direct costs of managing the dispute.

Financial Sustainability and Recovery

The Council has continued to make progress in addressing the significant financial challenges that led to Government intervention and the requirement for Exceptional Financial Support (EFS). Financial sustainability remains a central objective of the Council's Improvement and Recovery Plan and underpins the Council's wider programme of organisational transformation.

During 2025/26 the Council delivered an improved financial position, avoiding the use of £11.0m of EFS that had been assumed within the approved budget. On 2nd March 2026, the Council approved a balanced Medium Term Financial Plan for the period 2026/27 to 2028/29 without the requirement for new EFS to support the revenue budget.

The Council has benefited from reforms to local government funding, including the introduction of a multi-year funding settlement and a revised funding formula which better reflects deprivation and service demand. These reforms provide greater certainty for financial planning and support the Council's objective of returning to long-term financial sustainability.

Whilst progress has been made, significant risks remain. These include the final resolution of historic Equal Pay liabilities, delivery of future savings and transformation programmes, ongoing demand and inflationary pressures affecting key services, and the successful implementation of the Brindley Programme. The Council will continue to monitor these risks closely as part of its medium-term financial planning arrangements.

3. Corporate Priorities and Performance

Corporate Plan

Birmingham City Council's Corporate Plan 2025–2028, launched in June 2025, sets out how the Council will contribute to the City Vision and address the significant challenges facing the city. The Plan integrates the Council's Improvement and Recovery Plan (IRP), established following Statutory Directions and the appointment of Commissioners in October 2023.

Improvement and Recovery Plan

The Improvement and Recovery Plan was adopted in March 2024 and oversight is provided by the Improvement and Recovery Board which includes the Commissioners and MHCLG representatives and is chaired by the Leader of the Council.

Following a refinement in Autumn 2025, the IRP now has a sharper focus on the critical activity required. As a result of strong progress during 2025/26, nine IRP programmes delivered their required improvements and are transitioning into business as usual.

During 2025/26 the Council continued to make progress across its Improvement and Recovery Plan programmes. The Council will continue to align delivery of the IRP with the Commissioners' Assurance Plan and future exit arrangements to support sustainable recovery and eventual exit from intervention.

Performance Management Framework

Birmingham City Council's Performance Management Framework (PMF) provides a clear and consistent approach to ensuring that activity across the organisation is aligned to shared priorities, as set out in the Corporate Plan.

Sitting beneath the City Vision and the Corporate Plan, the PMF brings together planning, delivery, and assurance arrangements. It enables progress against corporate priorities to be monitored, managed, and evidenced, ensuring that resources are directed to areas of greatest impact.

The PMF comprises the following key components:

Directorate Business Planning

The Corporate Annual Business Plan was introduced as part of the Council's Performance Management Framework to set out how progress against the priorities in the Corporate Plan 2025–2028 will be measured and managed.

The plan is refreshed annually to reflect progress made, respond to emerging challenges and opportunities, and ensure that the latest context informs activity and decision-making. This approach supports the effective use of resources and provides a clear basis for demonstrating delivery of corporate objectives.

The Corporate Annual Business Plan is informed by Directorate Business Plans. As part of the annual planning cycle, Directorate Business Plans set out how each directorate will deliver its priorities and contribute to the achievement of the Corporate Plan. Together, these plans provide a clear line of sight between corporate priorities and day-to-day activity, supporting alignment and accountability across services.

Performance Monitoring and Reporting

Individual objectives and development plans are agreed through the annual appraisal process and reviewed regularly through supervision. These objectives are aligned to service and directorate business plans and, in turn, to the Corporate Plan, ensuring that individual performance contributes directly to the Council's strategic priorities.

Robust monitoring and reporting arrangements provide assurance on delivery of the Council's priorities. Programmes within the Improvement and Recovery Plan (IRP) are monitored monthly, with a quarterly summary report produced to complement wider reporting on organisational performance.

Performance against the Corporate Key Performance Indicators (KPIs) is reported quarterly to key corporate audiences and published through the Committee Management Information System (CMIS). In addition, directorates monitor a broader range of performance indicators and activities, which are reviewed regularly through local management team meetings.

4. Key Achievements During 2025/26

The Council monitors delivery of its priorities through the Corporate Plan, Annual Business Plan and Performance Management Framework. During 2025/26 the Council continued to make progress across a number of key corporate priorities and recovery objectives. Key achievements during the year included:

- General Fund outturn delivered an underspend of £23.6m and avoided the planned use of £11.0m EFS;
- Approval of a balanced 2026/27 budget without the requirement for new Exceptional Financial Support to support the revenue budget;
- Continued progress in resolving historic Equal Pay liabilities, including implementation of a reshaped Pay and Grading structure and progression of settlement arrangements;
- Significant progress in addressing historic external audit backlogs together with strengthened internal audit, risk management and assurance arrangements;
- Delivery of approximately £300m of capital receipts through the Asset Disposal Programme;
- Successful implementation of the Income Management System, improving automated reconciliation processes and strengthening financial controls;

- Significant progress in housing services, including improvements in compliance with housing safety standards, progress in reducing homelessness pressures and the delivery of over 1,000 affordable homes. Commissioners subsequently transferred responsibility for chairing the Housing Sub-Board back to the Council in recognition of the progress achieved;

- Continued delivery of the Improvement and Recovery Plan, with nine programmes achieving their required outcomes and transitioning into business-as-usual arrangements;

- Positive outcomes from the SEND Joint Area Inspection published during 2025, recognising substantial improvement in SEND services and strengthened partnership working across the Council, NHS and education sector.

- Adult social care has maintained its 'good' rating following an assessment by the Care Quality Commission. Publication of the outcome was delayed until May 2026, to avoid the Pre-Election Period.

These achievements support the Council's objective of delivering sustainable improvement and restoring long-term financial resilience.

5. Financial Performance During 2025/26

Revenue Budget

The City Council approved its 2025/26 budget on 4 March 2025 as part of the annual budget setting cycle.

On 4 March 2025 the Section 151 Officer submitted her Section 25 Report of the Local Government Act 2003 to City Council as part of the budget setting for 2025/26. This clearly stated that the budget as presented was credible and deliverable, only on the basis that certain arrangements were put in place and regularly monitored throughout the 2025/26 financial year. That report should be read in conjunction with this foreword.

The 2025/26 budget was based on the assumption that:

a) The Council's Exceptional Financial Support request of £1.255bn continued and was applied to enable the City Council to set a balanced budget for 2025/26.

b) Included a 7.49% increase in Birmingham City Council's Council Tax element for 2025/26.

c) £148.9m of savings are delivered in 2025/26 and £11.0m of EFS was applied to balance 2025/26.

The Council's medium-term financial position improved during the year following reforms to local government funding. The introduction of a multi-year settlement, fair funding reforms and changes to the distribution methodology have resulted in a substantial increase in the Council's Spending Power over the period to 2028/29. These changes have enabled the Council to develop a balanced Medium Term Financial Plan whilst continuing to address historic financial challenges and invest in priority services.

Revenue Outturn

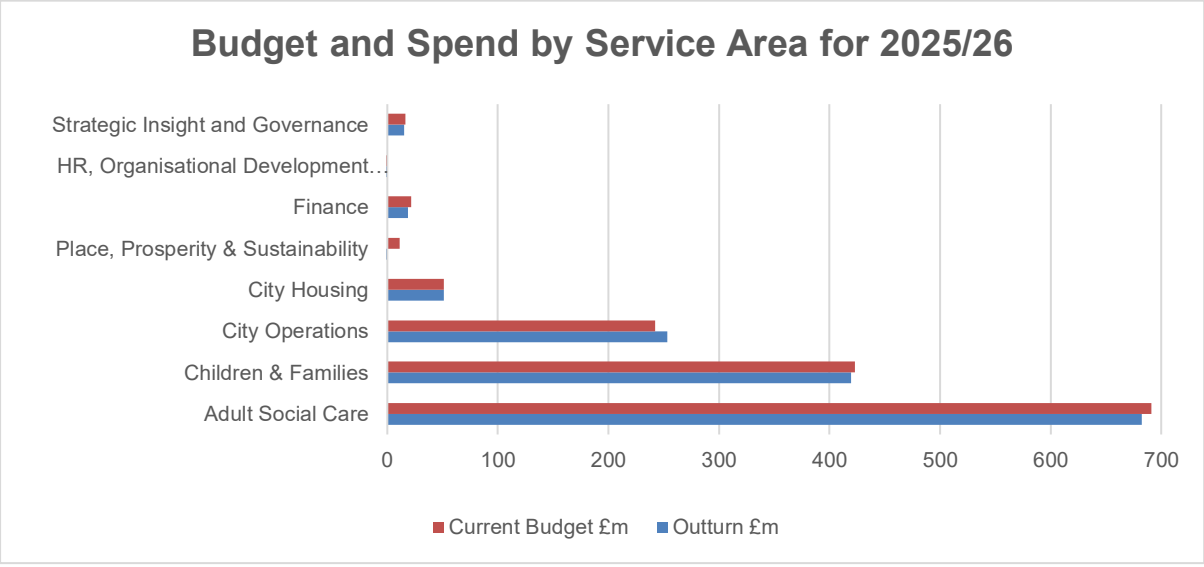
The Council's provisional General Fund revenue outturn for 2025/26 was an underspend of £23.6m. This position enabled the Council to avoid the use of £11.0m of Exceptional Financial Support (EFS) assumed when the budget was approved.

The improved outturn position reflected a combination of strengthened financial management, delivery of savings and transformation initiatives, favourable funding outcomes and active management of expenditure pressures across a number of service areas.

A summary of the General Fund outturn by directorate is shown below:

Summary of Variations	£m
Directorate Net Expenditure	(23.1)
Use of Strategic Reserves towards Industrial Action costs	(14.0)
Directorate Net Spend: Sub-Total	**(37.2)**
Corporately Managed Budgets	**(7.4)**
Contribution to Strategic Reserve	10.0
Sub-Total	**2.6**
Not Utilising Exceptional Financial Support (EFS)	11.0
GF Total (Underspend)/Overspend	**(23.6)**

The chart below shows the Council's General Fund outturn position by directorate.



The most significant favourable variances related to PPS, whilst budget pressures continued within City Operations. Further details are provided in the Council's 2025/26 Outturn Report considered by Cabinet on 10 July 2026.

Savings Delivery

The 2025/26 budget included a savings requirement of £148.9m. Delivery of savings continued to be monitored throughout the year as part of the Council's financial recovery arrangements. Further information regarding savings delivery and any associated variances is included within the Council's 2025/26 Outturn Report presented to Cabinet on 10 July 2026.

Capital Programme

The Council's capital investment programme supports the delivery of the Corporate Plan, Improvement and Recovery Plan and City Vision. In March 2026 the Council approved a three-year Capital Programme totalling £1.738bn covering the period 2026/27 to 2028/29.

The programme focuses on statutory obligations, health and safety compliance, essential infrastructure, housing investment, regeneration activity and service transformation. The Council has strengthened governance arrangements for capital investment through enhanced business case requirements, gateway reviews and prioritisation processes to ensure that investment decisions are affordable, sustainable and aligned to corporate priorities.

The capital programme provisional spend position for the 2025/26 financial year is £455.7m. This is £157.7m below the planned expenditure of £613.4m.

	£m
2025/26 Revised Budget	**613.4**
Less: Cumulative Slippage	(157.7)
Outturn (Expenditure in year)	**455.7**

The Council analyses the capital programme budget variations between:

- Changes in the timing of budgeted expenditure - where the expenditure is still required but takes place later than planned this is called slippage and shown in brackets, and acceleration if earlier than planned; and

- Underspends (shown in brackets) or overspends, which represent a decrease or increase in the total capital cost of a project, which may be over several years.

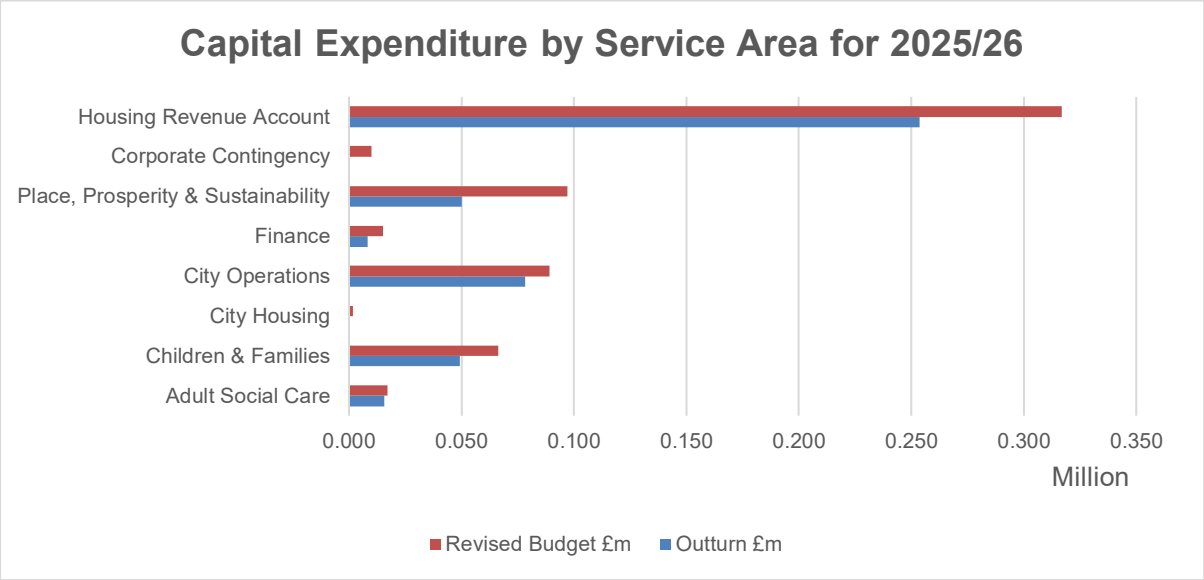
The majority of the slippage in the capital programme mainly reflects the timing of expenditure rather than any loss of funding or cancellation of schemes. This includes around £50m of spend that had been profiled on the basis of accelerated delivery but did not take place within the year, as well as the delayed acquisition of the Perry Barr site, where expenditure will now fall into a later period.

The outturn also reflects a combination of optimistic profiling of expenditure, delays in project delivery, and a range of external factors including contractor issues, planning and regulatory delays, and dependencies on third parties.

Action is being taken to improve governance, prioritisation, monitoring and forecasting as part of the Council's Improvement and Recovery Plan, with the aim of improving delivery of the programme. It is important to note that no financial resources will be lost as a result of the slippage. The resources and planned expenditure will be "rolled forward" into future years. Details of this slippage are given in the Council's Outturn report for 2025/26 presented to Cabinet on 10 July 2026, which can be found on the Council's website.

Strict rules apply to budget changes during the year to ensure transparency where additional resources have been provided or taken back for projects which are overspending and underspending.

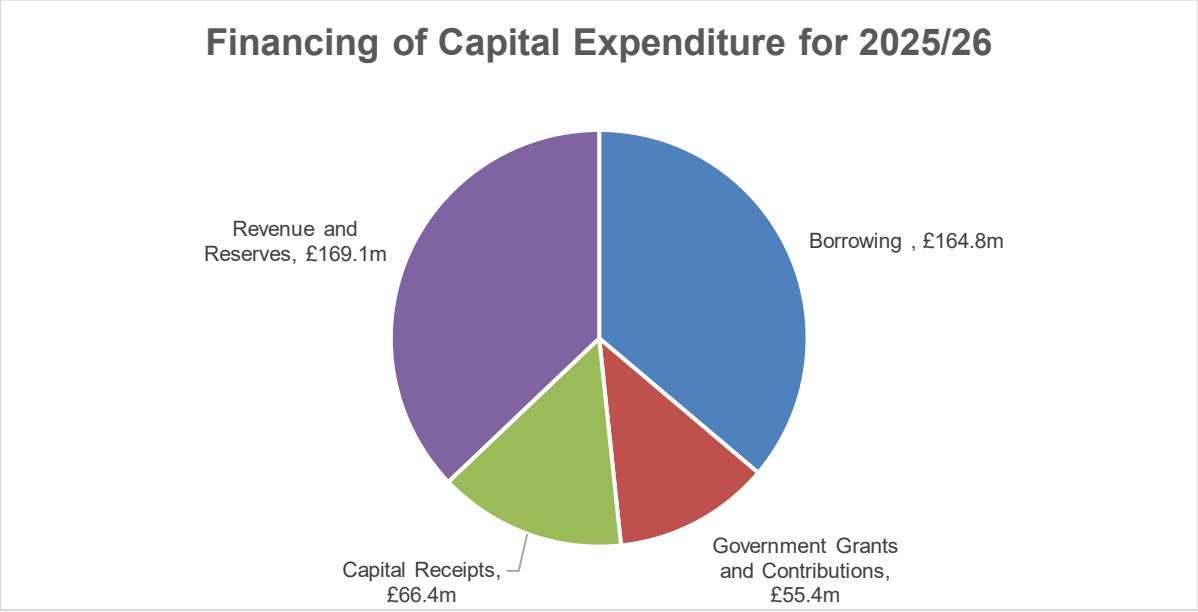
Total expenditure on Directorate capital schemes in 2025/26 is shown in the graph below:



Capital Financing

The financing arrangements in respect of capital expenditure in 2025/26 were reported to Cabinet on 10 July 2026.

Details of the final capital financing arrangements are summarised below:



Treasury Management and Borrowing

At 31st March 2026 the Council's total loan debt, net of treasury investments, stood at £3,216.3m, compared to net loan debt of £3,133.1m as at 31st March 2025.

The Council's treasury investments, held for liquidity purposes, were £312.9m as at 31 March 2026. Alongside this, the Council also held investments of £74.1m as accountable body for a number of funds. These funds are held and accounted for separately from Council funds.

Further details of the Council's financial liabilities are given in Notes 25 and 32 of these financial statements. Full details can be found in the Treasury Management Outturn and Annual Report 2025/26 presented to Cabinet on 10 July 2026.

6. Financial Position at 31 March 2026

The Balance Sheet provides a snapshot of the Council's financial position at 31 March 2026 and reflects the cumulative effect of decisions taken over many years. It includes the Council's assets, liabilities, reserves and borrowing commitments.

The Council's Balance Sheet remains substantial in scale, reflecting Birmingham's position as the largest local authority in Europe and the extensive range of services, infrastructure and assets required to support the city.

The Council's Balance Sheet is dominated by its significant property portfolio, including housing stock, schools, highways infrastructure and operational assets used to deliver services across Birmingham. These assets have been financed through a combination of borrowing, grants, capital receipts, revenue contributions and reserves.

The Council's financial position strengthened during 2025/26, reflecting the improved revenue outturn position and reduced reliance on Exceptional Financial Support. However, significant long-term obligations remain, including borrowing commitments, pension obligations and liabilities associated with Equal Pay.

The resolution of historic Equal Pay liabilities remains a significant component of the Council's wider financial recovery programme and continues to influence the Council's medium-term financial planning assumptions.

A summary of the Council's Balance Sheet position is shown below:

	31 March 2025 Restated* £m	31 March 2026 £m
Long Term Assets	6,872.5	6,923.8
Current Assets	814.0	975.5
Current Liabilities	(1,237.6)	(1,438.9)
Long Term Liabilities	(3,761.8)	(3,471.5)
Net Assets	**2,687.1**	**2,988.9**
Usable Reserves	1,087.4	996.8
Unusable Reserves	1,599.7	1,992.1
Total Reserves	**2,687.1**	**2,988.9**

* Prior year comparators have been restated, see Note 50 for more details.

Net assets increased by £304.4m during the year, primarily reflecting the improved revenue outturn position, movements in pension liabilities, changes in asset valuations and statutory accounting adjustments.

Further information regarding the Council's assets, liabilities, reserves and financing arrangements is provided in the Balance Sheet and supporting notes to the financial statements.

Pension Liabilities

The Council participates in the Local Government Pension Scheme administered by the West Midlands Pension Fund.

At 31 March 2026 the Council reported a net pension liability, based on Accounting Standard IAS19, of £86.0m. Pension balances are determined by the Fund Actuary using a range of financial and demographic assumptions and are therefore subject to estimation uncertainty.

The pension liability does not represent an immediate call on Council resources. Employer contributions are determined through the triennial actuarial valuation process.

Further details are provided in Notes 19 and 20 to the financial statements.

Provisions

The Council provides for costs in line with relevant accounting standards – further details can be found in Note 30 to these financial statements. The most significant provisions relate to Equal Pay liabilities, Business Rates appeals and a potential liability related to a Regeneration scheme. These provisions reflect obligations arising from past events where the timing or amount of future settlement remains uncertain.

Reserves

The Council maintains two types of reserves:

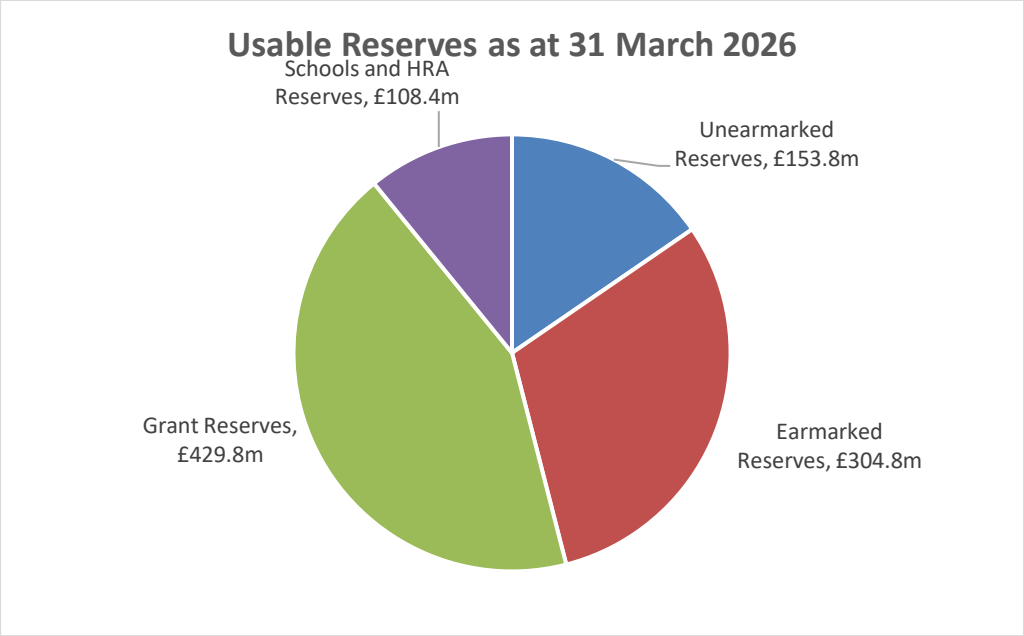
- Usable reserves – where the Council sets aside specific amounts for future policy purposes, to cover contingencies or where resources have been provided for specific purposes but have not yet been spent
- Unusable reserves, which are not available to support the provision of services and include:
    - Unrealised gains and losses, particularly in relation to changes in valuation of non-current assets;
    - Adjustment accounts that absorb the difference between the outcome of applying proper accounting practices and the requirements of statutory arrangements for funding expenditure.

The level of reserves held at the year-end is set out below.

	31 March 2025 Restated* £m	31 March 2026 £m
Usable Reserves	1,087.4	996.8
Unusable Reserves	1,599.7	1,992.1
Total Reserves	**2,687.1**	**2,988.9**

* Prior year comparators have been restated, see Note 50 for more details.

Details of usable and unusable reserves are set out in Note 17 and 18.



During 2025/26, the Council's reserves position improved compared with what was assumed when the budget was approved. Whilst the budget anticipated a net use of reserves of £40.1m, the improved outturn position, together with the receipt of additional statutory ringfenced funding and other and resources that are required to be held for specific purposes, including income generated through the Clean Air Zone, resulted in a net contribution to reserves of £50.2m. This included a contribution of £23m to Strategic Reserves, which was approved by Cabinet as part of the Outturn Report on 10 July 2026.

Whilst the Council holds significant reserves, the majority are earmarked for specific purposes, restricted by grant conditions, held to meet statutory conditions or are otherwise unavailable to support general expenditure.

Service Concession Arrangements

The Council has entered into a number of Service Concession Arrangements (formerly Private Finance Initiative and similar contracts) relating to schools, waste management and highways infrastructure. These arrangements support the delivery of long-term infrastructure and service improvements and give rise to associated assets and liabilities recognised within the Balance Sheet. Further details can be found in Note 41 to these financial statements.

During 2025/26 the Council completed a review of the accounting treatment applied to the Highways PFI arrangement. The review considered the original judicial review, the interim contractual extension, the Government's decision to cease PFI funding and the Council's plans to reprocure the highways maintenance service, with the existing contract expected to novate to the Council. Having considered these factors, management concluded that the arrangement no longer met the criteria for recognition as a service concession arrangement. Accordingly, the associated service concession asset and liability were derecognised and the comparative figures restated. Further details are provided in Note 50 (Prior Period Adjustments and Restatements of Comparative Figures).

7. Financial Reporting, Governance and Improvement

During 2025/26 the Council continued to strengthen governance, financial management and assurance arrangements as part of its wider recovery programme.

Progress included strengthening financial leadership capacity, improving budget monitoring and financial planning processes, enhancing internal audit arrangements, developing the Corporate Risk Register and improving oversight of companies, traded services and major programmes.

During the preparation of the 2025/26 Statement of Accounts, the Council identified a number of prior period adjustments and comparative restatements arising from the continued review of accounting treatments and financial reporting processes. These included adjustments relating to school assets, service concession arrangements, the retrospective implementation of IFRS 16 Leases, and other balance sheet classifications and accounting adjustments. Comparative figures have been restated where required and a third Balance Sheet has been presented in accordance with the CIPFA Code. Further details are provided in Note 50 to the financial statements.

The Council also continued to review and strengthen constitutional arrangements, member development programmes and decision-making processes.

Commissioners have recognised the progress made during the year whilst also highlighting the need to embed improvements consistently across the organisation. The Council remains committed to ensuring that governance and financial management improvements become sustainable and fully embedded.

8. Looking Ahead

2026/27 Budget

The City Council approved its 2026/27 budget on 2 March 2026 as part of the annual budget setting cycle. The budget is balanced without the requirement for Exceptional Financial Support to support the revenue budget, signifying a key improvement in the Council's financial recovery.

Further information on the Council's 2026/27 Budget, Medium Term Financial Plan and associated budget papers is available here. The principal risks and the robustness of the budget estimates and the adequacy of reserves are set out in the accompanying Section 25 Report.

Future Challenges and Priorities

Whilst the Council has made a significant progress in its financial recovery, a number of important challenges remain. The Council's wider strategic priorities are set out in the Corporate Plan 2025-2028. The 2026/27 Budget supports the delivery of those priorities through continued investment in priority services and the Council's improvement and transformation programme.

Key priorities during 2026/27 and beyond include:

- Delivering the Improvement and Recovery Plan and Commissioners' Assurance Plan;
- Completing implementation of the Brindley Programme;
- Finalising and implementing long-term Equal Pay solutions;
- Delivering future savings and transformation programmes;

- Maintaining a balanced and sustainable financial position;
- Managing demand pressures across social care, housing and other frontline services;

  Investing in priority frontline services, including street scene and neighbourhood services;
- Investing in local wards to improve outcomes for residents;
- Strengthening the Corporate Landlord function;
- Supporting regeneration and economic growth across the city; and
- Strengthening governance, financial management and organisational resilience;

Alongside its financial recovery, the Council will continue to focus on improving services for residents by delivering cleaner neighbourhoods, strengthening local service delivery and ensuring investment is targeted towards local priorities. This reflects the Council's commitment to putting residents at the centre of decision making and improving the quality, accessibility and responsiveness of services across Birmingham.

The Council will continue to work closely with Government, Commissioners and other stakeholders to support its long-term recovery and improvement objectives.

Alongside this, the Council will also continue to work with the West Midlands Combined Authority and other partners to support the establishment of the proposed Mayoral Development Corporation (MDC) and wider Mayoral Development Zone (MDZ). These initiatives are intended to accelerate regeneration, attract investment, support housing delivery and economic growth, and create employment opportunities across East Birmingham and North Solihull, contributing to the city's longer-term ambitions and economic resilience.

Recovery remains a multi-year programme. Whilst significant progress has been made during 2025/26, the Council recognises that further work is required before the improvements delivered to date can be considered fully embedded and sustainable. The Council remains committed to working with Commissioners, Government and other stakeholders to support the successful conclusion of intervention and the restoration of long-term financial and organisational resilience.

A key focus for the Council over the remainder of the intervention period will be demonstrating that improvements are sustainable, embedded and capable of being maintained beyond the period of Commissioner oversight. This will include delivery of the Improvement and Recovery Plan, implementation of the forthcoming Commissioners' Exit Plan and continued focus on governance, financial resilience and organisational effectiveness.

9. Explanation of the Financial Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2026. It comprises core and supplementary statements, together with disclosure notes. The format and content of the financial statements are prescribed by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, which in turn is underpinned by International Financial Reporting Standards.

The **Core Financial Statements** are:

- The **Comprehensive Income and Expenditure Statement (CIES)** records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.

- The **Movement in Reserves Statement (MiRS)** summarises the changes to the Council's reserves during the year. Reserves are divided into "usable", which are available for specific statutory or approved purposes, and "unusable" which arise from accounting adjustments and cannot be used to support service expenditure.

- The **Balance Sheet** is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year-end date.

- The **Cash Flow Statement** shows the reason for changes in the Council's cash balances during the year and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities).

The **Annual Governance Statement** sets out the governance structures of the Council and its key internal controls.

The **Group Accounts** combine the Council's single entity financial statements with the assets and liabilities of group companies and similar entities, which the Council either controls or significantly influences.

The Council also operates through or in conjunction with a number of organisations where the level of activity is not considered material to the overall Group Accounts. Details of these organisations are set out in Note 46, Related Parties.

Supplementary Statements

Notes to the Accounts – provide more detail about the transactions and balances set out in core statements, in particular:

- **Note 1 – Accounting Policies** sets out the accounting policies that have been followed in preparing the accounts and how key accounting requirements have been met in practice

- **Note 7 – Expenditure and Funding Analysis** compares the CIES with the levels of income and expenditure which are taken into account when setting the annual budget and Council Tax and provides a subjective analysis of the Council's income and expenditure.

Housing Revenue Account – this separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.

Collection Fund – a statutory account that records the transactions in respect of the collection and redistribution of Business Rates and Council Tax for which the Council acts as agent.

Rounding

Because of rounding, some totals may not exactly agree with the sum of their component parts. These accounts are not adjusted for cross-casting immaterial differences between the main statements and disclosure notes.

Accountable Body Roles

In addition to the activities reflected in the Council's CIES and Balance Sheet, the Council also acts as an agent for 45 organisations with gross expenditure of £23.9m. Further details are contained in Note 48.

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Section 151 Officer) has responsibility for the administration of those affairs. In Birmingham City Council this is the Executive Director of Finance, who also fulfils the role of Section 151 Officer;
- manage its affairs to secure the economic, efficient and effective use of resources and safeguard its assets; and
- approve and publish its Statement of Accounts in accordance with the Accounts and Audit Regulations 2015 (as amended).

In discharging these responsibilities, the Council recognises the, historic issues and ongoing recovery activity affecting the organisation. These include matters arising from prior years' financial reporting processes, system implementation challenges and weaknesses identified within elements of the control environment. The Council remains committed to strengthening governance, internal control and financial management arrangements through its continuing improvement and recovery programmes.

The Section 151 Officer's Responsibilities

The Section 151 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 Section 151 Officer has:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent, taking into account areas of estimation uncertainty and the circumstances prevailing at the reporting date; and
- complied with the Code.

The Section 151 Officer has also:

- ensured that proper accounting records have been maintained and kept up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

In carrying out these responsibilities, the Section 151 Officer recognises the historic financial, systems, governance and control issues identified through previous financial reporting, audit and inspection processes.

The Council's external auditors have been unable to obtain sufficient appropriate audit evidence to support an audit opinion on the Council's financial statements for each financial year from 2020/21 onwards. These audit outcomes primarily reflect limitations which pre-date the current financial year.

The Section 151 Officer has considered the implications of these matters in preparing the Statement of Accounts and assessing the adequacy of the Council's financial reporting arrangements.

Progress has been made in strengthening financial governance, internal control, financial reporting and supporting processes. Work continues to address matters relating to historic periods to rebuild assurance over certain opening balances and legacy issues. As a consequence, matters reported by external audit in previous years may continue to affect the ability of external auditors to obtain sufficient appropriate audit evidence, particularly in relation to historic reserve movements. Such issues with historic financial reporting issues can often take several years to allow for assurance to be re-established.

Accordingly, the Section 151 Officer has:

- relied upon financial systems, underlying records, controls and representations operated and maintained across the organisation;
- considered the outcomes of previous years' financial statements, external audit findings, inspection reports and other assurance work;
- considered the progress made during 2025/26 to strengthen financial governance, internal control, financial reporting and supporting processes; and

- taken reasonable steps to satisfy herself that the information used in preparing these accounts is appropriate and sufficiently reliable for the purposes of preparing the Statement of Accounts in accordance with the Code.

The preparation of these accounts therefore reflects:

- the information, records and explanations available at the time of preparation;
- the professional judgements and estimates required by the Code; and
- the continuing programme of financial recovery and improvement being undertaken by the Council.

Further detail on significant judgements, estimation uncertainty, risks and governance matters is provided within the notes to the financial statements and the Annual Governance Statement.

Certification of the Accounts

I certify that this Statement of Accounts:

- gives a true and fair view of the financial position of Birmingham City Council at 31 March 2026 and of its income and expenditure for the year then ended; and
- has been prepared in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom.

In reaching this certification, I have considered the information available, the Council's governance and financial reporting arrangements, the outcomes of management review processes, and the continuing programme of recovery and improvement. In doing so, I have relied upon the financial records, systems, controls and representations maintained by the Council and have exercised the professional judgement required by the Code in areas involving estimation and uncertainty.

……

Carol Culley, Executive Director of Finance & Section 151 Officer
30 June 2026

Approval of Accounts

In accordance with Regulation 9(2) of the Accounts and Audit Regulations 2015, the Statement of Accounts will be approved by resolution of the Audit Committee following the completion of the public inspection period and the conclusion of the external audit.

CORE FINANCIAL STATEMENTS 2025/26

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.

2024/25 Restated*					2025/26		
Gross Expenditure £m	Gross Income £m	Net Expenditure £m	Continuing Operations	Note	Gross Expenditure £m	Gross Income £m	Net Expenditure £m
801.5	(479.2)	322.3	Adult Social Care		856.2	(347.9)	508.3
1,416.4	(976.8)	439.5	Children and Families		1,495.0	(1,020.4)	474.6
747.2	(650.0)	97.2	Finance		771.7	(793.5)	(21.8)
83.8	(54.2)	29.6	City Housing		99.0	(48.7)	50.3
326.1	(118.1)	208.0	City Operations		388.1	(111.3)	276.8
124.7	(95.1)	29.6	Place, Prosperity and Sustainability		100.3	(115.8)	(15.5)
20.6	(6.7)	13.9	Strategy, Insight and Governance		16.8	(1.3)	15.5
29.3	(3.7)	25.6	HR, OD and Transformation		(3.4)	(4.4)	(7.8)
29.8	(64.3)	(34.5)	Centrally Managed		220.1	(302.2)	(82.1)
291.0	(332.5)	(41.5)	Housing Revenue Account		283.9	(338.8)	(54.9)
3,873.0	**(2,780.7)**	**1,089.7**	**Total Cost Of Services**		**4,227.7**	**(3,084.3)**	**1,143.4**
		149.8	Other Operating Expenditure	10			156.2
		130.7	Financing and Investment Income and Expenditure	11			120.3
		(1,388.9)	Taxation and Non-Specific Grant Income	12			(1,455.1)
		(18.6)	**(Surplus)/Deficit on Provision of Services**				**(35.2)**
		6.6	(Surplus) / deficit on revaluation of PPE	21,22,23			0.8
		313.7	Remeasurement of the net defined benefit liability	20			(267.3)
		320.3	**Other Comprehensive (Income) / Expenditure**				**(266.5)**
		301.7	**Total Comprehensive (Income) / Expenditure**				**(301.7)**

* Prior year comparators have been restated, see Note 50 for more details.

Movement in Reserves Statement

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

	Total General Fund Balance	Total HRA Reserves	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 31 March 2024	**784.7**	**65.4**	**(71.4)**	**30.1**	**146.2**	**955.0**	**2,203.3**	**3,158.3**
Restatement of opening balances*	(38.5)	-	-	-	-	(38.5)	(130.9)	(169.4)
Balance at 31 March 2024 Restated	**746.2**	**65.4**	**(71.4)**	**30.1**	**146.2**	**916.5**	**2,072.4**	**2,988.9**
Surplus on the provision of services	1.7	16.9	-	-	-	18.6	-	18.6
Other Comprehensive Income and Expenditure	-	-	-	-	-	-	(320.3)	(320.3)
Total Comprehensive Income and Expenditure	**1.7**	**16.9**	-	-	-	**18.6**	**(320.3)**	**(301.7)**
Adjustments between accounting basis and funding basis under regulations (Note 16)	184.9	(37.5)	21.1	(16.6)	0.4	152.3	(152.3)	-
Increase/(Decrease) in 2024/25	**186.6**	**(20.6)**	**21.1**	**(16.6)**	**0.4**	**170.9**	**(472.6)**	**(301.7)**
Transfer to/(from) reserves	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 March 2025	**932.8**	**44.8**	**(50.3)**	**13.5**	**146.6**	**1,087.4**	**1,599.8**	**2,687.2**
Movement in Reserves during 2025/26								
Surplus/(Deficit) on the provision of services	18.1	17.0	-	-		35.1		35.1
Other Comprehensive Income and Expenditure	-	-	-	-		-	266.5	266.5
Total Comprehensive Income and Expenditure	**18.1**	**17.0**	**-**	**-**		**35.1**	**266.5**	**301.6**
Adjustments between accounting basis and funding basis under regulations (Note 16)	20.7	(25.5)	(125.2)	(6.3)	10.6	(125.7)	125.7	-
Increase/(Decrease) in 2025/26	**38.8**	**(8.5)**	**(125.2)**	**(6.3)**	**10.6**	**(90.6)**	**392.2**	**301.6**
Transfer to/(from) reserves	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Balance at 31 March 2026	**971.6**	**36.4**	**(175.5)**	**7.2**	**157.1**	**996.8**	**1,992.0**	**2,988.8**

* Prior year comparators have been restated, see Note 50 for more details.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council.

1 April 2024 Restated* £m	31 March 2025 Restated* £m		Note	31 March 2026 £m
6,534.5	6,427.4	Property, Plant and Equipment	21	6,485.5
249.2	249.2	Heritage Assets	22	249.2
16.7	16.7	Investment Property		16.7
22.2	16.2	Intangible Assets	23	10.5
37.4	37.4	Long Term Investments	37	37.4
132.2	125.6	Long Term Debtors	24	124.4
6,992.2	**6,872.5**	**Total Long Term Assets**		**6,923.8**
237.3	214.0	Short Term Investments	25	312.9
64.5	31.1	Assets Held for Sale	26	18.3
1.7	1.2	Inventories		1.1
515.3	532.7	Short Term Debtors	27	569.9
65.4	35.1	Cash and Cash Equivalents	28	73.4
884.2	**814.0**	**Total Current Assets**		**975.5**
(347.2)	(295.4)	Short Term Borrowing	32	(359.3)
(513.5)	(505.8)	Short Term Creditors	29	(692.6)
(35.1)	(436.5)	Short Term Provisions	30	(386.9)
(895.8)	**(1,237.7)**	**Total Current Liabilities**		**(1,438.9)**
(30.3)	(39.6)	Long Term Creditors		(41.5)
(418.1)	(18.5)	Long Term Provisions	30	(21.9)
(3,267.5)	(3,133.8)	Long Term Borrowing	32	(3,247.8)
(140.3)	(135.8)	Other Long Term Liabilities	37	(74.3)
(135.5)	(434.2)	Net liability on defined benefit pension scheme	20	(86.0)
(3,991.7)	**(3,761.8)**	**Total Long Term Liabilities**		**(3,471.5)**
2,988.9	**2,687.1**	**Net Assets**		**2,988.9**
916.5	1,087.4	Usable Reserves	17	996.8
2,072.4	1,599.7	Unusable Reserves	18	1,992.1
2,988.9	**2,687.1**	**Total Reserves**		**2,988.9**

* Prior year comparators have been restated, see Note 50 for more details.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period.

2024/25 Restated* £m		Note	2025/26 £m
18.6	Net (Deficit)/Surplus on the provision of services		35.2
521.5	Adjustments to net Surplus/Deficit on the provision of services for non-cash movements	36	153.1
(442.4)	Adjustments for items included in the net Surplus/(Deficit) on the provision of services that are investing and financing activities	36	(277.6)
97.7	**Net cash flows from Operating Activities**		**(89.3)**
(95.2)	Investing Activities	34	(196.2)
(32.8)	Financing Activities	35	323.8
(30.3)	**Net increase/(decrease) in cash and cash equivalents**		**38.3**
65.4	Cash and cash equivalents at the beginning of the reporting period		35.1
35.1	**Cash and cash equivalents at the end of the reporting period**	**28**	**73.4**

* Prior year comparators have been restated, see Note 50 for more details.

Note 1
Accounting Policies

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its balance sheet position for the year ending 31 March 2026. The Accounts and Audit Regulations 2015 require the Council to prepare an annual statement of accounts in accordance with proper accounting practices. These practices under Section 21 of the 2003 Act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the 2003 Act.

The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation of certain categorised non-current assets and financial instruments. Historical cost is deemed to be the carrying amount of an asset as at 1 April 2007 (that is, brought forward from 31 March 2007) or at the date of acquisition, whichever date is the later, and if applicable is adjusted for subsequent depreciation or impairment.

ii. Accruals of Income and Expenditure

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

- Revenue from the provision of services or goods is recognised when the Council can reliably measure the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the Council;

- Revenue from the sale of goods or provision of services satisfied over time is recognised if the Council can reasonably measure its progress towards complete satisfaction of the performance obligation;

- 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, for example, fuel and transport parts;

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure based on the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;

- When income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

- For 2025/26, the Council has introduced a de minimis threshold for revenue accruals of £10,000 and capital accruals of £50,000 and is encouraging its application to support proportionate and efficient financial reporting.

iii. Cash and Cash Equivalents

Cash and Cash Equivalents are represented by cash in hand and deposits with financial institutions, which must be repayable immediately without penalty on notice of not more than 24 hours. Any deposits with financial institutions that may be repaid after the immediate day are considered to be investments, not cash equivalents.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand, where there are pooling arrangements across the accounts with the same institution and form an integral part of the Council's cash management.

iv. 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 and do not give rise to a prior period adjustment.

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

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

v. Charges to Revenue for Non-Current Assets

Directorates and trading accounts are debited with the following amounts to record 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 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 non-current assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. An adjustment is, therefore, made to remove depreciation, amortisation and revaluation and impairment losses from the General Fund and Housing Revenue Account through Note 16, Adjustments Between Accounting Basis and Funding Basis under Regulations, and the Movement in Reserves Statement and to replace them by the statutory contribution from the General Fund to the Capital Adjustment Account.

vi. Council Tax and Business Rates

Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and Business Rates. The Collection Fund's key features relevant to the accounting for Council Tax and Business Rates in the core financial statements are:

- In its capacity as a Billing Authority the Council acts as an agent, collecting and distributing Council Tax on behalf of the major preceptors and as principal for itself;

- While the Council Tax and Business Rates income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the Council's General Fund, or paid out from the Collection Fund to the major preceptors. The amount credited to the General Fund under statute is the Council's demand on the Fund for that year, plus/(less) the Council's share of any surplus/(deficit) on the Collection Fund for the previous year. This amount may be more or less than the accrued income for the year in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26.

Comprehensive Income and Expenditure Statement

The Council Tax and Business Rates income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. In addition, that part of Business Rates retained as the cost of collection allowance under regulation is treated as the Council's income and appears in the Comprehensive and Income Expenditure Statement as are any costs added to Business Rates in respect of recovery action.

Balance Sheet

Since the collection of Council Tax and Business Rates are in substance agency arrangements, any year end balances relating to arrears, impairment allowances for doubtful debts, overpayment and prepayments are apportioned between the major preceptors and the Council by the creation of a debtor/creditor relationship. Similarly, the cash collected by the Council belongs proportionately to itself and the major preceptors. There will, therefore, be a debtor/creditor position between the Council and the major preceptors since the cash paid to the latter in the year will not be equal to their share of the total cash collected. If the net cash paid to the major preceptors in the year is more than their proportionate share of the cash collected the Council will recognise a debit adjustment for the amount overpaid. Conversely, if the cash paid to the major preceptors in the year is less than their proportionate share of the amount collected then the Council will recognise a credit adjustment for the amount underpaid.

Cash Flow Statement

The Council's Cash Flow Statement includes in 'Operating Activities' cash flows only its own share of the Council Tax and Business Rates collected during the year, and the amount included for precepts paid excludes amounts paid to the major preceptors. In addition, that part of Business Rates retained as the cost of collection allowance under regulation appears in the Council's Cash Flow Statement. The difference between the major preceptors' share of the cash collected and that paid to them as precepts and settlement of the previous year's

surplus or deficit on the Collection Fund, is included as a net increase/decrease in cash and cash equivalents.

vii. Employee Benefits

Benefits Payable During Employment

Short Term Benefits

Short term employee benefits are those due to be settled within 12 months of the year-end. They include benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits, for example cars for current employees, and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of annual leave entitlements (or any other form of leave, for example time off in lieu) earned by employees but not taken before the year-end, which employees can carry forward into the next financial year. The standard Annual Leave year runs from 1st April to 31st March, and a maximum of 36.5 hours untaken leave may be carried over into the next leave year (pro-rated as appropriate) in accordance with the Absence and Leave Policy. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus/Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement so that leave benefits are charged to revenue in the financial year in which the leave of absence occurs.

Other Long-Term Benefits

Other long term employee benefits are benefits, other than post-employment and termination benefits, that are not expected to be settled in full before 12 months after the end of the annual reporting period for which employees have rendered the related service. Within local authorities the value of these benefits is not expected to be significant. Such long-term benefits may include:

- Long term paid absence or sabbatical leave;
- Long term disability benefits;
- Bonuses;
- Deferred remuneration.

Long term benefits would be accounted for on a similar basis to post-employment benefits.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an employee's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate Directorate at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund and Housing Revenue Account balances to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

In the Movement in Reserves Statement, appropriations are required to and from the Pension Reserve to remove the notional debits and credits for pension enhancement termination

benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

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

- The Local Government Pension Scheme, administered by the West Midlands Pension Fund offices at Wolverhampton City Council;
- The Teachers' Pension Scheme administered by Capita Teachers' Pensions on behalf of the Department for Education;
- The NHS Pensions Scheme administered by NHS Pensions.

Each scheme provides defined benefits to members (retirement lump sums and pensions), earned during employment with the Council.

The arrangements for the Teachers' Pension Scheme and the NHS Pensions Scheme mean liabilities for these benefits cannot ordinarily be identified specifically to the Council. These 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 Local Government Pension Scheme

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

- The liabilities of the West Midlands Local Government Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc, and projections of earnings for current employees;
- Liabilities are discounted to their value at current prices, using a discount rate of 2.00% based on the indicative rate of return on high-quality corporate bond yields;
- The assets of the West Midlands Local Government Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
    - quoted securities – current bid price;
    - unquoted securities – professional estimate;
    - unitised securities – current bid price;
    - property – market value.
- The change in the net pensions liability is analysed into the following elements:

  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 Directorates for which the employees worked;

- past service cost – the increase in liabilities arising from current year decisions (scheme amendment or curtailment) whose effect related to years of service earned in earlier years – debited to the (Surplus)/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement;

- net interest on the net defined benefit liability/(asset), that is the net interest expense for the Council – the change during the reporting 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.

Re-measurements 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;

- 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 West Midlands Local Government Pension Fund cash paid as employer's contributions to the pension fund; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund and Housing Revenue Account balances to be charged with the amount payable by the Council to the pension fund 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 and Housing Revenue Account arising from the requirement to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

In accordance with IFRIC 14 (The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction), the Council applies the asset ceiling when a net defined benefit asset arises under IAS 19 (Employee Benefits). The asset ceiling limits the recognised asset to the present value of the economic benefits available to the Council in the form of refunds from the pension fund or reductions in future contributions. A surplus exists when the present value of the defined benefit obligation is less than the fair value of the plan assets. In applying IFRIC 14, the recognition of the pension surplus has been restricted, resulting in a net defined benefit liability at the reporting date.

Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff, including teachers and public health employees, are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

viii. Events After the Reporting Period

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events;

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

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

ix. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of an entity and a financial liability or equity instrument in another. The term “financial instrument” includes, amongst other things, trade receivables and payables, borrowings, financial guarantees, bank deposits and loans receivable.

Financial Liabilities

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

For most of the Council's borrowings, this means the amount presented in the Balance Sheet is the outstanding principal repayable, plus accrued interest; and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

However, the Birmingham City Council 2030 bonds, issued in exchange for NEC loan stock in 2005 and the NEC Development 2027 bonds, were issued at a fair value in excess of the principal repayable. Interest is being charged on an amortised cost accounting basis, which writes the value down to zero at maturity.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement.

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

Financial Assets

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 does not currently have any financial assets designated at FVOCI.

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

Financial Assets Measured at Amortised Cost

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

However, the Council has made a number of loans at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) 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 is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the organisations, 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 CIES to the net gain 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.

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

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost (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.

Financial assets measured at fair value through other comprehensive income (FVOCI)

Financial assets that are measured at FVOCI 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 arise in other comprehensive income.

Financial Assets Measured at Fair Value through Profit or Loss (FVPL)

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

Where it is possible to determine a fair value, measurement of the financial assets is based on the following techniques:

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

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

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

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

Disclosure of the nature and risk arising from Financial Instruments

The Council's activities expose it to a variety of financial risks, such as:

- Credit risk – the risk that other parties might fail to pay amounts due;
- Liquidity risk– insufficient funds available to meet commitments;
- Market risk – financial loss from changes in interest rates

To minimise these risks, the Council complies with the CIPFA Prudential Code, the CIPFA Treasury Management in Public Services Code of Practice and Investment Guidance issued to meet the requirements of the Local Government Act 2003.

Instruments Entered into Before 1 April 2006

The Council has entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required, or a contingent liability note is needed under the policies set out in section xxii on Provisions, Contingent Liabilities and Contingent Assets.

x. Government Grants and Contributions

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

.

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

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution are satisfied.

Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions are unlikely to be satisfied are carried in the Balance Sheet as creditors. Where conditions are satisfied or expected to be satisfied, the grant or contribution is credited to the relevant Directorate (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

xi. Business Improvement Districts

In accordance with the provisions of the Business Improvement District Regulations (England) 2004 ballots of local businesses within specific areas of the City have resulted in the creation of distinct Business Improvement Districts. Business ratepayers in these areas pay a levy in addition to the Business Rate to fund a range of specified additional services which are provided by specific companies set up for the purpose.

In line with Code guidance the Council has determined that it acts as agent to the Business Improvement District authorities and therefore neither the proceeds of the levy nor the payment to the Business Improvement District Company are shown in the Council's accounts.

Community Infrastructure Levy

The Council has elected to charge a Community Infrastructure Levy (CIL). The levy will be charged on new builds with appropriate planning consent. 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 to support the development of the City.

CIL is received without outstanding conditions; it is, therefore, recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with section xi. Government Grants and Contributions of this note. CIL charges will be largely used to fund capital expenditure although an element may be used to support infrastructure maintenance, and a small proportion of the charges may be used to fund the costs of administration associated with the CIL.

xii. Heritage Assets

Heritage assets are assets that have historical, artistic, scientific, technological, geographical or environmental qualities that are held in trust for future generations because of their cultural, environmental or historical associations and contribution to knowledge and culture. They include museums' and libraries' heritage collections, historic buildings and the historical environment, public works of art and civic regalia and plate.

Where assets of a heritage nature are used in the ongoing delivery of the Council's services, such as historically interesting buildings and parks and open space, they have not been categorised as heritage assets but remain as other land and buildings or as community assets within Property, Plant and Equipment.

For the Museum, Library and Civic Plate Collections, insurance valuations are used due to the unique nature, diversity and quantity of the assets, and lack of historical cost information. For other types of Heritage Assets, historical cost information is used where available when compiling the Balance Sheet. In some cases, neither reliable valuation information nor historical cost information is available, in which case the asset has been excluded from the Balance Sheet.

The Council considers that heritage assets will have indeterminate lives and a high residual value; and therefore does not consider it appropriate to charge depreciation on the assets. Any impairment or disposal of heritage assets is recognised and measured in accordance with the Council's relevant policies (see section xxi. Property, Plant and Equipment in this note).

xiii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (for example, software licences) is capitalised when

it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured initially at cost and the depreciable amount is amortised over the useful life of the asset on a straight-line basis and charged to the relevant Directorate in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted 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.

xiv. Interests in Companies and Other Entities

The Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint operations and proper accounting practices require it to prepare group accounts. In the Council's own single entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

xv. Investment Properties

Investment properties are those that are held by the Council solely to earn rentals and/or for capital appreciation. An asset does not meet the definition of being an investment property if it is used in any way to facilitate the delivery of services, for the production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently carried at fair value, measured at highest and best use. Investment properties are not depreciated but are revalued annually based on market conditions at the year-end. Gains/losses on revaluation, or on disposal, are posted to Financing Income and Expenditure in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains/losses on disposal.

Rentals received in relation to investment properties are credited to Financing Investment Income in the Comprehensive Income and Expenditure Statement and result in a gain for the General Fund Balance. However, revaluation and disposal gains/losses are not permitted by statutory arrangements on the General Fund Balance and are therefore reversed out through the Movement in Reserves Statement and posted to the Capital Adjustment Account.

Whilst discharging its role the Council works to ensure that the stewardship of all property assets is such that they are managed in a way that is economic, efficient and effective. The Council has a site that meets the definition of 'Investment Properties'.

The Council has a number of lease arrangements with subsidiary companies that are not treated as investment properties in line with IAS 40, Investment Property.

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

xvi. Joint Operations and Jointly Controlled Assets

Joint operations are activities undertaken by the Council in conjunction with other ventures that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Council recognises on its Balance Sheet the assets it controls and the liabilities it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and the expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

xvii. Leases

The Council as lessee

The Council implemented IFRS 16 Leases in accordance with the CIPFA Code of Practice. The standard requires all leased assets to be recognised on the Balance Sheet as right of use assets, along with a corresponding lease liability. Previously, only finance leases, where substantially all risks and rewards of ownership transferred to the Council, were recognised in this way.

At the start of each lease, a liability is recognised for the present value of future lease payments, discounted using the interest rate implicit in the lease or, where this cannot be determined, the Council's incremental borrowing rate. The right of use asset is measured at cost, comprising the initial lease liability, payments made before commencement, and any initial direct costs.

Lease liabilities are remeasured when future payments change due to variations in an index or rate. Corresponding adjustments are made to the right of use asset. Lease payments are split between:

- the reduction of the lease liability, and
- a finance charge recognised within Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Right of use assets are accounted for in line with the Council's policies for Property, Plant and Equipment, including depreciation over the shorter of the lease term or the asset's useful life. Revaluation may be required where the cost model does not reflect current value.
Depreciation, revaluation, and impairment losses on leased assets do not impact council tax requirements. Minimum Revenue Provision arrangements (see Note 21) apply to these assets.
For leases of low value items (less than £5,000 when new) or with terms under 12 months, lease payments are charged directly to the Comprehensive Income and Expenditure Statement on a straight-line basis, even if this differs from the payment schedule.

The Council as lessor Finance Leases

When the Council grants a finance lease, the leased asset is removed from the Balance Sheet and replaced with a long-term debtor reflecting the present value of future lease payments. This debtor balance reduces as principal payments are received.

Operating Leases

For operating leases, the leased asset remains on the Balance Sheet, and rental income is recognised on a straight-line basis over the lease term, regardless of the payment pattern (e.g., premiums paid at lease commencement).

xviii. Overheads and Support Services

The costs of overheads and support services are charged to Directorates in accordance with the Council's arrangements for accountability and performance.

xix. Property, Plant and Equipment

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

Recognition

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

Measurement

Assets are initially measured at cost, comprising:

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

The Council capitalises borrowing costs incurred whilst material assets are under construction. Material assets are considered to be those where total planned (multi-year) borrowing for a single asset (including land and building components) exceeds £20m, and where there is a 'substantial period of time' from the first capital expenditure financed from borrowing until the asset is ready to be brought into use. A substantial period of time is considered to mean in excess of two years. Both of these tests will be determined using estimated figures at the time of preparing the accounts in the first year of capitalisation. Should either test fail in subsequent financial years, the prior year's treatment will not be adjusted retrospectively.

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

Assets are subsequently carried in the Balance Sheet using the following measurement bases:

- infrastructure assets, vehicles, plant, furniture and equipment (excluding Tyseley
- Energy Recovery Facility) – depreciated historical cost;
- community assets and assets under construction – historical cost;
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);

- where cleared land has been designated for social housing use, that land is valued using the basis of EUV-SH;
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- surplus assets – fair value; assessed in their highest and best use from a market participant's perspective;
- all other assets – current value, determined as the price that would be paid in its existing use.

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

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Increases in asset valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

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

- Where there is a balance of revaluation gains for the asset in the revaluation reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

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

Impairment

Assets are assessed at each year-end for any indication that an asset may be impaired. Where indications exist and any possible difference is 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.

Revaluation

All assets held at current value are subject to revaluation (this includes Investment Property).

From 1 April 2025, following amendments introduced by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, the Council applies a five-year rolling programme of revaluation for Property, Plant and Equipment (PPE) measured at current value. Assets are subject to a full valuation at least once every five years.

In intervening years, assets not subject to full revaluation are updated using appropriate indexation to ensure that carrying amounts are not materially different from current value at the reporting date. Indexation is applied as at 31 March and consistently across asset groups with similar characteristics and valuation methodologies. The selection of indices is determined by qualified valuers and agreed with the Section 151 Officer. Where no suitable index is available, a desktop valuation is undertaken in accordance with the Code.

Indexation movements are fully incorporated into the carrying amount of PPE and are treated as revaluation gains or losses (including reversals of previous revaluation losses) in the same way as movements arising from full valuations.

Increases in valuations and indexation gains are matched by credits to the Revaluation Reserve to recognise unrealised gains, unless reversing a previous revaluation or impairment loss charged to the Comprehensive Income and Expenditure Statement (CIES), in which case the gain is credited to the CIES.

Where decreases in value (including indexation losses) are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gain).
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.
- where valuation or indexation gains and losses are recognised in the CIES, equivalent amounts are transferred to the Capital Adjustment Account.

Revaluations outside of the five-year rolling programme are undertaken only where there is an indication of impairment or a material change in value.

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

This change in accounting approach has been applied prospectively from 1 April 2025 in accordance with the transitional provisions of the Code and comparative figures have not been restated.

Impairment

Assets are assessed at each year-end for indications of impairment and where conditions exist and possible differences are estimated to be material, the recoverable amount is estimated and, where this is less than the carrying amount, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for in the same way as revaluation losses. When an asset is disposed of or decommissioned, the carrying amount in the Balance Sheet (whether PPE or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES against any receipts arising from the disposal as a gain or loss. To avoid impairment becoming a charge against Council Tax the value of such impairments is reversed out within the Movement in Reserves Statement and charged to the Capital Adjustment Account.

Useful Life

The Council estimates that assets, at new, have remaining useful lives within the parameters as detailed below:

- Council Dwellings – separated into the key components
    - Land – indefinite life;
    - Kitchens – 20 years;
    - Bathrooms – 40 years;
    - Doors/Windows/Rainwater, Soffits and Facias – 35 years;
    - Central Heating/Boilers – 15 to 30 years;
    - Roofs – 25 to 60 years;
    - Remaining components (Host) – 30 to 60 years;

- Buildings – up to 50 years;
- Vehicles, Plant, Furniture and Equipment – up to 50 years;
- Infrastructure – between 10 to 120 years.

The useful life of each relevant asset is reviewed as part of the Council's five-year cycle of revaluation by an appropriately qualified valuer.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets, including components, by the systematic straight-line allocation of their depreciable amounts over their useful lives. Assets without a determinable finite useful life, and assets that are not yet available for use, are not depreciated. Depreciation is charged in the year of disposal but not charged in the year of purchase.

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.

Componentisation

Where an asset is material (over £5m) and has major components, whose cost is significant to the total cost of the asset, and which have markedly different useful lives, components are separately identified and depreciated. Also, additions are considered for components, whereby as components are added, any component being replaced is derecognised. Where the historical cost of the old component is not readily determinable, it has been estimated by comparing the remaining useful economic life of the component to the original useful economic life and the cost of the replacement component. A pro rata of both the depreciation and any applicable Revaluation Reserve is also derecognised.

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and carrying value less the cost of sale. Where there is a subsequent decrease to carrying value less the cost of sale, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in current value are recognised only up to the amount of any previous losses recognised in the Surplus/Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Where assets are no longer used by a Directorate, these assets are offered to other Directorates for use. Those assets which are surplus are made available for sale and will be classified as 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 or revaluations that would have been recognised had they not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet and the gain or loss on disposal is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Gains and losses on disposal of assets are not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance through the Movement in Reserves Statement.

Amounts, in excess of £10,000, received from a disposal are categorised as capital receipts. A proportion of receipts relating to housing disposals is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve. Receipts are appropriated to the Reserve from the General Fund Balance through the Movement in Reserves Statement.

xx. Service Concession Arrangements

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

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment. The Council includes the cost of establishing Special Purpose Vehicles in the calculation of the liabilities.

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 contractor each year are analysed into five elements:

- Fair value of the services procured during the year – debited to the relevant Directorate in the Comprehensive Income and Expenditure Statement;

- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

- Contingent rent – inflationary increases in the amount to be paid for the property arising during the contract, 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 contractor;

- Lifecycle replacement costs – usually recognised as an addition to Property, Plant and Equipment when the relevant works are carried out in line with the operator's model spending profiles.

xxi. Provisions, Contingent Liabilities and Contingent Assets

Provisions

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

Provisions are charged as an expense to the appropriate Directorate in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. Provisions are not discounted to their value at current prices unless material.

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

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

Onerous Contracts

An onerous contract is a contract for the exchange of assets or service in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits or service potential expected to be received under it.

Onerous Contracts are accounted for under IAS 37 – Provisions, Contingent Liabilities and Contingent Assets. A provision will be recognised for the unavoidable costs.

Contingent Liabilities

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

Contingent liabilities are not recognised in the Balance Sheet but disclosed in Note 31 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 Note 31 to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xxii. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate Directorate in that year to score against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred 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 Council – these reserves are explained in the relevant policies.

xxiii. Revenue Expenditure Funded from Capital under Statute

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

xxiv. Accounting for Schools

Local authority-maintained schools, in line with relevant accounting standards and the Code, are considered to be separate entities with the balance of control lying with the Council. As such the Council should consolidate the activities of schools into its group accounts. However, the Code requires that the income, expenditure, assets and liabilities of maintained schools be accounted for in local authority entity accounts rather than requiring the preparation of group accounts.

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

- Community schools;
- Voluntary Controlled schools;
- Voluntary Aided schools;
- Foundation schools.

Given the nature of the control of the entities and the assessment of control over the service potential embodied in the associated land and buildings, the Council recognises non-current assets within its Balance Sheet only where the recognition criteria of the CIPFA Code are met. The Council recognises all land and buildings for Community Schools. For Voluntary Aided, Voluntary Controlled and Foundation Schools, buildings are recognised where the Council concludes that it controls the associated service potential, and land is recognised only where the Council can demonstrate control through restrictive covenants within site deeds or where there is other appropriate evidence of control.

Academies and Free Schools are not considered to be controlled by the Council and are not consolidated into the entity or group accounts.

xxv. Value Added Tax

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

xxvi. Fair Value Measurement

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

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

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

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

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

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

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council 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.

xxvii. Council Acting as Agent

The Council does not include transactions that relate to its role in acting as an agent on behalf of other bodies. In such cases the Council is acting as an intermediary and does not have exposure to significant risks and rewards from the activities being undertaken.

xxviii. Dedicated Schools Grant Deficit Balances

Where the Council has a deficit in respect of its schools' budget for a financial year beginning on 1 April 2020, the Council does not charge to a revenue account an amount in respect of

that deficit. Instead, it charges the amount of the deficit to an account established, charged and used solely for the purpose of recognising deficits in respect of its schools' budget.

These financial statements continue to be produced under IFRS with the Dedicated Schools Grant (DSG) being accounted for in the normal way (through the CIES). An accounting adjustment is made via the MiRS to move any DSG deficit balances on a time limited basis to an unusable reserve established for that purpose.

xxix. Highways infrastructure assets

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

Recognition

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

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 SI 1232/2022 – These amendment regulations provide that where a local authority replaces a component of an infrastructure asset, the authority has a choice of how to identify the carrying amount to be derecognised in respect of that component (i.e. either a nil amount or to follow the Code). The Council has elected to make use of this statutory override.

Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in Balance Sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, 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.

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 their useful lives. Depreciation is charged on a straight-line basis. Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows:

Carriageways	20 years
Footways and cycle tracks	20 years
Highways Drainage	15 years
Street furniture	30 years
Street lighting	30 years
Structures (bridges, tunnels)	120 years

Traffic management systems	25 years
Other infrastructure assets	10 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 are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

xxx. Minimum Revenue Provision (MRP)

The Council is not required to use Council Tax to fund depreciation, revaluation and impairment losses or amortisation of non-current assets. However, it is required to make an annual contribution from revenue towards provision for the reduction in its overall borrowing requirement. Regulation 28 of the 2003 Regulations requires a local authority to calculate in each financial year an amount of MRP that it considers to be prudent.

xxxi. Going Concern

The Statement of Accounts have been prepared on a going concern basis. The CIPFA Code of Practice on Local Authority Accounting requires local authority accounts to be prepared on this basis, as local authorities can only be discontinued, restructured or amalgamated following statutory prescription.

Note 2
Critical Judgements in Applying Accounting Policies

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

Schools

The Council has assessed the legal framework underlying each type of school and determined the treatment of non-current assets within the financial statements on the basis of whether it owns or has some responsibility for, control over or benefit from the service potential of the premises and land occupied. The Council has considered its accounting arrangements for each school, on a case-by-case basis, under the terms of:

- IAS 16, Property, Plant and Equipment
- IAS 17, Leases
- IFRIC 4, Determining Whether an Arrangement Contains a Lease; and
- LAAP Bulletin 101, Accounting for Non-Current Assets Used by Local Authority Maintained Schools

The Council has determined that, within its Balance Sheet, for:

- Community Schools - all land and buildings should be recognised;
- Voluntary Controlled, Voluntary Aided and Foundation Schools – the Council recognises school land and buildings only where it has control of the asset. Where the Council concludes that it does not control the economic benefits or service potential associated with the asset, the asset is not recognised within the Balance Sheet;
- Academy Schools - no non-current assets should be recognised as they maintain their own financial records.

Local authority-maintained schools, as independent entities, have responsibility for the management of their own resources. However, as their transactions are consolidated into the Council's financial statements, the Council has reviewed their activity to ensure consistency of accounting treatment. The Council has identified activity incurred as revenue expenditure by local authority-maintained schools, which under the Council's policies would be considered to be capital expenditure. The Council has, therefore, treated expenditure which it can reasonably identify as being capital in nature as capital expenditure financed from revenue, which is then depreciated over an average useful economic life. Where it is not clear whether expenditure incurred relates specifically to capital, it has been left as revenue expenditure.

Whilst the Council is required to report the transactions of local authority-maintained schools within its entity financial statements, it has not included details of employees of Voluntary Aided and Foundation Trust schools in Note 43, Officers' Remuneration, as they are employed by the relevant governing body.

The table below shows the number and type of schools within Birmingham at 31 March 2026.

Type of School	Nursery	Primary	Infants	Juniors	Secondary	All Through	Alternative	Special	Other	Total
Academy	-	134	4	6	60	5	-	10	-	**219**
Community	27	79	10	10	8	-	-	8	1	**143**
Foundation Trust	-	7	1	1	3	-	-	9	-	**21**
Free School	-	4	-	-	12	2	6	-	-	**24**
Studio School	-	-	-	-	1	-	-	-	-	**1**
UTC	-	-	-	-	1	-	-	-	-	**1**
Voluntary Aided	-	38	2	-	4	-	-	-	-	**44**
Voluntary Controlled	-	4	-	-	-	-	-	-	-	**4**
Total	**27**	**266**	**17**	**17**	**89**	**7**	**6**	**27**	**1**	**457**

Where a school proposes to transfer to Academy status, the Council will continue to retain any asset subject to transfer on the basis of its last revaluation, which maintains both the asset value and the anticipated useful life until the date of transfer. The Council has taken the view that any asset transferring will continue on the basis of the permitted use within the lease agreements, to be used for the provision of education services, thus supporting the Council's statutory obligation for the provision of education. On transfer to an Academy, assets are derecognised in the Council's financial statements for nil consideration.

Service Concession Arrangements – Highways PFI

The Council reviewed the accounting treatment of the Highways PFI arrangement during 2025/26 following confirmation that Government PFI funding would cease and the subsequent termination of the interim contractual arrangements. In applying the requirements of the CIPFA Code, management concluded that the withdrawal of Government funding and the cessation of the interim arrangements meant the arrangement could no longer give rise to material future payment obligations relating to the past delivery of certain works and therefore no longer supports the continued recognition of a corresponding service concession asset and liability. Accordingly, both have been removed from these accounts. Comparative balances have therefore been restated. Further details are provided in Note 50.

Leases

Leases are categorised between operating and finance leases according to management judgement on the basis of relevant accounting standards, with the premise that long term land leases, typically greater than 110 years, and long-term building leases, typically greater than 50 years, are accounted for on the basis of finance leases.

The Better Care Fund (including the improved Better Care Fund)

The Better Care Fund was announced in June 2013 with the intention to drive the transformation of local services and was to be operated through pooled budget arrangements between the Council and local Clinical Commissioning Groups. Specific resources were earmarked for the Better Care Fund by NHS England in its allocation to Clinical Commissioning Groups. The remainder of the fund was made up of the Social Care Capital Grant and the Disabled Facilities Grant which were paid to local authorities.

In accounting for the pooled resources, in agreement with the Clinical Commissioning Groups:

- Activity where funding was received and expended under the control of Clinical Commissioning Groups has been accounted for in their accounts
- Activity where funding was received and expended under the control of the Council has been accounted for in its accounts
- Activity where funding was under joint control has been accounted for on the basis of the share for each organisation.

Further details on the Better Care Fund are provided in Note 46, Related Parties.

The Council acting as Agent

The Council acts as agent for a range of funding resources. In its role as agent, transactions relating to agency activity are not included in the Council's financial statements.

The Council acts as the accountable body for the Enterprise Zone (EZ) and the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) Legacy Funds including the previously named Growing Places Fund (GPF). These are under the control of the Enterprise Zone Partnership Board (previously the GBSLEP). The Council also acts as the accountable body for The Regional Growth Fund (RGF)/Advance Manufacturing Supply Chain Initiative (AMSCI). These are under the control of Finance Birmingham/Frontier Development Capital. In all cases decisions are taken by impartial and independent investment boards. As accountable body, all governance processes are overseen by the Council.

Whilst the Council has received the funding, it is on the basis of an Accountable Body to ensure that resources are spent in compliance with the grant offer letters.

Given the basis of control, the Council has determined that it acts as agent rather than principal for these resources which are, therefore, not included in the Council's financial statements.

Details of the Council's role as agent for external resources are included in Note 47 to these financial statements.

Equal Pay

The Council has received equal pay claims. As a result, a provision has been made in these accounts for potential future liabilities.

The Council has determined that the likely payment of equal pay claims meets the criteria set out in IAS37, which requires that:

1) The Council has a present obligation (legal or constructive) as a result of a past event;
2) It is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
3) a reliable estimate can be made of the amount of the obligation.

The calculation of the estimate is complex and relies on a number of critical individual assumptions. The Council has sought and received expert legal advice to underpin the approach taken and develop a model that reliably estimates the liability.

As a result of the nature of the assumptions used in calculating the liability, and the scale of the liability itself, the liability recognised sits within a range of potential outcomes. All of these outcomes are significant in value individually.

Council Dwellings – Use of DCF as Valuation Methodology

In certain cases, there is a lack of reliable market pricing and an absence of an owner-occupied market for Council Dwellings – this means that an alternative approach to valuation is required to generate an equivalent capital value for such assets in the absence of a reliable market for sales. The Council has adopted an approach that calculates the discounted cashflow (DCF) of these properties, to arrive at the valuation.

There are just over 11,000 properties that are valued using DCF, of which, the majority are high rise blocks. The DCF model is required to estimate the cash inflow and outflow of the relevant properties over a period of 30 years, applying an appropriate discount rate.

While the majority of the assumptions that are required to be included in such complex models can be easily substantiated (discount rates, levels of income, numbers of units), one key area of uncertainty relates to maintenance spend.

The Council is committed to maintaining these properties, which in many cases are in older buildings. The cost of maintaining them though is subject to a wide number of factors, including the state of repair, the current and expected future costs of maintenance, which are inherently uncertain, the anticipated level of budget that the Council has, that may introduce a cap on spend, and any significant, unexpected areas of spend, which includes the recent investment the Council has made to cladding and fire protection.

Note 3
Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Council is required to disclose information relating to the impact of the accounting change on the financial statements as a result of the adoption by the Code of a new or amended standard that has been issued but is not required to be adopted by the Council for the 2025/26 accounting period.

The standards introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- **Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7)** issued in May 2024. The amendments provide clarification on the application of the classification, measurement and derecognition requirements for financial assets, including the treatment of modified financial instruments, and introduce additional disclosure requirements.

- **Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7)** issued in December 2024. The amendments provide clarification on the classification, measurement and disclosure requirements for electricity purchase contracts where cash flows are dependent on the quantity of electricity generated by natural sources, such as wind or solar power.

It is not envisaged that these will have a significant effect on the Council's financial statements.

Note 4
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, balances cannot be determined with certainty, and actual results could be materially different if the assumptions and estimates were to change.

The Council is exposed to a degree of estimation uncertainty related to interest rate risk in its financial instruments, principally its borrowing and investments. More information on this can be found in Note 38.

IAS 1 requires the Council to disclose information about the assumptions it makes about the future, and other major sources of estimation uncertainty at the end of the reporting period, that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

In respect of those assets and liabilities, the notes shall include details of:

(a) their nature, and
(b) their carrying amount as at the end of the reporting period.

While there are a number of areas of uncertainty that the Council manages, those that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities in the next financial year are as follows:

- Valuation of certain parts of the Council's Plant, Property and Equipment balances, specifically relating to the Council's dwellings, and other land and buildings; and

- The net defined benefit pension liability.

These are dealt with separately below:

Property, Plant and Equipment

The Council recognises a variety of land and buildings in its Balance Sheet, and applies a range of valuation methodologies, in line with the adopted accounting policies and required standards, to arrive at a valuation for the portfolio at each Balance Sheet date. A number of these approaches include specific estimates, and uncertainties. The areas for which a risk of material uncertainty is noted are included in the tables below - note that where a part of the balance is not included in a table, it is not considered to have a material uncertainty associated with it.

Council Dwellings – HRA (31 March 2026 £3,165.6m)

There are two approaches applied to the valuation of these assets, the beacon approach and discounted cashflow. The beacon approach covers the majority of the assets and is set out in the following tables:

Approach to valuation	Council dwellings are subject to a full revaluation every five years, with a desktop review in intervening years. The majority of assets are valued using a beacon approach, where a value is undertaken for the housing stock portfolio based on properties that are a representative

	sample of the Council's properties across the city. The beacon value is derived from sales of similar, ex Council or comparable properties, suitably adjusted by taking into account information from the land registry and other relevant sources, before being applied to the wider population of properties. In this instance, all beacon properties were revalued at the valuation date.
Nature of uncertainty	The Council recognises the value of nearly 59,000 properties in total (excluding garage sites). Of these properties, approximately 48,000 use this beacon valuation approach, which is the agreed, recommended approach where such large numbers of properties require a valuation. With such a large population of properties being valued there is naturally a degree of estimation uncertainty. A relatively small movement in the beacon values would, once extrapolated, result in a significant change in the overall value of the estate.
Amount recorded in the financial statements at 31 March 2026	£3,165.6m
Sensitivity	Should the property market value change over the 12 months following the Balance Sheet date, the beacon values would likely change as a result, and the overall valuation for these properties could change significantly. Land Registry data suggests that in the period from 1 January 2025 to 31 December 2025 property prices in Birmingham moved by an average of -0.3%. Applied as a general movement across all beacons, extrapolated across the full population would give rise to a decrease in the valuation of these properties of £9.5m.

Other land and buildings (31 March 2026 £2,247.4m)

The Council recognises the value of almost 1,430 other land and buildings assets. The valuation approach for other land and buildings is to obtain valuations on the basis of a five-year rolling programme, which is supplemented by annual reviews, to reflect significant changes in market value. This results in only a sample of assets being revalued each year. For asset classes that use a DRC valuation, the Council's valuer applies an appropriate index to those properties that ~~don't~~ do not have a full, detailed valuation performed, to obtain an estimated valuation.

A small subset of assets are not valued. The Council considers the extent to which applying the percentage movement in assets that have been valued, would impact those that have not been valued, to ensure that it is not material. Although this does introduce uncertainty to this component of the valuation, the Council does not believe it to be material and therefore has not included it in the table below.
The areas of this approach that give rise to a material uncertainty are as follows:

DRC assets, forming part of the five-year cycle of valuations that have had indexation applied, rather than a detailed valuation performed

Approach to valuation	These assets form part of the rolling five-year cycle of valuations but are not in the current year population to receive a specific valuation. The Council's valuer applies additional obsolescence and an uplift for

	movement in the Buildings Cost Information Service (BCIS) index to these assets, to arrive at an estimated, market driven change in the valuation based on building costs. Note that the indexation applied to assets excludes land, as the Council does not believe it appropriate to apply an index to the value of land.
Nature of uncertainty	A market-based index is applied to achieve an overall movement in the asset value as a desktop exercise. Based on market movements in building costs, and therefore the index, and individual specific valuations of properties in this population, the 31 March 2026 Statement of Accounts may result in a change in the valuation recorded for these properties at that point. Note that the properties in this population are reviewed, and where specific valuation events occur, then they are included in the in-year rolling programme of valuations and excluded from this approach. This helps to reduce the estimation uncertainty included in this approach.
Amount recorded in the financial statements at 31 March 2026	£2,247.4m
Sensitivity	Indexation is applied to these assets, as a proxy for the changes in likely building costs to replace them. As such, any indexation applied to the value of the assets will change them during the year to 31 March 2027. The overall movement from 31 March 2025 to the Balance Sheet date equates to a net decrease of -5.0%. If the same movement is applied to these assets in the year to 31 March 2027, the value would further decrease by £112.4m. As a proxy for overall market rises in costs, the ONS published CPI for the 12 months to March 2026 is 3.4%. If 3.4% is applied as the index for the year to 31 March 2027, then these asset values will increase by £76.4m.

Net defined benefit pension liability

The Council has a number of employees who are members of Pension schemes. One such scheme, the Local Government Pension Scheme (LGPS) is a defined benefit scheme, which can give rise to significant liabilities for the Council.

The liabilities are presented net in the Council's Balance Sheet, having considered both the total assets, and the potential return from them, and all liabilities associated with scheme members. Given the duration of the liabilities, and the complexity of both determining scheme returns, and expected future liabilities, the calculation of the Council's net liability is performed by a qualified actuary.

Approach to valuation	The Council, and the Council's actuary, follow an agreed and accepted process for completing the valuation, which is consistent across the sector. That is to complete a full, detailed valuation every three years, and then in the intervening years, complete a "roll-

	forward". This approach means that between full valuations, there is inherently a larger degree of uncertainty in the result. The estimate for the Local Government Pension Scheme liability has been performed by a qualified actuary and is based on the latest actuarial valuation and transaction information from 2025/26, which results in a net pension asset of £1,044.7m (2024/25 net pension asset of £598.4m). The Pension Fund liability is calculated triennially by the appointed actuary with annual updates in the intervening years. The Fund liabilities at 31 March 2026 are based on the last triennial valuation at 31 March 2025. The methodology used in the intervening years follows generally agreed guidelines and is in accordance with IAS 19. These assumptions are summarised in Note 20. Due to the application of IFRIC 14 and an asset ceiling the Pension Liability is being disclosed at £86.0m in the Balance Sheet. This will be updated, if needed, in the final version of the Statement of Accounts.
Nature of uncertainty	The actual valuation results could be significantly different to those in Note 20 were the key assumptions to vary given the nature of a roll-forward approach, where certain key inputs are updated, rather than formally reassessed, there is a larger inherent degree of uncertainty in any year for which a roll-forward approach is applied. Due to the complexity of the calculation, it is impracticable to disclose the full nature and extent of the change in these assumptions in the next twelve months, however a sensitivity analysis is provided in full in Note 20 which indicates the potential scale and impact of certain key assumptions.
Amount recorded in the financial statements at 31 March 2026	£86.0m
Sensitivity	See Note 20 for further details. However, this note and the sensitivity analysis included deals predominantly with the overall calculation itself, and not the uncertainty that relates specifically to the roll-forward approach. While the standard requires the Council to disclose this specific uncertainty, given the complexity of the calculation, the Council has concluded that it is impracticable to quantify it.

Equal Pay

The Council has recognised a provision in relation to equal pay. Due to the nature of the provision, amounts required to be provided could continue to grow up until such time as the practice(s) that causes the potential liability cease.

Approach to valuation	At the time of publishing these accounts, the Council has received claims in relation to equal pay. The Council has worked, and is working, to determine the best approach to provide a proportionate settlement to colleagues, while protecting value to Birmingham City residents, and a settlement scheme has been agreed with the claimants' representatives.

	Where no settlement scheme applies, the Council has, on the basis of legal advice, determined a weighted litigation liability using assumptions around the volumes of claimants, likelihood of payment, potential scale of payment and a range of other critical assumptions. That weighted litigation liability model has been used to determine part of the value of the provision for these accounts.
Nature of uncertainty	With such a complex model, and large number assumptions being used, to which the calculation is sensitive, a range of outcomes is possible. While it is not an uncertainty per se, based on the approach taken, the liability will have changed since the Balance Sheet date, and up to the date of signing of these financial statements. In line with IAS37, disclosure of that amount is not provided while delivery of the Council's litigation settlement and mitigation schemes is ongoing, as it may be prejudicial to their outcome.
Amount recorded in the financial statements at 31 March 2026	£335.1m
Sensitivity	In line with IAS37.92, further disclosure of the likely range of outcomes is not provided in these financial statements.

Note 5
Events After the Reporting Period

The CIPFA Code of Practice stipulates that events after the Balance Sheet date must be properly reflected in the statement of accounts up to the date that the statement is authorised for issue.

IAS10 (events after the reporting period) confirms that there are two types of event:

- adjusting events: those that provide evidence of conditions that existed at the balance sheet date – where material, the statement of accounts must be amended to reflect the impact of these events.

- non-adjusting events: those that are indicative of conditions that arose after the balance sheet date – the statement of accounts are not amended to reflect these events, but additional explanatory notes may be added.

The Council has identified the following material events after the reporting date, up to the date the Statement of Accounts were authorised for issue.

Local Elections

A full council election was held on 7 May 2026 for all 101 seats across the 69 wards of Birmingham City Council. The elections resulted in no overall political control. On 5 June the Liberal Democrats, Green Party and the Better Birmingham Independent Group formed a coalition administration.

PFI

Following the Government's decision on 20 March 2026 to cease PFI funding for the Highways PFI arrangement and the subsequent termination of the interim contractual arrangement, the Council concluded that the associated service concession asset and liability should no longer be recognised. This has resulted in prior period adjustments and the restatement of comparative figures, including the presentation of a third Balance Sheet. The contractual arrangements will formally end on 31 July 2026. Further details are provided in Note 50.

Staff Changes

The following senior officer changes have been noted since the Balance Sheet date(s) – note that it is normal to have officers leave and join a large, complex Council like Birmingham City Council. The senior officers and Council structure is fully disclosed in the AGS, and as such, no further disclosure is required or provided in relation to these changes, and they are noted here for completeness only.

Executive Director, Children and Families, Susan Harrison left the Council on 12 June 2026. Stuart Lackenby – Executive Director of Adults will undertake the statutory and leadership responsibilities of the Director of Children's Services role.

Note 6
Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how the Council allocates expenditure for decision making purposes between the Council's Directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2025/26	As Reported to Cabinet	Adjustment to arrive at the Net Amount Chargeable to the General Fund and HRA Balances	**Net Expenditure Chargeable to the General Fund and HRA Balances**	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
		(Note 7)		(Note 7)	
	£m	**£m**	**£m**	**£m**	**£m**
Adult Social Care & Health Directorate	682.2	(175.2)	507.0	(1.9)	505.1
City Ops Directorate	253.5	(31.6)	221.8	55.0	276.8
Finance	18.7	(40.3)	(21.6)	(0.2)	(21.8)
Children and Families Directorate	419.4	42.7	462.1	12.5	474.6
Place, Prosperity & Sustainability Directorate	(4.1)	(17.6)	(21.6)	6.1	(15.5)
City Housing Directorate	51.2	1.7	52.9	(2.6)	50.3
Strategy, Insight and Governance Deputy CE	15.4	1.1	16.5	(1.0)	15.5
HR, OD and Transformation	(6.7)	2.7	(4.0)	(3.8)	(7.8)
Centrally Managed	236.4	(342.3)	(105.9)	27.2	(78.7)
Housing Revenue Account	0.0	160.8	160.8	(215.7)	(54.9)
	1,666.0	(398.0)	1,268.0	(124.7)	1,143.4
Other Income and Expenditure	0.0	(1,177.3)	(1,177.3)	(1.3)	(1,178.6)
(Surplus)/ Deficit	**1,666.0**	**(1,575.3)**	**90.8**	**(125.8)**	**(35.2)**
Opening General Fund and HRA Balance			**977.7**		
Surplus/ (Deficit) for the Year			**(90.8)**		
Transfer from Reserves			**(121.2)**		
Closing General Fund and HRA Balance			**1,008.0**		

2024/25 Restated*	As Reported to Cabinet	Adjustment to arrive at the Net Amount Chargeable to the General Fund and HRA Balances	**Net Expenditure Chargeable to the General Fund and HRA Balances**	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
		(Note 7)		**(Note 7)**	
	£m	£m	**£m**	£m	£m
Adult Social Care & Health Directorate	436.4	(132.3)	304.1	18.2	322.3
City Ops Directorate	210.8	(54.0)	156.8	51.2	208.0
Finance	52.3	41.8	94.1	3.1	97.2
Children and Families Directorate	377.8	28.1	405.9	33.7	439.6
Place, Prosperity & Sustainability Directorate	7.3	(14.2)	(6.9)	36.5	29.6
City Housing Directorate	28.3	0.5	28.8	0.8	29.6
Strategy, Insight and Governance Deputy CE	5.5	8.8	14.3	(0.4)	13.9
HR, OD and Transformation	24.8	0.8	25.6	0.0	25.6
Centrally Managed	0.0	(213.7)	(213.7)	179.1	(34.6)
Housing Revenue Account	0.0	127.8	127.8	(169.3)	(41.5)
	1,143.3	(206.4)	936.9	152.8	1,089.7
Other Income and Expenditure	0.0	(1,107.8)	(1,107.8)	(0.5)	(1,108.3)
(Surplus)/ Deficit	**1,143.3**	**(1,314.2)**	**(170.9)**	**152.3**	**(18.6)**
Opening General Fund and HRA Balance			**806.8**		
Surplus/ (Deficit) for the Year			**170.9**		
Closing General Fund and HRA Balance			**977.7**		

* Prior year comparators have been restated, see Note 50 for more details.

Note 7
Note to the Expenditure and Funding Analysis

This analysis provides detail of the main adjustments from the Net Expenditure Chargeable to the General Fund and HRA balances to the Comprehensive Income and Expenditure Statement.

2025/26	Depreciation reported at Directorate level	Reserve Appropriations	Other Adjustments	Total to arrive at amount charged to the General Fund and HRA	Adjustments for Capital Purposes	Net Change for the Pensions Adjustment	Other Adjustments	Total Adjustment Between Funding and Accounting Basis
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Adult Social Care & Health Directorate	(3.8)	1.1	(172.5)	(175.2)	4.1	(6.0)	0.0	(1.9)
City Ops Directorate	(46.9)	34.9	(19.6)	(31.6)	61.4	(6.5)	0.0	55.0
Finance	(3.8)	(4.6)	(31.9)	(40.3)	5.0	(4.9)	(0.2)	(0.2)
Children and Families Directorate	(26.7)	(16.7)	86.0	42.7	28.8	(16.3)	0.0	12.5
Place, Prosperity & Sustainability Directorate	(3.8)	28.4	(42.2)	(17.6)	8.0	(1.9)	0.0	6.1
City Housing Directorate	(1.3)	0.1	2.9	1.7	(1.3)	(1.4)	0.0	(2.6)
Strategy, Insight and Governance Deputy CE	0.0	0.3	0.8	1.1	0.0	(1.0)	0.0	(1.0)
HR, OD and Transformation	(0.0)	(3.7)	6.4	2.7	0.0	(3.8)	0.0	(3.8)
Centrally Managed	(8.4)	(2.4)	(331.4)	(342.3)	53.9	(32.1)	5.3	27.2
Housing Revenue Account	(67.9)	(80.7)	309.3	160.8	(208.6)	(5.7)	(1.3)	(215.7)
Net Cost of Services	**(162.5)**	**(43.2)**	**(192.2)**	**(398.0)**	**(48.6)**	**(79.6)**	**3.8**	**(124.4)**
Other Income and Expenditure	162.5	0.0	(1,339.8)	(1,177.3)	0.0	(1.3)	0.0	(1.3)
(Surplus)/Deficit	**0.0**	**(43.2)**	**(1,532.0)**	**(1,575.3)**	**(48.6)**	**(80.9)**	**3.8**	**(125.8)**

Note 7
Note to the Expenditure and Funding Analysis

2024/25 Restated*	Depreciation reported at Directorate level	Reserve Appropriations	Other Adjustments	Total to arrive at amount charged to the General Fund and HRA	Adjustments for Capital Purposes	Net Change for the Pensions Adjustment	Other Adjustments	Total Adjustment Between Funding and Accounting Basis
	£m	£m	£m	£m	£m	£m	£m	£m
Adult Social Care & Health Directorate	4.9	4.8	(141.9)	(132.3)	20.9	(2.7)	0.0	18.2
City Ops Directorate	18.5	(68.9)	(3.6)	(54.0)	54.6	(3.4)	0.0	51.2
Finance	(2.1)	(12.0)	55.9	41.8	7.4	(2.2)	(2.1)	3.1
Children and Families Directorate	33.9	(5.5)	(0.3)	28.1	41.3	(7.1)	(0.5)	33.7
Place, Prosperity & Sustainability Directorate	6.4	(15.6)	(4.9)	(14.2)	37.5	(1.0)	0.0	36.5
City Housing Directorate	1.3	(0.9)	0.1	0.5	1.3	(0.5)	0.0	0.8
Strategy, Insight and Governance Deputy CE	0.0	(0.8)	9.6	8.8	0.0	(0.4)	0.0	(0.4)
HR, OD and Transformation	0.0	(4.1)	4.8	0.8	0.0	0.0	0.0	0.0
Centrally Managed	22.5	(46.0)	(190.2)	(213.7)	197.5	3.7	(22.0)	179.1
Housing Revenue Account	70.2	38.1	19.5	127.8	(167.1)	(0.9)	(1.3)	(169.3)
Net Cost of Services	**155.5**	**(110.9)**	**(251.0)**	**(206.4)**	**193.3**	**(14.4)**	**(26.0)**	**152.8**
Other Income and Expenditure	(155.5)	0.0	(952.3)	(1,107.8)	0.2	(0.7)	0.0	(0.5)
(Surplus)/Deficit	**0.0**	**(110.9)**	**(1,203.4)**	**(1,314.2)**	**193.5**	**(15.1)**	**(26.0)**	**152.3**

* Prior year comparators have been restated, see Note 50 for more details.

Note 8
Expenditure and Funding Analysis by Nature of Activity

This analysis provides detail of the expenditure and income of the Council on a subjective basis.

2024/25 Restated*		2025/26
£m		£m
	Expenditure	
1,041.0	Employee Benefits Expenses	1,204.4
2,739.7	Other Service Expenses	2,909.6
207.8	Depreciation, Amortisation and Impairment	191.6
177.9	Interest Payments	148.0
6.2	Movements in the value of financial assets	15.3
51.8	Precepts and Levies	52.5
79.2	Loss on Disposal of Non-Current Assets	81.7
4,303.6	**Total Expenditure**	**4,602.9**
	Income	
(728.1)	Fees and Charges and Other Service Income	(815.1)
(986.7)	Income from Council Tax and Business rates	(959.6)
(2,556.8)	Government Grants and Contributions	(2,824.6)
(50.6)	Interest and Investment Income	(38.8)
(4,322.2)	**Total Income**	**(4,638.1)**
(18.6)	**Deficit /(Surplus) on Provision of services**	**(35.2)**

* Prior year comparators have been restated, see Note 50 for more details.

Note 9
Material Items of Income and Expense

In 2025/26 the council made payment related to the settlement of equal pay litigation paid, out of the original provision that was set up in previous years. An additional provision of £144.3m was recognised in the CIES for future potential equal pay liabilities. This has been funded using capital receipts granted by exceptional financial support from central government.

In 2025/26, a £28.5m provision was recognised in relation to a potential liability as part of a regeneration scheme in Birmingham.

Note 10
Other Operating Expenditure

Other Operating Expenditure disclosed in the Comprehensive Income and Expenditure Statement is detailed below.

2024/25 £m		2025/26 £m
1.9	Parish Council Precepts	2.3
18.8	Enterprise Zone Growth Payment	22.0
46.8	Integrated Transport Authority Levy	48.1
0.3	Environment Agency Levy	0.3
2.7	Apprenticeship Levy	1.8
-	Payments re: Housing Capital Receipt Pool	-
79.3	(Gains)/Losses on the Disposal of non-current assets	81.7
149.8	**Total**	**156.2**

The Loss on the disposal of non-current assets recognises the difference between the payment for the sale of a non-current asset and the carrying value of that asset within the accounts.

Note 11
Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure disclosed in the Comprehensive Income and Expenditure Statement (CIES) is detailed below.

2024/25 Restated* £m		2025/26 £m
157.1	Interest Payable and similar charges	167.6
7.2	Net Interest on the Net Defined Benefit Liability	(34.5)
(27.7)	Interest Receivable and similar income	(24.9)
15.9	(Gains)/Losses on financial assets at amortised cost	25.8
(2.9)	(Surplus)/Deficit on trading operations not consolidated within Service Expenditure Analysis in Comprehensive Income and Expenditure Statement	(4.3)
(18.9)	Other investment income and expenditure	(9.4)
130.7	**Total**	**120.3**

* Prior year comparators have been restated, see Note 50 for more details.

Note 12
Taxation and Non-Specific Grant Income

Taxation and Non-Specific Grant Income and Expenditure disclosed in the Comprehensive Income and Expenditure Statement comprises the following:

2024/25 Restated* £m		2025/26 £m
(485.7)	Council Tax Income	(511.3)
(451.6)	Business Rates	(465.4)
4.2	Share of Council Tax Surplus/Deficit	-
19.9	Share of Business Rates Surplus/Deficit	17.1
(343.1)	Non-Ring-Fenced Government Grants	(353.6)
(132.6)	Capital Grants and Contributions	(141.9)
(1,388.9)	**Total**	**(1,455.1)**

* Prior year comparators have been restated, see Note 50 for more details.

Further information on grant income received is provided in Note 14.

Note 13
Trading Operations

Trading operations are those activities where the service is required to operate in a commercial environment and balance their budget by generating income from other parts of the Council or other organisations.

The internal trading expenditure and income is incorporated within the relevant service line in the Comprehensive Income and Expenditure Statement. External trading income and expenditure is identified in Note 11, Financing and Investment Income and Expenditure. Details of units with significant trading activity are as follows.

2024/25				2025/26		
Turnover £m	Expenditure £m	(Surplus)/Deficit £m	Trading activity	Turnover £m	Expenditure £m	(Surplus) / Deficit £m
(24.4)	24.2	(0.2)	Cityserve (Direct Services)	(22.8)	24.4	1.6
(8.3)	7.9	(0.4)	Trade Refuse	(7.1)	6.5	(0.6)
(19.1)	17.3	(1.8)	Birmingham Parks and Nurseries	(18.9)	17.2	(1.7)
(1.5)	1.8	0.3	Pest Control	(1.5)	1.7	0.2
(1.8)	0.3	(1.5)	Procurement	(5.9)	1.2	(4.7)
(3.0)	3.2	0.2	Schools' Human Resources	(0.7)	0.8	0.1
(1.4)	2.2	0.8	Central Payroll	(0.3)	0.9	0.6
(12.2)	10.5	(1.7)	Other Trading Activities	(9.5)	9.2	(0.3)
(71.7)	**67.4**	**(4.3)**		(66.7)	61.9	(4.8)
			Allocation of Surplus/Deficit on Trading Operations			
(39.1)	37.7	(1.4)	- consolidated in CIES	(33.2)	32.7	(0.5)
(32.6)	29.7	(2.9)	- consolidated in Note 11, Financing and Investment Income and Expenditure	(33.5)	29.2	(4.3)
(71.7)	**67.4**	**(4.3)**		(66.7)	61.9	(4.8)

Details of Trading Activities

Cityserve

During 2025/26 Cityserve provided school meal services to around 160 schools within the Birmingham conurbation. These were mostly primary schools, where children received free school meals either through the benefit system, or via the Government's Universal Infant Free School Meal fund. All additional school meals were paid for by parents/guardians of the children who elected to receive a service from Cityserve. In addition to primary schools, Cityserve provided school meals to some secondary schools, special schools, community day centres and children's centres.

The Government sets the standard of school meals through the mandatory School Food Standards guidelines, issued by the Department for Education. Cityserve comply with all the recommended policies, practices and standards contained within this document. These standards are set so every child receives a healthy and nutritious meal every school day, by ensuring the correct portion controls are followed, as well as the nutritional standards and

values. In addition to these standards, Cityserve provide a wide range of food to suit the communities in which schools are located. Every school will have a bespoke menu offered to them, which ensures that cultural and religious diet preferences can be delivered to meet the requisite needs of the community.

Trade Refuse

Trade Refuse offers a competitive waste management service to businesses and provides containers and skips, prepaid sacks, hire of equipment and special collections.

Birmingham Parks and Nurseries

Birmingham Parks and Nurseries is responsible for the maintenance of all the Council's parks and open spaces, as well as the floral displays that have helped to promote the City over the years. In addition, it looks after all the 'green' maintenance of Council estates, highway verges, traffic islands, schools, residential care homes, cemeteries and crematoria, playing fields, allotments and children's outdoor playgrounds.

Pest Control

The Pest Control service provides treatment to commercial and domestic properties for rats, mice, insect control including wasps, fleas and ants and control of squirrels and pigeons. Rat pest control services are free for domestic users.

Procurement Services

In addition to providing the Council's in-house procurement service, schools may choose to subscribe to utilise the procurement service and are charged for work undertaken.

Schools' Human Resources

Schools' have a choice to make in deciding who will support them with a Human Resources function. The Schools' Human Resources team has won competitive contracts to provide a range of schools with this function.

Payroll Services

In addition to providing the Council's payroll service, SLAs or contracts are in place to provide payroll and pensions services to other external bodies. .

Other

Other trading activities include Shelforce, Civic Catering, Birmingham City Laboratories and Schools' Management. Shelforce is part of the Council's employment support services to registered disabled people and through the direct employment of registered disabled people in the manufacture of PVCu windows and doors.

Note 14
Grant Income

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

2024-25 £m		2025-26 £m
	Credited to Taxation and Non-Specific Grant Income	
(73.3)	Business Rates Top Up Grant	(75.3)
(3.0)	New Homes Bonus Grant	(8.5)
(192.8)	Business Rates S31 Grant	(151.6)
(2.5)	Service Grant	-
(18.2)	Schools PFI Grant	(18.2)
(50.3)	Highways Management and Maintenance PFI Grant	(50.3)
(3.0)	National Levy Account Surplus	-
-	Recovery Grant	(39.3)
-	Employer's NI Increase Grant	(10.4)
343.1)		**(353.5)**
	Credited to Cost of Services	
(11.4)	Adult Education	(15.3)
(609.6)	Housing Benefit Subsidy	(708.7)
(774.7)	Dedicated Schools Grant (DSG)	(830.9)
(43.1)	Pupil Premium Grant	(43.4)
(5.3)	Illegal Money Lending	(5.9)
(6.6)	Universal Infants Free School Meals Grant	(6.1)
(6.2)	NHS Trusts and CCG Adult Social Care Contributions	-
(103.0)	Public Health Grant	(109.5)
(115.7)	Better Care Fund (including improved Better Care Fund)	(83.8)
(15.4)	Asylum Seekers (Unaccompanied Asylum Seekers Grant)	(18.0)
(3.0)	Primary PE and Sport Grant	(2.6)
(7.9)	Holiday Activities and Food Programme	(8.0)
(0.3)	Highways Commuted Maintenance	-
(24.5)	Market Sustainability and Fair Cost of Care Fund	(24.5)
(15.8)	Adults Social Care Discharge Fund-Grant	-
(25.5)	Household Support Fund	(22.5)
(2.1)	Homes For Ukraine	(1.6)
(9.5)	Supplementary Substance Misuse Treatment and Recovery	-
(11.5)	UK Shared Prosperity Fund	(9.0)
(9.5)	Teachers' Pay Grant	-
(2.7)	Family Hubs	(3.4)
(12.9)	Teachers' Pensions Grant (now part of DSG)	-
(13.7)	Core School Budget Grant (CSBG)	(24.3)
(4.2)	Wraparound Childcare Programme Costs	-
(3.2)	Afghan Interpreters Relocation	(2.2)

(5.3)	Housing Benefit Administration Grant	(5.5)
(6.6)	Children's Social Care Grants	(11.9)
(8.9)	Other Education Grants	(11.4)
-	Rough Sleeping Grants	(15.5)
-	National Insurance Contributions Grant for Schools	(7.5)
(3.4)	Grants related to New Burdens	(1.1)
(3.3)	Domestic Abuse Safe Accommodation Grant	(4.2)
(9.5)	Homelessness Prevention Grant	(15.5)
(138.6)	Adult Social Care Support Grant	(163.9)
-	Extended Provider Responsibility Grant	(15.3)
-	CRSTS Capacity Fund	(3.8)
-	NH-Pride in Place Impact Fund	(3.2)
(62.0)	Grants and contributions of less than £3m	(21.6)
-	Children's Trust Grant Income	(12.4)
(2,074.9)	**Total Revenue Grants Credited to Cost of Services**	**(2,212.6)**
(2,418.1)	**Total Revenue Grants**	**(2,566.1)**

2024-25 £m	Capital Grants	2025-26 £m
(12.3)	Disabled Facilities Grant-MHCLG	(17.2)
(22.0)	Education Funding Agency	(54.5)
-	Homes England	(4.8)
(24.0)	Local Authority Housing Fund (LAHF)	(1.9)
-	Residential PEEPs Social Housing Provider Grant-MHCLG	(1.0)
(7.8)	Levelling Up Fund (LUF)	(6.4)
-	Sport England	(0.9)
(10.2)	West Midlands Combined Authority (WMCA)	(9.5)
-	UKSPF	(2.6)
(1.8)	Net Zero Grant	-
(14.1)	Social Housing Decarbonisation Fund	(8.0)
(25.9)	West Midlands Combined Authority -City Region Sustainable Transport Settlements (CRSTS)	(1.7)
(2.6)	Historic England - City Deal	-
(7.2)	DEFRA	-
(1.5)	Department for Transport - Integrated Transport Block (ITB)	(9.2)
-	Flood Risk Management-Environment Agency	(1.4)
-	West Midlands Combined Authority - Transport for West Midlands	(4.1)
(13.8)	Other Grants and Contributions	(7.1)
(143.2)	**Capital Grants credited to Taxation and Non-Specific Grant Income**	(130.3)
	Capital Grants funding Revenue Expenditure under Statute credited to Cost of Services	
(1.9)	E1 UK Shared Prosperity Fund Communities and Place Pillar	(2.9)
(1.9)	Total Capital Grants Funding Revenue Expenditure Under Statute	(2.9)
(145.1)	Total Capital Grants Received	(133.2)

All Capital Grants received are either non-conditional or the conditions have been met, therefore there are no entries to the Capital Grants Receipts in Advance Account for 2025/26. The Capital Grants received have been credited to the Taxation and Non-Specific Grant Income line on the Comprehensive Income and Expenditure Statement except where the grant is used to finance Revenue Expenditure funded from Capital under Statute (REFCUS) or where the grant is credited to the service line in the Comprehensive Income and Expenditure Statement.

Note 15
Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2025/26 are as follows:

	Central Expenditure £m	Individual Schools Budget £m	Total £m
Final DSG for 2025/26 before Academy Recoupment			1,730.1
Academy figure recouped for 2024/25			890.2
Total DSG after Academy recoupment for 2025/26			**839.9**
Plus: Brought forward from 2024/25	**55.3**		**55.3**
Agreed initial budgeted distribution in 2025/26	**469.2**	**426.0**	**895.2**
In-year adjustments	7.0		7.0
Final budgeted distribution for 2025/26	**476.2**	**426.0**	**902.2**
Less: Actual Central Expenditure	418.3		418.3
Less: Actual ISB deployed to schools		426.0	426.0
Carry forward to 2026/27	**57.9**	**-**	**57.9**

Note 16
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.

The following sets out a description of the reserves that the adjustments are made against.

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

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

Major Repairs Reserve
The Council is required to maintain the Major Repairs Reserve (MRR), 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 on the reserve shows the resources that have yet to be applied at the year-end.

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

Capital Grants Unapplied
The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Council has met or is expected to meet 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.

2025/26	General Fund Balance £m	Housing Revenue Account £m	Capital Receipts Reserve £m	Major Repairs Reserve £m	Capital Grants Unapplied £m
Adjustments to Revenue Resources					
Adjustments by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pension costs (transferred to/from the Pensions Reserve)	(80.1)	(0.8)	-	-	-
Financial Instruments (transferred to/from the Financial Instrument Adjustments Account)	(4.0)	-	-	-	-
Council Tax and Business Rates (transfers to/from the Collection Fund)	7.0	-	-	-	-
Holiday Pay (transferred to/from the Accumulated Absences Reserve)	0.8	-	-	-	-
Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	161.2	103.9	-	-	-
Total Adjustments to Revenue Resources	**84.9**	**103.1**	**-**	**-**	**87.5**
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(49.2)	(61.3)	110.5	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	2.8	-	(2.8)	-	-
Contribution to the costs of Equal Pay (funded by the Capital Receipts Reserve)	144.3	-	(144.3)	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	(67.3)	-	67.3	-
Provision for the repayment of debt (transfer to the Capital Adjustment Account)	(174.5)	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(13.3)	-	-	-	-
Total Adjustments between Revenue and Capital Resources	**(89.9)**	**(128.6)**	**(36.6)**	**67.3**	**-**
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	(66.2)	-	-
Use of the Capital Receipts Reserve to repay debt	-	-	-	-	-
Use of the Capital Receipts Reserve to finance EFS	25.7	-	(25.7)	-	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	(73.6)	-
Application of capital grants to finance capital expenditure	-	-	-	-	(76.9)
Cash payments in relation to deferred capital receipts	-	-	-	-	-
Other	-	-	3.3	-	-
Total Adjustments to Capital Resources	**25.7**	**-**	**(88.6)**	**(73.6)**	**(76.9)**
Total Adjustments	**20.7**	**(25.5)**	**(125.2)**	**(6.3)**	**10.6**

2024/25 Restated	General Fund Balance £m	Housing Revenue Account £m	Capital Receipts Reserve £m	Major Repairs Reserve £m	Capital Grants Unapplied £m
Adjustments to Revenue Resources					
Adjustments by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:					
Pension costs (transferred to/from the Pensions Reserve)	(14.2)	(0.9)	-	-	-
Financial Instruments (transferred to/from the Financial Instrument Adjustments Account)	8.5	-	-	-	-
Council Tax and Business Rates (transfers to/from the Collection Fund)	(39.2)	-	-	-	-
Holiday Pay (transferred to/from the Accumulated Absences Reserve)	4.6	-	-	-	-
Reversal of entries included in the Surplus/Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	409.8	81.6	-	-	52.1
Total Adjustments to Revenue Resources	**369.5**	**80.7**	**-**	**-**	**52.1**
Adjustments between Revenue and Capital Resources					
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(219.7)	(48.6)	268.3	-	-
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	2.3	-	(2.3)	-	-
Contribution to the costs of Equal Pay (funded by the Capital Receipts Reserve)	0.2	-	(0.2)	-	-
Posting of HRA resources from revenue to the Major Repairs Reserve	-	(69.6)	-	69.6	-
Provision for the repayment of debt (transfer to the Capital Adjustment Account)	(139.4)	-	-	-	-
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(27.5)	-	-	-	-
Total Adjustments between Revenue and Capital Resources	**(384.1)**	**(118.2)**	**265.8**	**69.6**	**-**
Adjustments to Capital Resources					
Use of the Capital Receipts Reserve to finance capital expenditure	-	-	(54.7)	-	-
Use of the Capital Receipts Reserve to repay debt	-	-	-	-	-
Use of the Capital Receipts Reserve to finance EFS	199.4	-	(199.4)	-	-
Use of the Major Repairs Reserve to finance capital expenditure	-	-	-	(86.2)	-
Application of capital grants to finance capital expenditure	-	-	-	-	(51.8)
Cash payments in relation to deferred capital receipts	-	-	14.5	-	-
Other	0.1	-	(5.1)	-	0.1
Total Adjustments to Capital Resources	**199.5**	**-**	**(244.7)**	**(86.2)**	**(51.7)**
Total Adjustments	**184.9**	**(37.5)**	**21.1**	**(16.6)**	**0.4**

* Prior year comparators have been restated, see Note 50 for more details.

Note 17
Usable Reserves

Details of the major reserves held by the Council are set out below. Further information on the movements in reserves is shown in the Movement in Reserves Statement and Note 16.

The Reserves have been split into the following major categories:

- Unearmarked Reserves – Reserves that the Council can use for any purpose within the General Fund.
- Earmarked Reserves – Reserves that the Council has set aside to meet specific future liabilities.
- Revenue Reserves Outside the General Fund – Reserves that are required to be used for specific activities undertaken by the Council. These are for schools or for the Housing Revenue Account and cannot be used to support general Council activity.
- Capital Reserves – Reserves that have been set aside to finance capital schemes. These reserves cannot be used to support revenue expenditure without the consent of the Secretary of State.

Usable Reserves	Balance at 31 March 2025 Restated*	Transfers Out 2025/26	Transfers In 2025/26	Balance at 31 March 2026
Unearmarked Reserves				
General Fund Balances	57.5	(5.4)	-	52.1
Strategic Reserve	119.7	(54.2)	36.1	101.6
Total Unearmarked Reserves	**177.2**	**(59.6)**	**36.1**	**153.7**
Earmarked Reserves				
Contractually Committed	214.3	(3.9)	21.3	231.7
Ringfenced Grant Reserves	87.1	(9.1)	10.8	88.8
Statutory Reserves	125.4	(45.5)	55.9	135.8
Capitalisation Contingency Reserve	12.0	-	-	12.0
Earmarked for a Specific Purpose	70.5	(6.3)	17.7	81.9
Grants Used Over More than One Financial Year	105.3	(31.5)	82.7	156.5
Risk Reserves	55.0	(13.1)	4.5	46.4
Total Reserves Earmarked by the Council	**669.6**	**(109.4)**	**192.9**	**753.1**
Revenue Reserves Outside the General Fund				
Schools' Balances	90.7	(25.6)	4.3	69.4
Housing Revenue Account Reserves	53.8	(82.1)	67.3	39.0
Total Reserves Outside the General Fund	**144.5**	**(107.7)**	**71.6**	**108.4**
Capital Reserves				
Capital Receipts Reserve	353.7	(651.1)	266.5	(30.9)
Capital Receipts Funding Equal Pay	(404.0)	404.0	(144.5)	(144.5)
Capital Grants Unapplied	146.5	(77.0)	87.5	157.0
Total Capital Reserves	**96.2**	**(324.1)**	**209.5**	**(18.4)**
Total Usable Reserves	**1,087.5**	**(600.8)**	**510.1**	**996.8**

*Usable Reserves balances at 31 March 2025 have been restated to reflect the re-classification of Section 106 revenue grant reserves as liabilities on the Balance Sheet. Further details can be found in Note 50 (Prior Period Adjustment). The value of these Section 106 balances totals £50.4m.

Details of the major usable reserves as at 31 March 2026 are set out below.

Unearmarked Reserves comprising:

General Fund Balances - reflects the accumulated surpluses of income over expenditure from previous years and any resources set aside as general contingency against adverse future events.

Strategic Reserve – to provide contingency funding in case of overspends and financial difficulties in the future.

Earmarked Reserves comprising:

- Contractually Committed
- Ringfenced Grant Reserves
- Statutory Reserves
- Capitalisation Contingency Reserve
- Earmarked for a Specific Purpose
- Grants Used Over More than One Financial Year
- Risk Reserves

Grant Reserves included in the above relate to the unused element of grant support for which the conditions of the grant are expected to be met or for which there are no conditions of grant. The reserves will be used to meet future years' expenditure for the service for which the grant was awarded.

Revenue Reserves Outside the General Fund comprising:

Schools' Balances - are the net cumulative balances held by the local authority-maintained schools which, under national school funding regulations, the schools are entitled to retain for unexpected commitments and/or for planned school curriculum/infrastructure improvements and investment. Within the total Schools' Balances there are 38 (2024/25: 38) local authority-maintained schools with deficit balances totalling £12.2m (2024/25: £12.1m).

Housing Revenue Account (HRA) – the HRA is a statutory account, ringfenced from the rest of Council funds, so that rents charged to tenants in respect of dwellings cannot be subsidised from Council Tax. Similarly, rents collected from HRA tenants cannot be used to subsidise the General Fund. The balances on the HRA reflect the accumulated surpluses of income over expenditure. The HRA also includes the Major Repairs Reserve, as required by The Accounts and Audit Regulations 2015. The reserve controls an element of the capital resources required to be used on HRA assets or for capital financing purposes.

Capital reserves comprising:

Capital Reserves

Capital Receipts Reserve – reflects the income received from the disposal of capital assets prior to being used to fund future capital expenditure or for the redemption of debt. Capital receipts cannot be used to fund revenue expenditure except where allowed by statue, for example to meet costs of Equal Pay.

Capital Receipts Funding Equal Pay – reflects the capital receipts set aside to fund the Council's potential Equal Pay liabilities and other spend, as permitted under the Capitalisation Direction (Exceptional Financial Support).

Capital Grants Unapplied – reflect the unused element of capital grants or capital contributions awarded to the Council, for which the conditions of the grant support are expected to be met or for which there are no conditions. The reserve will be used to meet future years' capital expenditure.

Note 18
Unusable Reserves

The following table shows the value of reserve balances that have come about as a result of accounting adjustments and are not therefore available to spend.

31 March 2025 Restated* £m		31 March 2026 £m
2,191.0	Revaluation Reserve	2,071.0
(121.1)	Capital Adjustment Account	48.5
(69.9)	Financial Instruments Adjustment Account	(66.0)
(434.2)	Pensions Reserve	(86.0)
60.0	Deferred Capital Receipts Reserve	58.2
(9.2)	Collection Fund Adjustment Account	(16.2)
(16.7)	Accumulated Absences Account	(17.5)
1,599.8	**Total Unusable Reserves**	**1,992.0**

* Prior year comparators have been restated, see Note 50 for more details.

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment, and Heritage Assets. The balance is reduced when assets with accumulated gains are:

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

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

2024/25 Restated* £m			2025/26 £m	
	2,490.0	**Balance at 1 April**		**2,191.0**
	(96.9)	Restatement of opening balance		
	2,393.1	**Restated Balance at 1 April**		**2,191.0**
202.4		Upward revaluation of assets	150.0	
(209.0)		Downward revaluation of assets and impairment losses not charged to the Surplus/(Deficit) on the Provision of Services	(150.9)	
	(6.6)	Surplus/(Deficit) on revaluation of non-current assets not posted to the Surplus/(Deficit) on the Provision of Services		(0.9)
(43.6)		Difference between fair value depreciation and historical cost depreciation	(35.7)	
(151.9)		Accumulated gains on assets sold or scrapped	(83.4)	
	(195.5)	Amount written off to the Capital Adjustment Account		(119.1)
	2,191.0	**Balance at 31 March**		**2,071.0**

* Prior year comparators have been restated, see Note 50 for more details.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement when depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account 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 16 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2024/25 Restated* £m			2025/26 £m	
	(97.2)	**Balance at 1 April**		**(121.1)**
	34.0	Opening balance restatement		
	(131.2)	**Restated Balance at 1 April**		**(121.1)**
		Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement (CIES):		
(155.5)		Charges for depreciation and impairment of non-current assets	(162.7)	
(45.4)		Revaluation losses on Property, Plant and Equipment	(22.5)	
(6.0)		Amortisation and impairment of intangible assets	(6.0)	
-		Changes in the Fair Value of Investment Properties		
0.4		Changes in the Fair Value of Financial Instruments		
-		Impairment of Capital Debtors/Grants		
(69.2)		Revenue expenditure funded from capital under statute	(59.8)	
(345.3)		Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the CIES	(170.0)	
	(621.0)			**(610.4)**
	195.5	Adjusting amounts written out of the Revaluation Reserve		119.1
	(425.5)	**Net written out amount of the cost of non-current assets consumed in the year**		**(491.3)**
		Capital financing applied in the year:		
54.7		Use of the Capital Receipts Reserve to finance new capital expenditure	236.2	
86.2		Use of the Major Repairs Reserve to finance new capital expenditure	73.6	
92.5		Capital grants and contributions credited to the CIES that have been applied to capital financing	89.8	
51.8		Application of grants to capital financing from the Capital Grants Unapplied Account	76.9	
140.9		Provision for the financing of capital investment charged against the General Fund and HRA balances	174.5	
27.5		Capital expenditure charged against the General Fund and HRA balances	13.3	
	453.6			**664.3**
	(18.0)	Repayment of long-term debtors		(3.4)
	(121.1)	**Balance at 31 March**		**48.5**

* Prior year comparators have been restated, see Note 50 for more details.

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains in accordance with statutory provisions. The Council uses this account to manage premia paid and discounts received on the early redemption of loans and the recognised losses on loans advanced at less than a commercial interest rate. These values are debited or credited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, these values are posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. For premia and discounts, this period is the unexpired term that was outstanding on the loans when they were redeemed.

In the 2025/26 financial year, the Council have not agreed early repayment of long-term loans with the lenders (2024/25 no early repayment of long-term loans with the lenders).

2024/25 £m			2025/26 £m
	(61.0)	**Balance at 1 April**	**(69.9)**
(9.0)		Proportion of premia incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	3.9
	(9.0)	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	
	(70.0)	**Balance at 31 March**	**(66.0)**

Pensions Reserve

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

In line with the requirements of IAS 19 and the guidance set out in IFRIC 14, an adjustment has been made to reflect the limit on recognising a defined benefit pension asset. IFRIC 14 specifies that a pension surplus can only be recognised on the employer's balance sheet if the entity has an unconditional right to realise that surplus either through a refund from the Scheme, or a reduction in future contributions. Following a review by the Scheme actuary, an additional liability of £1,130.7m was recognised to reflect the asset ceiling restriction. As a result, the net pension liability disclosed on the Balance Sheet is £86.0m

Generally, the Pensions Reserve will match exactly the Pension Liabilities recorded on the Balance Sheet at the end of each year.

2024/25 £m		2025/26 £m
(135.5)	**Balance at 1 April**	**(434.2)**
(313.7)	Remeasurement of the net defined benefit liability	267.3
15.0	Reversal of items relating to retirement benefits debited or credited to the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	80.9
(434.2)	**Balance at 31 March**	**(86.0)**

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. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2024/25 Restated* £m		2025/26 £m
67.3	**Balance at 1 April**	**60.0**
7.3	Transfer of deferred sale proceeds credited to the General Fund under capital finance regulations	
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	
(14.6)	Transfer to the Capital Receipts Reserve upon receipt of cash	(1.8)
60.0	**Balance at 31 March**	**58.2**

* Prior year comparators have been restated, see Note 50 for more details.

Collection Fund Adjustment Account

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

2024/25 £m		2025/26 £m
(48.4)	**Balance at 1 April**	**(9.2)**
39.2	Amount by which Council Tax/Business Rates income credited to the Comprehensive Income and Expenditure Statement is different from Council Tax/Business Rates income calculated for the year in accordance with statutory requirements	(7.0)
(9.2)	**Balance at 31 March**	**(16.2)**

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 £m		2025/26 £m
(12.0)	**Balance at 1 April**	**(16.7)**
	Settlement or cancellation of accrual made at the end of the preceding year	
(4.7)	Amounts accrued at the end of the current year	**(0.8)**
(4.7)	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	(0.8)
(16.7)	**Balance at 31 March**	**(17.5)**

Note 19
Pension Schemes Accounted for as Defined Contribution Schemes

Teachers' Pension Scheme

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

The scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The scheme has in excess of 4,300 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 2025/26, the Council paid £9.7m (2024/25: £58.4m) to the Teachers' Pensions Scheme in respect of teachers' retirement benefits, representing 28.68% (2024/25: 28.68%) of pensionable pay. The contributions due to be paid in the 2025/26 financial year are estimated to be £58.4m on the basis of employer contributions of 28.68%.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 20.

The Council is not liable to the scheme for any other entities' obligations under the plan.

NHS Pension Scheme

Staff who joined the Council on 1 April 2014 upon the transfer of Public Health responsibilities from the National Health Service were members of the NHS Pension Scheme. The scheme provides its members with specified benefits upon their retirement, and the Council has taken responsibility for making contributions based on a percentage of members' pensionable salaries.

The scheme is a multi-employer defined benefit scheme covering NHS employers, GP practices and other bodies allowed under the direction of the Secretary of State in England and Wales. The scheme is unfunded and is not designed to be run in a way that would enable member organisations to identify their share of the underlying assets and liabilities. Actuarial valuations of the scheme are undertaken every four years with a valuation of the scheme liability carried out on an annual basis by the scheme actuary through an update of the result of the full actuarial valuation. For the purposes of this Statement of Accounts, the scheme is accounted for on the same basis as a defined contribution scheme.

In 2025/26, the Council paid £0.070m (2024/25: £0.056m) to the NHS Pension Scheme in respect of employees' retirement benefits, representing 14.38% (2024/25: 14.38%) of pensionable pay. There were no contributions remaining payable at the year end. The contributions due to be paid in the 2025/26 financial year are estimated to be £0.070m on the basis of an employer contribution rate of 14.38%.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the NHS Pension Scheme. These costs are accounted for on a defined benefit basis and detailed in Note 20.

The Council is not liable to the scheme for any other entities' obligations under the plan.

Note 20
Defined Benefit Pension Schemes

Participation in 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, which needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes accounted for as defined benefit schemes:

- The Local Government Pension Scheme, administered locally by the West Midlands Pension Fund offices at Wolverhampton City Council – this is a funded defined benefit career average salary scheme for benefits accrued since 1 April 2014, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. Benefits accrued to 31 March 2014 are based on final salary. An employer's future service contribution rate of 21.8% was set for the Council for 2025/26 (2024/25: 21.8%).

- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The pension scheme is operated under the regulatory framework for the Local Government Pension Scheme, and the governance of the scheme is the responsibility of the pensions committee of Wolverhampton City Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the Council of the scheme are:
- the longevity assumptions
- statutory changes to the scheme
- structural changes to the scheme (for example, large-scale withdrawals)
- changes to inflation
- bond yields, and
- the performance of the equity investments held by the scheme.

These risks are mitigated, to a certain extent, by the statutory requirements to charge to the General Fund and the Housing Revenue Account the amounts required by statute as described in the accounting policies note.

Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the reported Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund and Housing Revenue Account via the Movement in Reserves Statement.

The table below shows the transactions that have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year. The major change from 2024/25 to 2025/26 in the table relates to remeasurement net gains of £612.7m, mostly due to changes in financial assumptions and the triennial valuation of the Local Government Pension Fund

	Local Government Pension Scheme		Unfunded Teachers Pension Scheme	
	2024/25 £m	2025/26 £m	2024/25 £m	2025/26 £m
Comprehensive Income and Expenditure Statement				
Cost of Services:				
current service cost	111.9	67.1		
past service costs, including curtailments	0.7	14.5		
effect of settlements	(1.2)	(3.1)		
Financing and investment income and expenditure:				
Net interest expense	5.4	(36.8)	1.9	2.3
Total post-employment benefit charged to the (Surplus)/Deficit on the provision of services	**116.7**	**41.7**	**1.9**	**2.3**
Movement in Reserves Statement				
Reversal of net charges made to the Surplus/Deficit on the provision of services for post-employment benefits in accordance with the Code	11.9	78.1	3.1	2.8
Net charge against the General Fund Balance for pensions in the year comprising:				
employer's contributions payable to scheme	**128.7**	**119.8**		
retirement benefits payable to retirees			**5.0**	**5.1**
Comprehensive Income and Expenditure Statement	116.7	41.7	1.9	2.3
Total post-employment benefit charged to the (Surplus)/Deficit on the provision of services				
Other post-employment benefit charged to the Comprehensive Income and Expenditure Statement				
remeasurements (liabilities and assets)	(851.4)	615.0	(1.2)	(0.7)
Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	**(734.6)**	**656.7**	**0.7**	**1.6**

	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Present Value of Liabilities					
- Local Government Pension Scheme	(8,078.1)	(5,572.5)	(5,636.5)	(4,905.2)	(5,010.0)
- Unfunded Teachers' Scheme	(50.7)	(43.8)	(41.2)	(41.8)	(43.5)
Total Present Value of Liabilities	**(8,128.7)**	**(5,616.3)**	**(5,677.7)**	**(4,947.0)**	**(5,053.5)**
Fair Value of Assets in the Local Government Pension Scheme	5,418.7	5,258.7	5,542.2	5,545.6	6,004.1
Surplus/(Deficit) in the scheme					
- Local Government Pension Scheme	(2,659.4)	(313.8)	(94.3)	640.3	994.1
- Unfunded Teachers' Scheme	(50.7)	(43.8)	(41.2)	(41.9)	(43.5)
Net (Liability) / Asset arising from defined benefit obligation	**(2,710.1)**	**(357.6)**	**(135.5)**	**598.4**	**950.6**
Effect of Asset Ceiling	-	-	-	(1,032.6)	(1,036.6)
Net Liability arising from defined benefit obligation	**(2,710.1)**	**(357.6)**	**(135.5)**	**(434.2)**	**(86.0)**

The estimate for the Local Government Pension Scheme liability has been performed by a qualified actuary and is based on the latest actuarial valuation and transaction information from 2025/26, which results in a net pension asset of £1,044.7m (2024/25 net pension asset of £598.4m). In line with the requirements of IAS 19 and the guidance set out in IFRIC 14, an adjustment has been made to reflect the limit on recognising a defined benefit pension asset. IFRIC 14 specifies that a pension surplus can only be recognised on the employer's balance sheet if the entity has an unconditional right to realise that surplus either through a refund from the Scheme, or a reduction in future contributions. Following a review by the Scheme actuary, an additional liability of £1,130.7m was recognised to reflect the asset ceiling restriction. As a result, the net pension liability disclosed on the Balance Sheet is £86.0m

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	Local Government Pension Scheme				Unfunded Teachers' Pension Scheme		Total	
	Funded		Unfunded					
	2024/25 £m	2025/26 £m	2024/25 £m	2025/26 £m	2024/25 £m	2025/26 £m	2024/25 £m	2025/26 £m
Benefit Obligation at 1 April	5,583.0	4,854.5	53.5	50.7	41.2	41.8	**5,677.7**	**4,947.1**
Opening balance adjustment		4.7		(4.7)		-		**-**
Current Service Cost	111.9	67.1	-	-	-	-	**111.9**	**67.1**
Interest on Pension Liabilities	265.5	277.7	2.4	2.5	1.9	2.3	**269.8**	**282.5**
Member Contributions	26.9	24.3	-	-	-	-	**26.9**	**24.3**
Actuarial (gains)/losses arising from changes in demographic assumptions	(9.7)	(77.9)	(0.1)	(0.4)	(0.1)	(0.3)	**(9.9)**	**(78.7)**
Actuarial (gains)/losses arising from changes in financial assumptions	(827.9)	(141.2)	(1.0)	(0.9)	(0.4)	(0,8)	**(829.3)**	**(142.9)**
Experience (gains)/losses on liabilities	(58.2)	190.9	1.1	0.3	4.2	5.5	**(52.9)**	**196.7**
Past Service Cost/ Curtailments	0.7	14.5	-	-	-	-	**0.7**	**14.5**
Settlements	(3.5)	(11.6)	-	-	-	-	**(3.5)**	**(11.6)**
Unfunded Pension Payments			(5.2)	(5.1)	(5.0)	(5.0)	**(10.1)**	**(10.1)**
Benefits/Transfers paid	(234.2)	(235.4)	-	-	-		**(234.2)**	**(235.4)**
Benefit Obligation at 31 March	**4,854.5**	**4,967.5**	**50.7**	**42.4**	**41.8**	**43.5**	4,947.1	5,053.5

Reconciliation of the Movements in the Fair Value of Scheme Assets

	LGPS Funded		LGPS Unfunded		Unfunded TPS		Total	
	2024/25 £m	2025/26 £m	2024/25 £m	2025/26 £m	2024/25 £m	2025/26 £m	2024/25 £m	2025/26 £m
Fair Value of Assets at 1 April	5,542.2	5,545.6	-	-	-	-	**5,542.2**	**5,545.6**
Remove audit adjustment		(26.1)		-		-		**(26.1)**
Interest on Plan Assets	262.5	317.0	-	-	-	-	**262.5**	**317.0**
Remeasurements (assets)	(173.2)	272.6	-	-	-	-	**(173.2)**	**272.6**
Settlements	(2.1)	(8.6)	-	-	-	-	**(2.1)**	**(8,6)**
Employer contributions	123.5	114.8	5.2	(5.1)	5.0	5.1	**133.7**	**114.8**
Member contributions	26.9	24.3	-	-	-	-	**26.9**	**24.3**
Benefits/transfers paid	(234.2)	(235.4)	(5.2)	5.1	(5.0)	(5.1)	**(244.4)**	**(235.4)**
Fair Value of Assets at 31 March	**5,545.6**	**6,004.1**	**-**	**-**	**-**	**-**	**5,545.6**	**6,004.1**

Local Government Pension Scheme assets

An analysis of the Local Government Pension Scheme assets is set out below.

	2024/25		2025/26	
	Total £m	Percentage of Total %	Total £m	Percentage of Total %
Equity	2,057.5	37.1%	2,213.2	36.9%
Gilts	740.6	13.4%	814.9	13.6%
Bonds	1,469.4	26.5%	1,677.2	27.9%
Property	374.2	6.7%	369.7	6.2%
Other	635.5	11.5%	632.2	10.5%
Cash	268.4	4.8%	296.9	4.9%
Total Assets	**5,545.6**	**100%**	**6,004.1**	**100%**

Basis for estimating assets and liabilities

Liabilities for both the Local Government Pension Scheme and the unfunded Teachers' Pension Scheme have been assessed by Hymans Robertson LLP, an independent firm of actuaries. The assessment has been on an actuarial basis using the projected unit credit method, an estimate of the pensions that will have to be paid in future years dependent on assumptions about mortality rates, salary levels etc. The estimates for the Local Government Pension Scheme have been based on the latest full valuation of the scheme as at 31 March 2026. The principal assumptions used by the actuary have been:

Assumptions	Local Government Pension Scheme 2024/25	2025/26
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men (years)	20.6	21.3
Women (years)	23.4	24.1
Longevity at 65 for future pensioners retiring in 20 years:		
Men (years)	21.1	21.8
Women (years)	24.8	25.3
Rate of CPI inflation	2.80%	3.00%
Rate of increase in salaries	3.80%	4.00%
Rate of increase in pensions	2.80%	3.00%
Rate for discounting of scheme liabilities	5.80%	6.20%

The time horizon end date of the Council's past service liability is estimated to be 2042 based on the membership data used for the most recent full valuation undertaken as at 31 March 2025.

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 to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, it is unlikely that isolated changes occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, that is, on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analyses below did not change from those used in the previous period.

	Change in assumption £m	Impact on Council Liability %	Impact on Council Deficit %
Longevity assumptions (increase by 1 year)	202.1	4.0	(21.3)
Pension increase assumptions (increase by 0.1%)	63.3	1.3	(6.7)
Salary increase assumption (increase by 0.1%)	3.1	0.1	(0.3)
Discount scheme liability assumptions (increase by 0.1%)	(66.8)	(1.3)	7.0

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 17 years. Funding levels are monitored on an annual basis. The most recent triennial valuation was carried out as at 31 March 2025 and set contributions for the period for 1 April 2026 to 31 March 2029.

Set out below are the contribution rates for the period to 31 March 2027.

Financial Year	Employer's Future Service Contribution Rate %	Past Service Cost Deficit Payment £m
2026/27	18.3	(£95.2)

The case Virgin Media Ltd v. NTL Pension Trustees II Ltd

The case Virgin Media Ltd v. NTL Pension Trustees II Ltd is a significant legal decision in UK pensions law, particularly affecting contracted-out defined benefit pension schemes between 1997 and 2016. The dispute centred on amendments made to the pension scheme rules during the contracted-out period without the required actuarial confirmation under Section 37 of the Pension Schemes Act 1993.

The Local Government Pension Scheme (LGPS) is a statutory public service pension scheme, and although there has been some discussion about potential implications, any rules changes to LGPS benefits are made through legislation rather than by the administering authorities or employers.

In November 2024, the Local Government Association (LGA) issued guidance in LGPC Bulletin 257, noting that HM Treasury was still assessing the implications but did not believe the case expressly addressed whether actuarial certifications are required for public service pension schemes. Amendments to such schemes are made by legislation, which remains valid until revoked or repealed by subsequent legislation, or specifically declared void by a court.

In September 2025, the Government tabled amendments to the Pension Schemes Bill to allow retrospective actuarial confirmations. This is expected to address any remaining uncertainty in the private sector, leaving only rule changes that did not meet the "broadly equivalent" test at risk of being voided.

On the basis that HM Treasury has not indicated that the ruling applies to the LGPS, and the fact that there has been no authoritative identification of any LGPS rule changes that might be at risk of being voided, the Council has concluded that no adjustment is required to the pensions liabilities recognised in these accounts and no contingent liability needs to be disclosed.

Note 21
Property, Plant and Equipment

The following tables analyse movements in the carrying values of non-current assets during the year.

	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture & equipment £m	Community assets £m	Surplus assets £m	Assets under construction £m	Total Property, Plant and Equipment £m	PFI assets included in PPE £m
Cost or Valuation								
At 1 April 2025	**3,055.1**	**2,364.9**	**143.9**	**92.9**	**118.4**	**317.9**	**6,093.1**	**894.8**
Additions	239.2	42.8	38.8	1.2	-	78.0	**400.0**	8.4
Assets reclassified between categories	-	(24.3)	-	-	24.3	(32.7)	**(32.7)**	**-**
Assets reclassified (to)/from Held for Sale	-	(3.7)	-	(0.2)	(7.8)	-	**(11.7)**	**-**
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(86.0)	(10.6)	-	0.2	(15.6)	-	**(112.0)**	3.1
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(26.9)	-	-	(7.5)	(0.7)	**(35.1)**	-
Derecognition – Disposals	(42.7)	(118.8)	(19.1)	-	(8.1)	-	**(188.7)**	-
Other movements in cost or valuation		25.8)	0.1	3.5	-	(10.1)	**19.3)**	**-**
At 31 March 2026	**3,165.6**	**2,249.2**	**163.7**	**97.6**	**103.7**	**352.4**	**6,132.2**	**906.3**
Accumulated Depreciation and Impairment								
At 1 April 2025	**0.0**	**(14.1)**	**(77.6)**	**-**	**-**	**-**	**(91.7)**	**(679.6)**
Depreciation charge	(67.3)	(44.9)	(13.0)		(0.9)	-	**(126.1)**	(39.1)
Depreciation written out to the Revaluation Reserve	67.3	43.2	-	-	0.7	-	**111.2**	3.5
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	11.1	-	-	0.6	-	**11.7**	-
Derecognition – Disposals	-	2.4	18.1	-	0.1	-	**20.6**	-
Other movements in depreciation and impairment	-	0.5	-	-	(0.5)	-	**-**	**(2.9)**
At 31 March 2026	**-**	**(1.8)**	**(72.5**	**-**	**-**	**-**	**(74.3)**	**(718.1)**
Net Book Value								
At 31 March 2026	**3,165.6**	**2,247.4**	**91.2**	**97.6**	**103.7**	**352.4**	**6,057.4**	**188.2**
At 31 March 2025	**3,055.1**	**2,350.8**	**66.3**	**92.9**	**118.4**	**317.9**	**6,001.4**	**215.2**

Restated Movements in Balances*: 2024/25

	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture & equipment £m	Community assets £m	Surplus assets £m	Assets under construction £m	Total Property, Plant and Equipment £m	PFI assets included in PPE £m
Cost or Valuation								
At 1 April 2024	**2,966.5**	**2,634.5**	**131.5**	**91.1**	**205.7**	**292.2**	**6,321.3**	**1,087.0**
Restatement of opening balances	-	(120.8)	-	-	-	-	(120.8)	(218.6)
Restated At 1 April 2024	**2,966.5**	**2,513.7**	**131.5**	**91.1**	**205.7**	**292.2**	**6,201.2**	**875.4**
Additions	285.6	13.2	6.4	2.0	2.8	110.6	**420.6**	19.1
Assets reclassified between categories	11.3	30.4	6.9	-	-	(84.3)	**(35.7)**	**-**
Assets reclassified (to)/from Held for Sale	-	-	-	-	(31.1)	-	**(31.1)**	**-**
Revaluation increases/ (decreases) recognised in the Revaluation Reserve	(177.1)	71.3	-	-	(16.4)	-	**(122.2)**	0.3
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(49.4)	-	-	(5.6)	(0.4)	**(55.4)**	-
Derecognition – Disposals	(31.2)	(171.7)	(1.6)	(0.2)	(79.6)	-	**(284.3)**	-
Other movements in cost or valuation	-	(42.5)	-	-	42.5	-	**-**	**-**
At 31 March 2025	**3,055.1**	**2,364.9**	**143.9**	**92.9**	**118.4**	**317.9**	**6,093.1**	**894.8**
Accumulated Depreciation and Impairment								
At 1 April 2024	**-**	**(18.8)**	**(67.1)**	**-**	**-**	**-**	**(85.9)**	**(321.0)**
Restatement of opening balances	-	-	-	-	-	-	-	(20.9)
Restated At 1 April 2024	**-**	**(18.8)**	**(67.1)**	**-**	**-**	**-**	**(85.9)**	**(300.1)**
Depreciation charge	(69.0)	(51.3)	(12.1)	-	(1.8)	-	**(134.2)**	(38.0)
Depreciation written out to the Revaluation Reserve	69.6	42.9	-	-	3.6	-	**116.0**	0.4
Depreciation written out to the Surplus/Deficit on the Provision of Services	-	9.3	-	-	0.7	-	**10.0**	-
Derecognition – Disposals	(0.6)	1.4	1.6	-	-	-	**2.4**	-
Other movements in depreciation and impairment		2.5	-	-	(2.5)	-	**-**	**-**
At 31 March 2025	**-**	**(14.1)**	**(77.6)**	**-**	**-**	**-**	**(91.7)**	**(337.7)**
Net Book Value								
At 31 March 2025	**3,055.1**	**2,350.8**	**66.3**	**92.9**	**118.4**	**317.9**	**6,001.4**	**557.1**
At 31 March 2024	**2,966.5**	**2,484.8**	**64.4**	**91.1**	**205.7**	**292.0**	**6,104.5**	**568.3**

* Prior year comparators have been restated, see Note 50 for more details.

Revaluations

The valuation has been prepared in accordance with Royal Institution of Chartered Surveyors (RICS) – Global Standards (January 2022 and International Valuation Standards).

Operational Land and Buildings (other than Housing)

The Council carries out valuations of its property assets over a five-year cycle.

From 2025/26, in line with the updated Code of Practice on Local Authority Accounting, assets that are not subject to full revaluation in-year are updated using indexation in the intervening years to ensure carrying values remain materially up to date at the Balance Sheet date.

David M Harris, Member of the Royal Institution of Chartered Surveyors (MRICS), Head of Property Consultancy, and other similarly qualified staff within the Council's Property Services section carried out the valuations, with additional valuations undertaken by external valuers Sanderson and Weatherall.

The effective date of the current year's valuation was 31 March 2026.

Housing

The Council's housing stock was valued as at 31 March 2026 by David Harris MRICS Registered Valuer, and similarly qualified staff within the Council's Property Services section, assisted by an external contractor (Sure Surveyors - Debbie Fawkner MRICS Registered Valuer) in line with the Ministry of Housing, Communities and Local Government's Guidance on Stock Valuation for Resource Accounting published in November 2016.

The basis of the valuation for the housing stock element is in accordance with the Royal Institution of Chartered Surveyors using the Existing Use Value – Social Housing basis, which takes open market value for the underlying dwellings and applies a multiplier to reflect the reduced value as a result of the use for social housing for 2025/26 of 40% (2024/25: 40%).

Part of the housing stock comprising mainly the high-rise blocks of flats and some defective properties have been valued on the basis of a Discounted Cash Flow method of valuation (DCF). Details are included in Notes H1 and H3 of the Supplementary Statements

Surplus Assets

A small number of assets have been deemed surplus to the requirement of the Council but do not meet the criteria to be classified as Assets Held for Sale. As such they are classified as surplus assets and revalued during 2025/26 at fair value, assessing the assets in their highest and best use, using Level 2 inputs. The increase in value reflects the reclassification of assets previously identified as either Assets held for Sale or as Other Land and Buildings.

Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation technique used to measure Fair Value	31 March 2025 Fair Value £m	31 March 2026 Fair Value £m
Highest and Best Use	Level 2	The fair value of surplus properties has been measured using a market approach, which takes into account quoted prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Property Portfolio. Market conditions are such that similar properties are actively purchased and sold, and the level of observable inputs is significant, leading to the properties being categorised as Level 2 on the fair value hierarchy.	118.4	105.3

An analysis of the gross carrying value, by class of asset, broken down by the basis and date of valuation is set out on the following table.

	Council dwellings £m	Other land and buildings £m	Vehicles, plant, furniture & equipment £m	Community assets £m	Surplus assets £m	Assets under construction £m	Total Property, Plant and Equipment £m
Carried at Historical Cost		11.4		97.6	103.8	352.4	**565.2**
Carried at Depreciated Historical Cost			135.7				**135.7**
Valued at current value as at:							
31 March 2026	3,165.7	252.7					**3,418.4**
31 March 2025		515.1					**515.1**
31 March 2024		669.7					**669.7**
31 March 2023		387.1					**387.1**
31 March 2022		355.2					**355.2**
31 March 2021		59.8					**59.8**
31 March 2020			28.0				**28.0**
Total cost or valuation	**3,165.7**	**2,250.9**	**163.7**	**97.6**	**103.8**	**352.4**	**6,134.1**

Capital Commitments

At 31 March 2026, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2026/27 and future years. The commitments are:

	£m
PFI Lifecycle Costs	349.8
HRA New Build, Investment & Refurbishment	2,014.5
Tame Valley Viaduct	9.8
HS2 Station Environment	36.1
Digbeth High St	14.9
Typhoo Wharf	7.7
BEAS Energy Efficiency Grant Programme	10.5
Alexander Stadium Works	1.1
Moseley Road Baths	22.8
Lifford Depot	21.5
Education & Early Years	32.2
Other Projects <£5m	14.4
Total Capital Commitments	**2,535.3**

Capitalisation of Borrowing Costs

The Council has adopted an accounting policy, detailed in Note 1 - section xxi., of capitalising borrowing costs in relation to qualifying assets. In 2025/26 the amount of borrowing costs capitalised during the period was £4.1m (2024/25: £2.9m). The interest does not relate to a specific loan and was calculated using the Council's average borrowing rate. This was 4.04% in 2025/26 (2024/25: 4.22%). For 2025/26, interest capitalised by scheme was as follows:

	£m
Enterprise Zone	4.1

Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets [Local Government Circular 09/2022 Statutory Override Accounting for Infrastructure Assets for Scottish Local Authorities] this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Net Book Value (modified historical cost)	2024/25 £m	2025/26 £m
at 1 April	638.7	430.0
Restatement of opening balances	(204.8)	-
Restated at 1 April	**433.9**	**430.0**
Additions	4.6	27.8
Assets Reclassified between Categories	12.3	-
Depreciation	(20.8)	(35.4)
Other movements in cost	-	3.2
Net Book Value at 31 March	**430.0**	**425.6**

Note 22
Heritage Assets

The Council has significant collections of assets that contribute towards the rich and diverse heritage of the city, reflecting two thousand years of historic development, across Museums, Historic Buildings, Public Art, Libraries and Civic Collections.

Where historical cost information is available, the Council has used this when compiling the Balance Sheet; otherwise, insurance valuations, reviewed annually, have been used, where applicable. Where there is evidence of a movement in valuations as a result of material acquisitions or disposals, or a significant movement in comparable market values, a revaluation will be considered.

Heritage Assets held by the Council:

	Museum Collections £m	Historic Buildings £m	Public Art £m	Libraries and Archive collections £m	Civic Regalia and Plate £m	Total Assets £m
01 April 2024						
- At Cost	1.8	11.1	0.5	-	-	13.4
- At Valuation	215.6	-	-	18.4	1.8	235.8
31 March 2025	**217.4**	**11.1**	**0.5**	**18.4**	**1.8**	**249.2**
01 April 2025						
- At Cost	1.8	11.1	0.5	-	-	13.4
- At Valuation	215.6	-	-	18.4	1.8	235.8
31 March 2026	**217.4**	**11.1**	**0.5**	**18.4**	**1.8**	**249.2**

Museum Collections

The Council holds collections of artworks, ceramics, jewellery and items of archaeological and scientific significance. The vast majority of the Museum's Loan collection is held within the Birmingham Museum and Art Gallery, which holds one of the finest collections of art, history and science in the UK and the best collection of Pre-Raphaelite works in the world. There are significant exhibits and artwork comprising the Permanent Collection on display in community museums, for example Aston Hall and Soho House, together with items held in storage at the Museum's Collection Centre. The value of the collection has been adjusted to reflect updated insurance valuations. In addition, there is a collection of Boulton silverware, a set of 24 pieces in silver jointly owned by the Council and the Birmingham Assay Office.

Historic Buildings and the Historical Environment

The Council either owns or holds on trust in excess of 150 listed buildings and structures, with Grade I and Grade II properties being the most significant. These include Aston Hall, a Grade I listed Jacobean manor house completed in 1635, Blakesley Hall, an Elizabethan timber house built by a local merchant in 1590 and Soho House, home of Birmingham industrialist and entrepreneur Matthew Boulton, all of which are included as Heritage Assets.

Public Art

The Council owns over 80 pieces of public art, including statues, sculpture and fountains, some of which are listed structures. Victoria Square fountain and the King Edward VII statue are included in the Balance Sheet as reliable information is available for these works of art.

Libraries and Archive Collections

The Library of Birmingham is unique amongst UK public libraries for the range and depth of the collections it houses. The library houses a large photography collection, and the Council also holds over 6,000 archive collections including major collections of national importance, such as those relating to the industrial innovators James Watt and Matthew Boulton. There are significant collections of early and fine printing, incorporating over 8,000 books printed before 1701, and an extensive collection of literature and rare books, including Audubon's 19th Century work, The Birds of America, and one of the world's most comprehensive Shakespeare collections.

Civic Regalia and Plate

The Council owns in excess of 230 items of civic regalia and plate, kept either on display, in storage or used on ceremonial and other formal occasions. There is a large variety of items within the collection, the main ones being the Mayoral Chains of Office and Mace, which was cast in silver, in the late 19th Century, by Elkington and Co.

The Council has developed a Heritage Strategy, which provides a framework and context for how it preserves, manages, interprets and promotes the Council's Heritage Assets, and how they are taken forward during the 21st Century. This is supported by a more detailed collecting policy within the Museums service, which informs the Council's policy on acquisition, management and disposal, together with Documentation and Conservation policies, which detail how the service manages and cares for the collections. These are all available on the Council's website, or via the relevant service area. Both Libraries and Museums use database systems to manage their collections.

Access to heritage assets is provided through permanent displays of historical material, temporary exhibitions and events, publications, catalogues and digital and web-based resources. In addition, the Museum’s Collection Centre schedules occasional open days allowing public access to some of the Museum’s stored historical artefacts. For the wider historical environment, guided tours, printed leaflets and publications, heritage trails and interpretive panels are effective in enabling intellectual access.

Birmingham Museums Trust exists to promote heritage within Birmingham, with the aims of advancing education through the operation, maintenance, development and promotion of museums, galleries and libraries in Birmingham. The Council continues to retain ownership of the buildings and collections.

Note 23
Intangible Assets

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant, Furniture and Equipment.

The carrying amount of intangible assets is amortised on a straight-line basis over a five-year period, which is deemed to be the period that intangible assets are expected to be of use to the Council.

The movement on intangible asset balances during the year is as follows:

	2024/25			2025/26		
	Internally Generated Assets	Other Assets	Total	Internally Generated Assets	Other Assets	Total
	£m	£m	£m	£m	£m	£m
Balance at start of year:						
- Gross carrying amounts	-	33.1	33.1		33.1	33.1
- Accumulated amortisation	-	(10.9)	(10.9)		(16.9)	(16.9)
Net carrying amount at start of year	**-**	**22.2**	**22.2**		**16.2**	**16.2**
Additions:						
Other changes					0.3	0.3
Amortisation for the period	-	(6.0)	(6.0)		(6.0)	(6.0)
Net carrying amount at end of year	-	12.7	12.7		10.5	10.5
Comprising:						
Gross carrying amounts	-	33.1	33.1		33.4	33.4
Accumulated amortisation	-	(16.9)	(16.9)		(22.9)	(22.9)
	-	**16.2**	**16.2**		**10.5**	**10.5**

Note 24
Long Term Debtors

The table below shows amounts owed to the Council that are due for payment more than 12 months after the Balance Sheet date. The outstanding balances have been split by type of debt.

31 March 2025 Restated* £m		31 March 2026 £m
62.5	External Loans	59.4
0.3	Mortgages: former Council House Tenants	0.3
62.8	Other Debtors	64.7
125.6	**Total**	**124.4**

* Prior year comparators have been restated, see Note 50 for more details.

Note 25
Short Term Investments

Details of the amounts invested by the Council that are due for repayment within 12 months of the Balance Sheet date are detailed below.

31 March 2025 £m		31 March 2026 £m
122.6	Money Market Funds	184.5
1.1	Financial Institutions	1.1
90.3	Public Sector Bodies	127.3
214.0	**Total**	**312.9**

Note 26
Assets Held for Sale

The table below details the value of assets whose carrying amount will be recovered principally through a sale transaction rather than through their continuing use.

	2024/25 £m	2025/26 £m
Balance outstanding at start of year	**64.5**	**31.1**
Assets newly classified as held for sale:		
- Property, Plant and Equipment	31.1	11.7
Assets declassified as held for sale:		
- Property, Plant and Equipment	-	-
- Assets sold	(64.5)	(24.6)
Other Movements	-	-
Balance outstanding at year end	**31.1**	**18.2**

Assets held for sale are those assets where the expectation is that their disposal will occur within twelve months.

Assets held for sale are measured at the lower of carrying amount and fair value less costs to sell. The value of capital receipts may differ from the carrying value of the assets and is heavily dependent on how much the market is willing to pay for a particular asset at any one time and this can fluctuate.

Note 27
Short Term Debtors

The table below shows the amounts owed to the Council at the end of the year that are due for payment within 12 months. An allowance has been made, within the overall level of debt due, to reflect an element of non-recovery.

The amounts owed have been analysed by type of debtor to allow an assessment of the risk of non-recovery.

31 March 2025 Restated* £m		31 March 2026 £m
107.0	Central government bodies	103.4
40.5	Other local authorities	45.9
2.1	NHS bodies	5.5
1.1	Public corporations and trading funds	1.5
381.9	Other entities and individuals	413.5
532.6	**Total**	**569.9**

* Prior year comparators have been restated, see Note 50 for more details.

Central government bodies

31 March 2025 £m		31 March 2026 £m
52.1	Central Government	50.6
44.9	VAT	43.1
10.0	Central government bodies - Other	9.7
107.0	Total	**103.4**

Other entities and individuals

31 March 2025 Restated* £m		31 March 2026 £m
130.0	Non-Public Sector	93.7
37.0	Payments in Advance	85.8
0.4	Employee Benefits	0.2
2.0	Leases	0.2
1.8	Capital	1.8
23.9	Housing Benefit	46.1
(361.7)	Bad Debt Provision	(360.5)
2.4	Loans	2.6

31 March 2025 Restated* £m		31 March 2026 £m
37.0	HRA	35.1
205.1	Collection Fund	221.0
2.3	BIDS	2.0
0.1	Internal Debtors	0.0
295.9	Other entities and individuals - Other	285.5
381.9	Total	**413.5**

* Prior year comparators have been restated, see Note 50 for more details.

Note 28
Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the elements detailed below.

31 March 2025 Restated* £m		31 March 2026 £m
7.2	Cash equivalents	7.0
0.4	Cash held by the Council	-
27.5	Bank current accounts	66.3
35.1	**Total**	**73.4**

Note 29
Short Term Creditors

The table below shows amounts owed by the Council at the end of the year that are due for payment within 12 months. The amounts due have been analysed by type of creditor.

31 March 2025 Restated* £m		31 March 2026 £m
(36.3)	Central government bodies	(88.7)
(15.5)	Other local authorities	(1.2)
(1.2)	NHS bodies	(1.2)
(71.2)	Public corporations and trading funds	(73.7)
(381.5)	Other entities and individuals	(527.9)
(505.7)	**Total**	**(692.7)**

Note 30
Provisions

The following table shows the value of the Council's liabilities that will probably result in a transfer of economic benefits in line with the Accounting Policy for Provisions.

	Balance at 31 March 2025	Additional provisions made in 2025/26	Amounts used in 2025/26	Transfer between current and non-current provisions	Unused amounts reversed in 2025/26	Balance at 31 March 2026
	£m	£m	£m	£m	£m	£m
Short Term						
Equal Pay	**404.0**	144.3	(213.2)	-	-	**335.1**
Business Rates Appeals	**11.6**	22.2	(17.0)	(3.5)	-	**13.3**
Other Provisions	**20.9**	28.5	(1.9)	-	(9.0)	**38.5**
Total	**436.5**	**195.0**	**(232.1)**	**(3.5)**	**(9.0)**	**386.9**
Long Term						
Equal Pay	**-**	-	-	-	-	**-**
Business Rates Appeals	**18.5**	-	-	3.5	-	**22.0**
Other Provisions	**-**	-	-	-	-	**-**
Total	**18.5**	**-**	**-**	**3.5**	**-**	**22.0**

Equal Pay

The Equal Pay Act 1970 was enacted at a time when it was not uncommon for employers to openly give different rates of pay to men and women performing the same job, or to reserve certain jobs for men and other (lower-paid) jobs for women. The Equality Act 2010 repealed and replaced the Equal Pay Act 1970 from 1 October 2010 and implemented the principle that men and women should receive equal pay for equal work in Great Britain.

The provision is determined on a weighted litigation liability basis using assumptions around the volumes of claimants, likelihood of payment, potential scale of payment and a range of other critical assumptions.

Regeneration Provision - A provision of £28.5m has been recognised for potential liabilities associated with a regeneration scheme in Birmingham. This represents management's best estimate of the expenditure required to settle obligations arising from contractual commitments and associated remediation costs.

The Council has received Exceptional Financial Support from Central Government which allows it to use capital resources to fund the potential Equal Pay liability. The potential liability at the date of signing these financial statements has not been provided, in line with IAS37 paragraph 92.

Business Rates Appeals

As a result of the change in the funding of Local Government in 2013/14, local authorities have assumed part of the liability for refunding Business Rates payers who have successfully

appealed against the rateable value of their properties in the rating list. This liability includes amounts that were collected in respect of both the current year and prior years.

The Council, as Billing Authority, is required to make a provision for this liability on behalf of the major preceptors and itself. From 1 April 2017 the Council became part of a 100% Local Business Rates Retention Pilot. Under the pilot the Council retains 99% of the Business Rates it collects including 99% of any amounts due to be collected in future. The other 1% is retained by the West Midlands Fire and Rescue Authority (WMFRA). Prior to 1 April 2017 the Council's share was 49% with 1% due to the WMFRA and the other 50% being due to Central Government. Under the pilot the Council has assumed responsibility to pay for 99% of backdated appeals, even those prior to 1 April 2017. However, the Council has also been allowed to take the Government's 50% share of the provision set aside for backdated appeals prior to 1 April 2017.

These accounts include a provision of £35.3m representing 99% of the total provision (2024/25: £30.1m representing 99% of the total provision) set aside to cover the Council's share of the total estimated unpaid liability relating to the settlement of all appeals received up to 31 March 2026. The remaining 1% share of the liability is attributable to the WMFRA.

The Council has assessed the likely cost of settling appeals, based upon the history of appeals settled to date and details of those appeals that are still outstanding. The information used in this modelling has been provided by the Valuations Office Agency (VOA).

Other Provisions

Details of the major items included in other provisions are:

Equal Pay Legal Costs

The Council has set aside a provision for legal costs associated with the handling or defending of Equal Pay claims. The provision will be used when legal fees are agreed for each case and may be subject to assessment; the timing of which is uncertain.

Note 31
Contingent Liabilities and Contingent Assets

Contingent Liabilities

These relate to pending legal or contractual claims not included in the accounts and guarantees given by the Council for repayment of loans taken out by certain associated companies. The Council currently has the following contingent liabilities:

1. The Council enters into a number of arrangements with external partners for the delivery of services or as part of infrastructure developments within the city. There are occasions where the Council faces claims from external partners where it is believed that specific outcomes have not been delivered. Currently the validity of any outstanding claims is being assessed.

2. Under the Equality Act 2010, employees are entitled to equal pay for work of equal value. The Council has received a number of claims under the Equality Act and, as a result, has set aside a provision in these accounts of £335.1m (31 March 2025: £404.0m).

The Council has, on the basis of legal advice, determined a weighted litigation liability using assumptions around the volumes of claimants, likelihood of payment, potential scale of payment and a range of other critical assumptions.

At the time of publishing these accounts, the Council has had, and continues to receive, claims in relation to equal pay. Disclosure of the estimated provision at the date of signing these accounts is not provided, in line with IAS37 paragraph 92. With such a complex model, and large number assumptions being used, to which the calculation is sensitive, a range of outcomes is possible. There is the potential that as a result of the outcome related to those assumptions the liability may be higher than this amount.

Contingent Assets

At 31 March 2026 the Council has identified the following material contingent assets.

When disposing of non-current assets which may be the subject of further development by the purchaser, the Council may include clauses within the disposal agreement that require the purchaser to make additional payments to the Council depending on the outcome of the development. The Council does not recognise such potential additional consideration at the time of disposal as its receipt and amount is too uncertain. The Council has included such clauses in the agreement for the disposal of a number of developments and anticipates generating additional capital receipts in future years.

Due to the commercially sensitive nature of the agreements, detailed information on further anticipated receipts has not been disclosed.

Note 32
Council Borrowing

A breakdown of the Council's borrowings is summarised below:

2024/25			2025/26	
Long Term £m	Short Term £m		Long Term £m	Short Term £m
(30.4)	(22.0)	Lender's Option Borrower's Option (LOBO) loans	(30.4)	(22.0)
(337.9)	(7.3)	Local Bonds	(331.2)	(7.7)
(2,765.4)	(149.6)	Public Works Loan Board	(2,886.2)	(188.6)
(0.1)	(116.5)	Other Borrowing (mainly Other Local Authorities)	-	(141.0)
(3,133.8)	**(295.4)**	Total	**(3,247.8)**	**(359.3)**

Note 33
Cash Flow Statement - Operating Activities

The cash flows from operating activities include the following items:

2024/25 Restated* £m		2025/26 £m
(27.7)	Interest received	(24.9)
157.1	Interest paid	167.6
(18.9)	Dividends received	(9.4)
110.5		**133.3**

* Prior year comparators have been restated, see Note 50 for more details.

Note 34
Cash Flow Statement - Investing Activities

The cash flows from investing activities include the following:

2024/25 £m		2025/26 £m
(385.8)	Purchase of property, plant and equipment, investment property and intangible assets	(427.8)
(5,079.5)	Purchase of short-term and long-term investments	(4,797.6)
273.9	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	117.8
5,125.8	Proceeds from short-term and long-term investments	4,910.6
(29.6)	Other receipts from investing activities	0.8
(95.2)	**Net cash flows from investing activities**	**(196.8)**

Note 35
Cash Flow Statement - Financing Activities

The cash flows from financing activities include the following:

2024/25 £m		2025/26 £m
144.5	Other receipts from financing activities	166.0
492.5	Cash receipts of short-term and long-term borrowing	720.1
(21.0)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(20.6)
(668.9)	Repayments of short-term and long-term borrowing	(542.2)
20.1	Other payments for financing activities	-
(32.8)	**Net cash flows from financing activities**	**323.8**

Note 36
Cash Flow Statement – Other Adjustments

The cash flow adjustments to the net surplus/deficit on the provision of services include:

2024/25 Restated* £m		2025/26 £m
173.7	Depreciation/Impairment charge	162.5
6.0	Amortisation of Intangible Assets	6.0
(3.5)	Assets reclassified between categories	-
-	(Increase)/Decrease in Investments	14.1
46.0	Revaluation of Non-Current Assets	22.7
348.8	Derecognition of Non-Current Assets	189.4
(8.0)	(Increase)/Decrease in Debtors	(36.1)
(28.7)	Increase/(Decrease) in Creditors	188.8
0.4	(Increase)/Decrease in Inventories	0.1
1.8	Increase/(Decrease) in Provisions	(46.1)
(15.0)	Pensions Liability	(348.2)
521.5	**Net Cash Flow - Other Adjustments**	**153.1**

* Prior year comparators have been restated, see Note 50 for more details.

The cash flow adjustments included in the net surplus/deficit on the provision of services that are investing or financing activities include:

2024/25 Restated* £m		2025/26 £m
(144.5)	Capital Grants	(141.9)
(277.8)	Capital Receipts	(117.8)
(20.1)	Council Tax and Business Rates Adjustments	(17.9)
(442.4)		**(277.6)**

* Prior year comparators have been restated, see Note 50 for more details.

Note 37
Financial Instruments

Financial Instruments – Classifications

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

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an

obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council.

All of the Council's financial liabilities held during the year are measured at amortised cost and comprise:

- long-term loans from the Public Works Loan Board and commercial lenders
- bonds issued
- long-term LOBO loans
- loans from other local authorities
- Private Finance Initiative contracts
- lease payables
- transferred debt
- trade payables for goods and services received
- overdraft with banks

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following two classifications:

- Amortised cost (where cash flows are solely payments of principal and interest and the Council's business model is to collect those cash flows) comprising:
    - loans to organisations made for service purposes
    - loans to other local authorities
    - current and deposit bank accounts
    - cash in hand
    - trade receivables for goods and services provided

- Fair value through profit and loss (all other financial assets) comprising:
    - money market funds
    - equity investments in companies
    - loans to organisations where the cash flows are not solely payments of principal and interest

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

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

	Long Term		Short Term	
	31 March 2025 £m	31 March 2026 £m	31 March 2025 £m	31 March 2026 £m
Investments				
Fair Value through Profit or Loss	1.7	1.7	123.8	185.6
Amortised Cost	-	-	90.2	127.3
Investments in subsidiaries, associates and joint ventures	35.7	35.7	-	-
Total investments	**37.4**	**37.4**	**214.0**	**312.9**
Debtors				
Fair Value through Profit or Loss	4.7	4.3	-	-
Amortised Cost	120.9	120.1	361.9	381.5
Total	**125.6**	**124.1**	**361.9**	**381.5**
Debtors that are not financial instruments	-	-	170.8	188.4
Total debtors	**125.6**	**124.4**	**532.7**	**569.9**
Cash				
Cash in Hand			35.1	73.4
Total cash: asset			**35.1**	**73.4**
Borrowings				
Fair Value through Profit or Loss		-		
Fair Value at Amortised Cost	(3,133.8)	(3,247.8)	(295.4)	(359.3)
Total borrowings	**(3,133.8)**	**(3,247.8)**	**(295.4)**	**(359.3)**
Other Long Term Liabilities				
PFI and finance lease liabilities	(127.0)	(65.9)		
Total	(127.0)	(65.9)		
Transferred Debt and Other Liabilities	(8.8)	(8.4)		
Total long term liabilities	**(135.8)**	**(74.3)**		
Creditors				
Fair Value at Amortised Cost	(0.3)	(0.2)	(386.8)	(519.5)
Total	**(0.3)**	**(0.2)**	**(386.8)**	**(519.5)**
Creditors that are not financial instruments	(39.3)	(41.3)	(119.0)	(173.1)
Total creditors	**(39.6)**	**(41.5)**	**(505.8)**	**(692.6)**

Material Soft Loans Made by the Council

The Council has made the following material soft loans:

Warwickshire County Cricket Club was granted a loan of £20m in 2009 to support the major ground refurbishment undertaken. The loan is deemed to be a material soft loan and is carried in the accounts at £17.2m, paying a fixed interest rate of 5%. During the development phase of the project, interest was rolled up in the loan. In 2016/17, Warwickshire County Cricket Club exercised its right, under the terms of the loan agreement, to defer interest and principal repayment for two quarters from March 2013 and extend the loan maturity to make these payments. The club applied for a further 18-month interest and principal deferral, which was granted by the Council. All interest on the deferred payments is rolled up and the term of the loan has been extended to 2045.

On the creation of Birmingham Children's Trust CIC, it was offered loan facilities to ensure that it had sufficient cash resources to operate efficiently given that the company was a company limited by guarantee and had no equity. The Council advanced a loan of £4m in April 2018 at an interest rate of 2.41% and a further loan of £6m in April 2019 at an interest rate of 1.87%. The Trust exercised its right under the contract and repaid the £6m loan in full in January 2022. The Trust also exercised its right under the contract and repaid the £4m loan in full in February 2025.

The treatment of soft loans in the financial statements is as follows:

	2024/25 £m	2025/26 £m
Opening balance at 1 April	**15.6**	**13.2**
Movement in balance WCCC	1.6	**0.0**
Loans repaid	(4.6)	(0.5)
Movement in Expected Credit Loss per IFRS9	0.4	(0.2)
(Increase)/Reduction in discount	0.2	0.2
Closing Balance at 31 March	**13.2**	**12.7**
Nominal value at 31 March	16.7	16.2

Valuation Assumptions

The interest rate at which the fair value of soft loans has been made at recognition is arrived at by taking the Council's prevailing cost of borrowing and adding an allowance for the risk that the loan might not be repaid.

As with all loans made by the Council, reviews of the repayment schedule, counterparty financial resilience and economic conditions are undertaken to determine whether the level of risk has increased sufficiently to make any changes to the assessment the carrying value of the loans.

Income, Expenses, Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are shown in the following table. The losses on financial instruments recognise that some debts will not be recovered.

	2024/25 Surplus/Deficit on the Provision of Services £m	2025/26 Surplus/Deficit on the Provision of Services £m
Net (Gains)/Losses on financial instruments:		
Financial assets measured at amortised costs	15.9	25.8
Total Net (Gains)/Losses on financial instruments	**15.9**	**25.8**
Income/Expenditure in (Surplus)/Deficit on the Provision of Services		
Interest Receivable from financial assets measured at amortised costs	(27.7)	(24.9)
Investment income from financial assets measured through profit and loss	(18.9)	(9.4)
Interest Expense	157.1	167.4
Net Income/Expenditure in (Surplus)/Deficit on the Provision of Services	110.5	133.3
Net (gain)/loss for the year	**126.4**	**159.1**

Fair Value of Financial Instruments

The fair value of a financial instrument is the price that would be received when selling an asset, or the price that would be paid when transferring a liability, to another market participant in an arms'-length transaction. Where liabilities are held as an asset by another party, such as the Council's borrowing, the fair value is estimated from the holder's perspective.
Financial instruments, except those classified at amortised cost, are carried in the Balance Sheet at fair value. For most assets, including bonds and shares in money market funds, the fair value is taken from the market price.

Financial instruments classified at amortised cost are carried in the Balance Sheet at their amortised cost. Their fair values disclosed below have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2025, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.

- Discount rates for "Lender's Option Borrower's Option" (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.

- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.

- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the PWLB's new annuity loan certainty rates.

- No early repayment or impairment is recognised for any financial instrument.

- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the low-interest rate environment.

Fair values are shown in the tables below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices

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

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

Details of the impact of fair value assessments on specific categories of financial liabilities are set out below.

Financial Liabilities	Input level in Fair Value Hierarchy	Valuation inputs and assumptions used to measure Fair Value	31 March 2025 Carrying Amount £m	31 March 2025 Fair Value £m	31 March 2026 Carrying Amount £m	31 March 2026 Fair Value £m
Financial Liabilities held at amortised cost:						
Long-term loans from PWLB	Level 2	PWLB new maturity loan certainty rate	2,915.0	2,500.1	3,075.0	2,591.6
Bonds issued (BIRCTY 9.675% 21/04/2030)	Level 2	Market rate for similar instruments	182.3	177.5	177.4	177.1
Bonds issued (NECF 7.5625% 30/09/2027)	Level 1	Quoted price from Bloomberg	76.9	71.1	75.4	71.0
LOBO loans	Level 2	Market rate for similar instruments	52.4	61.2	52.4	48.5
Other long-term loans	Level 2	Market rate for similar instruments	86.1	61.6	86.1	59.6
Lease payables and PFI Liabilities	Level 2	PWLB new annuity loan certainty rate	317.5	390.2	300.5	359.6
Transferred debt *	Level 2	Market rate for similar instruments	8.4	8.4	0.0	0.0
Other long-term liabilities/creditors	N/A	Fair value is approximated at their carrying amount	9.1	9.1	8.5	8.5
Short term loans (mainly from other local authorities)	N/A	Fair value is approximated at their carrying amount	116.5	116.5	140.9	140.9
Short term creditors	N/A	Fair value is approximated at their carrying amount	353.8	353.8	496.8	496.8
TOTAL Financial Liabilities			**4,118.0**	**3,749.5**	**4,413.0**	**3,953.6**

**The Transferred Debt information is provided by Dudley Metropolitan Borough Council, who have responsibility for the West Midlands County Council Debt Administration Fund. The fair values were provided to them by their Treasury Advisors.*

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

PWLB Loans

The difference between the carrying amount and the fair value measures the additional interest that the Council will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. If the Council were to repay the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid.

Details of the impact of fair value assessments on specific categories of assets are set out below.

Financial Assets	Input level in Fair Value Hierarchy	Valuation inputs and assumptions used to measure Fair Value	31 March 2025 Carrying Amount £m	31 March 2025 Fair Value £m	31 March 2026 Carrying Amount £m	31 March 2026 Fair Value £m
Financial assets held at fair value:						
Money Market Funds/equity - short term	Level 1	Market price	123.7	123.7	185.6	185.6
Shares in companies - long term	Level 3	With significant unobservable inputs	1.7	1.7	1.7	1.7
Loans to organisations for service purposes - long term	Level 3	With significant unobservable inputs	4.7	4.7	4.3	4.3
Financial assets held at amortised cost:						
Deposits (DMADF and other local authorities) - short term	N/A	Fair value is approximated at their carrying amount	90.2	90.2	127.3	127.3
Loans to organisations for service purposes	Level 3	With significant unobservable inputs	60.9	54.1	58.7	52.1
Long term asset/long term debtors	N/A	Fair value is approximated at their carrying amount	34.1	34.1	66.3	66.3
Short term debtors	N/A	Fair value is approximated at their carrying amount	359.3	359.3	383.6	383.6
Cash/bank deposits - short term	N/A	Fair value is approximated at their carrying amount	35.1	35.1	73.4	73.4
Total Financial Assets			**709.7**	**702.9**	**900.9**	**894.3**

The fair value of financial assets held at amortised cost is higher than their Balance Sheet carrying amount because the interest rate on similar investments is now lower than that obtained when the investment was originally made.

Note 38
Nature and Extent of Risks Arising from Financial Instruments

The Council's activities expose it to a variety of risks relating to its financial instruments, including:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Council;
- Liquidity risk – the possibility that the Council may not have funds available to meet its payment commitments;
- Market risk – the possibility of financial loss due to changes in interest rates and market prices.

These risks are mainly managed by a central Treasury Management team in accordance with policies and approvals set by the Council in its annual Budget Report, Treasury Management Strategy, and Treasury Management Practices in particular. The Council complies with CIPFA's Code of Practice for Treasury Management in the Public Services and the Prudential Code for Capital Finance in Local Authorities, both of which regulate the use of financial instruments and establish a treasury risk management framework.

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

This risk is measured and managed primarily through the investment policies and strategy in the approved Budget, which requires that deposits are made in accordance with approved credit criteria and limits, including minimum credit ratings as follows:

'Specified' Short-term Loan Investments (GBP)	Minimum Short-term Rating*	Minimum Long-term Rating*	Maximum Investment per Counterparty
Banks (including overseas banks) and Building Societies	F1+ /A1+ /P1	AA- /AA- /Aa3	£25m
	F1+ /A1+ /P1	A- / A- /A3	£20m
	F1 /A1 /P1	A- / A- /A3	£15m
	F2 /A2 /P2	BBB+ /BBB+ /Baa1	£10m
Sterling commercial paper and corporate bonds	F1+ /A1+ /P1	A- / A- /A3	£15m
Sterling Money Market Funds (short term and Enhanced)	AAA (with rating indicating lowest level of volatility where applicable)		£40m
Local authorities	n/a	n/a	£25m
UK Government and supranational bonds	n/a	n/a	None
UK Nationalised Banks and Government controlled agencies	n/a	n/a	£25m
Secured investments including repo and covered bonds	Lending limits determined as for banks (above) using the rating of the collateral or individual investment		

* Fitch / S&P / and Moody's rating Agencies respectively. Institutions must be rated by at least two of the Agencies, and the lowest rating will be taken into account.

This risk is minimised through the Treasury Management Policy, which requires that deposits are not made with financial institutions unless they meet minimum credit ratings from the three major credit ratings agencies. The Treasury Management Policy also imposes a maximum sum to be invested with a financial institution located within each rating category and country. The Treasury Management Policy is contained within the Council's approved Financial Plan.

The Council will not invest more than £400m in long term investments as follows:

- Government stocks (or "Gilts") and other supranational bonds, with a maturity of less than five years.

- Corporate Bonds, Certificates of Deposit (CD) or Commercial Paper (CP) with a maturity of less than three years, subject to a long-term credit rating of not less than AA (in addition to the restrictions in the table above). CD or CP shall not exceed 20% of long-term investments (i.e. those maturing in one year or more).

The Council also uses information from a variety of other sources in reaching a view about the suitability of particular investments.

The Council also makes a variety of investments in support of its service objectives. These investments are not subject to the above credit quality requirements but are individually appraised and approved in relation to their support for service outcomes as well as their financial consequences and risks.

The Council's maximum exposure to credit risk, in relation to its investments in financial institutions, cannot be assessed generally, as the risk of any institution failing to make due payments will be specific to each individual institution. In relation to the Council's outstanding treasury deposits with financial institutions, local authorities and other institutions, no such deposits have defaulted in the year or are impaired. A risk of recoverability applies to all deposits, but there was no evidence at 31 March 2026 that this was likely to crystallise.

The Council does not hold collateral as security on its treasury deposits.

Liquidity Risk

Liquidity risk arises from the need to borrow to finance capital expenditure, loan maturities and other payments. The Council has a comprehensive cash flow management system that measures liquidity and seeks to ensure that cash is available as needed. The Council has ready access to loans from the Public Works Loan Board (PWLB) in accordance with the PWLB circulars currently in force, and there is no significant risk that it will be unable to raise finance to meet its commitments. The Council sets limits on the proportion of its fixed rate borrowing maturing in specified periods. The maturity analysis of financial liabilities is as follows

	31 March 2025 £m	31 March 2026 £m
Less than 1 year	(677.1)	(881.7)
Between 1 and 2 years	(187.8)	(264.7)
Between 2 and 5 years	(498.0)	(691.3)
Between 5 and 20 years	(1,565.8)	(1,436.1)
Between 20 and 40 years	(1,159.2)	(1,109.1)
Over 40 years	(30.1)	(30.1)
Total	**(4,118.0)**	**(4,413.0)**

All trade and other payables are due to be paid in less than 1 year.

LOBO loans

The LOBO maturity profile assumes that the lender will not exercise their option until maturity. The LOBOs are of fixed rates, ranging between 4.33% and 11.5%. Of the total amount, £30m have a break clause of every 5 years, £10m have a break clause twice a year and £11.1m have a break clause any day at one month's notice. In the current high-interest rate

environment, it is possible that some lenders may exercise their option to request early repayment of their LOBOs.

Market Risk

Interest rate risk

The Council is exposed to significant risk in relation to interest rate movements on its borrowing and investments.

The Council is exposed to changes in interest rates as a result of most of its borrowings being at long-term fixed rates and investment being short-term or at variable rates of interest. Consequently, falls in interest rates will have an adverse impact on the Council's finances.

For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Surplus/(Deficit) on the Provision of Services will rise
- Borrowings at fixed rates – the fair value of the liabilities for borrowings will fall
- Investments at variable rates – the interest income credited to the Surplus/(Deficit) on the Provision of Services will rise
- Investments at fixed rates – the fair value of the assets will fall.

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

These risks are measured and managed in accordance with the Council's Treasury Management Strategy, including the setting and monitoring of risk limits on the level of variable rate instruments and on the amount of borrowing maturing in future years.
At 31 March 2025, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£m
Increase in interest payable on variable rate borrowings	1.4
Increase in interest receivable on variable rate investments	(3.2)
Impact on Surplus/(Deficit) on the Provision of Services	(1.1)
Share of overall impact charged to the HRA	0.8
Decrease in fair value of fixed rate investment assets	2.1
Decrease in fair value of fixed rate borrowing liabilities (no impact on the Surplus/(Deficit) on the Provision of Services or Other Comprehensive Income and Expenditure)	(233.7)

The impact of a 1% fall in interest rates would be as above but with the movements being reversed. The above sensitivities have been prepared and based on loan debt and loan investments outstanding at 31 March 2026.

Price Risk

The Council's holdings of shares are all unquoted shares held primarily to support service objectives rather than as financial investments. The financial value of these shares will vary according to general market conditions and the particular circumstances of the share issuers. Active prices for these investments are not available. Any temporary fluctuations in the market value of such investments would have no significant impact on the Council's finances.

Note 39
Capital Expenditure and Capital Financing

The Council's capital expenditure on an accruals basis, analysed between types of asset, is summarised below. This also includes revenue expenditure funded from capital under statute.

	31 March 2025 £m	31 March 2026 £m
Opening Capital Financing Requirement	4,922.8	4,942.1
Capital Investment		
Property, Plant and Equipment	388.1	427.8
Intangible Assets		0.3
Revenue Expenditure funded from Capital under Statute	80.9	59.8
Secretary of State Direction - Flexible use of Capital Receipts	5.2	3.3
Sources of Finance		
Capital Receipts	(56.2)	(66.2)
Government Grants and other Contributions	(144.2)	(177.3)
Sums set aside from Revenue:		
- Direct Revenue Contributions	(27.5)	(13.3)
- Use of Major Repairs Reserve	(86.2)	(73.6)
- Revenue Provision for Debt Redemption	(139.4)	(174.5)
- Capital Receipts set aside for debt redemption	(1.4)	(1.3)
Closing Capital Financing Requirement	**4,942.1**	**4,927.1**
Explanation of Movements in Year		
Movement in underlying need to borrow	17.0	(23.4)
Assets acquired under finance leases	-	
Assets acquired under PFI contracts	2.3	8.4
Increase/(decrease) in Capital Financing Requirement	**19.3**	**(15.0)**
Movement in Year	**19.3**	**(15.0)**

The Secretary of State direction relates to the permission given to local authorities to use capital receipts generated between 1 April 2016 and 31 March 2025 to finance the revenue costs of transformation that deliver savings to the public sector. This flexibility has been subsequently further extended for a further three years.

Note 40
Leases

From 1 April 2024, Birmingham City Council has been required to apply IFRS 16 Leases in accordance with the CIPFA Code of Practice on Local Authority Accounting.

The main impact of adopting IFRS 16 is to remove (for lessees) the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the balance sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as 'pay as you go' arrangements, with rentals expensed in the year they are paid. IFRS 16 requires all substantial leases to be accounted for using the acquisition approach, recognising the rights acquired to use an asset.

Right-of-use assets recognised under leases are accounted for using the policies applied generally to Property, Plant and Equipment assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life. This will include valuation where the cost model does not provide a reliable proxy for the current value of the right-of-use asset.

There are two specific exemptions for lessees from applying the detailed accounting requirements to transactions that would meet the definition of a lease. Where leases are for items of low value, or the lease term is less than 12 months from commencement, amounts paid under the lease are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased item. For this purpose, Birmingham City Council has determined that items with a value of less than £5k when new are low value.

Liabilities are also recognised in the Balance Sheet for the obligations that the Council has, to pay rents for the rights acquired, discounted to their present value. Further information on these liabilities is provided in the following paragraphs.

Council as the lessee

Restatement of opening lease liabilities on transition to IFRS 16

The following table shows the impact of restating the opening lease liabilities as at 1 April 2024, on transition to IFRS 16:

	Land and buildings £m	Vehicles, plant and equipment £m	Total £m
Balance at 31 March 2024	1.76	1.77	3.54
Remeasurement of opening balances:			
Leases newly recognised on transition	1.96	0.65	2.61
Remeasurement of lease liabilities	1.16		1.16
Restated balance as at 1 April 2024	**4.88**	**2.42**	**7.30**

Lease liabilities as at 31 March 2026

The lease liabilities at 31 March 2026 are as follows:

	1st April 2024		31st March 2025		31st March 2026	
	Short Term £m	Long Term £m	Short Term £m	Long Term £m	Short Term £m	Long Term £m
Property	0.19	4.69	0.43	5.57	0.45	5.25
Vehicles, plant and equipment	1.12	1.30	1.00	0.86	0.47	0.40
Total	**1.31**	**5.99**	**1.43**	**6.43**	**0.91**	**5.65**

Transactions under leases

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

	2024/25 £m	2025/26 £m
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	0.36	0.31
Cash flow statement		
Minimum lease payments	1.39	1.30

Maturity analysis of lease liabilities

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

	31 March 2025		31 March 2026	
	Discounted £m	Undiscounted £m	Discounted £m	Undiscounted £m
Less than one year	1.30	1.60	0.78	1.04
One to five years	2.06	2.96	1.34	2.17
More than five years	4.51	11.30	4.45	11.05
Total undiscounted liabilities	**7.86**	**15.86**	**6.57**	**14.26**

Right of Use Assets

Right of Use assets and liabilities have been calculated in 2024/25 as if IFRS 16 had always been recognised, but without adjusting comparative figures for the prior year. Details of the restatement of opening balances for year ending 31 March 2025 are set out below.

	Land and buildings £m	Vehicles, plant and equipment £m
Original balance at 1 April 2024	27.51	2.55
Adjustment - 1 April 2024	1.96	0.65
Balance at 1 April 2024	**29.46**	**3.20**
Additions	1.26	0.69
Revaluations		
Depreciation and amortisation	(0.38)	(1.31)
Disposals		
Balance at 31 March 2025	**30.34**	**2.58**
Additions	-	-
Revaluations		
Depreciation and amortisation	(0.34)	(1.14)
Disposals		
Balance at 31 March 2026	**29.99**	**1.44**

Council as the lessor

Transactions under leases

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

	2024/25 £m	2025/26 £m
Finance leases		
Finance income on the net investment in the lease	1.84	1.68
Operating leases		
Total lease income	11.18	10.29

Net investment in finance leases

The authority experienced the following changes in the carrying amount of its net investment in finance leases during the year:

	31 March 2025 £m	31 March 2026 £m
Net investment at 1 April	31.58	29.96
Payments by lessees	(1.62)	(1.74)
Net investment at 31 March	**29.96**	**28.23**

Maturity analysis of lease receivables

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

	Finance leases		Operating leases	
	31 March 2025 £m	31 March 2026 £m	31 March 2025 £m	31 March 2026 £m
Less than one year	3.42	1.57	10.10	9.21
Two to five years	6.31	6.34	27.11	23.81
More than five years	257.02	255.41	61.22	65.08
Total undiscounted receivables	**266.74**	**263.32**	**98.43**	**98.11**

The total undiscounted receivables for finance leases reconcile to the net investment in leases as follows:

	31 March 2025 £m	31 March 2026 £m
Total undiscounted lease receivables	266.74	263.32
Unearned finance income	(236.78)	(235.10)
Net investment in leases	**29.96**	**28.23**

Note 41
Service Concession Arrangements

The Council has entered into a number of service concession arrangements, formerly classified as Private Finance Initiative (PFI) contracts, under which assets are constructed or refurbished and services are provided under long-term contractual arrangements with private sector operators. The principal arrangements relate to Schools and Highways.

Schools

There are four separate arrangements in place for the rebuild/refurbishment and management of a total of 26 schools within Birmingham. These arrangements are of varying duration and commenced between 2001/02 and 2013/14. The service providers are paid a unitary charge over the life of each contract, subject to annual indexation.
The Council recognises the associated assets and liabilities on its Balance Sheet, except where schools have converted to academy status. In such cases, the assets are derecognised but the contractual obligations remain with the Council.

Highways Management and Maintenance Arrangement

In 2010, the Council entered into a 25-year contractual arrangement for the management and maintenance of its highways network, supported by Government funding through PFI credits payable over the life of the contract. The arrangement was originally structured as a service concession arrangement (PFI), with the Council recognising both the infrastructure assets and a corresponding liability.

Following contractual changes in 2019, the original subcontractor exited the arrangement and a replacement provider was appointed under an interim arrangement. The Council continued to account for the arrangement as a service concession, reflecting the continued receipt of PFI credits and the expectation that a revised long-term arrangement would be agreed on similar terms.

Change in Accounting Treatment

In March 2026, the Government confirmed that it would cease providing PFI funding in respect of the Highways arrangement. Subsequently, the interim contractual arrangement was also terminated without penalty.

The removal of Government funding, together with the cessation of the interim arrangement, confirmed that the Council was no longer obliged to make payments under a service concession structure. As a result, the arrangement no longer meets the criteria for classification as a service concession under the CIPFA Code and IFRS.

Accordingly, the Council has recognised a prior period adjustment to reflect the fact that no further service concession liability exists.

Impact of Prior Period Adjustment

The adjustment has resulted in:

- The derecognition of the service concession liability of £205m as at 31 March 2024
- A corresponding reduction in Property, Plant and Equipment (PPE) of £205m, reflecting the removal of the capital element previously recognised under the arrangement

This adjustment has been reflected through prior period restatement, as the information supporting this conclusion is considered to have been available in earlier reporting periods.

Restated Financial Position

Following restatement, the remaining liability previously disclosed in respect of the Highways arrangement has been adjusted as follows:

	2023-24 £m	2024-25 (Restated) £m
Liability at start of year	351.0	332.6
Prior period adjustment	-	(197.9)
Revised liability at start of year	351.0	134.7
Repayments of capital	(41.7)	(9.1)
Lifecycle additions	23.3	2.3
Lease liability remeasurement	-	0.1
Liability at end of year	**332.6**	**128.0**

Restated Financial Position Split between Schools and Highways Management and Maintenance Arrangement

Schools

	2023-24 £m	2024-25 (Restated) £m
Liability at start of year	133.1	127.9
Prior period adjustment	-	6.8
Revised liability at start of year	133.1	134.7
Repayments of capital	(7.9)	(9.1)
Lifecycle additions	2.7	2.3
Lease liability remeasurement	-	0.1
Liability at end of year	**127.9**	**128.0**

Highways Management and Maintenance Arrangement

	2023-24 £m	2024-25 (Restated) £m
Liability at start of year	217.9	204.7
Prior period adjustment	-	(204.7)
Revised liability at start of year	217.9	-
Repayments of capital	(33.8)	-
Lifecycle additions	20.5	-
Lease liability remeasurement	-	-
Liability at end of year	**204.7**	**-**

Future Payment Commitments (Restated 2024-25)

	Interest £m	Liability £m	Services £m	Total £m
Within 1 year	9.6	7.6	15.3	32.5
Between 2 and 5 years	31.9	34.3	67.1	133.3
Between 6 and 10 years	22.1	49.3	70.4	141.8
Between 11 and 15 years	5.4	36.8	42.5	84.7
Total	**69.0**	**128.0**	**195.3**	**392.3**

2025-26 Position

	2024-25 Restated £m	2025-26 £m
Liability at start of year	127.9	128.0
Prior period adjustment	6.8	-
Revised liability at start of year	134.7	128.0
Repayments of capital	(9.1)	(22.3)
Lifecycle additions	2.3	2.1
Lease liability remeasurement	0.1	1.0
Liability at end of year	**128.0**	**108.8**

Indicative future payments for 2025-26 are:

	Interest £m	Liability £m	Services £m	Total £m
Within 1 year	9.1	8.1	16.0	32.2
Between 2 and 5 years	29.4	37.7	69.4	136.5
Between 6 and 10 years	18.4	49.8	66.7	135.0
Between 11 and 15 years	3.1	13.2	31.6	60.7
Total	**60.0**	**108.8**	**183.7**	**365.4**

IFRS 16 Transition

From 1 April 2025, the Council implemented IFRS 16 Leases.

On transition, lease liabilities and corresponding right-of-use assets across the Council's lease portfolio, including elements previously accounted for within service concession arrangements, were remeasured in accordance with the requirements of the standard.

This resulted in:

- A revised opening lease liability of £6.8m
- A corresponding right-of-use asset of £6.8m

This adjustment reflects a change in measurement basis on transition to IFRS 16 rather than the creation of new lease obligations. The impact of IFRS 16 extends beyond the arrangements disclosed in this note and is therefore presented more fully elsewhere in the Statement of Accounts.

Note 42
Members' Allowances

Allowances paid to Members of the Council in 2025/26 totalled £2.6m (2024/25: £2.6m). These figures include Members' allowances and expenses. Further information can be found on the Council's website.

Note 43
Officers' Remuneration

The remuneration paid to or receivable by the Council's senior employees in the new structure is detailed in the table below. Where post holders started, or left, during a financial year, only the pro-rata remuneration is shown for that year.

2025/26	Salary, fees and allowances £	Compensation for loss of office £	Expense allowances £	Pension contributions £	Total £
Joanne Roney, Managing Director	312,149	-	43	84,905	**397,097**
Rishi Shori, Deputy Chief Executive and Executive Director for Strategy, Insight and Governance	185,115	-	-	50,351	**235,466**
Stuart Lackenby, Executive Director, Adult Social Care and Health (1)	196,080	-	-	53,334	**249,414**
Paul Langford, Executive Director of City Housing	205,600	-	-	55,923	**261,523**
Craig Cooper, Strategic Director, City Operations (2)	48,763	-	-	-	**48,763**
Frank Jordan, Executive Director of City Operations (3)	21,250	-	-	-	**21,250**
Richard Brooks, Director, Strategy, Equalities and Partnerships (4)	196,155	99,289	500	40,484	**336,428**
Richard Lawrence, Executive Director, Place, Prosperity and Sustainability	173,050	-	-	23,506	**196,556**
Susan Harrison, Executive Director of Children and Families	208,057	-	-	56,592	**264,648**
Katy Fox, Executive Director, HR, OD and Transformation	185,115	-	-	50,351	**235,466**
Carol Culley, Executive Director of Finance and S151 Officer (5)	227,427	-	-	64,218	**291,645**
Acting Director of Public Health (6)	19,051			4,670	**23,721**
Director of Public Health (7)	127,779	-	-	34,756	**162,535**
Interim City Solicitor & Monitoring Officer (8)	N/A	N/A	N/A	N/A	**N/A**
Anthony Cox, Director of Law and Governance (Monitoring Officer) (9)	129,803	-	-	35,306	**165,109**

Notes:

(1) Stuart Lackenby, Executive Director, Adult Social Care and Health took up on the role on the 1st of April 2025

(2) Craig Cooper, Strategic Director of City Operations left the organisation on 30th June 2025

(3) Frank Jordan, Executive Director of City Operations, took up the role on the 23rd of February 2026

(4) Richard Brooks, was appointed to the role of Executive Director of City Operations on the 30th of June 2025 and left on the 31st of January 2026.

(5) Carol Culley was appointed as the Executive Director of Finance and S151 Officer in the permanent post on the 17th of March 2025.

(6) The Acting Director of Public Health left the organisation on 22nd of May 2025.

(7) The Director of Public Health was appointed on 1st of May 2025.

(8) The Interim City Solicitor & Monitoring Officer was employed through a third party on 8 November 2023 and left in 21st June 2025, the costs of which were £46,789 in 2025/26. This amount is not the amount that would have been received by the postholder.

(9) Anthony Cox, Director of Law and Governance (Monitoring Officer) took up the role on the 18th of June 2025.

Coverage of statutory posts during periods of annual leave or sickness absence was by officers within the relevant teams under delegated responsibilities.

Employees earning £150,000 or more (not included in senior officers table)

The following directly employed officers had an annual salary of £150,000 or more in 2025-26 but do not hold chief officer posts and are therefore presented separately. The amounts disclosed below represent the actual remuneration received during the year.

Wayne Davies, Director Asset Management	£169,204
Robert Edmondson, Director Waste and Street Scene	£168,639
Helen Ellis, Director of SEND and Inclusion	£153,947
John Coyne, Director of Commercial & Procurement	£156,604
Louise Hunt, Senior Coroner Birmingham and Solihull	£173,854
Martin Sadler, Director, Digital, Information and Technology Services	£154,473
Razia Butt, Director of Thriving Children and Families	£152,811
Mohammed Sajid, Director, Corporate Finance	£35,269
Martin Fitzwilliam, Director of Schools and Employability	£74,663
Paul Tulett, Director Employee Relations	£128,570
Martin Goudie, Director, HR Services	£128,570

2024/25	Salary, fees and allowances £	Compensation for loss of office £	Expense allowances £	Pension contributions £	Total £
Joanne Roney, Managing Director (1)	169,719	-	381	46,164	**216,264**
Rishi Shori, Deputy Chief Executive and Director of Intervention	148,303	-	-	40,338	**188,641**
Professor Graeme Betts, Acting Chief Executive and Director Adult Social Care (2)	164,390	-	-	-	**164,390**
Louise Collett, Acting Director, Adult Social Care	172,938	-	-	47,039	**219,977**
Paul Langford, Strategic Director, City Housing	194,336	-	-	52,868	**247,204**
Craig Cooper, Strategic Director, City Operations	190,295	-	-	51,760	**242,055**
Richard Brooks, Director, Strategy, Equalities and Partnerships	156,713	-	-	42,626	**199,339**
Paul Kitson, Strategic Director, Place, Prosperity and Sustainability (3)	3,435	-	-	934	**4,369**
Philip Nell, Acting Strategic Director, Place, Prosperity and Sustainability	153,369	-	-	41,716	**195,085**
Richard Lawrence, Executive Director, Place, Prosperity and Sustainability (4)	17,679	-	-	-	**17,679**
Susan Harrison, Director of Children and Families	196,689	-	-	53,499	**250,188**
Katy Fox, Director of People Services (HR)	170,592	-	-	46,401	**216,993**
Interim Director of Finance and Section 151 Officer (5)	N/A	N/A	N/A	N/A	**N/A**
Carol Culley, Executive Director of Finance and S151 Officer (6)	8,669	-	-	2,358	**11,027**
Acting Director of Public Health (7)	65,919	-	-	17,930	**83,849**
Director of Public Health (8)	72,167	-	82	18,250	**90,499**
Interim City Solicitor & Monitoring Officer (9)	N/A	N/A	N/A	N/A	**N/A**

Notes:

(1) Joanne Roney, Managing Director took up the role on 9th September 2024.

(2) Professor Graeme Betts, Director, Adult Social Care and Acting Chief Executive, left the Council on 3rd November 2024. The acting up period when Professor Graeme Betts was covering the Chief Executive role in addition to the Director, Adult Social Care role, was 22nd March 2024 to 3rd November 2024, for which he received a total of £3,380.45 in acting up payments for 2024/25, as part of a total salary of £164,390.

(3) Paul Kitson, Strategic Director, Place, Prosperity and Sustainability left the Council on 7th April 2024.

(4) Richard Lawrence, Executive Director, Place, Prosperity and Sustainability took up the role on 24th February 2025.

(5) The Interim Strategic Director of Finance and Section 151 Officer was employed through a third party and left the Council on 16th March 2025, the costs of which were £341,544 in 2024/25. This amount is not the amount that would have been received by the postholder.

(6) Carol Culley, Executive Director of Finance and S151 Officer took up the role on 17th March 2025

(7) The Acting Director of Public Health was appointed on 1st October 2024.

(8) The Director of Public Health left the Council on 30th September 2024.

(9) The Interim City Solicitor & Monitoring Officer was employed through a third party, the costs of which were £233,713 in 2024/25. This amount is not the amount that would have been received by the postholder.

Employees earning £150,000 or more (not included in senior officers table)

The following directly employed officers had an annual salary of £150,000 or more in 2024-25 but do not hold chief officer posts and are therefore presented separately. The amounts disclosed below represent the actual remuneration received during the year.

Wayne Davies, Service Director Asset Management	£162,133
Robert Edmondson, Assistant Director Waste	£152,093

Other Council employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the amounts detailed in the table below. Staff within Voluntary Aided and Foundation schools are employed by the governing body of the school and have therefore been excluded from the table below.

2024/25				2025/26		
Teaching Staff & Staff in Schools No.	Other Council Employees No.	Total No.	Remuneration band	Teaching Staff & Staff in Schools No.	Other Council Employees No.	Total No.
735	565	**1,300**	£50,000 - £59,999	990	805	**1,795**
357	243	**600**	£60,000 - £69,999	334	218	**552**
194	69	**263**	£70,000 - £79,999	210	91	**301**
125	63	**188**	£80,000 - £89,999	109	58	**167**
48	13	**61**	£90,000 - £99,999	63	17	**80**
22	11	**33**	£100,000 - £109,999	19	5	**24**
17	9	**26**	£110,000 - £119,999	12	5	**17**
15	23	**38**	£120,000+	15	22	**37**
1,512	**996**	**2,508**		**1,752**	**1,221**	**2,973**

Remuneration includes salary, allowances, bonuses and compensation for loss of employment.

The 'Other Council Employees' figures for both years include those employees with planned termination payments, 94 in 2025/26 (94 in 2024/25). Excluding employees in receipt of planned termination payments, 902 employees in 2025/26 (902 in 2024/25) received remuneration of £50,000 or more.

The number of Teaching Staff and Staff in Schools reflect those staff employed by the Council and has been affected by the conversion of a number of schools to Academy Status. Academy schools are independent of the Council, and their employees are therefore excluded from the Council's financial statements. The number of staff in Voluntary Aided and Foundation Schools, with a remuneration of more than £50,000 per annum, was 387 in 2024/25 (2024/25: 387).

Note 44
Exit Packages

The costs of exit packages are amounts payable as a result of either the Council's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits. The following table provides information on the number of exit packages payable by the Council for the year, with total cost per band and total cost of both compulsory redundancies and other departures.

Exit packages include the costs of compulsory and voluntary redundancy, pension fund strain payments and other departure costs.

2024/25							2025/26					
Compulsory		Voluntary		Total		Value of individual package £000	Compulsory		Voluntary		Total	
No.	£m	No.	£m	No.	£m		No.	£m	No.	£m	No.	£m
-	-	4	1.3	**4**	**1.3**	£250+	-	-	2	0.7	**2**	**0.7**
-	-	8	1.7	**8**	**1.7**	£200 - £250	-	-	1	0.2	**1**	**0.2**
-	-	17	2.9	**17**	**2.9**	£150 - £200	-	-	22	3.7	**22**	**3.7**
-	-	21	2.6	**21**	**2.6**	£100 - £150	1.0	0.1	47	5.8	**48**	**5.9**
-	-	31	2.8	**31**	**2.8**	£80 - £100	-	-	23	2.0	**23**	**2.0**
-	-	35	2.5	**35**	**2.5**	£60 - £80	-	-	31	2.1	**31**	**2.1**
-	-	27	1.4	**27**	**1.4**	£40 - £60	1.0	0.1	37	1.9	**38**	**2.0**
-	-	88	2.2	**88**	**2.2**	£20 - £40	-	-	70	1.9	**70**	**1.9**
1	-	187	2.2	**188**	**2.2**	less than £20	3.0	-	228	2.6	**231**	**2.6**
1	**-**	**418**	**19.6**	**419**	**19.6**	**Total**	**5.0**	**0.2**	**461**	**20.9**	**466**	**21.1**

Note 45
Auditor Remuneration

The Council is expected to incur the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and for non-audit services provided by the Council's external auditors.

2024/25 £m		2025/26 £m
1.2	Fees payable to Grant Thornton UK LLP with regard to external audit services carried out by the appointed auditor for the year	1.2
0.0	Fees payable to Grant Thornton UK LLP for the certification of grant claims and returns for the year	0.1
1.2	**Total**	**1.3**

Note 46
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 authority.

Central government

Central government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the authority has with other parties (e.g. council tax bills, housing benefits). Grant receipts outstanding at 31 March 2026 are shown in Note 14 – Grant Income.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2025/26 is shown in Note 42 – Members' Allowances. All members complete a register of interest, which outlines any related parties. These have been reviewed and the transactions and balances with these entities have been set out below.

Name	Transactions with the Council (£m)	Balance owed at year end (£m)
Acocks Green Primary School Academy	(0.5)	-
Active Wellbeing Society (The)	(1.3)	0.2
Arthur Terry Learning Partnership	-	0.0
Arthur Terry School (The) Academy	(1.6)	0.2
Aspirations Care Limited	(2.0)	-
Attwood Green Estate Services Limited	(0.0)	-
Birmingham Botanical Gardens	(0.0)	-
Birmingham Citizens Advice Bureau Service Limited	(0.2)	-
Birmingham Community Healthcare NHS Foundation Trust	(43.1)	0.0
Birmingham Crisis Centre	(0.8)	-
Birmingham Disability Resource Centre	(0.9)	(0.0)
Birmingham Museums Trust	(7.2)	0.0
Birmingham Repertory Theatre, Limited (The)	0.3	0.2
Birmingham Voluntary Service Council	(1.3)	-
Birmingham Women's and Children's NHS Foundation Trust	(0.2)	(0.0)
Birmingham Youth Sports Academy (BYSA)	0.0	-
Canal & River Trust	(0.2)	-
Clara Martineau Charity	-	(0.1)
Clifton Road Youth Centre	-	0.0
Colmore Business District Limited	(2.2)	-
Cranstoun	(2.7)	0.2
E-ACT Nechells Academy	(0.0)	0.0

Name	Transactions with the Council (£m)	Balance owed at year end (£m)
Erdington Town Centre Partnership	(0.2)	0.0
Foundation for Conductive Education	(0.3)	-
Green Destinations Ltd	(18.0)	1.2
Growth Path Services	(0.0)	-
Hamstead Pavilion	(0.0)	-
Harborne Village BID Ltd	(0.2)	-
Heartlands Academy	(0.1)	-
Ikon Gallery Limited	(0.1)	-
Jewellery Quarter Development Trust CIC	(0.0)	-
Kings Heath Business Improvement District	(0.3)	-
Kings Heath Community Centre Limited	-	0.0
Lea Forest Primary Academy	0.0	(0.0)
Legacy Centre of Excellence C.I.C.	(0.1)	-
Midlands Arts Centre	(0.1)	0.1
Millennium Point Property Limited	-	0.1
Moseley Farmers Market CIC	-	0.0
NHS Birmingham and Solihull ICB	(0.2)	6.0
Northfield Community Partnership	(0.5)	-
Northfield Town Centre Bid Limited	(0.1)	-
Norton Hall Children & Family Centre	(0.2)	-
Our Community Foundation (OCF)	-	0.0
Places In Common Limited	(0.1)	-
Retail Birmingham Limited	(0.8)	0.0
Rookery School Academy	(0.4)	0.0
Royal British Legion (The)	(0.1)	-
Royal Orthopaedic Hospital	0.0	0.0
Royal Sutton Coldfield Town Council	0.2	0.2
SIFA Fireside	(0.8)	-
Sir Josiah Mason Trust	(0.2)	-
Soho Road BID	(0.4)	-
Southside Business District Limited	(0.5)	-
Stirchley Primary School Academy	0.0	-
Stockfield Community Association	-	(0.6)
Thompsons Solicitors	(0.1)	-
University Hospital Birmingham Foundation Trust	(17.2)	0.3
Warwickshire County Cricket Club Limited (The)	0.1	12.9
West Midlands Combined Authority	(9.3)	25.4
West Midlands Fire & Rescue Authority	0.1	0.0
West Midlands Growth Company Limited	(0.1)	-
Westside Partnership Limited	(1.0)	-
Witton Lodge Community Association	(1.5)	0.0
Yardley Great Trust	(2.0)	-
YMCA	(0.4)	0.1

Senior Officers

Senior officers also complete annual declarations outlining any interests that may constitute a related party. For 2025/26, no such instances have been identified.

Other public bodies

The Council maintains involvement with a number of associated and subsidiary companies where the assets and liabilities of these companies are not included in the Council's core financial statements. Group accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom.

The subsidiaries, associate and joint ventures that have been consolidated into the group financial statements are listed below:

Name	Relationship	Transactions with the Council (£m)	Balance owed at year end (£m)
National Exhibition Centre (Developments) Plc (The)	Subsidiary	9.0	(72.4)
Birmingham Children's Trust Community Interest Company	Subsidiary	(486.8)	(45.0)
Acivico Limited	Subsidiary	(34.0)	4.0
Paradise Circus Limited Partnership	Joint Venture	(3.6)	(1.0)
Birmingham City Propco Limited	Subsidiary	0.9	0.8
Birmingham Airport Holdings Limited	Associate	-	-
Inreach (Birmingham) Limited	Subsidiary	0.0	-

Note, PETPS (Birmingham) Limited & PETPS (Birmingham) Pension Funding Scottish Limited Partnership are also subsidiaries of the Council. However, there have been no year-end balances with either in the current or prior periods.

The Council also has relationships with a number of other companies and third-party organisations where the assets and liabilities of the Council's holding is not material to the Group Accounts or where the Council has representation and influence on the board of the organisation but has no claim on the assets and liabilities of the organisation. Where there have been transactions and year-end balances with these entities, these have been set out below.

Name	Transactions with the Council (£)	Balance owed at year end (£)
Veolia ES Birmingham Limited	(40.6)	21.5
B:Music Ltd	(0.5)	1.4
Birmingham Schools SPC Phase 1A	(11.8)	(0.8)
Birmingham Schools SPC Phase 1B	(6.5)	(0.5)
PBRS Estate Management Company Limited	-	0.2
St Basil's	(8.5)	0.1
Birmingham LEP Company Limited	-	0.0
Bloomsbury Local Management Organisation Limited	(2.5)	0.0

Name	Transactions with the Council (£)	Balance owed at year end (£)
Birmingham Settlement (The)	(0.6)	(0.0)
Birmingham Wholesale Market Company Limited	-	0.0
NEC Pension Trustee Company No.2 Limited	(1.3)	-
St. Paul's Community Development Trust	(1.0)	-
4 Towers Tmo Limited	(0.6)	-
Roman Way Estate C.I.C	(0.4)	-
Manor Close Residents Management Organisation Limited	(0.1)	-
Learning Labs Ltd	(0.0)	-

Note 47
Joint Funding Arrangements/Pooled Budgets

The Better Care Fund (including the improved Better Care Fund)

The Better Care Fund (BCF) was announced in June 2013 with the intention of driving the transformation of local care services and is operated through pooled budget arrangements between the Council and local Clinical Commissioning Groups (CCGs). Specific resources were earmarked for the BCF by NHS England in its allocation to CCGs. The remainder of the fund was made up of the Social Care Capital Grant and the Disabled Facilities Grant which were paid to local authorities. No new money was made available at the time to the health and care system, but the BCF provided an opportunity for joint working between local authorities and health organisations to deliver better outcomes for service users. The funding the Council receives through the BCF replaces the Section 256 transfer from the NHS that had been made in previous years.

The improved Better Care Fund (iBCF) was introduced in 2016/17. It was implemented through two statements, the first – iBCF1 in November 2016 and the second - iBCF2 in Spring 2017. This Section 31 Grant is received by local authorities and is included in the BCF Pool. In 2025/26 the Discharge Fund was rolled into iBCF with the fund renamed the Better Care Grant. Funding received in 2025/26 remained at £83.8m (previously £67.9m iBCF/£15.9m DF).

In 2025/26 funding of £122.1m (2024/25: £110.76m) was earmarked for the BCF by the Department of Health via the ICBs as detailed in the table below. The ICB contributed an additional £2.7m. The Council's contribution of £118.5m was made up of the Disabled Facilities Grant (£16.1m), Better Care Grant (£83.8m), together with £18.6m of additional support to the wider Health and Social Care System.

In 2025/26 ICB Discharge Funding of £11.0m was received by the ICB to support local health and care systems in reducing hospital discharge delays, improving patient flow, and ensuring timely access to appropriate post-discharge care and support. This remained at the 2024/25 value. The BCC Discharge Funding was rolled into the Better Care Grant.

Contribution to the BCF Pooled Fund	2024/25 £m	2025/26 £m
Birmingham & Solihull ICB	110.7	115.7
ICB Discharge Fund	11.0	11.0
NHS Contribution	**121.7**	**126.7**
Birmingham City Council	21.8	18.6
Better Care Grant (previously iBCF)	67.9	83.8
Disabled Facilities Grant	14.1	16.1
BCC Discharge Fund (rolled into Better Care Grant)	15.9	0.0
BCC Contribution	**119.7**	**118.5**
Total BCF Pooled Fund	**241.4**	**245.2**

The BCF is used to fund various schemes as identified in the agreed joint plan. The management arrangements for the individual projects depend on the services being provided and include:

- Sole Commissioning of the activities by ICBs;
- Sole Commissioning of the activities by the Council;

Whilst independently Commissioned many of the services provided within the Better Care Fund have a joint controlled element. Details of the specific projects are set out below and for 2025/26 schemes were refreshed and the revised descriptions are included below.

Better Care Fund Service Provision 2025/26	Sole Control Health (£m)	Sole Control Council (£m)	Total Expenditure 25/26 (£m)
Assistive Technologies and Equipment	0.0	7.8	7.8
Bed based intermediate Care Services (Reablement, rehabilitation, wider short-term services supporting recovery)	8.2	7.6	15.8
Care Act Implementation Related Duties	0.0	1.3	1.3
Carers Services	0.0	3.2	3.2
Community Based Schemes	52.6	0.0	52.6
DFG Related Schemes	0.0	16.1	16.1
Enablers for Integration	0.1	0.2	0.3
High Impact Change Model for Managing Transfer of Care	9.7	7.4	17.1
Home Care or Domiciliary Care	0.0	23.6	23.6
Home-based intermediate care services	0.0	15.8	15.8
Integrated Care Planning and Navigation	3.3	12.8	16.1
Personalised Care at Home	5.2	0.0	5.2
Prevention / Early Intervention	0.0	0.1	0.1
Residential Placements	0.0	70.4	70.4
Total BCF	**79.3**	**165.9**	**245.2**

Note 48
The Council Acting as Agent

The Council acts as an intermediary in its role as agent for a number of external bodies. The Council processes transactions through its financial ledger but does not include them in its financial statements as there is no exposure to significant risk or reward associated with the transactions. Details of the major activities where the Council acts as agent are detailed below:

Agency Role	No.	Level of Reserve (£m)	Gross Expenditure (£m)
Accountable Body	45	122.9	23.9
Reporting of Trust activities	16	25.5	0.9
Subsidiary Companies	6	21.0	2.0
Other transactions	36	1.1	0,1

Accountable Body Role

The Council acts as accountable body for a number of external activities, including the Local Enterprise Zones and the England Illegal Money Lending Team.

The Council records and reports the financial activities of the bodies for which it is accountable and may receive directly the funds allocated to the activities and incur expenditure as directed by the external party. The Council may also receive funds in its own right from the arrangement to support eligible projects, which will form part of the Council's financial statements.

Enterprise Zones

The Council provides accountancy support, collecting Business Rate contributions through its role as agent for the Collection Fund and making payments on its behalf against LEP approved projects as contained in the Enterprise Zone Investment Programme.

England Illegal Money Lending Team

The England Illegal Money Lending Team seizes and holds cash from third parties temporarily as part of its accountable body activities on behalf of the Courts.

Trusts

The Council provides administrative and accountancy support to a number of trusts and some of those are transacted through the Council's bank accounts. Included within this group are activities related to the collection of rent and management of properties on behalf of Housing Trusts and Community Associations.

Subsidiary Companies

Following the disposal of the Council's interests in NEC Group Limited, NEC (Developments) Plc has a minimal number of transactions going through it in respect of its loan stock. The company is consolidated into the Council's Group Accounts. The Council provided guarantees to the Trustees of the Fund and the Scheme to meet the current and future funding obligations that may arise in respect of the liabilities. In 2017/18, the Council set up an arrangement through PETPS (Birmingham) Capital, PETPS (Birmingham) General Partner Limited and their joint partnership, PETPS (Birmingham) Pension Funding Scottish Limited

Partnership that will enable the Council to spread the implications of the guarantee across the anticipated deficit recovery period.

Other

The Council provides accountancy support to:

- a number of National and Regional bodies, collecting contributions and making payments on their behalf
- service users who require support in managing their resources.

Note 49
Trust Funds

The Council administers several trust funds which have been established from donations and bequests made to it to meet a variety of objectives and purposes. The total funds held on 31 March 2026 was £30.1m (2024/25: £ 28.8m). The trust funds do not represent assets of the Council and have not been included in the Consolidated Balance Sheet. The major trust funds are detailed below.

	Balance at 31 March 2025 (£m)	Income (£m)	Expenditure (£m)	Balance at 31 March 2026 (£m)
Council acting as Sole Trustee				
Birmingham Municipal Charity - general charitable objectives	1.0	0.1	(0.1)	1.0
Charles Baker Trust – for the elderly and disabled	0.3	-	-	0.3
Cropwood Estate – management of the estate	10.2	1.1	-	11.3
Elford Trust – healthy recreation for Birmingham citizens	5.0	0.1	(0.1)	5.0
Harriet Louisa Loxton Charity – for the aged and infirm	2.4	-	(0.2)	2.2
Highbury Trust – for the benefit of the citizens of Birmingham	2.0	1.2	(0.2)	3.0
Other	0.2	-	(0.1)	0.1
Total Council acting as Sole Trustee	**21.1**	**2.5**	**(0.7)**	**22.9**
Council acting as Custodian				
Alderson – to let dwelling houses to ex-servicemen and other persons in need	0.8	0.2	(0.2)	0.8
Bodenham Trust – for children with special educational needs	0.8	0.1	(0.1)	0.8
Clara Martineau Trust – for children with special educational needs	5.8	0.2	(0.7)	5.3
Moseley Road Friends Institute – provision and maintenance	0.2	0.1	(0.1)	0.2
Other	0.1	-	-	0.1
Total Council acting as Custodian	**7.7**	**0.6**	**(1.1)**	**7.2**
Total Trust Balances	**28.8**	**3.1**	**(1.8)**	**30.1**

Analysis of the assets of the main funds:

	Restricted Funds at 31 March 2026 £m	Unrestricted Funds at 31 March 2026 £m	Total Funds 31 March 2026 £m
Council acting as Sole Trustee			
Birmingham Municipal Charity - general charitable objectives	0.8	0.2	1.0
Charles Baker Trust – for the elderly and disabled	0.1	0.2	0.3
Cropwood Estate – management of the estate	0.7	10.6	11.3
Elford Trust – healthy recreation for Birmingham citizens	4.1	0.9	5.0
Harriet Louisa Loxton Charity – for the aged and infirm	2.0	0.2	2.2
Highbury Trust – for the benefit of the citizens of Birmingham	1.8	1.2	3.0
Other	0.0	0.0	0.0
Total Council acting as Sole Trustee	**9.5**	**13.3**	**22.8**
Council acting as Custodian			
Alderson – to let dwelling houses to ex-servicemen and other persons in need	0.0	0.8	0.8
Bodenham Trust – for children with special educational needs	0.0	0.8	0.8
Clara Martineau Trust – for children with special educational needs	0.6	4.7	5.3
Moseley Road Friends Institute – provision and maintenance	0.2	0.0	0.2
Other	0.1	0.0	0.1
Total Council acting as Custodian	**0.9**	**6.3**	**7.2**
Total Assets	**10.4**	**19.6**	**30.0**

Note 50
Prior Period Adjustment

During the preparation of the 2025/26 Statement of accounts, the Council identified a number of adjustments affecting the comparative financial statements.

Prior period adjustment (PPA)

- **VA/VC** – derecognition of voluntary aided and voluntary controlled school assets that did not meet the recognition criteria under the Code
- **Highways PFI** – derecognition of Highways PFI assets and the associated liabilities following a review of the underlying contractual arrangements
- **S106** – reclassification of Section 106 balances from reserves to liabilities

Prior year adjustment (PYA)

Adjustments affecting 2024/25 only:

- **REFCUS** – Correction of duplicate Revenue Expenditure fund from Capital under Statute (REFCUS)
- **IFRS 16** – recognition of lease transactions under IFRS 16 for Schools PFI and other leasing arrangements

In addition, a historical reclassification between the Capital Adjustment Account and the Revaluation Reserve has been identified. This adjustment has no impact on the Council's total reserves, net worth or the Surplus or Deficit on the Provision of Services.

The impact of the adjustments on the comparative financial statements is summarised below.

Effect on Balance sheet at 1 April 2024

	As originally stated	VA/VC Schools	Highways PFI	S106	REFCUS	IFRS 16	Restated
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Property, Plant and Equipment	6,870.2	(130.9)	(204.8)	-	-	-	6,534.5
Other non-current assets	457.7	-	-	-	-	-	457.7
Total Long-term Assets	**7,327.9**	**(130.9)**	**(204.8)**	**-**	**-**	**-**	**6,992.2**
Current Assets	884.2	-	-	-	-	-	884.2
Current Liabilities	(899.2)	-	11.9	(8.5)	-	-	(895.8)
Long-term Liabilities	(4,154.6)	-	192.9	(30.0)	-	-	(3,991.7)
Net Assets	**3,158.3**	**(130.9)**	**-**	**(38.5)**	**0.0**	**0.0**	**2,988.9**
Usable reserves	955.0	-	-	(38.5)	-	-	916.5
Unusable reserves	2,203.3	(130.9)	-	-	-	-	2,072.4
Total Reserves	**3,158.3**	**(130.9)**	**0.0**	**(38.5)**	**0.0**	**0.0**	**2,988.9**

Effect on Comprehensive Income and Expenditure for 2024/25

	Net amount as originally stated	VA/VC Schools	Highways PFI	S106	REFCUS	IFRS 16	Restated net amount
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Cost of services	**1,087.0**	**(3.6)**	**11.9**	**-**	**(11.7)**	**6.2**	**1,089.8**
Other operating expenditure	149.8	-	-	-	-	-	149.8
Financing & investment I&E	146.5	-	(13.1)	-	-	(2.7)	130.7
Taxation & non-specific grant	(1,400.8)	-	-	11.9	-	-	(1,388.9)
(Surplus)/deficit on provision of services	**(17.5)**	**(3.6)**	**(1.2)**	**11.9**	**(11.7)**	**3.5**	**(18.6)**
(Surplus)/deficit on reval of assets	1.3	5.3	-	-	-	-	6.6
Remeasurement of pension liability	313.7	-	-	-	-	-	313.7
Other comprehensive I&E	**315.0**	**5.3**	**-**	**-**	**-**	**-**	**320.3**
Total Comprehensive I&E	**297.5**	**1.7**	**(1.2)**	**11.9**	**(11.7)**	**3.5**	**301.7**

Effect on Movement in Reserves Statement - Usable Reserves

	Net amount as originally stated	Restatement	VA/VC Schools	Highways PFI	S106	REFCUS	IFRS 16	Restated net amount
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Balance at 1 April 2024	955.0	-	-	-	-	-	-	955.0
Restatement	-	(38.5)	-	-	-	-	-	(38.5)
Restated Balance at 1 April 2024	**955.0**	**(38.5)**	**-**	**-**	**-**	**-**	**-**	**916.5**
Surplus/Deficit on the provision of services	17.5	-	3.6	1.2	(11.9)	11.7	(3.5)	18.6
Other comprehensive I&E	0.0	-	-	-	-	-	-	-
Total comprehensive income and expenditure	**17.5**	**-**	**3.6**	**1.2**	**(11.9)**	**11.7**	**(3.5)**	18.6
Adjustments between accounting basis & funding basis under regulations	161.4	-	(3.6)	(1.2)		(11.7)	7.4	152.3
(Increase) or decrease in 2024/25	**178.9**	**-**	**-**	**-**	**(11.9)**	**-**	**3.9**	**170.9**
Balance at 31 March 2025	**1,133.9**	**(38.5)**	**-**	**-**	**(11.9)**	**-**	**3.9**	**1,087.4**

Effect on Movement in Reserves Statement - Unusable Reserves

	Net amount as originally stated	Restatement	VA/VC Schools	Highways PFI	S106	REFCUS	IFRS 16	Restated net amount
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Balance at 1 April 2024	2,203.3	-	-	-	-	-	-	2,203.3
Restatement	-	(130.9)	-	-	-	-	-	(130.9)
Restated Balance at 1 April 2024	**2,203.3**	**(130.9)**	**-**	**-**	**-**	**-**	**-**	**2,072.4**
Surplus/Deficit on the provision of services	-	-	-	-	-	-	-	-
Other comprehensive I&E	(315.0)	-	(5.3)	-	-	-	-	(320.3)
Total comprehensive income and expenditure	**(315.0)**	**-**	**(5.3)**	**-**	**-**	**-**	**-**	**(320.3)**
Adjustments between accounting basis & funding basis under regulations	(161.4)	-	3.6	1.2	-	11.7	(7.4)	(152.3)
(Increase) or decrease in 2024/25	**(476.4)**	**-**	**(1.7)**	**1.2**	**-**	**11.7**	**(7.4)**	**(472.6)**
Balance at 31 March 2025	**1,726.9**	**(130.9)**	**(1.7)**	**1.2**	**-**	**11.7**	**(7.4)**	**1,599.8**

Effect on Movement in Reserves Statement - Total Council Reserves

	Net amount as originally stated	Restatement	VA/VC Schools	Highways PFI	S106	REFCUS	IFRS 16	Restated net amount
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Balance at 1 April 2024	3,158.3	-	-	-	-	-	-	3,158.3
Restatement	-	(169.4)	-	-	-	-	-	(169.4)
Restated Balance at 1 April 2024	**3,158.3**	**(169.4)**	**-**	**-**	**-**	**-**	**-**	**2,988.9**
Surplus/Deficit on the provision of services	17.5	-	3.6	1.2	(11.9)	11.7	(3.5)	18.6
Other comprehensive I&E	(315.0)	-	(5.3)	-	-	-	-	(320.3)
Total comprehensive income and expenditure	**(297.5)**	**-**	**(1.7)**	**1.2**	**(11.9)**	**11.7**	**(3.5)**	**(301.7)**
Adjustments between accounting basis & funding basis under regulations	-	-	-	-	-	-	-	-
(Increase) or decrease in 2024/25	**(297.5)**	**-**	**(1.7)**	**1.2**	**(11.9)**	**11.7**	**(3.5)**	**(301.7)**
Balance at 31 March 2025	**2,860.8**	**(169.4)**	**(1.7)**	**1.2**	**(11.9)**	**11.7**	**(3.5)**	**2,687.2**

Effect on Balance sheet at 31 March 2025

	As originally stated	Restatement	VA/VC Schools	Highways PFI	S106	REFCUS	IFRS 16	Restated
	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)	(£m)
Property, Plant and Equipment	6,728.4	(335.7)	(1.7)	13.8	-	11.7	11.1	6,427.6
Other non-current assets	449.1	-	-	-	-	-	(4.1)	445.0
Total Long-term Assets	**7,177.5**	**(335.7)**	**(1.7)**	**13.8**	**0.0**	**11.7**	**7.0**	**6,872.6**
Current Assets	814.0	-	-	-	-	-	0.1	814.1
Current Liabilities	(1,237.2)	3.4	-	-	(2.6)	-	(1.2)	(1,237.6)
Long-term Liabilities	(3,893.5)	162.9	-	(12.6)	(9.3)	-	(9.4)	(3,761.9)
Net Assets	**2,860.8**	**(169.4)**	**(1.7)**	**1.2**	**(11.9)**	**11.7**	**(3.5)**	**2,687.2**
Usable reserves	1,133.9	(38.5)	-	-	(11.9)	-	3.9	1,087.4
Unusable reserves	1,726.9	(130.9)	(1.7)	1.2	-	11.7	(7.4)	1,599.8
Total Reserves	**2,860.8**	**(169.4)**	**(1.7)**	**1.2**	**(11.9)**	**11.7**	**(3.5)**	**2,687.2**

SUPPLEMENTARY FINANCIAL STATEMENTS 2025/26

Housing Revenue Account - Income and Expenditure Statement

The Housing Revenue Account (HRA) reflects a statutory obligation to maintain a revenue account for local Council housing provision in accordance with Part 6 of the Local Government and Housing Act 1989. The Account is required to be self-financing and cannot subsidise or be subsidised by the General Fund. The HRA Income and Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. The Council charges 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.

2024/25 £m		Note	2025/26 £m
	Income		
(297.6)	Dwellings rents		(304.2)
(10.9)	Non-dwellings rents		(5.4)
(24.0)	Charges for services and facilities		(29.2)
(332.5)	**Total Income**		**(338.8)**
	Expenditure		
98.7	Repairs and maintenance		89.7
101.8	Supervision and management		106.8
20.7	Rent, rates, taxes and other charges		19.9
69.6	Depreciation and impairment charge	H3 & H6	67.3
0.2	Debt management costs		0.2
291.0	**Total Expenditure**		**293.9**
(41.5)	**Net Income of HRA Services as included in the whole authority Comprehensive Income and Expenditure Statement and Net (Income) / Cost of HRA Services**		**(54.9)**

2024/25	HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:	2025/26
0.2	Change in fair value of financial instruments	1.7
60.3	Interest payable and similar charges	61.6
1.3	Amortisation of premia and discounts	1.4
(4.0)	HRA interest and investment income	(4.5)
5.4	(Gains)/ Losses on the disposal of HRA non-current assets	(18.1)
0.4	Pensions interest cost and expected return on pensions assets	2.4
(39.0)	Capital Grants and Contributions Receivable	(6.5)
(16.9)	**(Surplus)/Deficit for the Year on HRA Services**	**(17.0)**

2024/25 £m	Movement on the Housing Revenue Account Statement	2025/26 £m
(16.9)	(Surplus)/Deficit for the year on the HRA Income and Expenditure Account	(17.0)
37.5	Adjustments between accounting basis and funding basis under statute (Note 16)	25.4
17.6	(Increase) / decrease for the year on HRA balance	**8.4**
3.0	Transfers to or (from) reserves	-
20.6	(Increase) or decrease for the year on HRA Balance	8.0
(60.8)	HRA Balance Brought Forward	**(40.2)**
(40.2)	HRA Balance Carried Forward	**(31.8)**

	Total HRA Reserve	
(40.2)	HRA Balance	(31.8)
(40.2)	**Total HRA Reserve**	**(31.8)**

	Long Term Liabilities Balances	
(4.6)	Affordable Housing S106 Balance	(6.8)
(4.6)	**Total Long-Term Creditor Balances**	**(6.8)**

For the 2025/26 accounts S106 balances have been reclassified from reserves to long-term liabilities.

Notes to the Housing Revenue Account

H1. Housing Stock

The types of properties (including Shared Ownership properties) owned by the Council at 31 March comprise:

31 March 2025		31 March 2026
3,674	1 bedroom bungalows	3,666
14,504	1 bedroom flats	14,440
63	1 bedroom houses	50
298	2 bedroom bungalows	296
10,090	2 bedroom flats	10,060
7,998	2 bedroom houses	7,817
30	3 or more bedroom bungalows	28
5,532	3 or more bedroom flats	3,512
17,580	3 or more bedroom houses	17,344
57,769	**Total housing stock**	**57,213**

The change in the property numbers is analysed below:

31 March 2025		31 March 2026
57,935	Stock at 1 April	57,769
(508)	Sales	(628)
(25)	Demolitions / transfers	(32)
367	Acquisitions	104
57,769	**Stock at 31 March**	**57,213**

The Balance Sheet values of HRA non-current assets are as follows:

31 March 2025 £m		31 March 2026 £m
3,055.1	Council dwellings/garages	3,165.7
11.3	Assets under Construction	18.4
24.2	Other land and buildings	17.7
3,090.6	**Total operational assets**	**3,201.8**
46.8	Land	33.0
-	Surplus assets	6.2
46.8	**Total non-operational assets**	**39.2**
3,137.4	**Total**	**3,241.0**

The housing stock, land and other property within the HRA are valued in line with the MHCLG Guidance on Stock Valuation for Resource Accounting published in November 2016. The basis of the valuation for the housing stock element is in accordance with the Royal Institution

of Chartered Surveyors using the Existing Use Value - Social Housing basis, which takes open market value for the underlying dwellings and applies a discount factor to reflect the reduced value as a result of use for social housing for 2025/26 of 40%. The change reflects properties lost through sales, demolitions, acquisitions, and revaluation of Beacon Values and depreciation. £246.6m was spent on HRA dwellings during the year.

As at 31 March 2026, the Council also owned 226 dwellings (31 March 2025: 188) that were occupied by trespassers following the death or departure of the tenant of that property. These properties are, therefore, not available for social housing. These properties are not considered to have a value whilst they are occupied in this way, but if they were to become available for social housing, their value, on the basis of an Existing Use Value – Social Housing (EUV-SH) would be £12.5m (31 March 2025: £10.2m).

The value of the Council dwellings is broken down into components as follows:

31 March 2025 £m		31 March 2026 £m
715.0	Land	762.8
18.5	Kitchens	35.7
27.5	Bathrooms	34.9
52.9	Windows & Doors	69.1
46.8	Heating & Boilers	56.7
11.0	Roofs	24.4
2,183.4	Remaining Structure	2,171.0
3,055.1	**Total**	**3,154.6**

H2. Value of Dwellings on Vacant Possession

(a) The vacant possession value of dwellings within the Council's HRA, valued in accordance with the Guidance, as at 31 March 2026 (being the most recent valuation available) is £7,009.3m.

(b) The difference between the above figure and the figure of £3,165.7m in the Balance Sheet notionally represents diminution in the value of assets caused by their being let at social housing rents, according to the MHCLG's stock valuation model as explained in Supplementary Note H1.

H3. Revaluations and Impairment Charges

Revaluations and impairment charges reflect an increase or reduction in the value of property due to the economic environment or an event that has occurred to the assets. This could include a decline in demand, obsolescence, and commitments to make significant changes to housing. There has been an impairment in HRA asset values in 2025/26 of £0.1m (2024/25: £0.1m). The net value of HRA dwellings has increased by £110.6m to £3,165.7m.

H4. Major Repairs Reserve

A transfer is made to the Major Repairs Reserve each year of a value equivalent to the amount charged to the HRA for depreciation of dwellings based on the componentised valuation of the dwellings and individual component residual lives, to make provision for ongoing elemental renewal over the longer term.

The main movements on the Major Repairs Reserve are set out below

2024/25 £m		2025/26 £m
30.1	Balance on Major Repairs Reserve at 1 April	13.5
69.6	Amount transferred to Major Repairs Reserve during the year	67.3
(86.2)	Charge to the Major Repairs Reserve during the financial year in respect of capital expenditure on the land, houses and other property within the Council's HRA	(73.6)
13.5	**Balance on Major Repairs Reserve at 31 March**	**7.2**

H5. Capital Expenditure on HRA Assets

Expenditure on HRA assets was funded from the following sources:

2024/25 £m		2025/26 £m
50.2	Usable Capital Receipts (Right to Buy/Land)	62.3
86.2	Major Repairs Reserve	73.6
39.0	HRA Revenue contributions	0.0
120.0	Prudential Borrowing	110.0
1.7	Other resources	7.7
297.1		**253.6**

The total capital receipts from disposals of land, houses and other property within the HRA during the financial year was £57.8m (land £3.1m, houses £54.7m). The values for 2024/25 were £48.7m (land £11.1m and houses £37.6m). The Government operates a capital receipts pooling framework and of these amounts £0.1m was paid to Central Government (2024/25: £0.1m).

H6. Depreciation Charges

The total charge for depreciation for the houses and other property within the Council's HRA is £67.3m (2024/25: £69.6m). The depreciation charge is calculated by reference to an assessment of the remaining useful life of the key components of each individual dwelling valued on a depreciated replacement cost basis.

H7. Contribution from Pension Reserve

The Comprehensive Income and Expenditure Statement includes pension costs calculated in accordance with International Accounting Standard 19 as described in detail in Note 20 to the Financial Statements. To ensure that these costs do not affect the level of HRA balances and Council House rents, an appropriation is made from the Pensions Reserve so that the movement in balances only reflects the actual employer's pension contribution.

H8. Rent Arrears

Rent arrears from current tenants at 31 March 2026 totalled £11.7m (2024/25: £13.0m). Other arrears including Housing Benefit overpayments, leaseholder major works and miscellaneous services totalled £20.5m at 31 March 2026 (2024/25: £20.8m).

A provision for bad debts has been made to meet possible future write offs of rent and other services/leaseholder/benefit overpayments. The provision was £18.1m at 31 March 2026 (2024/25: £17.7m) and has been calculated based on value/aged analysis in accordance with Government guidelines.

31 March 2025 £m		31 March 2026 £m
13.0	Current tenants	11.7
6.1	Housing benefit overpayment	4.4
14.7	Other debt (services/leaseholders)	16.1
33.8	**Total arrears**	**32.2**
17.7	Provision for bad debts	18.2

Collection Fund Income and Expenditure Account

The Collection Fund Income and Expenditure Account reflects the statutory requirement for the Council to maintain a separate Collection Fund for Council Tax and Business Rates or National Non Domestic Rates (NNDR). The statement shows transactions in relation to the collection of income from tax payers and the distribution to major preceptors and the Council itself, as principal. The resulting balance is apportioned between the Council and major preceptors.

2024/25 Council Tax £m	2024/25 NNDR £m	2024/25 Total £m		2025/26 Council Tax £m	2025/26 NNDR £m	2025/26 Total £m
			Income			
(576.2)		(576.2)	Collectable Council Tax	(630.1)		(630.1)
(576.2)		**(576.2)**		**(630.1)**		**(630.1)**
	(414.5)	(414.5)	Collectable Business Rates		(471.4)	(471.4)
	(12.1)	(12.1)	Transitional Payment Payable to Government		(1.9)	(1.9)
	(426.5)	**(426.5)**			**(473.3)**	**(473.3)**
		-	**Enterprise Zone Deficit Repayable to the Collection Fund**			-
			Apportionment of Prior Year Deficit:			
(4.2)	(60.1)	(64.3)	Birmingham City Council	7.0	(20.5)	(13.5)
		-	Central Government			-
(0.2)	(0.6)	(0.8)	West Midlands Fire & Rescue Authority	0.3	(0.2)	0.1
(0.5)		(0.5)	West Midlands Police and Crime Comm.	0.8		0.8
(4.9)	**(60.7)**	**(65.6)**	**Total Apportionment of Prior Year Deficit**	**8.1**	**(20.7)**	**(12.6)**
(581.1)	**(487.2)**	**(1,068.3)**	**TOTAL INCOME**	**(622.0)**	**(494.0)**	**(1,116.0)**

2024/25 Council Tax £m	2024/25 NNDR £m	2024/25 Total £m		2025/26 Council Tax £m	2025/26 NNDR £m	2025/26 Total £m
			Expenditure			
			Precepts Demands & Shares Incl Prior Years Surplus:			
482.3	454.6	936.9	Birmingham City Council	528.9	465.4	994.3
		-	Central Government			-
	(2.9)	(2.9)	**Enterprise Zone Surplus Repayable from the Collection Fund**		2.0	2.0
20.1	4.4	24.5	West Midlands Fire & Rescue Authority	21.9	4.5	26.4
57.8		57.8	West Midlands Police and Crime Comm.	62.7		62.7
			Charges:			
17.0	(1.5)	15.5	Increase/(Decrease) in Provision for Bad and Doubtful Debts	20.6	16.4	37.0
	(9.7)	(9.7)	Increase/(Decrease) in Provision for Appeals		5.2	5.2
	1.8	1.8	Cost of Collection		1.8	1.8
577.2	**446.7**	**1,023.9**	**TOTAL EXPENDITURE**	**634.1**	**495.3**	**1,129.4**
(3.9)	**(40.5)**	**(44.4)**	**(Surplus)/Deficit for the year**	**12.1**	**1.3**	**13.4**
0.7	**49.7**	**50.4**	**(Surplus)/Deficit brought forward**	**(3.2)**	**9.2**	**6.0**
(3.2)	**9.2**	**6.0**	**(Surplus)/Deficit carried forward**	**8.9**	**10.5**	**19.4**

Notes to the Collection Fund

C1. Contributions from Council Taxpayers

The Council's tax base at January 2023 (the number of chargeable dwellings in each valuation band net of discounts) converted to an equivalent number of Band D dwellings was calculated as follows:

Band	Number of Properties	Ratio	Band D equivalent dwellings
AR	155	5/9	86
A	93,881	6/9	62,588
B	94,472	7/9	73,479
C	67,369	8/9	59,884
D	36,463	1	36,463
E	20,373	11/9	24,900
F	8,433	13/9	12,181
G	5,581	15/9	9,301
H	828	18/9	1,657
Total	**327,555**		**280,539**
Less adjustment for collection rate			(7,294)
			273,245

The level of Council Tax is calculated at the beginning of the year and is calculated so as to ensure that the Council has enough money to pay for the services it provides. The amount of tax paid by local residents is based on how much it is estimated that the property they live in would have been worth in 1991.There are nine property valuation bands, AR to H.

The total required by the Collection Fund is divided by the Council Tax base. The Tax base represents the number of properties in the City, expressed as equivalent Band D properties. The level of Council Tax paid for a Band D property is the total income required divided by the Council Tax base, subject to any discounts to which a Council Tax payer may be entitled. The amount is adjusted for discounts and exemptions that particular residents in the City are entitled to.

C2. Business Ratepayers

The Council collects Business Rates (NNDR) receipts for its area, which are based on local rateable values multiplied by a uniform rate which is set by the Government (49.9p for 2025/26: 49.9p for 2024/25). The total non-domestic rateable value at 31 March 2026 was £1,211.36m (31 March 2025: £1,218.52m).

Since 1st April 2017, the Council is included in a 100% Local Business Rates Retention pilot. The amount raised each year, less certain reliefs and adjustments, is distributed on the following basis:

- 99% - Birmingham City Council
- 1% - The West Midlands Fire and Rescue Authority.

C3. Precept Payments

The preceptors on the Council Tax element of the Collection Fund are the City Council, the West Midlands Fire and Rescue Authority and the West Midlands Police and Crime Commissioner.

The preceptors on the NNDR element of the Collection Fund are the City Council and the West Midlands Fire and Rescue Authority.

C4. Debtors Outstanding but not Impaired

Balances outstanding for both Council Tax and Business Rates including amounts net of an allowance for impairment are apportioned between the Council and its major preceptors as follows:

Analysis of Council Tax debtors past due but not impaired

	2024/25 BCC £m	2024/25 Fire £m	2024/25 Police £m	2025/26 BCC £m	2025/26 Fire £m	2025/26 Police £m
Council Tax Arrears	205.1	8.5	24.3	221.0	9.3	26.6
Impairment Allowance for doubtful debts	(91.4)	(3.8)	(10.8)	(94.9)	(4.0)	(11.4)
Amounts Past Due but not Impaired	**113.7**	**4.7**	**13.5**	**126.1**	**5.3**	**15.2**
Represented by Amounts:						
Less than 1 Year	44.9	1.8	5.3	51.8	2.2	6.3
1-2 Years	23.9	1.0	2.8	26.1	1.1	3.1
2-6 Years	35.9	1.5	4.3	39.0	1.6	4.7
Over 6 Years	9.0	0.4	1.1	9.2	0.4	1.1
TOTAL	**113.7**	**4.7**	**13.5**	**126.1**	**5.3**	**15.2**

Analysis of Business Rates debtors past due but not impaired

	2024/25 BCC £m	2024/25 Fire £m	2024/25 CG £m	2025/26 BCC £m	2025/26 Fire £m	2025/26 CG £m
Business Ratepayer Arrears	126.7	1.3	0.0	111.2	1.1	0.0
Impairment Allowance for doubtful debts	(86.0)	(0.9)	0.0	(66.2)	(0.7)	0.0
Amounts Past Due but not Impaired	**40.7**	**0.4**	**0.0**	**45.0**	**0.4**	**0.0**
Represented by Amounts:						
Less than 1 Year	21.1	0.2	0.0	23.9	0.2	0.0
1-2 Years	9.7	0.1	0.0	10.4	0.1	0.0
2-6 Years	9.9	0.1	0.0	10.7	0.1	0.0
Over 6 Years	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL	**40.7**	**0.4**	**0.0**	**45.0**	**0.4**	**0.0**

Statement of GROUP Accounts 2025/26

NARRATIVE REPORT

Introduction

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 means 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 of the Council's activities.

This section presents the statutory financial statements for Birmingham City Council Group (the Group) for the period from 1 April 2025 to 31 March 2026. The financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (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.

These Group Accounts have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies of its subsidiaries, associates and joint ventures have been aligned with the policies of the Council, for the purposes of Group Accounts, where materially different. Such adjustments as are necessary to align the Group Accounting Policies are made as consolidation adjustments.

This narrative report provides a summary of the Group's financial position and details of material items that have impacted on the accounts during the year.

The financial statements contain a number of technical accounting terms and concepts. A glossary of the major accounting terms has been provided at the end of the financial statements to help the reader's understanding.

The pages which follow contain the Group's Financial Statements for the year ended 31 March 2026, with comparative figures for the previous financial year.

Consolidation of Subsidiaries, Associate Companies and Joint Ventures

The Council operates through a variety of undertakings, either exercising full control of an organisation (subsidiary undertakings) or in partnership with other organisations (associate undertakings or joint ventures). To provide a full picture of the activities of the Council, Group Accounts have been prepared which include those organisations where the interest and the level of activity is considered material to the Group as a whole.

There have been no changes to the Group structure within the financial year 2025/26.

The entities consolidated into the Council's Group Accounts are:

<u>Subsidiaries</u>
Acivico Limited
Birmingham Children's Trust Community Interest Company (CIC)
Birmingham City Propco Limited
InReach (Birmingham) Limited
National Exhibition Centre (Developments) Plc
PETPS (Birmingham) Limited
PETPS (Birmingham) Pension Funding Scottish Limited Partnership

Associate
Birmingham Airport Holdings Limited

Joint Venture
Paradise Circus Limited Partnership

Further detail regarding the Council's relationship with the above companies is given in notes G20 and G21.

The Council maintains involvement with a number of other related entities where the assets and liabilities of the companies are not included in these Group Financial Statements, either on the basis of materiality or that the Council does not exercise control or has no significant influence over the operation of the entity. Further details are set out in Note 46, Related Parties to the Council entity accounts.

The Main Financial Statements

The following statements consolidate the accounts of the Council with those of its subsidiaries, associate and joint venture. Transactions between the Council and its Group entities are eliminated on consolidation. Details of the inter-company transactions are set out in Note 46, Related Parties, to the entity accounts.

The Group Comprehensive Income and Expenditure Statement (GCIES) – provides the accounting cost in year recognised by the Group, in a specified format, in accordance with generally accepted accounting practices. Details of the net (surplus)/deficit on the provision of services is detailed below.

	2024/25 Restated*		2025/26	
	Entity £m	Group £m	Entity £m	Group £m
(Surplus)/Deficit on Provision of Services	(18.7)	(29.1)	(35.2)	(31.0)

* Prior year comparators have been restated, see Note 50 of Council accounts for more details.

The 2025/26 GCIES shows a positive movement of £0.9m from £29.1m surplus to £31.0m surplus in the net Surplus/(Deficit) on Provision of Services compared to 2025/26 as shown in the table above. Details of the major movements are set out in the Narrative Report in the Council entity accounts.

Group Movement in Reserves Statement (GMiRS) – provides a reconciliation of the movement in year on the different reserves held and how the balance of resources generated or used in the year reconciles to the Council's statutory requirements for raising Council Tax.

Group Balance Sheet – shows the value of assets and liabilities recognised by the Group at 31 March 2026 and the level of reserves, split into usable and unusable.

	2024/25 Restated*		2025/26	
	Entity £m	Group £m	Entity £m	Group £m
Long Term Assets	6,872.6	6,916.8	6923.6	6,953.6
Current Assets	814.2	817.8	975.5	987.6
Current Liabilities	(1,237.7)	(1,216.6)	(1,438.8)	(1,422.4)
Long Term Liabilities	(3,761.9)	(3,804.9)	(3,471.5)	(3,484.4)
Net Assets	**2,687.2**	**2,713.1**	**2,988.8**	**3,034.4**
Represented by:				
Usable Reserves	1,087.4	1,093.4	996.8	1,015.2
Unusable Reserves	1,599.8	1,619.7	1,992.0	2,019.2
Total Reserves	**2,687.2**	**2,731.1**	**2,988.8**	**3,034.4**

* Prior year comparators have been restated, see Note 50 of Council accounts for more details.

The Net Group assets have increased to £3,304.4m in 2025/26 from £2,731.1m in 2025/26 a movement of £303.3m. This is mainly due to movements in the Council's Accounts. Further details on this can be found in the Entity Accounts.

The difference in the level of usable reserves attributable to Group entities has decreased from £1,093.4m in 2025/26 to £1,015.3m in 2025/26, a movement of £78.1m. This is mainly due to movements in the Council's reserves, details of which can be found in Note 17 of the Entity Accounts.

Group Cash Flow Statement – shows how the Group generates and uses cash during the year and the impact this has on the balances of cash and cash equivalents.

The notes below will provide information only where there are material differences between the entity and Group Accounts.

Group Comprehensive Income and Expenditure Statement

This statement shows the income and expenditure recognised by the Group during the reporting period.

2024/25 Restated*					2025/26		
Gross Expenditure	Gross Income	Net Expenditure		Note	Gross Expenditure	Gross Income	Net Expenditure
£m	£m	£m			£m	£m	£m
			Continuing Operations				
801.5	(479.2)	322.4	Adult Social Care		856.2	(347.9)	508.3
326.6	(119.3)	207.3	City Operations		1,495.5	(1,021.6)	473.9
747.2	(650.1)	97.2	Finance		771.7	(793.5)	(21.8)
1,396.9	(969.3)	427.6	Children and Families		129.6	(67.1)	62.5
137.2	(103.5)	33.7	Place, Prosperity and Sustainability		387.8	(114.8)	273.0
83.8	(54.2)	29.6	City Housing		100.3	(115.8)	(15.5)
20.6	(6.7)	13.9	Strategy, Insight and Governance		16.8	(1.3)	15.5
29.3	(3.7)	25.6	Deputy CE HR, OD and Transformation		(3.4)	(4.4)	(7.8)
31.0	(64.8)	(33.8)	Centrally Managed		221.2	(302.8)	(81.5)
291.0	(332.5)	(41.5)	Housing Revenue Account		283.9	(338.8)	(54.9)
3,865.1	(2,783.3)	1,081.8	**Total Cost of Services**		**4,259.6**	**(3,108.0)**	**1,151.7**
149.8	0.0	149.8	Other Operating Expenditure		156.2	0.0	156.2
208.1	(79.9)	128.2	Financing and Investment Income and Expenditure	G4	189.3	(73.1)	116.2
73.5	(1,462.4)	(1,388.9)	Taxation and Non-Specific Grant Income		31.0	(1,486.1)	(1,455.1)
		(29.1)	**Deficit /(Surplus on Provision of Services**				**(31.0)**
		(11.2)	Share of the (surplus)/deficit on the Provision of Services of Associates				(10.8)
		0.4	Tax Expense/(credit) of Subsidiaries				0.1
		3.3	Tax Expense/(credit) of Associates				3.1
		(36.6)	**Group Deficit /(Surplus)**				**(38.6)**
			Items that will not be reclassified to the (Surplus)/Deficit on the Provision of Services				
		6.6	(Surplus) / deficit on revaluation of Property, Plant and Equipment assets				0.8
		321.3	Changes in non-current assets charged to the revaluation reserve				(283.6)
			Remeasurement of the net defined benefit liability	G18			
		327.9					**(282.8)**
			Items that may be reclassified to the (Surplus)/Deficit on the Provision of Services				
		0.6	(Surplus) / deficit on revaluation of financial assets				-
		328.5	**Other Comprehensive (Income) / Expenditure**				**(282.8)**
		292.0	**Total Comprehensive (Income) / Expenditure**				**(321.3)**
		291.8	**Total Comprehensive (Income) / Expenditure**				**(321.4)**

* Prior year comparators have been restated, see Note 50 of Council accounts for more details.

Group Movement in Reserves Statement

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

	General Fund Balance	Housing Revenue Account	Capital Receipts	Major Repairs Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council's Share of Reserves of Subsidiaries, Associates and Joint Ventures	Total Group Reserves
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance at 1 April 2024	**784.7**	**65.4**	**(71.4)**	**30.1**	**146.2**	**955.0**	**2,203.3**	**3,158.3**	**16.2**	**3,174.5**
Adjustments to Opening Balance*	**(38.5)**					**(38.5)**	**(130.9)**	**(169.4)**		**(169.4)**
Revised Balance 1 April 2024	**746.2**	**65.4**	**(71.4)**	**30.1**	**146.2**	**916.5**	**2,072.4**	**2988.9**	**16.2**	**3,005.1**
Movement in Reserves during 2024/25										
Surplus/(Deficit) on the provision of services	321.7	16.9				**338.6**	-	**338.6**	(302.1)	**36.5**
Other Comprehensive Income and Expenditure							(320.3)	**(320.3)**	(8.2)	**(328.6)**
Total Comprehensive Income and Expenditure	**321.7**	**16.9**				**338.6**	**(320.3)**	**18.3**	**(310.3)**	**(292.1)**
Adjustments between Group Accounts and Council Accounts	(320.0)					(320.0)	-	(320.0)	320.0	-
Net Increase/(Decrease) before Transfers	**1.7**	**16.9**				**18.6**	**(320.3)**	**(301.7)**	**9.7**	**(292.1)**
Adjustments between accounting basis and funding basis under regulations (Note 16)	184.9	(37.5)	21.2	(16.6)	0.4	**152.3**	(152.3)	**-**		
Increase/(Decrease) in 2024/25	**186.6**	**(20.6)**	**21.2**	**(16.6)**	**0.4**	**170.9**	**(475.3)**	**(304.4)**	**9.7**	**(294.8)**
Balance at 31 March 2025 Restated	**932.7**	**44.8**	**(50.2)**	**13.5**	**146.6**	**1,087.4**	**1,599.8**	**2,687.2**	**25.9**	**2,713.1**
Movement in Reserves during 2025/26										
Surplus/(Deficit) on the provision of services	392.7	17.0				**409.7**		**409.7**	(371.2)	**38.6**
Other Comprehensive Income and Expenditure							266.5	**266.5**	16.3	**282.8**
Total Comprehensive Income and Expenditure	**392.7**	**17.0**				**409.7**	**266.5**	**676.2**	**(354.9)**	**321.4**
Adjustments between Group Accounts and Council Accounts	(374.6)					(374.6)		(374.6)	374.6	-
Net Increase/(Decrease) before Transfers	**18.1**	**17.0**				**35.1**	**266.5**	**301.6**	**19.7**	**321.4**
Adjustments between accounting basis and funding basis under regulations (Note 16)	20.7	(25.5)	(125.2)	(6.3)	10.6	**(125.7)**	125.7	**-**	-	**-**
Increase/(Decrease) in 2025/26	**38.8**	**(8,5)**	**(125.2)**	**(6.3)**	**10.6**	**(90.6)**	**392.2**	**301.6**	**19.7**	**321.4**
Balance at 31 March 2026	**971.6**	**36.4**	**(175.5)**	**7.2**	**157.2**	**996.8**	**1,922.0**	**2,988.6**	**45.6**	**3,034.4**

* Prior year comparators have been restated, see Note 50 of Council accounts for more details.

Group Balance Sheet

The Group Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group.

1 April 2024 £m	31 March 2025 Restated* £m		Note	31 March 2026 £m
6,535.4	6,427.8	Property, Plant and Equipment		6,486.0
249.2	249.2	Heritage Assets		249.2
42.6	43.1	Investment Properties	G5	42.8
23.9	18.3	Intangible Assets		12.1
5.8	5.3	Long Term Investments		5.3
104.3	139.1	Long Term Debtors		108.0
23.8	34.0	Investments in Associates	G21	50.2
6,985.0	**6,916.8**	**Total Long-Term Assets**		**6,953.6**
237.3	214.0	Short Term Investments		312.9
64.5	31.1	Assets Held for Sale		18.3
1.7	1.2	Inventories		1.1
486.9	533.7	Short Term Debtors	G7	573.2
71.0	37.8	Cash and Cash Equivalents		82.1
861.4	**817.8**	**Total Current Assets**		**987.6**
(319.9)	(217.4)	Short Term Borrowing		(287.8)
(513.5)	(562.7)	Short Term Creditors	G8	(747.7)
(35.1)	(436.5)	Provisions		(386.9)
(854.4)	**(1,216.6)**	**Total Current Liabilities**		**(1,422.4)**
(103.4)	(108.8)	Long Term Creditors		(114.6)
(416.0)	(20.3)	Provisions		(22.4)
(3,195.7)	(3,105.8)	Long Term Borrowing		(3,187.1)
(140.3)	(135.8)	Other Long-Term Liabilities		(74.3)
(131.5)	(434.2)	Net Liability on Defined Benefit Pension Scheme	G18	(86.0)
(3,986.9)	**(3,804.9)**	**Total Long-Term Liabilities**		**(3,484.4)**
3,005.1	**2,713.1**	**Net Assets**		**3,034.4**
910.7	1,093.4	Usable Reserves	G9	1,015.2
2,094.4	1,619.7	Unusable Reserves	G10	2,019.2
(3,005.1)	**2,713.1**	**Total Reserves**		**3,034.4**

* Prior year comparators have been restated, see Note 50 of Council accounts for more details.

Group Cash Flow Statement

The Group Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period.

2024/25 Restated* £m		Note	2025/26 £m
36.6	Net Surplus/(Deficit) on Continuing Operations		38.6
-	Net Surplus/(Deficit) on Discontinued Operations		-
36.6	**Net Surplus/(Deficit) on the provision of services**		**38.6**
507.0	Adjustments to net Surplus/(Deficit) on the provision of services for non-cash movements	G14	181.9
(442.4)	Adjustments for items included in the net Surplus/(Deficit) on the provision of services that are investing and financing activities		(277.6)
101.3	**Net cash flows from Operating Activities**		**(57.1)**
(145.4)	Investing Activities	G12	(189.7)
11.0	Financing Activities	G13	291.1
(33.1)	**Net increase/(decrease) in cash and cash equivalents**		**44.3**
71.0	Cash and cash equivalents at the beginning of the reporting period		37.8
37.8	**Cash and cash equivalents at the end of the reporting period**		**82.1**

* Prior year comparators have been restated, see Note 50 of Council accounts for more details.

NOTES TO THE GROUP ACCOUNTS

Note G1
Accounting Policies

The Group Financial Statements summarise the Council's and its Group's transactions for the 2024/25 financial year. The Group Financial Statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS).

Members within the Group have been classified as either subsidiaries, associates or joint ventures with details included in respect of the classification within Notes G20 and G21. Subsidiaries have been consolidated into the Group Financial Statements on a line by line basis, with associates and joint ventures consolidated under the equity method.

Investments in subsidiaries and associates in the Council's entity accounts are carried at cost rather than fair value less any provision for losses unless there is evidence of impairment.

Notes to the Group Financial Statements have been presented where the figures are materially different from those of the Council entity accounts. Where there are no material differences, the Notes to the Council entity accounts provide the required disclosures.

Accounting policies of the individual members of the Group have been aligned to the Council's accounting policies.

The accounting policies applied to the Group Financial Statements are consistent with those set out in Note 1 to the Council entity accounts, with additional policies specific to the Group set out below.

Disposal of a Subsidiary Company

When a subsidiary company is disposed of, the assets and liabilities of the subsidiary are derecognised at their carrying value at the time of disposal and the value of any consideration received is recognised. The transactions plus any resulting differences are identified in the Profit/Loss on disposal of a subsidiary and form part of the Surplus/Deficit on Provision of Services within the Group Comprehensive Income and Expenditure Statement.

Defined Contribution Pension Schemes

The NEC Limited Group funded two defined benefit schemes, which ceased to provide future service accrual with effect from 30 June 2010 and operated two contributory benefit schemes comprising a Stakeholder Scheme to which only members contribute, and a Group Personal Pension Plan where the company matched member contributions to an agreed maximum. The schemes transferred to PETPS (Birmingham) Limited on 1 May 2015 on the Council's disposal of NEC Ltd. Further information may be found in Note G18.

Defined Benefit Pension Scheme

Acivico Limited and Birmingham Children's Trust CIC participate in the Local Government Pension Scheme (LGPS). The scheme is a funded defined benefit scheme based upon career average salary for benefits accrued since 1 April 2014 and on final pensionable salary for benefits accrued to 31 March 2014. Further information may be found within the Council's entity accounting policies and Note G18.

Note G2
Critical Judgements in Applying Accounting Policies

In addition to the Critical Judgements set out in Note 2 of the entity accounts, the Council has considered the following judgement in respect of the application of its accounting policies.

The Council has created a number of companies that are limited by guarantee that are also charitable companies. In such cases the Council is sole member on creation of the company.

The Trustees of a charity have the responsibility for determining the policies and the activities of the company in line with the specific remit of the charity. Where the Council is sole member of the charitable company, it also has, through the Articles of Association, the right to appoint Directors or Trustees to sit on the company board. Whilst the Council has the right to appoint Directors, this right is limited to appointing a minority of Directors such that they have less than 20% of the voting rights. The charitable company board is responsible for the day to day management and for setting the direction of the company. Trustees of charities must always act in the best interest of the charity and not in the interests of the body that appointed them.

Whilst the Council is sole member of charitable companies and whilst it may pass resolutions to impact on the operation of the companies, to date it has not done so. There are also financial barriers to the Council exercising any form of control as this may jeopardise the charitable nature of the organisations which would lead to financial detriment.

On the basis of the above factors, the Council considers that it does not have the current ability to direct the relevant activities of charitable companies given its minority level of representation, the Trustees must act independently of the Council in the best interest of the charity and should the Council exercise any rights through its role as sole member, it is considered that this would have an adverse financial impact. Therefore, the Council does not consider that it should consolidate any charitable companies into the Council's Group Accounts.

Note G3
Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

Information on pension valuations has been provided by actuaries supporting the relevant funds based on the best information available at the time of producing the reports. Details of the pension funds and their sensitivity to changes in determinants of the funds' assets and obligations are set out in Note 20 in the Council entity accounts and Note G18 of the Group Financial Statements.

Other assumptions made about the future and other major sources of estimation and uncertainty are provided in Note 4 to the Council entity accounts.

Note G4
Financing and Investment Income and Expenditure

Financing and Investment Income and Expenditure disclosed in the Group CIES are detailed below.

2024/25 Restated* £m		2025/26 £m
156.0	Interest Payable and similar charges	162.2
7.2	Net interest on the net defined benefit liability	(34.5)
-	Admin Expenses – Pensions	
15.9	(Gain)/Loss on financial assets at amortised cost	-
	(Gain)/Loss on financial assets at Fair Value through Profit & Loss	
(1.3)	(Gain)/Loss on the Disposal of Financial Instruments	1.3
(27.7)	Interest Receivable and similar income	(24.9)
-	Changes in the Fair Value of Investment Properties	25.8
(2.9)	(Surplus)/Deficit on trading operations not consolidated within Service Expenditure Analysis in Comprehensive Income and Expenditure Statement	(4.3)
(18.9)	Other investment income and expenditure	(9.4)
128.3	**Sub Total**	**116.2**

* Prior year comparators have been restated, see Note 50 of Council accounts for more details.

Note G5
Investment Properties

The Council, Birmingham City Propco Limited and InReach (Birmingham) Limited have non-current assets that meet the criteria for treatment as Investment Properties. Details of the financial impact of Investment Properties are set out below.

	2024/25 £m	2025/26 £m
Cost or Valuation		
At 1 April	**42.6**	**43.1**
Assets reclassified between categories		
Revaluation increases/ (decreases) recognised in the Surplus/Deficit on the Provision of Services	0.5	(0.3)
At 31 March	**43.1**	**42.8**

Recurring Fair Value Measurement	Input Level in Fair Value Hierarchy	Valuation Technique used to measure Fair Value	Fair Value 31 March 2025 £m	Fair Value 31 March 2026 £m
Highest and Best Use	Level 2	The fair value has been measured using a market approach, taking into account quoted prices for similar assets in active markets and data and market knowledge.	34.4	33.1
Highest and Best Use	Level 3	The fair value has been measured using a market approach taking into account yields from rental compared to similar assets.	8.7	9.7

The fair value of the Council's Group Investment Properties is measured annually at each reporting date. The valuations for Propco have not yet been received for 2025/26 so the figures for 2024/25 have been used for the draft Accounts. Valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS). The valuations were undertaken by appropriately qualified valuers as detailed below:

- For the Council, David M. Harris MRICS, Head of Property Consultancy within the Council's Property Services section.
- For InReach (Birmingham) Limited, Mark Shelley MRICS and James Cartwright MRICS of Avison Young (UK) Ltd.
- For Birmingham City Propco Limited, Agata Janda and Ian Elliot MRICS of Avison Young (UK) Ltd (awaiting valuations for 2024/25)

Note G6
Financial Instruments

This note sets out the differences from the information contained in Note 37 of the Council entity accounts to enable the reader to determine, more clearly, the impact of group company transactions.

Debtors and Cash

Debtors and cash consolidated as part of the Group Financial Statements are classified as loans and receivables. Further information on Group debtors is provided in Note G7.

Creditors

Short term creditors consolidated as part of the Group Financial Statements are classified as financial liabilities at amortised cost. Further information on Group creditors is provided in Note G8.

Long term creditors consolidated as part of the Group Financial Statements relate to debt issued by NEC (Developments) Plc on the London Stock Exchange. The following long-term creditors are brought into the Group Financial Statements upon group consolidation.

Long-term Creditors	31 March 2025 £m	31 March 2026 £m
NEC 7.56% Loan Stock – maturity 30 September 2027	(73.0)	(73.0)

The basis of the fair value of the NECD bond is in accordance with IFRS 9 fair value hierarchy 'Level 1 - fair value is only derived from quoted prices in active markets for identical assets or liabilities'. The quoted market price is obtained from Bloomberg on 31 March 2026 and used to calculate the fair value of the NECD bond.

Financial Liabilities	Input level in Fair Value Hierarchy	Valuation inputs and assumptions used to measure Fair Value	31 March 2025 Carrying Amount £m	31 March 2025 Fair Value £m	31 March 2026 Carrying Amount £m	31 March 2026 Fair Value £m
NEC Loan Stock	Level 1	Stock Market valuation	73.0	71.1	73.0	71.0

Within the Council entity accounts, the guarantee given to NEC Developments (NECD) for the repayment of the Loan Stock is treated as borrowing and as a reimbursement right within NECD. The guarantee was determined at fair value on the disposal of the NEC in 2015 and is accounted for using the Effective Interest Rate method.

Long Term Borrowing

The reduction in long term borrowing at 31 March 2026 between the Council entity accounts, £3,247.8m and the group accounts, £3,187.1m, is largely represented by the borrowing recognised by the Council associated with group entities, namely NECD. These transactions are eliminated on consolidation.

Income, Expense, Gains and Losses

These amounts in the Group Financial Statements are not considered materially different from those in the Council entity accounts.

Fair Values of Assets and Liabilities

The amounts consolidated as part of the Group Financial Statements are not considered significantly different from the carrying amounts.

Nature and extent of risks arising from financial instruments

The nature and extent of risks from financial instruments arising in the Group Financial Statements are not considered materially different from those in the Council entity accounts.

Note G7
Short Term Debtors

The table below shows amounts owed to the Council's Group undertakings at the end of the year that are due within 12 months. These balances have been split by type of organisation to reflect the potential relative risks that the Council faces. The actual level of recovery will continue to be monitored to ensure that the recovery rate is as high as practicable.

31 March 2025 Restated* £m		31 March 2026 £m
107.0	Central government bodies	103.4
40.5	Other local authorities	45.9
2.1	NHS bodies	5.5
1.1	Public corporations and trading funds	1.5
383.0	Other entities and individuals	416.9
533.7	**Total**	**573.2**

* Prior year comparators have been restated, see Note 50 of Council accounts for more details.

Note G8
Short Term Creditors

The table below shows amounts owed by the Council's Group undertakings at the end of the year that are due within 12 months, split by type of organisation.

31 March 2025 Restated* £m		31 March 2026 £m
(36.3)	Central government bodies	(88.7)
(15.5)	Other local authorities	(1.2)
(1.2)	NHS bodies	(1.2)
(71.2)	Public corporations and trading funds	(73.7)
(438.5)	Other entities and individuals	(582.9)
(562.7)	**Total**	**(747.7)**

* Prior year comparators have been restated, see Note 50 of Council accounts for more details.

Note G9
Usable Reserves

Details of the Group's usable reserves are set out below.

31 March 2025 Restated* £m		31 March 2026 £m
93.2	General Fund Balance	971.6
40.3	Housing Revenue Account (HRA)	36.3
(50.3)	Capital Receipts Reserve	(175.5)
13.5	Major Repairs Reserve	7.2
146.5	Capital Grants Unapplied	157.2
1.2	Company Profit & Loss	13.6
4.8	Merger Reserve	4.8
1,093.4	**Total**	**1,015.2**

* Prior year comparators have been restated, see Note 50 of Council accounts for more details.

Details of General Fund Balances are set out in Note 17 of the entity accounts.

Note G10
Unusable Reserves

The following table shows the value of Group reserve balances that have come about as a result of accounting adjustments and are not therefore available to spend.

31 March 2025 Restated* £m		31 March 2026 £m
2,207.2	Revaluation Reserve	2,094.5
(118.0)	Capital Adjustment Account	51.6
(70.0)	Financial Instruments Adjustment Account	(66.0)
60.0	Deferred Capital Receipts	58.2
(434.2)	Pensions Reserve	(86.0)
(9.2)	Collection Fund Adjustment Account	(16.2)
(16.7)	Accumulated Absences Account	(17.5)
0.6	Called up Share Capital	0.6
1,619.7	**Total**	**2,019.2**

* Prior year comparators have been restated, see Note 50 of Council accounts for more details.

Note G11
Cash Flow Statement - Operating Activities

The cash flows from operating activities include the items set out below.

2024/25 £m		2025/26 £m
(27.7)	Interest Received	(23.6)
170.3	Interest Paid	162.2
(18.9)	Dividends Received	(9.4)
123.8	**Total**	**129.2**

Note G12
Cash Flow Statement - Investing Activities

The cash flows from investing activities are set out below.

2024/25 £m		2025/26 £m
(385.8)	Purchase of property, plant and equipment, investment property and intangible assets	(427.8)
(5,129.7)	Purchase of short-term and long-term investments	(4,791.1)
273.9	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	117.8
5,125.8	Proceeds from short-term and long-term investments	4,910.6
(29.6)	Other Receipts from Investing Activities	0.8
(145.4)	**Net cash flows from investing activities**	**(189.7)**

Note G13
Cash Flow Statement - Financing Activities

The cash flows from financing activities are set out below.

2024/25 £m		2025/26 £m
144.5	Other receipts from financing activities	166.0
492.5	Cash receipts from short-term and long-term borrowing	720.1
(21.0)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-Balance Sheet PFI contracts	(20.1)
(625.1)	Repayments of short-term and long-term borrowing	(574.9)
20.1	Other payments for financing activities	-
11.0	**Net cash flows from financing activities**	**291.1**

Note G14
Cash Flow Statement – Other Adjustments

The cash flow adjustments to the net surplus/deficit on the provision of services are set out below.

2024/25 Restated* £m		2025/26 £m
171.4	Depreciation/Impairment charge	162.4
5.6	Amortisation of Intangible Assets	6.5
-	Increase/Decrease in Investment	14.1
348.5	Derecognition of Non-Current Assets	189.4
(10.2)	(Increase)/Decrease in Associate & Joint Venture	(16.2)
46.0	Revaluation of Non-Current Assets	22.7
(78.8)	(Increase)/Decrease in Debtors	(8.7)
38.4	Increase/(Decrease) in Creditors	190.7
0.4	(Increase)/Decrease in Inventories	0.1
5.7	Increase/(Decrease) in Provisions	(47.5)
(18.6)	Pensions Liability	(332.0)
(2.0)	Other Non-Cash Movements	0.4
507.2		**181.9**

* Prior year comparators have been restated, see Note 50 of Council accounts for more details.

Note G15
Expenditure and Funding by Nature of Activity

Detail of the Council's Expenditure and Funding by Nature of Activity is provided in Note 8 to the entity accounts.

2024/25 Restated* £m		2025/26 £m
	Expenditure	
1,160.8	Employee Benefits Expenses	1,324.2
2,614.4	Other Service Expenses	2,821.6
208.0	Depreciation, Amortisation and Impairment	191.6
177.4	Interest Payments	148.0
4.9	Movements in the value of financial assets	16.6
51.8	Precepts and Levies	52.5
79.2	Loss on Disposal of Non-Current Assets	81.7
4,296.5	**Total Expenditure**	**4,636.2**
	Income	
(730.8)	Fees, Charges and Other Service Income	(837.8)
(986.7)	Income from Council Tax and Business Rates	(959.6)
(2,556.8)	Government Grants and Contributions	(2,824.6)
(51.3)	Interest and Investment Income	(45.2)
(4,325.6)	**Total Income**	**4,667.2**
(29.1)	**Deficit /(Surplus) on Provision of Services**	**(31.0)**

* Prior year comparators have been restated, see Note 50 of Council accounts for more details.

Note G16
Related Parties

Details of the Council's material transactions with related parties are provided in Note 46 to the Council entity accounts. Details of the subsidiary companies, associates and joint ventures of group entities are detailed in the relevant Notes G20 and G21 of these group financial statements.

In addition to the related parties detailed within Note 46 to the Council entity accounts, Birmingham Airport Holdings Limited transacts business with the shareholding West Midlands District Councils, with Solihull MBC acting as the lead authority. Transactions would be undertaken in a number of areas and include Business Rates, planning applications and building control services. All of these transactions are carried out on an arms-length basis at full commercial rate.

Birmingham Airport Limited entered into a lease arrangement with Solihull MBC, on behalf of all the Districts, which has been treated as a finance lease in its accounts by the company. The total amount payable in the year under the arrangement was £1.0m with an amount due at the year-end of £4.7m.

Note G17
Leases

Group as the lessee

Details of the Council's finance and operating leases are included in Note 40 to the Council entity accounts.

Group as the lessor

Within the Group there are leases between Group entities and also leases from Group entities to external organisations. Details of the Council's finance leases are provided in Note 40 to the Council entity accounts. This note sets out the impact of intra-Group leases and leases of Group entities to external organisations.

Leases by Group entities to External Organisations

Finance leases

Details of the Council's finance leases are provided in Note 40 to the Council entity accounts.

The Council created Birmingham City Propco Limited in 2017/18 to provide a vehicle for commercial investment. The company purchased the leasehold interests of the Council in respect of the Crowne Plaza NEC and Hilton Metropole NEC Hotels. Details of the leases are set out below.

31 March 2025 £m		31 March 2026 £m
	Finance lease debtor (net present value of minimum lease payments):	
0.1	- Current	0.1
19.7	- Non-current	19.6
40.3	Unearned finance income	39.4
60.1	**Gross investment in the lease**	**59.1**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Finance lease debtor		Minimum lease payments	
	31 March 2025 £m	31 March 2026 £m	31 March 2025 £m	31 March 2026 £m
Not later than one year	0.1	0.1	1.0	1.0
Later than one year and not later than five years	0.3	0.3	4.0	4.0
Later than five years	19.3	19.3	55.1	54.1
Total	**19.7**	**19.7**	**60.1**	**59.1**

Operating Leases

The future minimum lease payments receivable under non-cancellable leases where the length of lease was greater than 1 year at inception are:

31 March 2025 £m		31 March 2026 £m
0.4	Not later than one year	0.4
1.7	Later than one year and not later than five years	1.7
23.7	Later than five years	23.2
25.8	**Gross investment in the lease**	**25.3**

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Note G18
Defined Benefit and Defined Contribution Pension Schemes

Details of the Council's involvement in the Teachers' Pensions Scheme and Local Government Pension Scheme are provided in Notes 19 and 20 to the Council entity accounts.

Acivico Limited Group

The Company's subsidiary companies participate in the West Midlands Pension Fund, a Local Government Pension Scheme.

A ruling was made regarding age discrimination arising from public sector pension scheme transition arrangements put in place when moving from final salary to average salary scheme arrangements. Court of Appeal judgements were made in cases affecting judges' pensions (the McCloud Judgement) and firefighter pensions. Allowance has been made for the potential impact in the results reported.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown.

	2024/25 £m	2025/26 £m
Present value of funded defined benefit obligations	(54.5)	(57.2)
Fair value of plan assets	105.1	112.4
Adjustment for pension surplus in Acivico (Building Consultancy)	(50.6)	(53.1)
Net (Liability)/Asset	**-**	**2.1**

Movements in the present value of defined benefit obligation:

	2024/25 £m	2025/26 £m
Balance at beginning of period	62.0	54.5
Current service cost	1.0	0.8
Interest cost	2.9	3.1
Actuarial gains	(9.8)	0.5
Contributions by members	0.4	0.4
Benefits paid	(2.0)	(2.1)
31 March	**54.5**	**57.2**

Movements in the fair value of plan assets:

	2024/25 £m	2025/26 £m
Balance at beginning of period	106.1	105.1
Interest on assets	5.1	6.1
Actuarial gains	(4.7)	2.6
Settlements	-	-
Contributions	0.7	0.7
Benefits paid	(2.0)	(2.1)
31 March	**105.1**	**112.4**

Expense recognised in the profit and loss account:

	2024/25 £m	2025/26 £m
Operating Costs:		
Current Service Cost	1.0	0.8
Included in Operating Cost	1.0	0.8
Financing Costs:		
Interest cost on pension scheme liabilities	2.9	3.1
Interest income on plan assets	(5.1)	(6.1)
Interest on the effect of the asset ceiling	1.9	2.9
Net interest cost	(0.9)	(0.1)
Total income statement expense/(income)	**0.8**	**(0.7)**

Other Comprehensive Income

The amounts recognised in Acivico's Other Comprehensive Income and consolidated into the Group Consolidated Other Comprehensive Income are as follows:

	2024/25 £m	2025/26 £m
Actuarial (gain)/loss on liabilities	(9.8)	(0.5)
Actuarial (gain)/loss on plan assets	(4.7)	2.6
Remeasurement (gain)/loss recognised during the period	**(14.5)**	**2.1**

The fair value of the plan assets and the return on those assets were as follows:

	2024/25 Fair Value		2025/26 Fair Value	
	£m	%	£m	%
Equities	51.5	49	52.9	47
Government Bonds	38.9	37	47.2	42
Other Bonds	7.3	7	6.7	6
Property	7.4	7	5.6	5
Cash/Liquidity	**105.1**	**100**	**112.4**	**100**
Total	51.5	49	52.9	47

Principal actuarial assumptions (expressed as weighted averages) at the year-end were as follows:

	2024/25 %	2025/26 %
Discount rate	5.8	6.2
Future salary increases	3.8	4.0
Future pension increases	2.8	3.0
CPI increases	2.8	3.0

In valuing the liabilities of the Pension Fund at 31 March 2026, mortality assumptions have been made as indicated below.

The life expectancy for members as at the Balance Sheet date:

	31 March 2025	31 March 2026
Male: member aged 65 (current life expectancy)	21.5	22.6
Male: member aged 45 (life expectancy at age 65)	22.6	23.2
Female: member aged 65 (current life expectancy)	24.3	24.6
Female: member aged 45 (life expectancy at age 65)	25.1	25.3

The valuation of the defined benefit obligation is sensitive to the assumption adopted for the discount rate. The effect of a 0.1% increase in the discount rate is set out below

	£m
Effect on defined benefit obligation	(0.2)

Birmingham Children's Trust CIC

Birmingham Children's Trust CIC participates in the West Midlands Pension Fund, a Local Government Pension Scheme. The scheme is a defined benefit scheme, which pays out

pensions at retirement based on length of service and final pay for service earned up to 31 March 2014 and on a career salary average for service earned from 1 April 2014.

The information disclosed below is in respect of the whole of the plans for which the Company is either the sponsoring employer or has been allocated a share of cost under an agreed group policy throughout the periods shown. This is an estimate based on the IAS19 Actuary Report for 2025/26. The actuals figures for BCT have not been received as at 19 June 2026.

	2024/25 £m	2025/26 £m
Present value of funded defined benefit obligations	(244.9)	(273.1)
Fair value of plan assets	244.9	273.1
Net (Liability)/Asset	**-**	**-**

Movements in the present value of defined benefit obligation:

	2024/25 £m	2025/26 £m
Balance at beginning of period	273.7	244.9
Current service cost	14.2	12.2
Interest cost	13.6	14.5
Change in financial assumptions	(55.6)	(13.1)
Change in demographic assumptions	(0.5)	(4.1)
Contributions by scheme members	5.4	5.7
Experience/(gain) on defined benefit obligation	(2.2)	17.5
Benefits paid	(3.7)	(4.5)
31 March	**244.9**	**273.1**

Movements in the fair value of plan assets:

	2024/25 £m	2025/26 £m
Balance at beginning of period	273.7	244.9
Derecognition of Pension Scheme Surplus	(49.2)	(17.9)
Return on assets (less interest)	(13.6)	13.1
Interest on assets	14.7	18.9
Contributions paid by employer	17.6	19.9
Contributions by scheme members	-	(6.9)
Benefits paid	5.4	5.8
31 March	**(3.7)**	**(4.6)**

Expense recognised in the profit and loss account:

	2024/25 £m	2025/26 £m
Operating Costs:		
Current Service Cost	14.2	12.2
Included in Operating Cost	14.2	12.2
Financing Costs:		
Interest cost on pension scheme liabilities	13.1	14.5
Interest income on plan assets	(13.6)	(18.9)
Net interest cost	(0.5)	(4.4)
Total Income Statement expense	**13.7**	**7.8**

Other Comprehensive Income

The amounts recognised in the Trust's Other Comprehensive Income and consolidated into the Group Consolidated Other Comprehensive Income are as follows:

	2024/25 £m	2025/26 £m
Return on plan assets in excess of interest income	(13.6)	13.1
Derecognition of Pension Scheme Surplus	(49.2)	(17.9)
Actuarial gain/(loss) on liabilities due to changes in financial assumptions	55.6	13.1
Actuarial gain/(loss) on liabilities due to changes in demographic assumptions	0.5	4.1
Experience gain on defined benefit obligation	2.2	(24.5)
Remeasurement gain/(loss) recognised during the period	**(4.5)**	**(12.1)**

Principal actuarial assumptions (expressed as weighted averages) at the year-end are as follows:

	2024/25 %	2025/26 %
Discount rate	5.80	6.30
Future salary increases	3.75	4.00
Future pension increases	2.75	3.00
CPI increases	2.75	3.00

In valuing the liabilities of the Pension Fund at 31 March 2026, mortality assumptions have been made as indicated below.

The life expectancy for members as at the Balance Sheet date:

	2024/25	2025/26
Male: member aged 65 (current life expectancy)	20.7	21.5
Male: member aged 45 (life expectancy at age 65)	21.4	22.1
Female: member aged 65 (current life expectancy)	23.6	24.2
Female: member aged 45 (life expectancy at age 65)	24.9	25.5

PETPS (Birmingham) Limited

Following completion of the sale of the NEC Group by the Council on 1 May 2015, NEC Limited was replaced as principal employer by PETPS (Birmingham) Limited (PETPS), a wholly owned subsidiary of the Council, which assumed the ongoing funding obligation of the NEC Limited Pension Fund (the Fund) and the NEC Executive Pension Scheme (the Scheme) with the agreement of the pension trustees. The Fund and the Scheme had ceased to provide future service accrual with effect from 30 June 2010.

The Fund and the Scheme are defined benefit schemes, operating under UK trust law, which pay out pensions at retirement based on service and final pay. The trustee boards of the Fund and the Scheme are independent of the Council and are responsible for setting certain policies (for example, investment and contribution policies).

Under guarantees provided, the Council is responsible for meeting the current and future contingent funding obligations. The Fund and the Scheme therefore expose the Council to actuarial risks, such as longevity, currency, interest rate and market (investment) risk.

The assets of the Fund and the Scheme are held separately from those of PETPS and the Council. On the advice of an independent qualified actuary, contribution payments are made to the Fund and the Scheme by the Council to ensure that the assets are sufficient to cover future liabilities. Assets of the Fund and the Scheme are measured using fair market values.

The most recently completed formal actuarial valuations of the Fund and the Scheme were at 5 April 2025. The funding requirements are based on the Statements of Funding Principles of the Fund and the Scheme. The funding is based on a separate actuarial valuation for funding purposes, for which assumptions may differ from the assumptions set out in these disclosures. The defined benefit obligations are measured using the projected unit credit method and discounted at the rate of return on high quality corporate bonds of equivalent term.

The retirement benefit obligations in respect of the defined benefit schemes as calculated in accordance with IAS 19 (revised 2011) are disclosed below. Comparative figures for 2024/25 for the Fund and the Scheme have been provided.

Balance Sheet

The following amounts have been recognised in PETPS' Balance Sheet and so consolidated into the Group Balance Sheet.

	31 March 2025 £m	31 March 2026 £m
Present value of funded obligations	(116.3)	(113.5)
Fair value of plan assets	123.0	122.0
Surplus for funded plans	6.7	8.5
Unrecognised asset due to the asset ceiling	(6.7)	(8.5)
Retirement Benefit Obligation	**-**	**-**

Income Statement

The amounts recognised in PETPS' Income Statement and consolidated into the Group Consolidated Income and Expenditure Statement are as follows:

	2024/25 £m	2025/26 £m
Operating Costs:		
Administration Expenses	0.8	1.0
Past Service Cost	(0.8)	(1.0)
Included in Operating Cost	-	-
Financing Costs:		
Interest cost on pension scheme liabilities	0.3	0.3
Interest income on plan assets	(0.3)	(0.3)
Net interest cost	-	-
Total Income Statement expense	**-**	**-**

Other Comprehensive Income

The amounts recognised in PETPS' Other Comprehensive Income and consolidated into the Group Consolidated Other Comprehensive Income are as follows.

	2024/25 £m	2025/26 £m
Return on plan assets in excess of interest income	(11.9)	(2.2)
Actuarial gain/(loss) on liabilities due to changes in financial assumptions	9.9	3.0
Actuarial gain/(loss) on liabilities due to changes in demographic assumptions	-	(1.7)
Actuarial gain/(loss) on liabilities due to experience	(0.5)	2.3
Gain due to the asset ceiling	1.8	-
Actuarial (loss)/gain due to reimbursement right	(0.3)	(1.4)
Remeasurement gain/(loss) recognised during the period	**-**	**-**

Reconciliation of Liabilities and Assets

Movements in the retirement benefit obligations are as follows:

	2024/25 £m	2025/26 £m
Beginning of Period	(126.3)	(116.3)
Interest Cost	(5.9)	(6.4)
Actuarial gain/(loss) on liabilities due to experience	10.5	3.6
Benefits Paid	5.4	5.6
Present value of obligation at 31 March	**(116.3)**	**(113.5)**

Movements in the fair value of plan assets are as follows:

	2024/25 £m	2025/26 £m
Beginning of Period	134.4	123.0
Interest income on plan assets	6.3	6.7
Return on plan assets in excess of interest income	(11.9)	(2.2)
Contributions by employer	0.5	1.1
Administration expenses paid	(5.2)	(1.0)
Benefits paid	(0.9)	(5.6)
Fair value of plan assets at 31 March	**123.0**	**122.0**

Plan Assets

The major categories of plan assets are as follows:

	31 March 2025		31 March 2026	
	£m	%	£m	%
Equities, GTAA* and Hedge Funds	13.5	11	10.4	9
Bonds and Cash	80.0	65	51.8	42
LDI	-	-	29.4	24
Infrastructure	11.0	9	16.7	14
Property	16.0	13	11.1	9
Gilts	2.5	2	2.6	2
	123.0	**100**	**122.0**	**100**

* Global Tactical Asset Allocation

Assumptions

The principal assumptions made by the actuary were:

	31 March 2025 %		31 March 2026 %	
	Fund	Scheme	Fund	Scheme
Discount rate	5.65	5.45	6.05	6.05
RPI Inflation rate	3.20	3.35	3.40	3.55
CPI Inflation rate	2.75	2.85	3.05	3.15
Future Pension increases				
pension accrued prior to 5 April 2005	3.00	3.10	2.05	2.10
pension accrued after 5 April 2005	2.00	2.00	3.15	3.25

The base mortality assumptions for the Fund and the Scheme are based on the SAPS tables (S3 series) (2024: SAPS tables (S3 series)). Future improvements are based on the CMI 2023 projection (2024: CMI 2023 projection) with a long-term rate of improvement of 1.00% p.a. (2025: 1.00% p.a.).

The life expectancy for members as at the Balance Sheet date:

	31 March 2025 Years		31 March 2026 Years	
	Fund	Scheme	Fund	Scheme
Male: member aged 65 (current life expectancy)	20.2	21.7	20.8	22.1
Male: member aged 45 (life expectancy at age 65)	20.6	23.0	21.3	22.6
Female: member aged 65 (current life expectancy)	22.7	23.9	23.1	24.0
Female: member aged 45 (life expectancy at age 65)	23.6	24.6	24.3	25.0

An increase of 0.25 per cent in the discount rate would decrease the retirement benefit obligations by £2.9m (2025: £3.5m).

An increase of 0.25 per cent in the inflation rate would increase the retirement benefit obligations by £1.8m (2025: £2.3m).

An increase of one year to the life expectancy would increase the retirement benefit obligations by £3.5m (2025: £3.4m).

The duration of the NEC Limited Pension Fund liabilities is approximately 13 years (2025: 14 years), and the duration of the NEC Executive Pension Scheme liabilities is approximately 8 years (2025: 8 years).

Expected Contributions for 2026/27

The contribution schedule in force sets out contributions of £0.0m that will be paid into the Fund in the 2026/27 financial year

Note G19
Adjustments between Group Accounts and Council Accounts

The following adjustments are made in the Group's Movement in Reserves Statement in order to reconcile the General Fund Balance back to its Council position prior to funding basis adjustments being made.

	General Fund Balance £m	Housing Revenue Account (HRA) £m	Capital Receipts Reserve £m	Major Repairs Reserve £m	Capital Grants Unapplied £m	Total Usable Reserves £m	Unusable Reserves £m	Total Council Reserves £m	Council's Share of Reserves of Subsidiaries, Associates and Joint	Total Group Reserves £m
2024/25										
Provision of goods and services to subsidiaries	14.1					14.1		14.1	(14.1)	-
Purchases of goods and services from subsidiaries	(334.1)					(334.1)		(334.1)	334.1	-
Total adjustments between Group accounts and Council accounts	**(320.0)**					**(320.0)**		**(320.0)**	**320.0**	**-**
2025/26										
Provision of goods and services to subsidiaries	-					-		-	-	-
Purchases of goods and services from subsidiaries	(374.5)					(374.5)		(374.5)	(374.5)	-
Total adjustments between Group accounts and Council accounts	**(374.5)**					**(374.5)**		**(374.5)**	**(374.5)**	**-**

Note G20
Subsidiary Companies

I. Acivico Limited

Acivico Limited is a registered company, which is wholly owned by the Council. The company was launched in April 2012, with three special purpose vehicles: one holding company and two trading companies. The two trading companies, Acivico (Design Construction and Facilities Management) Limited and Acivico (Building Consultancy) Limited, have been operational since April 2012 and provide a range of statutory and non-statutory services on behalf of and to the Council and to other public and private sector clients. The Council has held the £1 issued ordinary share (100%) for the whole of the reporting period covered by these financial statements.

The year-end of the company is 31 March and for the purposes of consolidation the draft accounts for the period to 31 March 2026 have been used, as amended for alignment of accounting policies.

	2024/25 £m	2025/26 £m
Total Comprehensive Income/Expense for the Year	(3.6)	0.7
Net Assets/(Liabilities) at the year-end	(0.1)	1.5

There was no qualification to the audit opinion on the last audited accounts of the company. Information regarding transactions during the year and balances held at the year-end between the Council and Acivico Limited Group can be found within Note 46 of the Council entity accounts.

II. Birmingham Children's Trust CIC

Birmingham Children's Trust (BCT) CIC was incorporated on 17 May 2017 and became independently operational on 1 April 2018. The Council is sole member of the company. However, as the company is an asset locked entity, the Council has no entitlement to any assets of the company. At the time of publication of this draft statement of accounts BCT accounts for 2024/25 had not been received. For the purposes of consolidation, the Council has used the Trust's final accounts for 2023/24, as amended for alignment of accounting policies. Details of the outturn, before elimination of intra-group transactions, are set out below.

	2024/25 £m	2025/26 £m
Comprehensive Income and Expenditure		
Turnover	334.3	368.6
Operating Expenses	(322.3)	(380.7)
Operating Profit/(Loss)	**12.0**	**(12.1)**
Interest Receivable	3.1	7.2
Interest Payable	(0.1)	-
Profit/(Loss) for the Year	**3.0**	**7.2**
Actuarial Gain/(Loss) on defined benefit scheme	(4.4)	7.8
Total Comprehensive Income for the Year	**10.6**	**2.9**
Balance Sheet		
Intangible Asset	2.2	1.9
Total Non-Current Assets	**2.2**	**1.9**
Debtors	17.7	19.7
Short Term Investments	78.0	71.5
Cash and Cash Equivalents	1.1	5.4
Total Current Assets	**96.8**	**96.6**
Cash Overdrawn		
Creditors due within one year	(79.9)	(76.4)
Total Current Liabilities	**(79.9)**	**(76.4)**
Long Term Borrowing	-	-
Total Long-Term Liabilities	**-**	**-**
Total Assets/(Liabilities)	**19.1**	**22.1**
Reserves	19.1	22.1
Total Reserves	**19.1**	**22.1**

There was no qualification to the audit opinion on the last audited accounts of the Trust.

Information regarding transactions during the year and balances held at the year-end between the Council and Birmingham Children's Trust Community Interest Company can be found within Note 46 of the Council entity accounts.

III. The National Exhibition Centre (Developments) Plc

The company was set up to provide an additional 30,000 square metres of exhibition space in four halls. The building was financed by a loan stock issue of £73 million, at 7.5625%, by the company and is guaranteed by the Council and which is due for repayment in 2027.

The Council has held all 1,000 issued ordinary shares of £1 each and all 100,000 £1 preference shares throughout the reporting period covered by these financial statements.

The position at the year end is detailed below.

	2024/25 £m	2025/26 £m
Profit for the year	(1.0)	(1.5)
Net Assets at the year-end	2.3	2.4

The year end of the company is 30 September. For the purposes of consolidation, the management accounts to 31 March have been used. There was no qualification to the audit opinion on the last audited accounts of the company.

The Council continues to retain ownership of NEC (Developments) Plc.

IV. PETPS (Birmingham) Limited

PETPS (Birmingham) Limited, a company limited by guarantee, was incorporated on 14 November 2014. The company is a wholly owned subsidiary of the Council.

Following completion of the sale of the National Exhibition Centre Limited Group (NEC Limited) on 1 May 2015, PETPS (Birmingham) Limited replaced NEC Limited as the principal employer and assumed the ongoing funding obligation of two defined benefit pension schemes with the agreement of the pension trustees.

PETPS (Birmingham) Limited has not traded for 2024/25 and 2025/26.

	2024/25 £m	2025/26 £m
Profit for the year	-	-
Net Assets at the year-end	-	-

The year-end of the company is 31 March 2025 and for the purposes of consolidation the draft accounts have been used. There was no qualification to the audit opinion on the last audited accounts of the company.

Information regarding transactions during the year and balances held at the year-end between the Council and PETPS (Birmingham) Limited can be found within Note 46 of the Council entity accounts.

V. PETPS (Birmingham) Pension Funding Scottish Limited Partnership

PETPS (Birmingham) Pension Funding Scottish Limited Partnership (SLP) was formed by PETPS (Birmingham) Capital Limited (PETPS Capital) and PETPS (Birmingham) General Partner Limited (PETPS General), which are both wholly owned subsidiaries of the Council.

The arrangement was created in 2017/18 to enable the Council to manage the funding implications of its guarantee in respect of the pensions from the NEC Group Limited following its disposal. The Council has invested equity in PETPS Capital which it has subsequently invested in SLP. The rights of the investment in SLP have been assigned to the NEC Pension Fund Trustees whilst the pension fund is in deficit. At 31 March 2026, the level of investment in SLP that is currently assigned to the NEC Pension Fund Trustees was £0.0m (31 March 2025: £0.0m).

PETPS (Birmingham) Pension Funding Scottish Limited Partnership has not traded in 2024/25 and 2025/26.

	2024/25 £m	2025/26 £m
Profit for the year	-	-
Net Assets at the year-end	-	-

The year-end of the company is 31 March 2026 and for the purposes of consolidation the draft accounts have been used. Advantage has been taken of the exemption not to produce partnership accounts or obtain an audit, under regulation 7 of The Partnerships (Accounts) Regulations 2008 as the financial information for the partnership has been consolidated into these group accounts.

The accounts have been voluntarily prepared by the members, PETPS (Birmingham) Capital Limited, PETPS (Birmingham) General Partner Limited and NEC Pension Company No. 2 Limited in accordance with the Companies Act 2006 as applied by the Partnerships (Accounts) Regulations 2008, regulation 4; however, an audit has not been obtained.

VI. InReach (Birmingham) Limited

The Council set up InReach (Birmingham) Limited, a wholly owned subsidiary of the Council, in 2015/16 to facilitate the development of new private rented homes for market rent.

Throughout the whole of the reporting period considered in these financial statements, the Council has held 100% of the £2,000,100 share capital of the company.

	2024/25 £m	2025/26 £m
Operating Profit for the year	0.7	0.7
Change in value of Investment Property	1.3	(1.3)
Interest Payable	(0.8)	(0.8)
Tax	(0.3)	0.3
Total Comprehensive Expense/Income for the Year	**0.9**	**(1.1)**
Net Assets at the year-end	**2.4**	**1.4**

The year end of the company is 31 March and for the purposes of consolidation the draft accounts for the 12 month period ending 31 March 2026 have been used. There was no qualification to the audit opinion on the last audited accounts of the company.

VII. Birmingham City Propco Limited

The Council set up Birmingham City Propco Limited, a wholly owned subsidiary of the Council, in 2017/18 to provide a vehicle for commercial investment. The initial transactions of the company were to purchase the leasehold interests of the Council in respect of the Crowne Plaza NEC and Hilton Metropole NEC Hotels, which were completed on 15 March 2018.

	2024/25 £m	2025/26 £m
Profit for the year	0.2	0.4
Net Assets at the year-end	11.0	12.6

The year end of the company is 31 March and for the purposes of consolidation the draft accounts for the 12-month period ending 31 March 2026 have been used. There was no qualification to the audit opinion on the last audited accounts of the company.

Information regarding transactions during the year and balances held at the year-end between the Council and Birmingham City Propco Limited can be found within Note 46 of the Council entity accounts.

Note G21
Associate and Joint Venture

The associate that has been consolidated into the Group Financial Statements is listed below.

I. Birmingham Airport Holdings Limited

The seven West Midlands District Councils together own 49% of Birmingham Airport Holdings Limited (BAH) (the Council holds 18.68% of the total shareholding). The remaining shares of the company are held by Airport Group Investments Limited, 48.25%, and 2.75% is held for the benefit of employees. The Shareholders' Agreement provides for the District Councils to cast their 49% vote in all circumstances in one consolidated block. The vote of 75% of ordinary shareholders is required for certain major decisions of the company.

The seven West Midland Districts together own all £15.4m of BAH's 6.31% preference shares (the Council owns £5.9m) which are cumulative and redeemable.

The BAH Group Accounts incorporate:

- Birmingham Airport Limited;
- Birmingham Airport Air Traffic Limited;
- Birmingham Airport Developments Limited;
- Birmingham Airport (Finance) Plc;
- Birmingham Airport Operations Limited;
- Birmingham Airport Services Limited;
- BHX Fire and Rescue Limited;
- BHX (Scotland) Limited;
- BHX Limited Partnership;
- Euro-Hub (Birmingham) Limited; and
- First Castle Developments Limited.

The principal activity of the group is the operation and management of Birmingham Airport and the provision of facilities and services associated with those operations.

The year-end of the company is 31 March 2026. For the purposes of consolidation, the draft accounts have been used. There was no qualification to the audit opinion on the last audited accounts of the group.

BAH is accounted for as an associate for the following reasons:

- The Shareholders' Agreement provides for the Districts to cast their 49% vote in all circumstances in one consolidated block. As the Council holds 18.68% within this 49% it is considered that the Council has greater power to influence the voting of the block;

- A At 1 July 2020, 2 of the 11 Directors were Council councillors, at 27 October 2021, 2 of the 12 Directors were Council councillors, at 31 March 2023, 2 of the 14 Directors were Council councillors, at 31 March 2024, 2 of the 14 Directors were Council councillors, at 31 March 25, 2 of the 14 Directors were Council councillors and at 31 March 26, 1 of the 14 Directors were Council councillors.

- Following adjustments to the financial information to align accounting policies with those of the Council, in accordance with the principal of equity accounting under the Code, the summarised financial information for the associate for the year ended 31 March is detailed below:

31 March 2025 £m		31 March 2026 £m
568.2	Non-Current Assets	656.7
95.0	Current Assets	66.1
(73.3)	Current Liabilities	(79.2)
(506.6)	Non-Current Liabilities	(521.0)
83.3	Net Assets	122.6
15.6	**Council Interest in Net Assets @ 18.68%**	**22.9**
221.1	**Revenue**	**236.9**
45.7	Post-Tax Profit	58.6
1.4	Other Comprehensive Income/(Expenditure)	45.0
47.1	Total Comprehensive Income	103.6
(97.2)	Less Dividends paid	(47.4)
(50.1)	**Change in Net Assets**	**56.2**
(9.3)	**Council Interest in Total Comprehensive Income/(Expenditure) @ 18.68%**	**10.5**

The carrying value of the Council's interest in net assets of this entity is £22.9m (2024/25: £15.6m), which is included within Investments in Associates and Joint Ventures in the Group Balance Sheet.

Birmingham Airport Holdings Limited at 31 March 2026 has disclosed the following contingent liabilities within its financial statements:

- On 3 December 2013 the company along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £75 million private placement senior notes issued by Birmingham Airport (Finance) plc. Series A senior notes of £30 million are for a period of ten years maturing on 3 December 2023 and carry a fixed interest rate of 4.472 per cent per annum. Series B senior notes of £45 million are for a period of 15 years maturing on 3 December 2028 and carry a fixed interest rate of 4.557 per cent per annum;

- On 30 March 2016 the company along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £76 million private placement senior notes issued by Birmingham Airport (Finance) plc. The notes are for a period of twenty five years maturing on 30 March 2041 and carry a fixed interest rate of 3.8 per cent per annum.

- On 24 January 2019, the company, along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £90 million private placement senior notes issued by Birmingham Airport (Finance) plc on 24 January 2019. The senior notes are for a period of 30 years maturing 24 January 2049 and carry a fixed interest rate of 3.21 per cent per annum.

- On 23 January 2020, the company, along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £85 million private placement senior notes issued by Birmingham Airport (Finance) plc on 24 January 2020. The senior notes are for a period of 30 years maturing 24 January 2050 and carry a fixed interest rate of 2.44 per cent per annum.

- On 21 May 2020, the company, along with other group members of Birmingham Airport Holding Limited, provided guarantees in support of £45 million private placement senior notes issued by Birmingham Airport (Finance) PLC on 21 May 2020. The senior notes are for a period of 30 years maturing 21 May 2050 and carry a fixed interest rate of 2.49 per cent per annum.

- On 13 March 2025, the Company, along with other group members of Birmingham Airport Holdings Limited, provided guarantees in support of £80 million private placement senior notes issued by Birmingham Airport (Finance) PLC on 13 March 2025. The senior notes are for a period of 7 years maturing 13 March 2032 and carry a fixed interest rate of 5.65 per cent per annum. Company

- The company, in its role as parent company to the group, has provided a statutory guarantee to certain subsidiaries for all outstanding liabilities as at 31 March 2026. This guarantee allows the subsidiary companies to take the audit exemption from obtaining a signed statutory audit opinion under section 479A of the Companies Act 2006. The subsidiaries provided with the guarantee were:

    - Birmingham Airport Air Traffic Limited;
    - Birmingham Airport Developments Limited;
    - Birmingham Airport Operations Limited;
    - Birmingham Airport Services Limited;
    - BHX Fire and Rescue Limited;
    - Euro-Hub (Birmingham) Limited; and
    - First Castle Developments Limited.

The joint venture that has been consolidated into the Group Financial Statements is listed below.

II. Paradise Circus Limited Partnership

Paradise Circus Limited Partnership (the partnership) is a joint venture arrangement between the Council, BriTel Funds Trustees Limited (BriTel) and Paradise Circus General Partner Limited, which is itself formed through a partnership of the Council and BriTel. The Council and BriTel share control of the joint venture on a 50/50 basis.

The partnership is facilitating the development of the area known as Paradise Circus, supporting delivery against one of the Council's strategic aims of making Birmingham an entrepreneurial city to learn, work and invest in. The entity was incorporated on 11 September 2013, with operational activity commencing in January 2015.

The year-end of the company was 30 June 2025. For the purposes of consolidation management accounts have been used for information for the nine-month period to 31 March 2026. The audit of the 2022/23, 2023/24 and 20424/25 Accounts is ongoing, and no audit opinion has been given to date since 2021/22.

Following adjustments to the financial information to align accounting policies with those of the Council, in accordance with the principles of equity accounting under the Code, the summarised financial information for the joint venture for the year ended 31 March is as follows:

31 March 2025 £m		31 March 2026 £m
28.3	Non-Current Assets	13.6
13.3	Current Assets	13.6
(7.1)	Current Liabilities	(4.8)
(52.8)	Non-Current Liabilities	(61.2)
(18.3)	Net Liabilities	(38.8)
(9.1)	**Council Interest in Net Liabilities @ 50%**	**(19.4)**
0.7	**Revenue**	**2.7**
(1.2)	Post-Tax Loss	1.3
	Other Comprehensive Income/(Expenditure)	-
(1.2)	Total Comprehensive Expenditure	1.3
(0.6)	**Council Interest in Total Comprehensive Expenditure @ 50%**	**0.6**

The carrying value of the Council's interest in this entity is a net deficit of £19.4m (2024/25: £9.1m deficit), which is included within the current liabilities in the Group Balance Sheet.

Birmingham City Council

Annual Governance Statement 2025-26

Glossary

Academy School
A school that chooses to opt out of Local Authority control and receive its funding from the Education Funding Agency directly.

Accounting Policies
The rules and practices adopted by the Council that determine how the transactions and events are reflected in the Accounts.

Accruals
Income and expenditure are recognised as they are earned or incurred, not as money is received or paid (see Debtors and Creditors).

Amortised Cost
Some financial assets and liabilities are carried at amortised cost, where part of their carrying amount in the Balance Sheet will be either written down or written up via the Comprehensive Income and Expenditure Statement over the term of the instrument.

Annual Governance Statement
The Annual Governance Statement is a statutory document that explains the processes and procedures in place to enable the Council to carry out its functions effectively.

Balance Sheet
The Balance Sheet shows the value, as at the Balance Sheet date, of the assets, liabilities and other balances recognised by the Council.

Balances
The total level of funds an authority has accumulated over the years, available to support expenditure within the year.

Beacon Properties
In valuing the Housing Stock, the Council's properties are grouped into types of a similar nature. A sample from each type, known as beacon properties, are valued with the results being multiplied up to give a total value for each type.

Business Rates
A local tax paid by businesses to their local authority, based on the value of their premises as assessed by the Government Valuation Office Agency (VOA).

Capital Charge
A charge to service revenue accounts to reflect the cost of non-current assets used in the provision of services.

Capital Expenditure
Expenditure on the acquisition of a non-current asset, or expenditure which adds to, and not merely maintains, the value of an existing non-current asset. The Government has also enacted regulations which result in certain other types of spending being treated as capital expenditure.

Capital Financing Requirement (CFR)
A measure of an authority's cumulative need to borrow to finance capital expenditure, or to meet the costs of other long-term liabilities.

Capital Grants Unapplied
Funding Received for specific capital projects that has not yet been used. These grants are held in reserve until they are applied to the designated capital expenditure.

Capital Receipt
Cash received from the disposal of land and other non-current assets, and from the repayment of grants and loans of a capital nature made by the Council.

Capital Receipts Reserve
A fund used to hold proceeds from the sale of capital assets, such as land or buildings. These funds are reserved for reinvestment in capital projects or to reduce long-term borrowing.

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

CIPFA/SOLACE Framework
The CIPFA/SOLACE Framework helps local authorities to develop and maintain their own codes of governance and discharge their accountability for the proper conduct of public business.

Collection Fund
A separate account administered by the Council collecting receipts from Council Tax and Business Rates and paying it on to the General Fund and other public authorities.

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

Comprehensive Income and Expenditure Statement (CIES)
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.

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

Council Tax income
Money that the council collects from residents and businesses to fund services, net of discounts, exemptions and unpaid amounts.

Creditors
Amounts owed by the Council for work done, goods received or services rendered or taxation owed, but for which payment has not been made by the end of the year.

Current Assets
An asset where the value changes because the volume held varies from day to day e.g. inventories. It is reasonable to expect that these assets will either be consumed or realised during the next accounting period e.g. cash and bank balances, debtors.

Current Liabilities
An amount which will become payable or could be called in within the next accounting Period e.g. creditor, cash overdrawn.

Current Value
Current Value is a measurement base which reflects the economic environment prevailing for the service or function that an asset supports when valuing the asset. The Current Value measurement bases include Existing Use Value, Depreciated Replacement Cost and Fair Value (see below).

Debtors
Amounts owed to the Council for work done, goods received, services rendered or taxation due but not received by the end of the year.

Deferred Capital Receipts
Income that is still due following disposal of a non-current asset.

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

Defined Contribution Pension Scheme
Pension schemes or other retirement benefit schemes in which the employer pays regular fixed contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciated Replacement Cost (DRC)
A method of valuation which provides the current cost of replacing an asset with its modern equivalent asset less deductions for physical deterioration and obsolescence.

Depreciation
The measure of the wearing out, consumption or other reduction in the useful economic life of a non-current asset.

Disclosures
Detailed information provided in the financial statements or notes to explain the accounting policies, financial position, and performance of an organisation. Disclosures are required to ensure transparency and give stakeholders a clear understanding of the financial statements.

Earmarked Reserve
A reserve which has been set aside for a specific purpose.

Effective Interest Rate
The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument.

Emoluments
Payments received in cash and benefits for employment.

Events After the Reporting Period
Those events, both favourable and adverse, that occur between the Balance Sheet date and the date on which the Statement of Accounts is signed by the Responsible Financial Officer.

Existing Use Value
The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's length transaction, disregarding potential alternative uses and any other characteristics of the property that would cause its market value to differ from that needed to replace the remaining service potential at least cost.

Expenditure and Funding Analysis
The Expenditure and Funding Analysis shows how the Council allocates between the Council's Directorates, expenditure for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Fair Value
Fair Value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fees and Charges
Income arising from the provision of services, for example, the use of car parks.

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 financial assets that can be traded. They can also be seen as packages of capital that may be traded. Most types of Financial Instruments provide an efficient flow and transfer of capital throughout all the world's investors. These assets can be cash, a contractual right to deliver or receive cash or another type of Financial Instrument, or evidence of one's ownership of an entity.

General Fund
The account which records income and expenditure for all the services of the Council except for the Housing Revenue Account and the Collection Fund, the net costs of which is met by Council Tax, Business Rates and Government grants.

Government Grants
Financial assistance from Government or other external bodies as a contribution towards the costs of services. Some grants may be accompanied by strict conditions relating to how the money can be spent. These are referred to as ring-fenced grants.

Heritage Assets
Assets that the Council intends to hold for the purpose of informing or educating the public about their heritage and which are not held for their investment value. Examples include collections of antiques in museums.

Housing Revenue Account (HRA)
A separate account detailing the expenditure and income arising from the provision of Council housing. Local authorities are required to maintain this separately from the General Fund.

IAS
International Accounting Standards

Impairment
A diminution in value of a fixed asset resulting from, for example, obsolescence or physical damage. To comply with accounting standards the Council undertakes annual reviews of its assets to identify any assets which have been impaired.

Infrastructure Assets
These are inalienable assets, the value of which is recognised only by continued use of the asset created. Examples of such assets are highways and footpaths.

Intangible Assets
An intangible (non-physical) item may be defined as an asset when access to the future economic benefits it represents is controlled by the reporting entity.

International Financial Reporting Standards
International Financial Reporting Standards (IFRS) are a set of accounting standards developed by an independent, not for profit organisation called the International Accounting Standards Board (IASB). These are the standards which local authorities adhere to as interpreted for the public sector by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Inventories
The value of raw materials and stores the Council has procured to use on a continuing basis, but which have not been used at the balance sheet date.

Investment Properties
Interest in land and/or buildings in respect of which construction work and development have been completed, or which is held for its investment potential with rental income being negotiated at arm's length.

Investments – long term
A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments - short term
A short-term investment is an investment that will mature to cash within a one-year time period and is considered liquid. An asset is liquid if the owner can readily access it.

Lender Option Borrower Option (LOBO)
A LOBO is a type of loan instrument where borrowing is undertaken, initially at a fixed rate of interest. Periodically, at specific points, the lender has the option to alter the interest rate charged. Should the lender exercise the option to alter the interest rate, the borrower then has the option to continue with the loan instrument at the new rate or alternatively to terminate the agreement and pay back the sum borrowed with no other penalty.

Lessee
A person who holds the lease of a property; a tenant.

Lessor
A person who leases or lets a property to another; a landlord.

Liabilities
Amounts due to individuals or organisations, at the Balance Sheet date, which will have to be paid at some time in the future. Current liabilities are payable within one year of the Balance Sheet date.

Long Term Creditors
These creditors represent existing liabilities to be settled beyond 12 months of the Balance Sheet date.

Long Term Debtors
These debtors represent income still to be received beyond 12 months of the Balance Sheet date, for example on the sale of an asset or granting of a loan.

Major Repair Reserve
A reserve set aside for funding major repairs and maintenance to the council's housing stock and other capital assets. It is used to ensure sufficient funds are available for significant refurbishments or replacements.

Market Value
The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Materiality
An item is material if its omission, non-disclosure or mis-statement in the financial statements could be expected to lead to a distortion of the view given by the financial statements.

Minimum Revenue Provision (MRP)
Minimum Revenue Provision is a charge to the revenue account in relation to capital expenditure financed from borrowing or credit arrangements. The Council is required by law to make an annual determination of MRP that it considers to be prudent.

Movement in Reserves Statement (MiRS)
This Statement shows the movement in the year on the different reserves held by the Council, analysed into 'usable reserves' (that is, those that can be applied to fund expenditure or reduce local taxation) and other reserves.

Net Book Value
The amount at which non-current assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost
The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value
The open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Current Asset
A tangible asset with a benefit beyond one financial year, which has a realisable value e.g. land, buildings and plant.

Non-Domestic Rate Income
Money collected from businesses (business rates) to help fund local services, after allowances for reliefs and uncollected amounts.

Non-Operational Assets
Non-current assets held by the council but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets would be investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Lease
A lease other than a finance lease.

Operational Assets
Non-current assets held, occupied, used or consumed in the direct delivery of services for which the Council has a statutory duty or discretionary power to provide.

Precept
Amounts levied on the Council by other Councils or public bodies (Police and Crime Commissioners, Fire and Rescue Authorities and Parish Councils), which the Council collects on their behalf.

Prior Period Adjustments
Those material adjustments applicable to prior years, arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Property, Plant and Equipment
Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year. Examples include land, buildings and vehicles.

Provisions
Contributions to provisions are amounts charged to the revenue account during the year for costs, resulting from a past event and with uncertain timing of payment and where a reliable estimate of the cost involved can be made.

Related Parties
There is a detailed definition of related parties in FRS8, Related Party Disclosures. For the Council's purposes, related parties are deemed to include the elected Members of the Council and their partners; the Chief Officers of the Council and the companies in which the Council has an interest.

Reserves
Reserves are reported in two categories.

Usable Reserves
Usable reserves are reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).

Unusable Reserves
Unusable reserves are reserves that the Council is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Revaluation Losses
A reduction in the reported value of an asset when its current market value falls below its previously recorded book value.

Revenue Expenditure
Expenditure on the day-to-day running costs of services e.g. employees, premises, supplies and services.

Revenue Expenditure Funded from Capital under Statute (REFCUS)
Expenditure incurred during the year that is treated as capital expenditure under statutory provision but does not result in a non-current asset owned by the Council. Examples of these are expenditure on items such as improvement grants.

Right to Buy (RTB) Capital Receipts
Capital receipts generated from the sale of Council housing under the national scheme available to existing tenants. These receipts can only be used in ways determined by the Government, for example to pay for further capital expenditure on Council housing.

Service Concession Agreements
A form of contract involving an external company providing services for a fixed period, using facilities that they have inherited/provided/constructed.

Soft Loan
Loans at nil or below prevailing interest rates are often referred to as soft loans.

Statement of Accounts
A formal document that presents an organisations financial position and performance over a specific period. It includes key financial statements such as the Balance Sheet, cashflow statement, CIES and MiRS.

Top-up Grant
Additional grant which the Government provides to reflect the difference between Business Rates income that the Council can generate and the amount which the Government has calculated it needs to spend on services.

Trial Balance (TB)
A financial report that lists all the general ledger accounts and their balances at a specific point in time. It is used to verify that total debits equal total credits, ensuring the accuracy of the accounting records before preparing financial statements.

Voluntary Revenue Provision (VRP)
Voluntary Revenue Provision is a charge to the revenue account in relation to capital expenditure financed from borrowing or credit arrangements that the Council chooses to make over and above Minimum Revenue Provision.