



MANCHESTER  
CITY COUNCIL

# Annual Statement of Accounts 2025/26

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## Our 2025/26 Narrative Report

### Introduction

Our Narrative Report draws together how we use our resources, deliver our strategy, and drive our performance in a transparent and accessible way. It shows how we've delivered intended outcomes and created value throughout 2025/26, and how we are planning ahead to respond as effectively as possible to future challenges.

### Our thriving and vibrant city

The city's diverse and growing population was estimated to be 640,000 people in 2025, per the draft Manchester City Council Forecasting Model 2025, which is growth of 104,000 people (19%) during the last ten years of the Our Manchester Strategy.

The 2021 census showed that Manchester is becoming increasingly diverse with 43% of the residents from Black, Asian and Ethnic Minority backgrounds compared to 33% in 2011. In terms of age band, the largest proportional increases between censuses in the city's population have been in the 10-14 age group and the 55-59 age groups, both growing by 36%. The city's growing economy has been crucial to its overall success and resilience, with GDP per capita having increased by 72.5% in the decade to 2023. This is greater than the increase seen in England over the same 10-year period (43.7%). The Green Economy is a growing sector in the city. The development of Sister, Manchester's new innovation district led by Bruntwood SciTech and The University of Manchester, strengthens the city's position as a hub for climate-tech growth. New homes continue to be built at pace, with around 4,800 (including 900 affordable homes) having been completed during 2025/26, and a target of a total of 36,000 to be built by 2032.

While the city has made great progress, there are significant challenges including tackling health inequalities, developing a more inclusive economy, reducing homelessness, increasing affordable housing, meeting our target of becoming zero-carbon by 2038 and ensuring all our neighbourhoods are green, clean and safe.

We closely monitor the implications of Government policy so that we are well placed to take opportunities and anticipate and mitigate negative impacts. We will continue to work together with other authorities in our city region, for example on the Net Zero Accelerator programme funded by DESNZ and delivered in partnership with Manchester Climate Ready (MCR) and Greater Manchester Combined Authority (GMCA) and use our collective powers and budgets to make local decisions aligned to the needs of our communities, partners and stakeholders.

## Our Council

### **Our commitment to good governance**

We make decisions affecting Manchester and its residents every day. The Council consists of 96 councillors elected by residents across the city's 32 wards. These elected representatives (via the executive) have the authority to make decisions affecting the city. Approximately 8,300 Council staff (April 2026) deliver public services across six directorates: Adult Social Care, Public Health, Children's Services, Neighbourhood Services, Growth and Development and Corporate Services.

We are responsible for conducting our business in accordance with the law and ensuring that public money is safeguarded and properly accounted for. We meet the Best Value Duty by making arrangements to secure continuous improvement in the way in which our functions are exercised, having regard to a combination of economy, efficiency and effectiveness. We are committed to the highest standards of conduct, progressing towards the city's vision with robust controls over the use of resources, evidence-based and open decision making, and accountability and transparency. We have set out our governance standards in our [Code of Corporate Governance](#) (The Code). The Code explains how the vision and values of the organisation – the Our Manchester Strategy and behaviours – are at the heart of the Council's approach to good governance. Our [Annual Governance Statement](#) (AGS) reviews the extent to which we have met the Code's standards, and describes the progress made throughout the year in addressing our key governance challenges.

### **Our strategy, objectives and workforce**

Our mission is to support the delivery of the vision for the whole city set out in the [Our Manchester Strategy 2025-2035](#). This ambitious strategy was launched in April 2025 and sets the city's priorities for the next ten years. It was developed through extensive consultation with over 10,000 people across the city during 2024.

Our Manchester 2025-2035 sets out twelve priorities grouped into three themes:

1. **Our People** is about everyone who calls Manchester home, making sure that they can live their best lives. Our people will:
  - Be happy, healthy and active from childhood to adulthood,
  - Have a great education and be able to learn new skills as they grow older, so they can get the best jobs,
  - Be proud of our diversity, feel valued and included, knowing they belong,
  - Participate, engage, and influence decisions about their communities and neighbourhoods,

- Be safe in person and online.
2. **Our Neighbourhoods** is about the places we live, making sure they're places to be proud of. Our neighbourhoods will:
- Have enough good-quality, genuinely affordable homes,
  - Be attractive and well kept with good facilities, services and green spaces.
3. **Our City** is about the things that will secure our future, which make us one of the best places in the world. Our city will:
- Have a growing economy that provides jobs and equal opportunities for everyone,
  - Adapt to a changing climate and rapidly reduce carbon emissions,
  - Have world-renowned things for everyone to see and do, showcasing our talent for sport and culture,
  - Have reliable transport that gets you where you want to go, quickly, cheaply, safely and cleanly,
  - Embrace technology to achieve our aims, safely and ethically.

The Corporate Plan describes the Council's roles in contributing to delivering the Our Manchester Strategy over the medium term. The themes of the Corporate Plan are cross-cutting priorities that all parts of the Council contribute to. The eight themes for 2025/26 were:

- Inclusive and sustainable economy where every resident benefits
- Tackling climate change and create a healthy, green, socially just city where everyone can thrive
- Advancing Equality, Diversity, and Inclusion
- Children and Young People enjoy a safe, happy, healthy, active, and successful future
- Improving Health and Well Being for All
- Inclusive Communities, Thriving Neighbourhoods
- Good quality, affordable homes
- Well-managed Council

The Corporate Plan priorities for 2025/26 were reviewed in early 2025 to ensure alignment with the new Our Manchester Strategy. The Plan was amended at the time to be based around eight themes rather than seven, with the addition of Priority 7 - "Good quality, affordable homes".

Our [Corporate Plan](#) priorities are aligned to the strategy for the city and the city region, and they inform the Council Business Plan and Budget Reports. Our [Revenue and Capital Budgets](#) align to the Our Manchester Strategy and what Manchester people value most.

Our Council [Business Plan](#) is the internal document that sets out the activities that we need to deliver to achieve our Corporate Plan priorities. The Business Plan is developed using a collaborative approach with input from key senior officers across all Council Directorates.

The Council Budget and Business Plan are underpinned by individual service plans which set out the core priorities and activities for each service. The service plans for 2025/26 also included a service improvement plan and active contributions to the corporate priorities of Tackling Climate Change, Advancing Equality, Diversity and Inclusion, Place-Based approach, and a section for UNICEF Child-friendly city.

‘Our Conversation’ is the Council’s approach to staff wellbeing, performance and development. Developed with staff, ‘Our Conversation’ provides a framework for meaningful discussions and for managing performance across the Council, ensuring regular discussions and annual performance and development reviews.

The diagram below illustrates the ‘golden thread’ that connects our high-level strategies through business and service planning to team plans and Our Conversation meetings between officers and their line managers. This diagram clearly illustrates every Council officer’s role in delivering the priorities for the city.



### **Our Culture and Values**

To support the delivery of Our Manchester Strategy, the Our Manchester approach was developed. This recognised that to deliver the ambitious strategy, we needed to work in a way that was more strengths-based and founded on a common set of principles that would

be embedded across the Council and adopted by organisations across the city. This is a coordinated approach aimed at transforming how the city works to achieve its long-term vision – the ‘three-way push.’ The three components of this are:

- Keep the basics on track
- Preventing future problems
- Tackle complex problems together

There are five Our Manchester behaviours:

- We are proud and passionate about Manchester
- We take time to listen and understand
- We own it and are not afraid to try new things
- We work together and trust each other
- We show that we value our differences and treat people fairly

The Our Manchester approach is the way we do things, rather than a thing we do. The behaviours are the Council’s organisational values, and these are embedded throughout our policies and processes.

### Delivering Our Corporate Plan

The following sections detail our strategies, objectives, and achievements for each of Our Plan’s eight themes.

#### **1. Inclusive and sustainable economy where every resident benefits**

The city continues to implement the work plans for [Investing in Success: an Economic Strategy for Manchester](#), [Work and Skills](#) and [Digital](#) Strategies.

The integrated settlement for Greater Manchester came into effect on in April 2025 devolving key funding away from Whitehall. This covers local growth and place, local transport, housing and regeneration, adult skills, and building retrofit. A one-year settlement in 2025/26 will be followed by a multi-year settlement from 2026-29. Considerable private and public sector investment has continued during the year. The city centre remains central to the city’s economy. There were some key milestones in 2025/26:

- District Centre Investment – work began on Wythenshawe Civic, including a new culture hub, and projects were completed in Withington, Gorton and Moston Lane, providing local infrastructure improvements.
- New Strategic Regeneration Frameworks were developed for Holt Town and Strangeways.

- £200m investment was committed to Manchester from the new £1bn Greater Manchester Good Growth Fund to deliver major residential projects including Victoria North, This City, and Wythenshawe town centre.
- Additional commercial space is being created through major developments across the city, including the redevelopment of Kendal's department store, the expansion of Sister into a global innovation hub, new lab space on Upper Brook Street, the Mayfield regeneration area, and MIX Manchester (a new innovation district near Manchester Airport).
- Other key developments included Campfield – a new creative tech campus at St John's, No 1 St Michael's office development and Citylabs 4.0, the latest phase of the health innovation campus. UK Biobank's move to Manchester Science Park is also nearing completion.

The city's Work and Skills Strategy is key to ensuring that economic growth benefits the people of Manchester through ensuring they have the necessary training, skills and opportunities. Achievements in this area include:

- Continued investment in key sectors such as financial and professional and life sciences including S&P Global, Fitch Global and Manchester Building Society. The city continues to attract companies looking for high quality work space in the city centre and along the Oxford Road corridor, creating secure, highly skilled and more highly paid employment opportunities.
- Manchester, as a UNESCO City of Lifelong Learning, is internationally recognised for its outstanding learning ecosystem, winning both national and regional awards such as Regional Growth at the Get the Nation Learning Awards.
- Local residents have been helped by several bespoke programmes to help them get into work. These include the £1.7m Economic Activity Trailblazer, working with seven community organisations; the Refugee Welcome Programme; Manchester Pathways traineeship for young people; and WorkWell – the integrated work and health service.
- North Manchester Social Value Framework has delivered and sustained 4,818 jobs across local development.
- A social value framework has also been adopted for Wythenshawe to take advantage of the pipeline of development coming forward in that area.
- Relunched the Real Living Wage 3-year plan with 351 employers accredited to date.
- Support for small businesses included delivering a £1 million Enterprise programme unlocking business space and supporting local enterprise growth; five business events attended by 162 SMEs; and growing the social enterprise sector and green sectors.

Supporting an inclusive economy requires a joined-up approach across the city, and using the increased powers of the devolution deal to align investment with the local workforce. The UK government's Get Britain Working white paper has led to changes to health-related benefits. During the year, consultations took place with communities impacted by these changes, to help develop programmes to support people back into work.

Improvements in local infrastructure including transport and housing are seen as key economic drivers, with the Bee Network seeing buses come fully under local control from January 2025, and integrated ticketing across trams and buses. Further extensions of the Metro network, integration of local train routes, and an expansion of night buses to support the night time economy are also planned.

At the same time Manchester has many challenges, with the numbers of those out of work still rising, and 2025 figures from ONS showing that Manchester remains one of the most deprived local authorities in the country. Five areas of the city (Clayton Vale, Gorton South, Benchill South, Harpurhey South and Monsall) have been allocated Pride in Place funding, £20 million each over ten years, to be managed by local neighbourhood boards. This funding will be used to implement a wide range of improvements, centred around the needs of its residents.

## **2. Tackling climate change to create a healthy, green and socially just city where everyone can thrive**

The Council [declared a climate emergency](#) in July 2019, which recognised the need to do more to reduce carbon emissions and mitigate the negative impacts of climate change. It also demonstrated the Council's commitment to be at the forefront of the global response to climate change and to lead by example.

A five-year [Climate Change Action Plan \(CCAP\)](#) covering 2020-25 was approved in March 2020 and set a science-based target calculated by the Tyndall Centre for Climate Research to reduce the Council's direct emissions and remain within the carbon budget of 126,336 tonnes of CO<sub>2</sub> (t CO<sub>2</sub>) over the five-year period of the plan.

During 2025-26 a [new CCAP](#) was developed for the next five years (2025-30). This builds on the strong progress made so far, including well-established governance and reporting processes. It aims to sustain momentum and action and refine our approaches as needed to address the opportunities and challenges of staying within the carbon budget over the next five years. This aligns with [Manchester Climate Ready: The Plan 2025–2030](#) - Manchester’s citywide strategy for tackling the climate emergency - which sets out how Manchester will work together over the next five years to tackle climate change. The last five-year strategy, the Manchester Climate Change Framework (the Framework) was published in 2020 and updated in 2022. It has now been refreshed for the next five year period, 2025-30.

Regular progress reports are produced for the [Environment, Climate Change and Neighbourhoods Scrutiny Committee](#). The reports outline emissions reductions activity, highlight key achievements and risks and how individual actions are being progressed.

Achievements in 2025/26 include:

- Remaining within the five-year carbon budget for the Council’s own emissions 2020-25 (as set out in the science-based target).
- Extensive work to develop the next CCAP for the five year period 2025 to 2030 has been carried out.
- Through investment in energy efficiency and decarbonisation measures in Council buildings, reductions in carbon emissions have generated a cumulative saving of over 30,000 tonnes of carbon since 2019/20.
- A Virtual Power Purchase Agreement (vPPA) has been procured and secured. This will provide a traceable renewable energy source to deliver carbon savings from 2026/27.
- The Council became the first local authority in the UK to be awarded “Carbon Literacy Gold” status. Nearly 4,000 employees have been Carbon Literacy trained across the Council.

Key strategic challenges identified with delivery of the overall CCAP were:

- Levels of Government funding for public sector decarbonisation, often with tight deadlines. Ongoing identification of funding opportunities and project readiness helps to mitigate.
- Reliance on UK government leadership to unlock further support through national policies and funding programmes in order to achieve major carbon reductions. Targeted engagement and lobbying has been carried out.
- At a citywide level, Manchester is not yet decarbonising at the required rate to meet the pathway to being zero carbon by 2038. The Council continues to work with partners across the city through the Manchester Climate Change Partnership, city region and nationally to support an increased level of activity.

Key priorities for 2026/27 include:

- Ongoing delivery of the Council's own carbon reduction programme (including estate, fleet, Manchester Energy Network, and streetlights).
- Investigation of the Council's indirect emissions baseline in order to focus actions needed leading up to 2030.
- Strengthening delivery of the Council's leadership role in the CCAP to ensure the Council is using its levers and powers to deliver the Manchester Climate Ready plan.

### **3. Advancing Equality, Diversity and Inclusion**

The Council publishes its [equality objectives](#) every four years. Our most recent equality objectives were published in 2024 and set out our objectives for the period 2024-28. There are three overarching equality objectives:

- Objective 1: Promoting inclusive employment and work
- Objective 2: Promoting community involvement and engagement
- Objective 3: Delivering inclusive and accessible services

Our Equality Objectives Delivery Plan sets out the specific activity being delivered across the Council to meet our equality objectives. The annual [Public Sector Equality Duty Report](#) 2025-2026 focuses on key areas of work undertaken to meet the Council's Equalities Objectives.

In 2025/26 the Council made strong progress in becoming a more inclusive employer that reflects the diversity of the city and supports a safe, respectful workplace for all staff. This work is delivered through the [Workforce Equality, Diversity and Inclusion \(EDI\) Plan 2025 – 28](#) which builds on previous strategies and embeds equality and inclusion across the organisation.

Key achievements in 2025/26 include:

### **Promoting inclusive employment and work**

Year two of the [WorkWell](#) programme commenced in April 2025, including delivery focused on culturally competent VCSE providers supporting Black and South Asian residents through employability and health support. Between April and December 2025, 1,129 participants engaged with the programme. Of these, 839 achieved positive outcomes, including 50 people starting work and 196 returning to or remaining in employment.

Around 7,800 employees took part in EDI training, contributing to over 19,700 hours of learning. Popular courses included Menopause Awareness, Let's Talk About Race, Antisemitism Awareness, Islamophobia and Anti-Muslim Hatred and Equality and Diversity, helping to build knowledge and confidence across the workforce. The Council successfully retained Disability Confident Leader accreditation in May 2025, independently validated by the Business Disability Forum, with commendation for its commitment and impact on disability inclusion.

### **Promoting timely and proportionate community involvement and engagement;**

Good progress has been made in strengthening the [Community Health Equity Manchester](#) (CHEM, which is a partnership that works to make health fair for everyone in Manchester), governance and infrastructure so that the partnership is well placed to realise its core objective of promoting health equity and building trust with its priority communities. The membership and Terms of Reference of the CHEM Strategic Group were refreshed in May 2025 with lead organisations re-commissioned to coordinate the work of the six Sounding Boards (groups that represent different communities). There has also been a renewed emphasis on strengthening co-production with the Sounding Boards to further embed community voice within the programme.

### **Delivering inclusive and accessible services**

Significant progress has been made with our Race Equality Maturity Index self-assessment, working alongside the Race Equality Foundation as an external partner. Seven stakeholder workshops have been delivered with employees and the Corporate Management Team, as well as 23 VCFSE organisations working across the city. A policy and document review has been undertaken assessing how well Race Equity has been embedded in all the Council's key workstreams and overarching strategies.

The key challenges relate to the scale of change needed across the organization to implement our Public Sector Equality Duty. The main mitigating actions are the focus on building

knowledge, awareness and capacity across the Council through corporate oversight of the equality objectives, the Integrated Equity and Engagement Team business partnering model and collaboration with HROD on the further development of Directorate Equality Leads, equality champions and training and development.

While all directorates have equality action plans, gaps in representation and inclusion remain across some services. Targeted support is being provided to directorates to strengthen delivery of their equality action plans, ensure alignment with the Workforce Equality Strategy, and drive consistent action at service level.

Historic and ongoing experiences of discrimination continue to impact staff wellbeing and trust, affecting the ambition to create a psychologically safe and inclusive workplace. Increased focus on upskilling leaders and managers, particularly to better support staff and respond effectively to concerns.

Our key priorities for 2026/27 are:

- Implementation of the Race Equity Framework co-produced action plan, which brings together and builds on all elements of the organisation's activity in relation to anti-racism, monitored through a dedicated cross-directorate group.
- Implementation of the Strategic Engagement Plan developed in 2025/26. This provides a framework to consolidate equalities focussed engagement structures to ensure efficient, inclusive engagement with residents, communities and organisations across the city.
- Development of the foundations for the Inclusive City programme – this is in support of the Full Council Motion of November 2025 to commit to Manchester becoming a disability inclusive city, with increased accountability for actions to reduce the inequalities experienced by disabled people across several priority programmes. These include employment, transport, education and housing.
- Co-production and delivery of the first phase of a Manchester Faith and Belief Covenant to address the inequalities experienced by people of different faiths and beliefs and to build trust and support community cohesion.
- Continuing to embed inclusive and equitable practices across the organisation, with a stronger focus on leadership accountability for equality, diversity and inclusion.
- Support the newly established Harassment Working Group through commissioning external expertise, gathering insight, developing recommendations, and overseeing implementation.

- Maintain a strong focus on increasing representation within senior roles, particularly for Black, Asian and Minority Ethnic staff and disabled employees, through targeted recruitment and progression activity via directorate equality plans.

#### **4. Children and Young People enjoy a safe, happy, healthy active and successful future**

The [Manchester Children and Education Services Taking it to the Next Level 2024-2028 Directorate Plan](#) sets out the Council's priorities, describes how we are working smarter, together and what we do every day to achieve our mission. The [Children and Young People's Plan 2024-2027](#) sets out how the Children & Young People's Partnership are working together to build a safe, happy, healthy and successful future for the city's children and young people. The [Manchester Early Help Strategy – Our Approach 2023-2025](#) sets out the Council's vision to create a community where every child and family can thrive, supported by a coordinated and effective Early Help approach. Our refreshed [Our Practice Framework](#) reflects our values and the expectations of care experienced young people which shapes and influences our approach and delivery. The [Education Strategy](#) sets out our shared ambitions and values for education the city and the [Manchester Inclusion Strategy](#) sets out our expectation that every child and young person in our early years settings, schools and post 16 provisions, whatever their age, identity, circumstance or ability, has a sense of belonging, feels respected and is valued for who they are. The [Best Start in Life Strategy](#) sets out our vision for every child in Manchester to have the very best start in life and to grow up safe, healthy and happy.

Our belief is that it takes a city to raise a child, and this is reflected in our ambition: All Manchester children and their families to:

- thrive in the place they call home, with the people and the things they love
- belong in inclusive communities that look out for them
- feel secure, listened to and respected
- have access to support to do the things that matter most in the present and for their future.

We are reshaping the delivery of our services alongside our children, families, partners and communities to realise our ambition and deliver the reforms set out in the Families First Programme.

Throughout 2025/26 the Council and our partners have continued our journey to become recognised by UNICEF UK as a Child Friendly City. The work has been underpinned by a citywide action plan. The final formal review took place in December 2025, with UNICEF UK praising Manchester's efforts as city that continues to make strong progress in embedding Children's Rights. As of March 2026 a decision has yet to be communicated to us, however work is carrying on to ensure that the work over the last three years is sustained. A

sustainability plan has been put in place to build on the successes of the work taken place so far.

Children and Family Services provide a comprehensive range of services from early intervention and prevention services delivered via our Early Years, Family Hubs and Early Help services through to statutory social work, provider and Leaving Care Services. A reformed front door and continued commitment to early intervention and prevention and effective practice to support those in care, those needing higher intensity interventions and those who are care leavers has resulted in the following achievements:

- Achieving a judgement of outstanding in the Inspections of Local Authority Children's Services (ILACS) Inspection in September 2025. The Ofsted report stated that 'Since the last inspection in 2022, determined leaders and front-line staff have consistently sustained and strengthened the quality of practice across most service areas. Children are safer and better cared for as a result'. Manchester is the first LA in the North West to be recognised as an outstanding Local Authority.
- We have opened five Family Hubs which have seen around 20,600 individuals accessing 90,845 sessions, with an increase of 54% in families accessing Special Educational Needs and Disabilities (SEND) support. Around 9,900 children have attended Family Hub activities, with increases in children aged 3-19 and those from underserved communities.
- Early Help have received 14,139 requests for Early Help support, an increase of 18% from 2024/25.
- Our Front Door and Advice and Guidance Service remains a strength and Ofsted commented that 'contacts and referrals are responded to in a timely way, with thresholds for services well applied'.
- The Complex safeguarding Hub (CSH) has continued to be a significant strength in the multi-agency response to harm outside the home – with Ofsted citing this as "exemplary practice".
- A significant reduction in children experiencing three or more social worker changes from 16.9% in 2024 to 3% in 2026.
- In education, 86.6% of Manchester schools were judged to be Good or better for the Quality of Education under the new Ofsted Framework.
- Permanent exclusions and suspensions from our schools have continued to be significantly down (25% less than in 2024/25) which shows the impact of our increased outreach offer.

- Positive outcomes from two OFSTED reviews:
  - A thematic review on Children Not in School with SEND
  - An overview of evidence on disadvantage in an Ofsted in the Area Inspection.
- Training of over 1,500 staff across Manchester in Children's Rights
- Strengthened further our youth voice structures

There are significant challenges from further increases in cost of residential care homes for Cared for Children, and ongoing challenges in recruiting new foster carers which has meant there has been an increase in children living in residential homes. The increased cost is the most significant contributory factor to financial pressure. The shortfall in the grant in relation to unaccompanied asylum seekers continues to add to financial pressures.

In education, there is continued and increased demand on the Special Education Needs (SEND) system during the period of reform which impacts on our ability to deliver the reforms and reduce spend on the Dedicated Schools High Needs Block, which is a ringfenced grant that funds educational provisions for children and young people (aged 0 to 25) with complex. Fewer pupils in our schools impacts on school budgets and performance and prevents them from supporting the changes that are required.

System-wide inequalities continue to shape children's outcomes and demand pressures across statutory services require sustained investment. There is a need for partnership working, community-led approaches, and long-term strategies.

To mitigate against these challenges we will continue to embed a rights-based approach, ensuring children and young people influence policy, service design and decision-making. We will make participation accessible by removing digital, financial, and cultural barriers. We will create youth-led accountability structures, ensuring Child Friendly City commitments drive continuous improvement.

Our priorities in 2026/27 include:

- Implement a redesigned and integrated Early Intervention and Prevention service, with Family Hub provision across every neighbourhood, delivered through the Best Start in Life Programme.
- Lead and implement the families first for children programme establishing a test and learn in one locality as a phased approach to citywide implementation.
- Strengthen and develop our approach to family networks, enabling children to remain within their families and communities.
- Sustain and embed the improvement work in the quality of our practice with specific focus on the impact of cumulative harm.

- Drive the GM Youth Justice transformation programme bringing consistency for young people across GM who are involved with the justice system.
- Achieve impact from the Equalities, Diversities and Inclusion Plan.

### **5. Improving Health and Well Being for all**

The [Manchester Partnership Board \(MPB\)](#) is the citywide strategic forum that sets shared health and social care priorities, oversees integrated delivery, and agrees resource use within its delegated remit. It reports to the Health and Wellbeing Board and the NHS Integrated Care Board. Within Manchester, the Manchester Local Care Organisation (MLCO) Delivers integrated health and adult social care across Manchester, bringing Social Care, Community Health and Wellbeing teams together to provide more coordinated, community-focused care.

As part of the MLCO, Adults Social Care is continuing to manage demand and improve outcomes through Achieving Better Outcomes Together - a transformation framework for Adult Social Care focused on prevention, timely and appropriate support, improved systems and processes, and effective use of digital solutions to support long-term sustainability.

Improving outcomes from Hospital Discharge remains a key strategic priority for the city. The Care Closer to Home programme is a partnership programme with Manchester Foundation Trust, Greater Manchester Integrated Care Board, the Council and MLCO to strengthen collaboration and reduce time spent away from home. Planning is underway for the next phase.

The [North Manchester Strategy](#) is a place-based, system-wide approach to reduce inequalities by developing integrated health, care and wellbeing services that better meet local community needs.

Key achievements in 2025/26 include:

- On site Care Quality Commission (CQC) inspection completed in December 2025.
- Launched Building Independence Team, co-designed with meaningful feedback from staff and residents, to support people with more complex support needs.
- Improved system infrastructure and data management through the Our Social Care Systems Programme. Closed c40k legacy cases and reduced the on-hold invoice position from over £2.5m to £600k.
- Developed co-produced strategies for Prevention and Unpaid Carers.

- Launched 3-year provider framework across Learning Disability, Autism and Mental Health. Launched a new service for autistic adults, providing education, social integration including music and creative arts.

Key strategic challenges include:

- The availability of appropriate accommodation for people with Learning Disability and or Autism and people with mental health conditions. We are working with the Growth and Development directorate on short- and medium-term approaches to developing sites across the city. Over 500 units are required by 2033.
- There is predicted to be an increasing demand for services and increasing costs of services. The Achieving Better Outcomes Together projects focus on delivering the best outcomes for people through prevention and maximising independence. This supports both cost avoidance and cashable savings. New commissioning frameworks will be used to manage increasing costs and supporting more complex people. Finally, policy changes for charging and financial assessment will be introduced to ensure income.

Key priorities in 2026/27 include:

- Promote independence and wellbeing
  - Increase access to community-based support for people, creating a 'no-wrong door' approach that strengthens our Early Help offer.
  - Launch a Reablement First approach, meaning people will receive reablement before they are offered longer-term support.
  - Increase therapy input for people across their care journey, from initial contact at the front door to people accessing homecare and residential care.
- Ensure the right support is provided at the right time
  - Significantly increase self-directed support, enabling more personalisation of care for people across the city.
  - Develop inclusive, modern and sustainable services that promote the independence of young people and adults with learning disabilities and autism, enabling them to achieve their unique goals.
  - Establish a safe and compliant mental health model, that provides holistic, person-centred support to people.
- Improving systems and processes to improve the experience of care:
  - Launch the digital transformation programme to modernise digital tools, system and processes across Adults Social Care.

- Embed our Quality Assurance to support a high standard of practice.
- Improve financial assessments, charging, income management and debt recovery, by introducing policy changes and fixing systemic process issues.

These priorities will be underpinned by engagement and co-production approaches, collaborating with people who use services to create impactful solutions. Supporting our strategic commitment to creating equitable services.

#### Making Manchester Fairer

Objectives were refreshed for [Making Manchester Fairer](#), the Council's five-year action plan and long-term ambition to address health inequalities in the city focusing on the social determinants of health, with Community Forum and Anti-Poverty Insight Group members bringing lived experience to the process.

Key achievements in 2025/26 include:

- The Safe and Healthy Beginnings plan was developed which aims to reduce the high and rising rate of infant mortality in Manchester.
- Work was conducted to address late pregnancy bookings.
- A safe sleeping campaign was delivered.
- An NHS Health Check Programme focused on identified priority groups and trialled workplace health checks as part of a national Department of Health and Social Care programme. A pilot for online NHS health checks will support the ambition to create a wider offer in the city.
- Manchester's first Adverse Weather & Health Plan was developed, documenting the disproportionate impacts of extreme heat and cold on health and introducing the key actions frontline services need to consider when a heatwave or cold snap is declared.

Key challenges include:

- Restricted data sharing and limited notice of new arrivals reduce the ability to manage communicable diseases and respond to outbreaks in asylum seeker accommodation. Work continues to improve local processes through the GM Migrant Health Group.
- Sexual health services face rising rates of sexually transmitted infections (including syphilis and gonorrhoea), increasing demand and limited service capacity. Mitigation efforts focus on reducing pressure on services and ensuring prompt treatment, including improving access to online testing kits.
- Limited access to NHS datasets and analytical tools restricts understanding of health inequalities and preventable ill health. Engagement with NHS GM continues, though progress is slowed by the ICB restructure.

Our key priorities for 2026/27 include:

- Develop and deliver a new wellbeing service for young people.
- Develop an integrated service model for wellbeing including support for healthy living, reducing health harms and addressing social determinants.
- Deliver NHS Health Checks in primary care and community settings to identify early risk of heart disease, dementia, stroke and diabetes, providing lifestyle advice and support.
- Review local sexual health service provision in response to changing population needs and increasing complexity.
- Work with system partners to drive up vaccination and immunisation coverage across the city, taking a data and insight led approach to those areas where inequality in coverage is greatest and tailoring the response to address these needs.

#### **6. Inclusive Communities, Thriving Neighbourhoods**

The Council's Neighbourhood teams work with our city's diverse communities to create and maintain clean, safe, and vibrant neighbourhoods that Mancunians can be proud of. Strategies and delivery plans that are important for this work include:

- [Clean & Green Plan](#)
- [Community Safety Strategy](#)
- [Always, Everywhere: Manchester's Cultural Ambition](#)
- [Sport and Physical Activity Strategy](#)
- [Building Stronger Communities Together Strategy](#)
- Neighbourhoods Directorate Plan
- Neighbourhood Infrastructure Renewal Fund (NIRF)
- [Pride in Place Programme](#), including the Pride in Place Impact Fund
- Parks Strategy and Tree Plan
- [Local Transport Strategy](#)
- [Manchester Active Travel Strategy](#)
- Highways Strategy

Our key achievements in 2025/26 include:

- Supporting residents to engage with and influence decisions in their communities through place-based working, community groups, volunteering and inclusive local activity.

- Delivering significant investment to make the city cleaner, greener and better maintained, including improved street cleansing and upgrades to walkways, communal gardens, parks and play spaces.
- Strengthening vibrant neighbourhoods by ensuring access to libraries, culture, leisure, sport and free community events, supporting participation and social connection.
- Improving access to coordinated, joined-up services through the Manchester neighbourhood approach, bringing council services and partners together around people and places.
- Enhancing community safety through strong partnership working, including the launch of the Multi-Agency Tasking and Coordination (MATAC) model to tackle high-risk domestic abuse.
- Investing in neighbourhood infrastructure and public realm improvements to support more sustainable travel and encourage walking and cycling.

Key challenges include:

- Engagement with communities has been uneven, with barriers to participation for some residents and community groups, particularly in areas of higher deprivation. To address this challenge we will continue to invest in community-led programmes and place-based engagement, with transparent decision-making and support for resident-led priorities in areas of higher deprivation. We will deliver, with VCSE partners, improved, more accessible engagement approaches. We will expand volunteering and participation opportunities, including for young people, aligned with Child Friendly City ambitions.
- Persistent fly-tipping and waste management issues in hotspot areas, alongside increased demand and growth has impacted street cleansing performance, particularly in the city centre. To address this challenge we will deliver targeted neighbourhood management interventions; community-led initiatives such as Keep Manchester Tidy's *Shaping Spaces* project; additional investment in cleansing capacity and neighbourhood infrastructure and development of a citywide fly-tipping and litter strategy to support long-term behaviour change.
- Pressure on local facilities, parks and public realm, with a need to ensure equitable access to culture, leisure and community assets across the city. To address this challenge we will make significant investment through the Neighbourhood Infrastructure Renewal Fund; continued protection and delivery of

free citywide and neighbourhood-based events and delivery of culture, sport and physical activity strategies to embed activity and participation locally. This will be complemented by targeted Pride in Place capital investment in community spaces, public realm and green infrastructure, aligned to local priorities and wider Council strategies.

- Complexity of coordinating multiple services and partners at neighbourhood level, with a need for more joined-up, place-based delivery. To address this challenge we will continue to strengthen the Manchester neighbourhood approach, including Integrated Neighbourhood Teams and multi-agency working; improved coordination of funding, planning and governance to align services around people and place.
- Higher levels of crime and harm in more deprived areas, changing risk profiles in the city centre, and increasing complexity of safeguarding and emergency preparedness. To address this challenge we will deliver the Manchester Community Safety Strategy; implementation of the MATAC model to address high-harm domestic abuse perpetrators and strengthen civil contingency arrangements to ensure resilience and effective emergency response.
- Balancing growth, sustainability and health objectives while encouraging behaviour change towards active travel. To address this challenge we will continue to invest in sustainable transport and highways infrastructure; make improvements to local walkways and public realm and integrate transport planning with neighbourhood renewal and place-based working.

Our priorities in 2026/27 include:

- Getting the basics right in neighbourhoods while strengthening resident voice and participation. We will target investment to improve cleanliness, environmental quality and local infrastructure, including continued delivery of the Neighbourhood Infrastructure Renewal Fund and action to tackle litter and fly-tipping.
- Through the Pride in Place programme and the Building Stronger Communities Together Strategy, we will strengthen resident-led governance, support inclusive neighbourhood decision-making and deliver visible improvements to local places that matter most to communities.
- Services will continue to be coordinated through the Manchester neighbourhood approach, bringing partners together around people and place to improve access to community facilities, enhance safety and cohesion, and support vibrant local communities.

- Through the Pride in Place Impact Fund, we will deliver targeted capital investment in neighbourhoods with the greatest need, focusing on public realm, green spaces, community facilities and local centres, shaped by resident engagement and delivered in partnership across the Council and with communities.
- Alongside this, we will improve neighbourhood transport and public realm to support walking, cycling and sustainable travel, ensuring neighbourhoods are clean, safe, connected and inclusive.

### **7. Good quality, affordable homes**

The [Manchester Housing Strategy \(2022-2032\)](#) was adopted by the Council in July 2022. It sets out our long-term vision for how best to deliver the city's housing objectives.

The [Enabling Independence Accommodation Strategy](#), also adopted in 2022, is a partnership strategy, developed between Adults, Children's, Homelessness, Strategic Housing & Manchester Housing Providers' Partnership (MHPP) providers. Its key aim is to improve housing with care and support options to meet people's needs and better enable their independence.

Key achievements in 2025/26 include:

- Around 4,800 new homes were built across the city in 2025-26 (the highest total of the past decade) – bringing the total homes delivered in the Strategy period to 13,555 (38% of the target). This included 901 affordable homes, making 2025-26 the most successful year for affordable housing delivery in the 21<sup>st</sup> century – this takes the overall number of affordable completions to 2,430 (24% of the 10,000 target). 59% of these were social rent, up from just 30.6% in the first year of the Strategy. There has been a high proportion built on Council-owned land, with 230 affordable homes completed on Council-owned sites in 2025, and 880 more expected to begin or consult on in 2026.
- We continued to grow our strong affordable housing pipeline with c.1,300 affordable homes on site as of April 2026 (including 760 social rent) and c.2,900 homes with planning permission approved or submitted for approval (including c.1,400 social rent).
- We designated the final selective licensing phase of our rolling programme which saw an additional c.1,850 Private Rented Sector properties benefit from licensing. We also gained Executive support for expanding our selective licensing programme (and exploring the introduction of additional House in Multiple Occupation licensing) with a focus on better linking with Making Manchester Fairer objectives.

- We developed an Empty Homes strategy to bring long term empty properties (over six months) across the city back into use to provide housing to people who need it and to remove a blight on our neighbourhoods.
- Programme Management of the delivery of Social Housing Decarbonisation Fund (SHDF), achieving retrofit works to 211 properties during 2025/26 (building on delivery of 200 homes in previous years). This included the installation of low carbon heating systems in 187 properties, alongside wider fabric improvement works such as new windows, wall insulation and loft insulation as required.

Although significant progress has been made in growing the level of housing delivery across Manchester, especially affordable housing, the level of completions still needs to be scaled up in order for us to reach the targets set out in the Housing Strategy. Whilst confidence in the city's pipeline and our ability to deliver on our targets remains high, major challenges to delivery remain. Rising construction costs continue to pose an obstacle to development partners looking to design and deliver viable schemes. When paired with other financially constraining factors (remediation work, complex land holdings etc), there is increased risk of these schemes becoming unviable.

Key priorities for 2026/27 include:

- Maintain and grow the development pipeline, ensuring Manchester continues to lead nationally in housing delivery despite construction-sector pressures. Focus on making the most of the opportunities provided by the new Social and Affordable Housing Programme (SAHP) to accelerate affordable housing delivery.
- Provide strategic leadership through the Manchester Housing Strategy, aligning Manchester Housing Provider Partnership (MHPP) partners to priorities such as boosting affordable supply, reducing inequalities and delivering zero-carbon objectives.
- Use Council land and investment alignment to shape housing outcomes, ensuring the right mix of tenure, affordability and supported accommodation.
- Deliver wider social objectives beyond housing numbers, including improving quality, reducing fuel poverty, supporting decarbonisation and contributing to health and equality goals.
- Support regeneration programmes across city-centre fringe and neighbourhood growth areas (e.g., Victoria North, Holt Town, eastern gateway areas), aligned with long-term growth plans.
- Align growth with the draft [Manchester Local Plan](#) and the [Greater Manchester Places for Everyone plan](#).

### Housing Services

Housing Services manage over 12,500 Council homes across North Manchester, and a further 2,500 under private finance initiative arrangements. We have developed a 3-year '[A Place Called Home](#)' Delivery Plan which sets out our ambitions to always put Residents First, achieve a C1 Grading from the Regulator of Social Housing, transform our repairs service, deliver investment where it's most needed and create safe, sustainable neighbourhoods.

Key achievements in 2025/26 include:

- Achieved a compliant 'C2' rating when inspected by the Regulator of Social Housing.
- Extended the range of opportunities available to Residents to participate in meaningful engagement and established a Resident Scrutiny Panel who pro-actively inspect and make recommendations about service delivery.
- Launched biennial tenancy visits and increased our visibility in the neighbourhoods we serve. We interacted with more than 5,000 residents through visits, walkabouts, fundays, engagement events and our Resident Roadshow.

Key challenges include:

- Regulatory and Legislative compliance: the 3-yr delivery plan sets out clear objectives which will support the Council in maintaining compliance with all relevant legislative and regulatory requirements. This should support the Council in achieving a C1 accreditation at it's next inspection and review.
- Housing Revenue Account (HRA) Sustainability: a financial sustainability plan has been developed and a financial sub-committee has been established, to oversee all HRA activity.
- In-sourcing the Repairs & Maintenance contract: a dedicated project board has been established and external consultancy has been procured, to ensure this major programme of works is successfully delivered.

The four strategic priorities are:

- Deliver a consistent, resident-first service through clear standards, joined-up communication, strong case ownership, accessible information and transparent feedback.
- Provide safe, decent and well-maintained homes through a transformed repairs service, robust building safety compliance, improved stock condition data, and targeted decency and healthy homes programmes.

- Create clean, safe and well-managed neighbourhoods through strengthened neighbourhood management, proactive anti-social behaviour and safeguarding responses, clean and green estate standards, tenancy sustainment and financial wellbeing support, and effective local partnership working to address issues early.
- Build a capable, accountable organisation through a strong performance culture aligned to Our Manchester behaviours, supported by training and wellbeing.

### Homelessness

The Council and partners share a citywide vision to work towards ending homelessness in Manchester. The [Manchester Homelessness and Rough Sleeping Strategy 2024-27](#) sets out the vision, aims and aspirations alongside a comprehensive action plan which will make the vision a reality. In 2026/27 a new strategy will be developed to align with the National Strategy that was launched in December 2025.

The key achievements in 2025/26 include:

- No family has been placed in bed and breakfast accommodation for longer than six weeks since 2023, with the case management approach cited as example of best practice in the National Plan to End Homelessness.
- Long term leasing for dispersed temporary accommodation increased to 397 properties, and 79 bedspaces have been brought online through renovating former moribund Council assets.
- The Empty Homes Team brought 263 long term empty properties back into use and over 109 rightsizing (Rightsizing helps people who live alone or with a partner and have spare bedrooms in a family-sized home to explore more suitable housing options.) moves have taken place, with the empty properties being used for homeless families.
- A new tenancy fraud team has been created, and campaign launched, to make best use of housing stock.
- Over 239 families have consented to having their school notified when placed into temporary accommodation so additional support and assistance can be put into place with over 218 referrals to the domestic violence and abuse Safer at Home scheme, of which 175 have been accepted.

Key challenges include:

- Rising demand for Social Housing, alongside a low level of lettings.
- More people requiring adapted temporary and settled accommodation. The service is investing £500k to create more accessible accommodation
- The Home Office focus on the asylum process is creating more demand, and will continue to impact upon homeless services as changes are enacted.
- People who are unable to sustain accommodation are sleeping rough. Work with Adult Social Care to support them into appropriate accommodation is being progressed.
- The enactment of the Renters Rights Act is the biggest change to legislation in 40 years. The service is preparing for implementation on the 1<sup>st</sup> May 2026.

Our key priorities for 2026/27 include:

- Increase the number of homeless applications at prevention and relief that result in a settled accommodation outcome. Improve access to the Housing Solutions Service.
- Respond to the implementation of the Renters Rights Act, including the changes to the social allocations policy, and progress the regulatory requirements under the Supported Housing (Regulatory Oversight) Act 2023
- Reduce the number of homeless households who are living outside of Manchester and deliver new temporary accommodation schemes for families, single people and those with complex needs
- Develop more temporary accommodation and permanent accommodation options for people with a disability and continue to make best use of housing stock across the city.
- Maintain zero families who are in B&B for over six weeks and minimise those who go into B&B as an emergency measure.
- Co-produce the next Manchester Homelessness and Rough Sleeping Strategy.

## **8. Well Managed Council**

The [Our Transformation](#) programme aims to ensure that we can respond to future challenges, that we are effective and efficient in the way we deliver services, and our workforce is engaged and equipped with the right skills.

In 2025/26 Our Transformation focused on putting the key building blocks in place so the Council can deliver change more effectively and work in a more joined-up way. During the year we delivered the main Phase 1 priorities: strengthened workforce and culture arrangements, improved how we use digital, data, AI and automation, made real improvements to charging and debt processes, and continued progress on estates and assets.

We have also faced challenges, particularly around limited capacity, complex legacy systems and data, and the need to balance foundation work with the expectation of quick results. As a result, the programme has focused on the areas with impact, such as the introduction of a 'digital squad' to support delivery of automation and Artificial Intelligence.

In 2026/27 transformation work moves into the next phase ensuring that we construct our approach to transformation and associated objectives in the context of the new Our Manchester Strategy, as well as the Medium-Term Financial Strategy. The emphasis will be on stakeholder engagement, clearer prioritisation, governance and using data and insight to focus on the areas with the biggest impact.

### Digital

[Manchester Digital Strategy - Doing Digital Together \(2021-2026\)](#) provides a strategic response and blueprint for the future in which the technology landscape will be a fundamental and essential part of the running of the Council. The strategy is now entering its final year, following significant progress in digital inclusion, skills, infrastructure, innovation and governance. During 2025/26, delivery focused on embedding digital planning standards, strengthening inclusion and skills pathways, advancing connectivity foundations, and accelerating ethical and people-centred innovation, with most priorities either complete or in active delivery.

The Digital Strategy outlines 34 priorities across four key themes -

- Remarkable people, extraordinary opportunities
- Connected Places, enhancing lives
- Pioneering the future, prosperity for all
- Rising to challenges, future proofing our city

Key achievements in 2025/26 include:

- The Digital Inclusion Action Plan has continued delivering access to devices and connectivity at scale through libraries, community partners and social value contributions.
- Manchester accelerated its leadership in ethical and inclusive innovation through community workshops, the People's Panel for AI and the launch of the Tech for Good in a Human-Centered Economy report.
- As the Digital Strategy has matured, a key challenge has been shifting from a digitally-led programme to a genuinely shared, organisation-wide approach. Progress has been made through stronger cross-service working, refreshed

governance arrangements and the development of a Digital Infrastructure & Connectivity Plan.

Priorities for 2026/27 will focus on consolidating delivery in the final year of the strategy, closing out legacy activity and shaping the next phase of the city's digital ambition. A core priority will be the commissioning of an independent evaluation (March–July 2026) to assess overall progress and impact, identify system-level strengths and challenges, and establish baseline measures and KPIs to inform the next Digital Strategy (2027 onwards).

Alongside this, activity will focus on embedding mature approaches to digital inclusion, infrastructure, skills and responsible innovation, ensuring digital is fully aligned with wider corporate priorities and positioned as a long-term enabler of inclusive growth and service transformation.

### [Our Workforce](#)

The Council's [Workforce Strategy 2023–26](#) sets out a clear ambition to deliver 'Good Work in a Great City Council.' It responds to ongoing financial pressures, increasing service demand and competition for talent by focusing on building a resilient, inclusive and high-performing workforce. The strategy aligns with the Our Manchester Strategy and Corporate Plan, placing people at the heart of transformation and service delivery.

The strategy is shaped around five priorities: attracting and retaining diverse talent, being an inclusive employer, supporting workforce wellbeing, developing strong leaders and managers, and building a high-performing organisation. These are delivered through four integrated plans covering talent, equality and inclusion, organisation development, and health and wellbeing.

Key achievements in 2025/26 include:

- Staff engagement remains strong, with 62% of colleagues completing the annual survey. This compares to 69% engagement rate in the 2024. Most staff feel supported to develop new skills (82%), supported by their managers (86%), and would recommend the Council as an employer (88%).
- Apprenticeships have increased significantly, from 143 in 2024 to 226 in 2025.
- Management development continues to grow through the Good Manager Guide, engaging over 1,000 managers in webinars covering topics such as inclusive leadership, feedback, and mental health.
- Early-career pathways are strengthening, with 12 graduate trainees securing permanent roles in September 2025 and strong uptake of the School and College Leaver Programme, which has recruited 37 young people to date.

Our key priorities for 2026/27 include:

- Ongoing investment in line managers through a refreshed and widened Good Manager Guide so that managers can confidently support staff through training, mentoring, shadowing, project work, and day-to-day learning, building a culture of continuous growth.
- Improving internal mobility, career pathways and progression through increased visibility of opportunities for example, introducing internal job fairs.
- Expanding apprenticeships and delivering the School and College leaver and positive action leadership pathway programmes, and strengthening recruitment from local diverse communities

### Our Operational Estate

The Corporate Estates team are the 'Corporate Landlord' mandated by the Estates and Assets Board to manage the operational estate, to support the quality of front-line service delivery, reduce costs, reduce carbon emissions, strengthen community activity, and ensure the Estate remains safe and accessible.

Achievements in 2025/26 include:

- We began work to implement the Estates Zero Carbon Road Map 2024-2038, outlining the complete programme of works to become zero carbon including capital, revenue, energy and carbon implications for each year through to 2038.
- Delivered decarbonisation works, completing 13 LED lighting replacement schemes that deliver approximately 50 tCO<sub>2</sub>e per annum in carbon savings. In parallel, led the design and delivery of seven comprehensive decarbonisation schemes, expected to reduce emissions by a further 250 tCO<sub>2</sub>e per annum. These schemes included the removal of fossil-fuelled heating systems, replacement with low-carbon heating technologies, building fabric improvements, and the installation of solar generation.

Priorities for 2026/27 include:

- To maintain a compliant operational estate, ensuring that building user groups are in place within our key office estate to support the sharing of key information with building occupiers.
- To work with colleagues in neighbourhoods to develop a new approach to land management, working to complete the mapping of Council assets across the City, identifying asset liabilities and opportunities for alternative use.

### City-Wide Reform

The Council has led a city-wide reform approach to improve outcomes for residents by establishing a framework for system change across services, partners and the VCFSE sector. Through the City-Wide Reform Programme and [Live Well Manchester](#) (A programme to make sure people can access the right help, at the right time, in their own neighbourhood – so they can live healthier, happier lives.), the Council has co-designed with partners to shape and oversee reform that aligns with the Our Manchester Strategy, using strong system governance through the Our Manchester Investment Board. This approach has focused on prevention, early support and services that work better for residents, underpinned by evidence, co-design and cross-sector collaboration to tackle duplication, barriers to access and long-standing inequalities.

Our key achievements in 2025/26 include:

- Delivered the 2025/26 City-Wide Reform Programme, co-produced with internal services, external partners and the VCFSE sector, underpinned by strong programme management.
- Led the co-design and development of multiple system-wide frameworks (All-Age Early Support and Prevention, Services that Work for Everyone, and a Cross-Sector Partnership Framework), underpinned by extensive engagement, research and cross-sector collaboration to shape future delivery.
- Secured investment and strengthened VCFSE leadership and influence, establishing a VCFSE-chaired Cross-Sector Working Group, co-designing a new Compact, and improving sustainable funding and long-term engagement with the sector.
- Built robust system insight to drive reform, mapping 100+ hubs and 50 Multidisciplinary Teams (MDTs), establishing the Knowing Our Residents Better analyst network, identifying duplication and access barriers, and translating evidence into co-designed priorities and Live Well implementation aligned to City-Wide Reform.

Our key priorities for 2026/27:

- To successfully deliver Live Well Manchester with positive impact on residents, building on the knowledge, skills and expertise developed through the City Wide Reform work to date building on learning and supported by strong programme governance.
- System leadership: Strengthening city-wide commitment to reform and the Live Well approach through the Our Manchester Investment Board.

- Map and analyse across thematic reform programmes to identify opportunities for greater alignment and shared learning.
- Prevention demonstrator: Aligning national and local prevention initiatives to maximise impact, and using learning from Early Help for Adults and MAPS transitions to inform a multiple disadvantage prevention demonstrator, (An initiative which aims to shift public services from crisis intervention to early help by using localized, predictive data to address the root causes of unemployment, complex needs, and poor health).

The Council's governance arrangements support delivery of the Corporate Plan outcome of a well-managed, transparent and accountable organisation. This is achieved through a clear framework for decision-making, risk management and assurance, ensuring effective use of resources, lawful decision-making, and strong public accountability.

Key delivery mechanisms include the Corporate Risk Management Framework and Corporate Risk Register; audit, assurance and anti-fraud arrangements; and the Council's Constitution, which sets out decision-making, delegation and scrutiny processes. Transparency and accountability are further strengthened through consistent reporting using Modern.gov across Executive and Scrutiny functions.

Governance of commercial activity is supported through enhanced arrangements for Development Agreements and Council-owned companies, alongside ongoing review of the Code of Corporate Governance and the Annual Governance Statement to ensure alignment with recognised best practice.

Key achievements in 2025/26 include:

- Improved transparency and public accountability through the full embedding of Modern.gov across Executive and Scrutiny reporting.
- Strengthened oversight of commercial activity through enhanced commercial governance and assurance arrangements, for example, reporting of major initiatives to commercial board and shareholder arrangements to a shareholder panel alongside improved assurance processes for Development Agreements and Council-owned companies.
- Focused best value and ethical oversight provided by the Best Value Working Group.
- Progress made on updating the Code of Corporate Governance and the Annual Governance Statement.

Maintaining robust and proportionate governance in an environment of increasingly complex programmes and commercial activity presents an ongoing challenge. This continues

to be mitigated through strengthened assurance processes, independent audit activity, and structured oversight via Audit Committee and the Best Value Working Group. Ensuring consistent risk management and compliance across the organisation is addressed through the operation of the Corporate Risk Management Framework, transparent reporting, and regular review of governance documentation to reflect regulatory and best practice requirements.

Our key priorities in 2026/27 include:

- Complete and embed the updated Code of Corporate Governance and Annual Governance Statement.
- Continue to strengthen corporate and commercial governance and assurance arrangements.
- Maintain transparent, consistent and accessible decision-making through continued use and optimisation of Modern.gov.
- Addressing the governance challenges set out in the Action Plan in the Annual Governance Statement 2025/26.

### Our Performance

The performance of the Council and its partners against the goals of the city's Our Manchester Strategy is reported in detail each year in the [State of the City Report](#) however, a high-level view of delivery of the shorter-term Council priorities outlined in Our Corporate Plan is summarised below. The State of the City Report should be referred to for the comprehensive performance narrative. The data included here is the most current at time of publication, which may not be 2025/26 financial year.

#### **1. Inclusive and sustainable economy where every resident benefits**

- The proportion of Manchester residents being paid a Real Living Wage in 2025 was 90.9%, a desirable increase from 2024 (88.4%). Source: ONS
- The difference between the rate of unemployment in Manchester (5.2% in 2025) and the national average (4.5% in 2025) is 0.7 percentage points. This is a decrease from 2024 (2.5 percentage points) and is below our target of having an unemployment rate within 2 percentage points of the national figure. Source: ONS.
- The growth of Manchester's economy in GVA terms (11.2% in 2023) has increased 2.1 percentage points faster than the national average (9.1%) in 2023, this has decreased from 2022 (8.2 percentage points). Source: ONS.
- The growth in GVA per worker in Manchester (8.6% in 2023) has increased 0.5 percentage points faster than the national average (8.1%) in 2023, while up against

the previous period this is a decrease from 2022 (5.9 percentage points). Source: ONS.

- The total number of jobs in Manchester increased 0.3 percentage points slower than the national average in 2024, an undesirable decrease from 2023 when it grew faster than the national increase (4.3 percentage points). Source: NOMIS

## **2. Tackling climate change to create a healthy, green and socially just city where everyone can thrive**

- Total provisional estimated Council emissions in 2024/25 were 23,291 tonnes CO<sub>2</sub>, compared to 23,055 tonnes in 2023/24. This means that the Council remained within their carbon budget for the 2020–25 CCAP period.

## **3. Advancing Equality, Diversity and Inclusion**

- The mean percentage difference between the average hourly rate of pay of male and female employees in 2025/26 was 3.2% (3.4% in 2024/25). The closer to zero the difference in the hourly rate of pay is then the lower the Gender Pay Gap. This is published as part of the Council's [Pay Policy Statement](#). (Source: MCC)
- The percentage of the Council's workforce that identify as Black, Asian or Minority Ethnic in as of April 2026 was 27%, compared to 25.5% in 2024/25. 41.3% of Manchester's population in 2023 reported to be Black, Asian, and Minority Ethnic. Source: MCC

## **4. Children and Young People enjoy a safe, happy, healthy and successful future**

- The percentage of primary school sessions attended in 2024/25 was 94.4%, which was a desirable increase from 2023/24 (93.7%). Source: MCC.
- The percentage of secondary school sessions attended in 2024/25 was 91.9%, which was a small desirable increase from 2023/24 (91.4%). Source: MCC.
- The number of permanent exclusions in 2024/25 was 135 (0.14% of all pupils), which was a desirable decrease from 2023/24 (171, 0.18% of all pupils). Source: MCC
- The number of Looked After Children in Manchester in 2025/26 was 1,310 (a rate of 99 per 10,000 children). This is a provisional figure pending statutory return completion. It is a small desirable decrease from that of 2024/25 (1,288 Looked After Children, a rate of 99 per 10,000 children). The number of Looked after Children in 2025/26, excluding UASC, is 1,137 (a rate of 86 per 10,000 children), compared with 1,120 in 2024/25 (a rate of 86 per 10,000) Source: MCC.
- The number of Children in Need in Manchester in 2025/26 was 6,201 (a rate of 470 per 10,000 children); this is a provisional figure pending statutory return completion

and is subject to change. It is an undesirable increase from 2024/25 where the numbers of Children in Need were 5,840 (450 per 10,000) Source: MCC.

- The number of children subject to a Child Protection Plan in 2025/26 was 741 (a rate of 56.2 per 10,000); This is a provisional figure pending statutory return completion and is subject to change. It is an undesirable increase from 2024/25 where the number of children subject to a Child Protection Plan was 661 (a rate of 50.9 per 10,000)
- The number of Early Help assessments in 2025/26 was 3,169, which was a desirable increase from 2024/25 (2,520)

#### **5. Improving Health and Wellbeing for All**

- The proportion of completed enquiries where risk was removed or reduced was 88% in January 2026, an undesirable decrease from January 2025 (90%). Source: MCC, (Based on a 12-month snapshot figure at a time of report)
- The proportion of people requiring less or no further care following Reablement support was 77% in February 2026, a small desirable increase from February 2025 (76%). Source: MCC
- The number of Technology Enabled Care (TEC) items installed in 2025/26 was 3,980, an undesirable decrease from 2024/25 (4,702). Source: MCC (Data available to the end of February 2026. March 2025 data has been excluded from the 2024/25 data for comparison.)
- The Quality of life of people who use services was 19 out of 24 in 2024/25, a desirable increase from 2023/24 (18.2 out of 24). Source: Adult Social Care Outcomes Framework (ASCOF)
- The proportion of people who use services who feel safe was 71% in 2024/25, a desirable increase from 2023/24 (63%). Source: ASCOF
- The proportion of care providers rated good or outstanding by CQC was 76% in February 2026, an undesirable decrease from March 2025 (80%). Source: NHS England
- The percentage of smokers who successfully stopped smoking at four weeks of interventions in 2024/25 was 45%, a desirable increase from 2023/24 (31%). Source: MCC
- The number of attendances at the Northern Sexual Health Clinic in 2025/26 was 80,985, a decrease from 2024/25 (81,341). Source: MCC
- The percentage of NHS Health Checks received by the total eligible population in 2025/26 was 48.8%, an undesirable decrease from 2024/25 (53.2%). Source: MCC

## 6. Inclusive Communities, Thriving Neighbourhoods

- The percentage of household waste recycled in 2024/25 was 38.9%, an undesirable decrease from 2023/24 (39.6%). Source: DEFRA
- 13,472 tonnes of street cleansing waste was collected in 2025/26, an undesirable increase from 2024/25 (13,053 tonnes collected). 4,052 of the 13,472 tonnes of street cleansing waste in 2025/26 were sent for recycling. Source: Weighbridge data - Viridor/Suez and Redgate Holdings.
- There were 38,763 fly tipping requests completed in 2025/26, an undesirable increase from 2024/25 (33,682). Source: MCC and CRM
- The total number of recorded visits to Manchester's libraries, galleries and sports and leisure facilities in 2025/26 was 7.9m, a desirable increase from 2023/24 (7.7m). Source: MCC
- The total amount of resurfacing work delivered in 2025/26 (excluding footways) was 424,864m<sup>2</sup>, which was a desirable increase from that of 2024/25 (405,410m<sup>2</sup>). Source: MCC
- The percentage of road network (excluding footways) rated as in poor condition was 10.9% in 2025, which is a desirable decrease from 2024 (12.2%). Source - MCC via GAIST

## 7. Good quality, affordable homes

- The number of new homes completed in Manchester in 2025/26 was 4,766, a desirable increase from 2024/25 (3,864). Source: MCC
- The number of new homes completed in Manchester in 2025/26, which were defined as affordable by the government, was 901, a desirable increase from 2024/25 (511). Source: MCC.
- The number of new builds which became available for buying or renting in Manchester in 2025/26 was 3,865, a desirable increase from 2024/25 (3,353). Source: MCC.
- The rate of families in temporary accommodation per 1,000 households was 9.9 as of March 2026, an undesirable increase from March 2025 (9.2). Source: MCC
- The number of families in B&B accommodation was 2 as of March 2026, a desirable decrease from March 2025 (3). Source: MCC
- The percentage of duties owed where homelessness was prevented or relieved was 17.7% in 2025/26, an undesirable decrease from 2024/25 (24.5%). Source: MCC
- The number of people sleeping rough on a single night as of March 2026 was 59, an undesirable increase from March 2025 (46). Source: MCC

- The number of people sleeping rough over a month who are long term as of March 2026 was 58, an undesirable increase from March 2025 (43). Source: MCC
- The number of empty homes brought back into use was 528 in 2025/26, a desirable increase from 2024/25 (200). Source: MCC

#### 8. Well-managed Council

- The percentage of annual due Council Tax collected in 2025/26 was 88.6%, a small desirable increase from 2024/25 (88.4%). Source: MCC.
- The percentage of annual due Business Rates collected in 2025/26 was 96.8%, a desirable increase from 2024/25 (95.2%). Source: MCC.
- The number of days sickness taken per Full Time Equivalent in 2025/26 was 14.8, which was an undesirable increase from 2024/25 (13.6). Source: MCC
- The number of Stage 1 corporate complaints responded to within 15 working days in 2025/26 was 81%, which was an undesirable decrease from 2024/25 (87%). Source: MCC
- The number of Stage 2 corporate complaints responded to within 25 working days in 2025/26 was 80%, which was an undesirable decrease from 2024/25 (84%). Source: MCC

#### Our Risks and Outlook

The Corporate Risk Register (CRR) continues to reflect high risks relating to the financial resilience of the Council; availability of the right amount and type of housing; citywide climate change action and adaptation; partnership and supplier resilience; workforce capability and capacity; physical assets/infrastructure and ICT security. There are a range of actions ongoing across all these areas to mitigate and manage these risks. The risk management strategy and approach continues to strengthen governance of risks at directorate level. The current review schedule for directorate risk registers consists of a comprehensive review every other quarter and light touch reviews during the intervening quarters, with opportunity to escalate risks. The Corporate Management Team and Audit Committee receive regular updates, most recently in February 2026 with the next update due and planned for May 2026.

Manchester City Council Annual Statement of Accounts 2025/26

(High Risks as of February 2026)

Risk Description	Mitigating Actions
Financial resilience and the ability to deliver a balanced medium term financial strategy (MTFS) and annual budget	Agreement of savings plans via budget reports with ongoing monitoring and review. MTFS and options developed with Executive leadership and engagement based on funding and resource forecasts.
Adaptation to respond to changes in climate and severe weather events	Climate adaptation risk assessment and report (ARP4) follow up report and action plan under Senior Responsible Officer to develop and confirm governance and actions to sustain and align adaptation with zero carbon activities. Resource request to support this work and coordinate approaches included in budget proposals 2026/27
Workforce capability and capacity	Staff Survey 2025 completed and communication to all staff. Service planning 2026/27 incorporates workforce development planning refresh and learning/development planning.
Capability and resilience of partnerships and suppliers	Oversight from Commercial Board and due diligence arrangements in place. Supported through contract management system and by review of Significant Partnerships reporting to Corporate Management Team and Audit Committee.
Capability and resilience of partnerships and suppliers	Updated cyber incident management plan in development linked to refreshed Corporate Business Continuity Plan with report to Corporate Management Team planned summer 2026.
Change and transformation including digital	Delivery of Digital and Data Strategy. Review of transformation priorities and other change and improvement activity across Corporate Services and the wider Council to inform 2026/27 activities.
Minimising the level of unmet needs of residents and the demands for crisis response across the Council and public sector partners	2026/27 budget reflects focused investment in proactive measures to address needs and demand.
Maintenance and improvement of physical assets and infrastructure	Review of asset accessibility led by Estates Service summer 2026. Ongoing oversight via estates and capital investment governance groups.

Risk Description	Mitigating Actions
Housing sufficiency to respond to growth and meet current and future needs of residents	Ongoing development and delivery of housing schemes incorporating affordable housing via Strategic Director Growth and Development and strategies to reduce homelessness and grow Council housing capacity via Director of Neighbourhoods. Utilisation of Government funding homeless prevention and response 2025-2027.
Ability of Council and of market to meet demands and needs for health and social care services due to complexity, scale and capability / capacity to prevent and respond to need as a Council and wider health and care system.	Continued working with Greater Manchester and City partners to develop and commission provisions to meet needs across adults and children's care.

### Medium Term Financial Strategy

Our [Medium Term Financial Strategy](#) relevant to the year 2025/26 was approved by Full Council in February 2025. The strategy considers the local and national financial climate, describes some of the key challenges we are facing and the key changes in our resources before setting out the savings requirement for the financial year 2025/26.

In line with the one-year finance settlement the report set out a balanced one-year budget for 2025/26 and a forecast position for 2026/27 and 2027/28. The longer-term implications were considered, and these are set out, along with the strategy for ensuring financial sustainability in the Medium-Term Financial Strategy (MTFS). The MTFS sets out the risks and uncertainties faced and the approach to ensuring financial resilience.

The 2025/26 financial settlement provided a roll-over of the core funding elements with inflationary increases to Revenue Support Grant and Business Rates related income, additional grant for Social Care and related services. It introduced Recovery Grant, allocated to areas with high levels of deprivation and need and low council tax base to address the bias of the previous formula's distribution. The additional funding announced, alongside approved savings and mitigations enabled a balanced budget to be approved for 2025/26. The budget changes at service level are detailed in the [directorate budget reports](#).

The budget also included approval to increase Manchester's Council Tax by 4.99% in 2025/26; 2.99% attributable to the Council element and an additional 2% precept to fund Adult Social care costs. In addition, there were increases to the Greater Manchester Mayoral and Police and Crime Commissioner precepts.

The Medium-Term budget strategy was developed with capacity to manage financial shocks and provide investment to priority areas where necessary. This included, for example using the budget smoothing reserve to support the budget over the medium term whilst savings plans were developed and implemented. The Council continues to experience increased costs

due to inflation above the Bank of England's target, pay awards, rising interest rates and a cost-of-living crisis. The main sources of local authority funding in business rates and council tax are volatile, with a reset of the business rates retention system and funding formulae reforms implemented from April 2026.

The Our Manchester Strategy ambitions, and Corporate Plan are the touchstone for decisions taken about what to prioritise, they set the framework for the Medium Term Financial and Capital Strategies. Despite the pressures being faced the Council remains determined to deliver the agreed priorities for Manchester. Officers estimated the budget position based on the information available at the time. The 2025/26 MTFS reported a forecast gap of £19.2m in 2026/27, increasing to £46.6m in 2027/28. Additional funding and savings were identified, to keep the council on a sustainable financial footing.

### [Our Funding and Spending 2025/26](#)

The following section shows how our revenue and capital spending programmes were funded and where we targeted our investments throughout 2025/26.

#### **Revenue funding and spending 2025/26**

Revenue spending relates to the day-to-day running costs required for the Council's operations including direct costs such as staffing and utilities costs and services which are commissioned and delivered on the Council's behalf.

The Budget and Council Tax for 2025/26 were approved at the Council meeting on 28 February 2025, with a total net budget for Council services of £894.2m and a gross budget of £1,904.4m.

Our 2025/26 budget is summarised in the table below. There are four columns as follows:

- The original gross budget of £1,904.4m as approved by Council - which includes all our spend including that which we pay out in benefits, funding passported directly to schools, and social care costs funded directly by residents.
- Our original net budget of £894.2m includes costs funded from the main revenue available to the Council, Business Rates, Council Tax, Government Grants, dividends, and reserves.
- Our revised net budget is £893.2m at Outturn. This has reduced because it includes £1.0m reduction in resources approved by Executive throughout 2025/26.
- The 2025/26 net budget changes include:
  - £1.0m reduction in revenue resources due to reduced Waste Levy Rebate of £3.6m offset by £0.3m additional Public Health Grant for toothbrushing, £0.5m New Burdens funding, totalling £2.8m net, and £1.8m reduced use of reserves.
  - Budget realignments relating to £19.8m inflationary and £0.2m of contingency budgets held corporately at budget setting allocated to directorate budgets.

Table One: 2025/26 Revenue Budget

2025/26 Revenue Budget	Original Gross Budget £m	Original Net Budget £m	Revised Net Budget £m	Budget Changes £m
<b>Resources Available</b>				
Business Rates Related Funding	427.9	427.9	427.9	0.0
Council Tax	248.4	248.4	248.4	0.0
Grants and other External Funding	1,132.0	186.5	183.7	(2.8)
Dividends	0.4	0.4	0.4	
Use of Reserves	95.6	30.9	32.7	1.8
<b>Total Resources Available</b>	<b>1,904.4</b>	<b>894.2</b>	<b>893.2</b>	<b>(1.0)</b>
<b>Resources Required</b>				
<i>Corporate Costs:</i>				
Levies / Statutory Charge	42.3	42.3	42.3	0.0
Contingency	6.6	6.6	6.4	(0.2)
Capital Financing	45.6	45.6	45.6	0.0
Transfer to Reserves	21.8	21.8	20.0	(1.8)
<b>Sub Total Corporate Costs</b>	<b>116.3</b>	<b>116.3</b>	<b>114.3</b>	<b>(2.0)</b>
<i>Directorate Costs:</i>				
Additional Allowances and other pension costs	8.0	8.0	8.0	0.0
Insurance Costs	2.0	2.0	2.0	0.0
Inflationary Pressures and budgets to be allocated	21.8	21.8	2.0	(19.8)
Directorate Budgets	1,756.3	746.1	766.9	20.8
<b>Subtotal Directorate Costs</b>	<b>1,788.1</b>	<b>777.8</b>	<b>778.8</b>	<b>1.0</b>
<b>Total Resources Required</b>	<b>1,904.4</b>	<b>894.2</b>	<b>893.2</b>	<b>(1.0)</b>

In setting the revenue budget the City Treasurer, as Chief Finance Officer, has a responsibility to report formally on the robustness of the budget and the adequacy of general balances and reserves. These balances must reflect spending requirements, and risks to which the Council might be exposed. Further details can be found in the Council's [Our Medium Term Financial Strategy and 2025/26 Revenue Budget Report](#).

Table Two: 2025/26 Directorate Revenue Budgets

In 2025/26 the Facilities Management and Operational Property service's budgets, of £24.2m, were transferred from Corporate Services to Growth and Development.

2025/26 Directorate Revenue Budgets	Original Gross Budget £m	Original Net Budget £m	Revised Net Budget £m	Net Budget Changes £m
Children Services	664.4	173.8	177.4	3.6
Adults Services	348.1	277.1	280.7	3.7
Public Health	63.4	49.4	50.4	1.0
Neighbourhoods	271.7	145.2	151.5	6.3
Growth and Development	47.2	(14.7)	9.6	24.3
Corporate Services	361.4	115.3	97.3	(18.1)
<b>Total</b>	<b>1,756.3</b>	<b>746.1</b>	<b>766.9</b>	<b>20.8</b>

### Revenue outturn 2025/26

This section provides the financial performance for 2025/26; further detail is contained within the financial statements published within the accounts.

Our net revenue budget is mainly funded from retained business rates, council tax receipts, government grants and use of reserves, Table 3 provides the year-end position (spend) compared to this budget. There was an overspend against our net revenue budget of £4.2m, funded from the General Fund Reserve.

Table Three: 2025/26 Revenue Outturn

2025/26 Revenue Outturn	Revised Budget £m	Outturn £m	Total Variance £m
<b>Total Corporate Budgets</b>	<b>126.3</b>	<b>121.6</b>	<b>(4.7)</b>
Children's Services	177.4	188.6	11.2
Adult Social Care	280.7	284.9	4.2
Public Health	50.4	48.4	(2.0)
Neighbourhoods	151.5	151.4	(0.1)
Growth and Development	9.6	10.9	1.3
Corporate Services	97.3	94.2	(3.1)
<b>Total Directorate Budgets</b>	<b>766.9</b>	<b>778.3</b>	<b>11.5</b>
<b>Total Use of Resources</b>	<b>893.2</b>	<b>899.9</b>	<b>6.8</b>
<b>Total Available Resources</b>	<b>(893.2)</b>	<b>(895.7)</b>	<b>(2.5)</b>
<b>Total Overspend</b>	<b>0.0</b>	<b>4.2</b>	<b>4.2</b>

The outturn position was an overspend of £4.2m, in the context of significant financial stresses being faced across the Local Government sector. The Council's position reflects the national pressures in the social care sector, for both children and adults, in line with trends being experienced across most Social Care providing local authorities. The overspend also reflects the financing costs associated with servicing the Dedicated Schools Grant deficit and an under achievement of income from advertising and markets.

Corporate Budgets were £4.7m underspent, reflecting release of the £6.0m budget held corporately to support the pressures in social care costs; and £1.1m release from the general contingency and inflationary budget due to a lower than budgeted pay award in 2025/26. This is partly offset by a £2.4m pressure reflecting the lower interest receivable associated with funding the cumulative Dedicated Schools Grant (DSG) deficit.

Children's Services reported an overspend of £11.2m. The biggest pressure related to external residential placements for Looked After Children (LAC) which were 23 above the number assumed at budget setting. Costs of external residential placements were 5% higher than budget, with an average cost at £6,822 per week. Placement sufficiency is a national issue, impacting budgets through a lack of suitable placements, increasing numbers of children with complex needs, rising charges for residential places, and a reducing supply of foster carers.

The Adult Social Care overspend was £4.2m. Both activity and demand rose across all care areas. The increase in complexity of care in residential, nursing and homecare packages contributed a £2.7m overspend to the position; with a £3.0m overspend on learning disability services, with a 20% increase in demand this year. This is partly offset by staffing underspends in the reablement service and additional client income.

Public Health was £2.0m underspent, mainly within Sexual Health Advice Service, reflecting lower than anticipated third-party payments. This is combined with efficiencies, workforce savings and underspends relating to activity-based projects.

The Neighbourhoods directorate reported an underspend of £0.1m. The directorate underspends are within Parks, Leisure and Events from additional income generated over the Christmas period; in Waste linked to reduced tonnages; in Homelessness due to reduced utility costs; and in Highways from reduced insurance costs on street lighting and an overachievement of income. These are offset by a shortfall against income targets from advertising and underoccupancy in market sites.

Growth and Development reported an overspend of £1.3m. This is primarily driven by lower than anticipated income from the Development and Investment estate, Manchester Creative Digital Asset, Building Control, Premises licences, alongside other operational estate pressures. These are partially offset by staffing underspends and higher than budgeted income from Capital Programmes.

Corporate Services reported an underspend of £3.1m. This is due to a combination of

staffing underspends and reduced organisational costs from the annual leave purchase and electric car leasing schemes resulting in reduced salary, and Employer National Insurance (ENIC) and Pension contribution costs.

Corporate Resources was £2.5m underspent mainly relating to a £1.8m Waste Rebate for 2025/26 from GMCA, declared in February 2026, representing the Council's share of a surplus balance distributed back to districts; and increased Extended Producer Responsibility Grant allocations.

Further details in relation to the outturn position can be found in the report to [Executive on 10 June 2026](#) and a reconciliation between the reported outturn to members and the financial statements can be found in Note 1 to the accounts

#### Dedicated Schools Grant (DSG) Outturn Position

The 2025/26 outturn position is an overspend of £29.2m, which increased the cumulative deficit from £30.1m to £59.2m

DSG	(Under) / Over Spend to budget £000's
Early Years Block	317
Schools Block	(411)
High Needs Block	29,269
Central Services Block	0
<b>In Year Overspend</b>	<b>29,175</b>
Transfer to Reserve	(80)
Prior-Year Deficit brought forward	30,124
<b>Cumulative Deficit to Carry Forward.</b>	<b>59,219</b>

- Early Years Block underspend due to increased costs for 2-year-olds that was higher over and above funding increase due to higher January 2026 census numbers
- Schools Block underspend - relates to underspend on the funds set aside to fund additional classes for growth in pupil numbers and not required.
- High Needs Block overspend - relates primarily to rapid growth in demand for education and health care plans (EHCPs), and the rising costs associated with those EHCPs, especially those in Post-16 and Independent Sector Placements, and funding not keeping pace with the demand.

DSG outturn report provides further details reported to Schools Forum 15 June [DSG](#) Outturn Report.

#### Capital Funding and Spending 2025/26

Capital expenditure relates to spending on the purchase or improvement of assets that have a long-term value to the Council and residents, such as land and buildings.

The total value of capital funding employed in 2025/26 was £320.9m, a significant level of investment reflecting the ambitious capital programme that the Council has agreed.

Our revised capital budget for the 2025/26 year was £466.1m, and the table below shows our year-end position (spend) compared to this budget.

Table Four: Capital Position

Manchester City Council programme	Capital Budget for 2025/26 £m	Capital expenditure in 2025/26 £m	Overspend or (underspend) for 2025/26 £m
Highways	43.5	31.3	(12.2)
Neighbourhoods	45.5	23.7	(21.8)
The Factory	3.6	1.0	(2.6)
Growth and Development	93.0	78.5	(14.5)
Town Hall refurbishment	103.8	61.5	(42.3)
Housing – private sector	46.2	22.9	(23.3)
Housing – HRA	72.0	40.8	(31.2)
Children’s Services	45.1	25.8	(19.3)
ICT	5.3	2.4	(2.9)
Corporate Services	0.7	0.7	0.0
Contingency Budgets	7.5	0.0	(7.5)
<b>Total</b>	<b>466.1</b>	<b>288.4</b>	<b>(177.7)</b>
This City Accounting Adjustment	0.00	32.5	32.5
<b>Total (inc accounting adjustment)</b>	<b>466.1</b>	<b>320.9</b>	<b>(145.2)</b>

The capital outturn position for the 2025/26 financial year demonstrates the continued significant investment in Manchester with over 300 live projects progressing during the year. We underspent in year against our approved capital budget by £177.7m, although this was mainly due to delays to spending against the in-year budget. The main variances relate to Carbon Reduction Programme, Our Town Hall, Collyhurst Regeneration and This City Housing Delivery. Further details on these variances and the wider capital programme can be found in a report to Executive in June 2026.

The final position includes an accounting adjustment for This City and relates to the movement of the asset into a wholly owned company structure. This has the effect of creating a shareholding of £16.25m and company debt of £16.25m, as well as a corresponding capital receipt of £32.5m, to ensure the Council’s shareholding of the company is accounted for correctly.

The nature of the capital budget requires flexibility to manage the funding across the life of projects, across multiple years, in a transparent manner. As such some variations within the

year are to be expected as projects are developed, and budgets are re-profiled annually and changes are reported to members for approval.

The breakdown of the funding is shown in the table below:

Table Five: Capital Funding

Capital Funding	2025/26 £m
Government Grants	69.4
External Contributions	20.8
Revenue Contributions by the Council	3.1
Borrowing	121.5
Capital Receipts	78.8
Housing Revenue Account – Major Repairs Reserve	27.2
<b>Total Resources Available</b>	<b>320.9</b>

### Reserves

The Council holds a number of reserves aside to meet specific future expenditure or risks, which cross over financial years. The Council is not permitted to borrow to fund its day-to-day revenue expenditure and there is a statutory requirement to set a balanced budget on an annual basis.

Based on the numbers alone it appears the Council is at the more resilient end of the reserve spectrum, however there are considerable risks within this position. The Council is a large and extremely complex organisation with a wide scale and diversity of assets, interests, liabilities, and other responsibilities. By their nature many of the risks are unknown and cannot be quantified, particularly in the current challenging financial climate. It is therefore essential that the Council maintains adequate general reserves. Reserves are expected to significantly reduce over the Medium Term as set out in the Medium-Term Financial Strategy 19 February 2025.

The only truly unearmarked usable reserve is the General Fund reserve at £25.1m at 31 March 2026. Overall, the net worth of the Council has decreased by £66m during 2025/26, made up of a decrease in usable reserves £23.1m and a decrease in unusable reserves £42.9m, the decrease in the net worth is matched by a decrease in value of net assets of the Council of £66m. Full details of the usable reserves can be found in note 38 and unusable reserves in note 39.

### Cashflow

The Council's cash balance stood at £143.9m at 31 March 2026 (31 March 2025: £164.5m), a decrease of £20.6m year on year. The reduction was largely driven by the timing of borrowing to support the ongoing capital programme and does not indicate any depletion of the Council's available cash resources. Future cash balances may be affected by the timing of grant receipts and the delivery of approved capital expenditure programmes.

### **Borrowing**

In 2025/26 the Council had an authorised limit for borrowing of £2,119.6m (£1,929.6m for external debt and £190.0m for other long-term liabilities such as PFIs and finance leases). The actual level of external debt at 31 March 2026 is £1,741m. The borrowing limit is based on the Council's Capital Financing Requirement (CFR). The Council may meet this need from external borrowing or from 'internal borrowing' from its cash flow and cash backed reserves. During 2025/26 the Council has repaid temporary and market debt and borrowed long term debt to manage cash flow.

### **Housing Revenue Account (HRA) position 2025/26**

The Council was responsible for managing an average of 14,950 dwellings during 2025/26. The Housing Revenue Account (HRA) is a record of revenue expenditure and income relating to an authority's housing stock. Its primary purpose is to ensure that expenditure on managing tenancies and maintaining dwellings is balanced by rents charged to tenants. Consequently, the HRA is a statutory account, ring-fenced from the rest of the General Fund, so that rents cannot be subsidised from council tax (or vice versa). This is held separately from the net revenue budget position shown in the previous table.

The revised budget 2025/26 included a drawdown of £5.9m from reserves to contribute to the costs of the repairs programme. Due to increased expenditure on the repairs programme, a net drawdown of £14.7m was required. There are a number of in-year and on-going pressures, particularly around repairs and maintenance as the service addresses fire safety regulations and responds to ensure there are no issues with damp and mould. The service has a financial sustainability plan which is designed to bring the HRA back into balance over a three-year period.

The total HRA reserves are £54m, of which £36.5m is ringfenced and £17.5m of general reserves, with these expected to reduce significantly over the next few years as the Council invests in new housing and improving the current stock.

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 rent to cover expenditure in accordance with the legislative framework; this may be different from the accounting cost. The increase in the year, on the basis upon which rents are raised, is shown in the movement on the Housing Revenue Account Statement.

### **Financial Outlook**

The 2026/27 annual funding settlement, reflected the new formula for allocating council funding, bringing significant redistribution around the sector. The quantum of funding covered by the settlement is £78bn nationally in 2026/27, increasing to £85bn by 2028/29. The 2026/27 settlement resulted in more redistribution of funding than any other in at least 25 years.

Fair Funding is the culmination of a significant programme of reform that includes:

- Updating the Relative Need Formulas and the underlying data driving need, including population and deprivation;
- Full reset of the business rates retention system, for the first time since 2013. This is intended to restore the balance between aligning funding with need and rewarding local growth; and
- Consolidation of funding streams into either Revenue Support Grant or one of the four new consolidated grants pillars.

In addition, the recovery grant, introduced in 2025/26 and was intended as a one-off measure, will now continue for the next 3 years, worth £19.7m per annum to Manchester.

It was the first multiyear settlement since 2016/17, providing fiscal certainty for authorities and enabling effective planning and investment in future years. However, it must be recognised future years allocations within the settlement are indicative and may be subject to change.

It was a positive settlement for Manchester, by 2028/29 the Council's overall Core Spending Power (CSP) is forecast to be around 32% higher in cash terms and 24.2% higher in real terms than 2025/26. After accounting for projected population growth this translates to an average 22.9% real terms increase in funding per resident.

The introduction of fair funding is a long-overdue step that begins to address historic inequalities. For Manchester the approach taken to funding reductions during austerity resulted in the Council being £60m a year worse off by 2025/26 than would have been the case had we received the average national cuts. The 2026/27 provisional settlement has started to reverse this and the equivalent figure for 2026/27 is estimated at £7.0m worse off. This is impacted by the proposed transitional arrangements, capping access to funding gains to a third each year. It not until 2027/28 and 2028/29, as the transition unwinds, that the Council sees this truly reverse, when the Council's share of weighted national relative increases.

This Finance Settlement's allocations align to the Government's objective to direct resources toward councils facing the highest levels of deprivation and need.

At the start of the budget process the Council was facing a £19m budget shortfall for 2026/27, increasing to £47m in 2027/28, the outlook has improved considerably with the government's Fair Funding review resulting in an improved settlement for Manchester, starting to reverse some of the cuts incurred since 2010.

After taking account of Value for Money efficiency measures and pressures being funded, including some funding allocated to the key pressure areas that resulted in overspends in 2025/26. The council was able to set a balanced position for 2026/27.

Full details of the council's medium term financial plan can be found at this link. [Medium Term Financial Strategy and 2026/27 Revenue Budget](#).

The City Treasurer is confident the overall budget position of the Council can be sustained within the overall level of resources available. However, to the degree that the budget

savings are not achieved in a timely manner and reserves are called on to achieve a balanced position, further savings will need to be identified and implemented in order to ensure the Council's future financial stability is maintained. The Council does not currently foresee a risk of issuing a Section 114 notice or seek Exceptional Financial Support from the Government over the medium term.

## Main Changes to the Financial Statements and Significant Events and Transactions

### **CIPFA Code change - Indexation**

The Code change for 2025/26 is a fundamental shift away from frequent full revaluations to a five-year valuation cycle supported by annual indexation. Further details in relation to this can be found in note 8 and note 23 of the accounts.

There are transitional arrangements in place outlining the change is prospective and no restatement is required.

### **Financial Statements:**

The Statement of Accounts provide an overview of the Council's financial position for 2025/26. The deadline to produce the draft Annual Accounts is 30 June 2026 which the council complies with. The publication deadline for audited accounts is 31 January 2027.

### **The Financial Statements: Basis of Preparation, purpose and summary.**

The annual statement of accounts has been prepared in accordance with the 2025/26 CIPFA Code of Practice on Local Authority Accounting (The Code) and International Financial Reporting Standards (IFRS). Changes in accounting requirements over the past few years have led to an increase in complexity of the accounts and the level of detail they contain.

One of the purposes of this introduction is to provide a guide to the Council's accounts and the most significant financial matters contained within the statements.

The financial statements are:

- The Comprehensive Income and Expenditure Statement (CIES)
- The Movement in Reserves Statement (MIRS)
- The Balance Sheet
- The Cash Flow Statement

Each statement is preceded by a note explaining its purpose and followed by notes explaining the main items within the statements.

These statements are followed by three further statements:

- The Housing Revenue Account (HRA)
- The Collection Fund
- The Group Accounts

These are also followed by notes explaining these statements.

## The Basis of the Preparation and Presentation of the Annual Statement of Accounts

The accounts that follow have been prepared to be:

- a) Relevant: The accounts provide information about the Council's performance and position that is useful for assessing the stewardship of public funds and for making economic decisions.
- b) Reliable: The financial information:  
Has been prepared to reflect the reality or substance of the transaction and the activities underlying them are
  - free from deliberate or systematic bias
  - free from material error
  - complete within the bounds of materiality and
  - prudently prepared
- c) Comparable: In complying with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The 2025/26 ('The Code') and consistent Local Authority reporting.
- d) Understandable: These accounts are based on accounting concepts, treatments and terminology that require reasonable knowledge of accounting and Local Government. However, every effort has been made to use plain language and where technical terms are unavoidable, they have been explained in the glossary of terms.

### Underlying Assumptions

The annual accounts of all Councils are prepared following the standard assumptions set out below, to ensure that all Councils reports are consistent and comparable.

**Accruals Basis** - The financial statements, other than the cash flow, are prepared on an accrual's basis. Income and expenditure are recognised in the accounts in the period in which it is earned or incurred not as the cash is received or paid.

**Going Concern** - The Council prepares its Statement of Accounts on a going concern basis, on the assumption that it will continue in existence into the foreseeable future. Further information on going concern is shown within the accounting policies.

**Materiality** - Throughout, consideration has been given to the significance ('materiality') of an item i.e., whether its misstatement or omission might reasonably be expected to influence assessments of the Council's financial management.

**Primacy of Legislation Requirements** - In accordance with the Code, where an accounting treatment is prescribed by law then it has been applied, even if it contradicts accounting standards.

### Accounting Changes

The accounts are prepared in line with the accounting policies, and are in line with the CIPFA Code of Practice, the legislation and accounting rules that local government must comply with.

In 2025/26 the CIPFA code of practice mandates a change relating to valuations of assets. This is a fundamental shift away from frequent full revaluations to a five-year valuation cycle supported by annual indexation. Authorities are now expected to carry out formal valuations only once every five years (or on a rolling basis) and use indexation in the intervening years to keep asset values materially up to date. The application requires judgement, appropriate index selection, and supporting evidence.

The indices used are not prescribed, they should ideally be based on market evidence. There are transitional arrangements in place so the council applies the change prospective, with no requirement for restatement of prior periods.

The council has flexibility in depreciation treatment, the elimination method has been chosen. In simple terms this means for depreciation and indexation instead of keeping the original cost and accumulated depreciation separately, the accounting records are “cleaned up” by eliminating the accumulated depreciation against the asset’s cost first. This gives a fresh, net value of the asset. The asset is then increased (indexed) to its current value using an appropriate inflation or revaluation factor. After this adjustment, depreciation starts again based on the new, higher value and remaining useful life. In effect, it resets the asset value to today’s terms and ensures future depreciation reflects its updated worth. The further information can be found in Note 8 – Significant items warranting additional disclosure and note 23 – Valuation of Property Plant and Equipment.

All Accounting policies are set out in note 5 to the financial statements.

### **The Council’s Comprehensive Income and Expenditure Statement**

The analysis within the Comprehensive Income and Expenditure Statement (CIES) is shown by Council Directorates. This format aims to be meaningful for users of the financial statements as it follows that of the budget and financial monitoring reports produced by the Council, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

### **The Council’s Movement in Reserves Statement (MIRS)**

This Statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into ‘usable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other ‘unusable reserves’. The statement shows how the movements in year of the Council’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amount’s chargeable to Council Tax for the year. The Net Increase/Decrease line shows the statutory movement in the General Fund Balance in the year following those adjustments.

### **The Council’s Balance Sheet**

The Balance Sheet shows the value at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by reserves held by the Council. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide

services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserves may only be used to fund capital expenditure or repaying long term debt). The second category of reserves include 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.

### **The Council’s Cash Flow Statement**

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

### **Collection Fund**

The Collection Fund statement records the collection of local taxes (council tax and business rates) and reflects the statutory obligation for the billing authority to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution of Council Tax and Business Rates to Precepting Authorities and the Government. The expenditure includes the precept payment for the services delivered across the city by the Greater Manchester Combined Authority, specifically for the Mayoral, Police and Crime Commissioner and Fire and Rescue services.) and Greater Manchester Combined Authority Mayoral General Precept.

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

The Housing Revenue Account (HRA) is a statutory account that records revenue and expenditure relating to the provision of local authority housing. It is ring-fenced to ensure that rents from council housing are used solely for the benefit of tenants. The costs and income are also shown within the main statements.

### **The Council’s Group Accounts**

The Council conducts activities through a variety of undertakings, either under ultimate control or in partnership with other organisations. The standard financial statements consider the Council as a single entity, accounting for its interests in other undertakings as investments. Group accounts are prepared to get a fuller picture of the Council’s involvement in other activities group accounts. The group reports consolidate the Council’s position along with material subsidiaries and joint ventures.

Subsidiaries are organisations that the Council controls by having legal power over the organisation, exposure, or rights to variable returns from its investment and the ability to use its power over the organisation to affect the amount of the return. The wholly owned

Council subsidiaries considered to be material to the Councils group are Destination Manchester Limited (DML), Manchester Energy Network ('MEN' - which is the SPV trading name of Manchester Heat Network Hold Co, Manchester Heat Network Trade Co and Manchester Heat Network Supply Co group companies) and This City (No. 1 Ancoats Green).

The Council has Joint Venture arrangements where two or more parties have contractually agreed to share control such as decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control and have the rights to the net assets of the arrangement. The joint ventures considered to be material for inclusion in the Councils Group accounts are Manchester Airports Holdings Limited (MAHL) and Wythenshawe Civic Regeneration LLP.

The Group Accounts contain the Group Consolidated Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement, and notes to the Group Accounts.

## Statement of Responsibilities for the Annual 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 has the responsibility for the administration of those affairs, as required by Section 151 of the Local Government Act 1972. In this Council, that officer is the City Treasurer.
- manage its affairs to secure economic, efficient, and effective use of resources and safeguard its assets; and
- approve the statement of accounts.

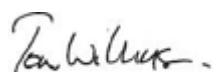
### The City Treasurer's Responsibilities

The City Treasurer is the Council's designation Section 151 officer and is responsible for the preparation of the Council and Group 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.

In preparing this statement of accounts, the City Treasurer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent; and
- complied with the Code of Practice.
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

The statement of accounts gives a true and fair view of the financial position of the Council and Group as at 31 March 2026 and their income and expenditure for the year ended 31 March 2026.



Tom Wilkinson  
City Treasurer  
30 June 2026

## Comprehensive Income and Expenditure Statement

This account summarises the resources that have been generated and consumed in providing services and managing the Council during the last year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of non-current assets actually consumed and the real projected value of retirement benefits earned by employees in the year. A full explanation is provided as part of financial statements section of the narrative report.

Restated 2024/25 Gross Expenditure £'000's	Restated 2024/25 Gross Income £'000's	Restated 2024/25 Net Expenditure £'000's		Notes	2025/26 Gross Expenditure £'000's	2025/26 Gross Income £'000's	2025/26 Net Expenditure £'000's
			<b>Continuing operations</b>				
334,413	(87,996)	246,417	Adults Social Care		365,488	(92,145)	273,344
60,144	(14,814)	45,330	Public Health		61,929	(13,721)	48,209
708,084	(485,549)	222,535	Children's Services		735,397	(511,789)	223,609
337,527	(241,561)	95,966	Corporate Services		319,012	(222,563)	96,449
284,014	(115,971)	168,043	Neighbourhoods		289,195	(132,183)	157,012
125,137	(53,998)	71,139	Growth and Development		137,305	(44,409)	92,896
17,337	(24,014)	(6,677)	Corporate Items		17,596	(13,328)	4,268
5,313	0	5,313	Council - Wide Costs		24,004	0	24,004
97,678	(99,329)	(1,651)	Housing Revenue Account		100,621	(100,740)	(119)
<b>1,969,647</b>	<b>(1,123,232)</b>	<b>846,415</b>	<b>Net cost of services</b>		<b>2,050,549</b>	<b>(1,130,877)</b>	<b>919,671</b>
			<b>Other operating expenditure</b>				
34,995	0	34,995	Gains / (Losses) on disposal of non-current assets		45,648	0	45,648
72,512	0	72,512	Levies		74,797	0	74,797
<b>107,507</b>	<b>0</b>	<b>107,507</b>	<b>Total other operating expenditure</b>		<b>120,445</b>	<b>0</b>	<b>120,445</b>
294,413	(304,857)	(10,444)	Financing and investment income and expenditure	13	363,283	(370,175)	(6,891)

Manchester City Council Annual Statement of Accounts 2025/26

Restated 2024/25 Gross Expenditure £'000's	Restated 2024/25 Gross Income £'000's	Restated 2024/25 Net Expenditure £'000's		Notes	2025/26 Gross Expenditure £'000's	2025/26 Gross Income £'000's	2025/26 Net Expenditure £'000's
56,431	(904,013)	(847,581)	Taxation and non-specific grant income and expenditure	14	52,952	(987,668)	(934,716)
<b>2,427,999</b>	<b>(2,332,102)</b>	<b>95,897</b>	<b>(Surplus) or Deficit on provision of services</b>		<b>2,587,229</b>	<b>(2,488,720)</b>	<b>98,509</b>
			<b>Items that will not be subsequently classified in the (Surplus) / Deficit on Provision of Services</b>				
		(117,349)	(Surplus) / deficit on revaluation of assets	39a			(58,771)
		16,006	Impairment losses on non-current assets charged to the Revaluation Reserve	39a			17,796
		(15,961)	Re-measurements of the net defined benefit pension liability	41-43			4,726
			<b>Items that will be subsequently classified in (Surplus) / Deficit on Provision of Services</b>				
		2,018	(Surplus) / deficit from investments in equity instruments designated at fair value through other comprehensive income	39b			3,728
		<b>(115,286)</b>	<b>Total other comprehensive income and expenditure</b>				<b>(32,521)</b>

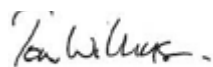
Manchester City Council Annual Statement of Accounts 2025/26

<b>Restated 2024/25 Gross Expenditure £'000's</b>	<b>Restated 2024/25 Gross Income £'000's</b>	<b>Restated 2024/25 Net Expenditure £'000's</b>		<b>Notes</b>	<b>2025/26 Gross Expenditure £'000's</b>	<b>2025/26 Gross Income £'000's</b>	<b>2025/26 Net Expenditure £'000's</b>
		<b>(19,389)</b>	<b>Total comprehensive income and expenditure</b>				<b>65,988</b>

## Balance Sheet

The balance sheet shows the council's balances on assets, liabilities and net worth (usable and unusable reserves at the end of the financial year.

<b>31 March 2025 £000's</b>			<b>31 March 2026 £000's</b>
	<b>Non-current assets</b>		
568,240	Infrastructure Assets	19b	579,172
3,135,982	Other Property, plant, and equipment Assets	19a	3,132,824
645,724	Heritage assets	22	649,302
508,871	Investment properties	28	529,396
75	Intangible non-current assets		0
174,504	Long-term investment in subsidiaries, associates, and joint ventures	31	190,646
3,231	Other long-term investments	31	3,545
510,738	Long-term debtors	32	521,439
<b>5,547,366</b>	<b>Total non-current assets</b>		<b>5,606,325</b>
	<b>Current assets</b>		
484	Inventories and long-term contracts		518
281,878	Short-term debtors	32	269,506
164,495	Cash and cash equivalents	46	143,907
3,953	Short-term assets held for sale	24	3,953
<b>450,810</b>	<b>Total current assets</b>		<b>417,885</b>
<b>5,998,176</b>	<b>Total assets</b>		<b>6,024,209</b>
	<b>Current liabilities</b>		
(392,810)	Short-term borrowing	37	(590,126)
(235,335)	Short-term creditors	33	(247,544)
(22,574)	Short-term provisions	36	(19,659)
(20,458)	Short-term deferred liabilities	35	(23,153)
<b>(671,178)</b>	<b>Total current liabilities</b>		<b>(880,483)</b>
<b>5,326,999</b>	<b>Total assets less current liabilities</b>		<b>5,143,726</b>
	<b>Long-term liabilities</b>		
(841)	Long-term creditors		(943)
(94,764)	Long-term provisions	36	(65,276)
(1,239,098)	Long-term borrowing	34	(1,150,893)
(164,147)	Long-term deferred liabilities	35	(165,919)
(20,772)	Capital grants receipts in advance		(22,052)
(66,059)	Net Pensions Liability	41	(63,313)
<b>(1,585,681)</b>	<b>Total long-term liabilities</b>		<b>(1,468,396)</b>
<b>3,741,318</b>	<b>Net assets</b>		<b>3,675,330</b>
	<b>Financed by:</b>		
(536,580)	Usable reserves	38	(513,477)
(3,204,738)	Unusable reserves	39	(3,161,853)
<b>(3,741,318)</b>	<b>Total reserves</b>		<b>(3,675,330)</b>



Tom Wilkinson, City Treasurer, 30 June 2026

## Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Council, analysed into "usable reserves" (i.e., those that can be applied to fund expenditure) and unusable reserves. The surplus / deficit on the provision of services line includes accounting adjustments for such items as depreciation that would be a significant cost in a commercial organisation, but which do not need to be funded by Council Tax. These are different from the statutory amounts required to be charged to the General Fund Balance and the Housing Revenue Account for council tax setting and dwellings rent setting purposes.

		<b>General Fund Reserves £000</b>	<b>Housing Revenue Account £000</b>	<b>Capital Receipts Reserves £000</b>	<b>Capital Grants Unapplied £000</b>	<b>Major Repairs Reserve £000</b>	<b>Total Usable Reserves £000</b>	<b>Total Unusable Reserves £000</b>	<b>Total Council Reserves £000</b>
<b>Balance at 1 April 2024</b>		<b>(352,247)</b>	<b>(87,263)</b>	<b>(128,008)</b>	<b>(66,638)</b>	<b>(5,743)</b>	<b>(639,897)</b>	<b>(3,082,033)</b>	<b>(3,721,930)</b>
<b>Movement in reserves during 2024/25</b>									
Total comprehensive income and expenditure	CIES	92,340	3,557	0	0	0	95,897	(115,286)	(19,389)
Adjustments between accounting basis and funding basis under regulations	2b and 10	(60,476)	15,168	40,355	12,589	(213)	7,423	(7,423)	0
<b>(Increase) or decrease in year</b>		<b>31,864</b>	<b>18,725</b>	<b>40,355</b>	<b>12,589</b>	<b>(213)</b>	<b>103,320</b>	<b>(122,708)</b>	<b>(19,389)</b>
<b>Balance at 31 March 2025</b>		<b>(320,382)</b>	<b>(68,538)</b>	<b>(87,652)</b>	<b>(54,049)</b>	<b>(5,956)</b>	<b>(536,577)</b>	<b>(3,204,741)</b>	<b>(3,741,319)</b>
<b>Movement in reserves during 2025/26</b>									
Total comprehensive income and expenditure	CIES	105,237	(6,727)	0	0	0	98,509	(32,521)	65,988
Adjustments between accounting basis and funding basis under regulations	2b and 10	(78,286)	21,397	(10,418)	(13,886)	5,787	(75,407)	75,407	0
<b>(Increase) or decrease in year</b>		<b>26,951</b>	<b>14,669</b>	<b>(10,418)</b>	<b>(13,886)</b>	<b>5,787</b>	<b>23,103</b>	<b>42,886</b>	<b>65,989</b>
<b>Balance at 31 March 2026</b>		<b>(293,431)</b>	<b>(53,869)</b>	<b>(98,070)</b>	<b>(67,935)</b>	<b>(169)</b>	<b>(513,474)</b>	<b>(3,161,855)</b>	<b>(3,675,330)</b>

## Cash Flow Statement

The Cash Flow Statement shows the reason for changes in the Council's cash balances (including investments for periods of less than three months) during the year. It shows whether that change is due to operating activities, investing, or financing activities (such as repayment of borrowing or other long-term liabilities).

2024/25 £000s		Note	2025/26 £000s
(95,897)	Net (deficit) / surplus on the provision of services		(98,509)
141,595	Adjustments to net (deficit) / surplus on the provision of services for non-cash movements	47	265,180
(130,663)	Adjustments for items included in the net (deficit) / surplus on the provision of services that are investing and financing activities	48	(190,172)
(84,966)	<b>Net cash flows from operating activities</b>		<b>(23,501)</b>
(135,116)	Investing activities	50	(80,645)
272,038	Financing Activities	51	83,559
51,957	<b>Net increase or (decrease) in cash and cash equivalents</b>		<b>(20,587)</b>
112,538	Cash and cash equivalents at the beginning of the reporting period		164,495
164,495	<b>Cash and cash equivalents at the end of the reporting period</b>	46	<b>143,907</b>

Manchester City Council Annual Statement of Accounts 2025/26

Note 1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows for each of the Council's directorates, a comparison of the net expenditure as per the revenue outturn reports to Executive and the net expenditure in the CIES and explains the differences between the two.

<b>2025/26 Service</b>	<b>As reported to Council £000's</b>	<b>Adjustments to arrive at net amount chargeable to the general fund and HRA balances £000's Note 2a</b>	<b>Net expenditure chargeable to the general fund and HRA balances £000's</b>	<b>Adjustments between funding and accounting basis £000's Note 2b</b>	<b>Net expenditure in the Comprehensive Income and Expenditure Statement £000's</b>
Adult Social Care	284,926	(11,890)	273,036	307	273,344
Public Health	48,350	(141)	48,209	0	48,209
Children's Services	188,570	(812)	187,758	35,850	223,609
Corporate Services	94,181	1,503	95,684	765	96,449
Neighbourhoods	151,392	(39,777)	111,614	45,398	157,012
Growth and Development	10,924	25,142	36,066	56,830	92,896
Corporate Items	(7,363)	20,450	13,087	(8,818)	4,269
Council-Wide Costs	0	0	0	24,003	24,003
Housing Revenue Account	14,669	6,607	21,276	(21,397)	(121)
<b>Net Cost of Services</b>	<b>785,648</b>	<b>1,082</b>	<b>786,730</b>	<b>132,941</b>	<b>919,671</b>
Other Income and Expenditure	(786,755)	41,645	(745,110)	(76,051)	(821,161)
<b>Deficit / (surplus) on Provision of Services</b>	<b>(1,107)</b>	<b>42,728</b>	<b>41,621</b>	<b>56,889</b>	<b>98,509</b>

Manchester City Council Annual Statement of Accounts 2025/26

<b>Restated 2024/25 Service</b>	<b>As reported to Council £000's</b>	<b>Adjustments to arrive at net amount chargeable to the general fund and HRA balances £000's Note 2a</b>	<b>Net expenditure chargeable to the general fund and HRA balances £000's</b>	<b>Adjustments between funding and accounting basis £000's Note 2b</b>	<b>Net expenditure in the Comprehensive Income and Expenditure Statement £000's</b>
Adult Social Care	261,169	(18,834)	242,335	4,082	246,417
Public Health	46,338	(1,008)	45,330	0	45,330
Children's Services	171,497	3,302	174,799	47,736	222,535
Corporate Services	103,520	(5,930)	97,590	(1,624)	95,966
Neighbourhoods	144,228	(24,201)	120,027	48,016	168,043
Growth and Development	9,658	33,420	43,077	28,062	71,139
Corporate Items	9,342	(6,024)	3,318	(9,997)	(6,677)
Council-Wide Costs	0	0	0	5,313	5,313
Housing Revenue Account	18,725	(5,208)	13,517	(15,168)	(1,651)
<b>Net Cost of Services</b>	<b>764,476</b>	<b>(24,483)</b>	<b>739,994</b>	<b>106,419</b>	<b>846,413</b>
Other Income and Expenditure	(735,214)	45,809	(689,405)	(61,112)	(750,517)
<b>Deficit / (surplus) on Provision of Services</b>	<b>29,263</b>	<b>21,326</b>	<b>50,588</b>	<b>45,308</b>	<b>95,896</b>

<b>Movement in General Fund and HRA Balance</b>	<b>2024/25</b>	<b>2025/26</b>
Opening General Fund and HRA Reserves	439,510	388,921
Surplus on General Fund and HRA Reserves in year	(50,588)	(41,621)
<b>Closing General Fund and HRA Reserves at 31 March</b>	<b>388,920</b>	<b>347,301</b>

Adjustments between funding accounting basis are technical accounting adjustments excluded from the outturn as they that net to nil across council per further detail in note 10. The split of the general fund and HRA reserves is shown in the MIRS.

Note 2. Note to the Expenditure and Funding Analysis

**(a) Adjustments to arrive at net amount chargeable to the general fund and HRA balances**

<b>2025/26</b>	<b>Adjustments relating to other income and expenditure (i) £000's</b>	<b>Adjustments relating to transfers to / from reserves (ii) £000's</b>	<b>Adjustments relating to internal recharges (iii) £000's</b>	<b>Total Adjustments £000's</b>
Adults Social Care	(16,798)	6,708	(1,799)	(11,890)
Public Health	(303)	587	(424)	(141)
Children's Services	(3,627)	3,953	(1,138)	(812)
Corporate Services	(5,440)	(4,170)	11,113	1,503
Neighbourhoods	(25,878)	437	(14,336)	(39,777)
Growth and Development	13,053	6,389	5,699	25,142
Corporate Items	124	19,441	885	20,450
Council-Wide	0	0	0	0
Housing Revenue Account	6,607	0	0	6,607
<b>Net Cost of Services</b>	<b>(32,263)</b>	<b>33,345</b>	<b>0</b>	<b>1,082</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	32,263	9,382	0	41,645
Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services	0	42,728	0	42,728

<b>Restated 2024/25</b>	<b>Adjustments relating to other income and expenditure (i) £000's</b>	<b>Adjustments relating to transfers to / from reserves (ii) £000's</b>	<b>Adjustments relating to internal recharges (iii) £000's</b>	<b>Total Adjustments £000's</b>
Adults Social Care	(21,021)	3,615	(1,429)	(18,834)
Public Health	(1,114)	500	(394)	(1,008)
Children's Services	2,299	2,332	(1,328)	3,302
Corporate Services	(13,584)	(1,432)	9,086	(5,930)
Neighbourhoods	(18,257)	9,492	(15,436)	(24,201)
Growth and Development	18,170	6,838	8,411	33,420
Corporate Items	109	(7,222)	1,090	(6,024)
Council-Wide	0	0	0	0
Housing Revenue Account	(5,208)	0	0	(5,208)
<b>Net Cost of Services</b>	<b>(38,606)</b>	<b>14,123</b>	<b>0</b>	<b>(24,483)</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	38,606	7,203	0	45,809
Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services	0	21,326	0	21,326

- (i) Adjustments relating to other income and expenditure include levies, PFI grants, transactions relating to investment properties and service specific interest payments and receipts which are reported as part of service costs in the outturn report but are not included in net cost of services in the CIES.
- (ii) Transfers to and from reserves which are included in the outturn report but are not shown within the CIES.
- (iii) Internal recharges between services are included in the outturn report but are not shown within the CIES.

**(b) Adjustments between Funding and Accounting Basis**

<b>2025/26</b>	<b>Adjustments for Capital Purposes (i) £000</b>	<b>Pension Adjustments (ii) £000</b>	<b>Collection Fund Adjustments (iii) £000</b>	<b>Other Adjustments (iv) £000</b>	<b>Total Adjustments £000</b>
Adults Social Care	2,775	(2,481)	0	13	307
Public Health	0	0	0	0	0
Children's Services	21,299	(14,676)	0	29,227	35,850
Corporate Services	3,521	(2,744)	0	(11)	765
Neighbourhoods	48,227	(2,844)	0	16	45,398
Growth and Development	57,995	(1,143)	0	(21)	56,830
Corporate Items	0	(8,556)	0	(262)	(8,818)
Council-Wide Costs	11,305	12,699	0	(0)	24,003
Housing Revenue Account	(21,392)	(5)	0	0	(21,397)
<b>Net Cost of Services</b>	<b>123,729</b>	<b>(19,750)</b>	<b>0</b>	<b>28,961</b>	<b>132,941</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(82,586)	12,278	(6,128)	385	(76,051)
Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services	41,143	(7,472)	(6,128)	29,346	56,889

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<b>Restated 2024/25</b>	<b>Adjustments for Capital Purposes (i) £000</b>	<b>Pension Adjustments (ii) £000</b>	<b>Collection Fund Adjustments (iii) £000</b>	<b>Other Adjustments (iv) £000</b>	<b>Total Adjustments £000</b>
Adults Social Care	5,243	(1,153)	0	(7)	4,082
Public Health	0	0	0	0	0
Children's Services	28,344	(2,434)	0	21,826	47,736
Corporate Services	(69)	(1,547)	0	(8)	(1,624)
Neighbourhoods	49,362	(1,379)	0	33	48,016
Growth and Development	28,497	(388)	0	(47)	28,062
Corporate Items	(14)	(9,031)	0	(952)	(9,997)
Council-Wide Costs	723	4,590	0	0	5,313
Housing Revenue Account	(15,156)	(12)	0	0	(15,168)
<b>Net Cost of Services</b>	<b>96,929</b>	<b>(11,354)</b>	<b>0</b>	<b>20,845</b>	<b>106,419</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(73,171)	12,857	(541)	(256)	(61,112)
<b>Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services</b>	<b>23,758</b>	<b>1,503</b>	<b>(541)</b>	<b>20,589</b>	<b>45,308</b>

- (i) Adjustments relating to capital include depreciation, amortisation of intangible assets impairment, revenue funded from capital under statute, movements in investment property valuations, gain / loss on disposal of non-current assets, capital grants and contributions, HRA PFI adjustments, soft loans, minimum revenue provision and revenue contribution to capital outlay.
- (ii) Adjustments relating to pensions are the removal of employee pension costs for the Local Government Pension Scheme and their replacement with current service costs and past service costs plus the net interest on the defined pension liability.
- (iii) This represents the difference between what is chargeable under statutory regulations for council tax and NNDR i.e., the amount estimated in the preceding January and the actual income due on an accruals basis. This difference is held within the Collection Fund.
- (iv) Other adjustments include employee benefit accruals and the payment to the housing capital receipts pool.

Note 3. Prior Period Reclassification

The comparator is reclassified so that 2025/26 is presented in a comparable way to 2024/25.

Restatements of 2025/26 reflects the transfer of the Operational Property and Facilities Management services from the Corporate Services to the Growth and Development Directorate.

This restatement has been included within the Single Entity Comprehensive Income and Expenditure Statement, note 1, and note 9 b and within the group Comprehensive Income and Expenditure Statement.

<b>Net Expenditure</b>	<b>As reported in the 2024/25 CIES</b>	<b>Transfer of services between directorates</b>	<b>As restated 2024/25</b>
Adults Social Care	246,417		246,417
Public Health	45,330		45,330
Children's Services	222,535		222,535
Corporate Services	131,353	(35,387)	95,966
Neighbourhoods	168,043		168,043
Growth and Development	35,752	35,387	71,139
Corporate Items	(6,677)		(6,677)
Council Wide Costs	5,313		5,313
Housing Revenue Account	(1,651)		(1,651)
<b>Total taxation and non-specific grant income</b>	<b>846,415</b>	<b>0</b>	<b>846,415</b>

Certain comparative disclosures have been updated to improve clarity and remove immaterial items previously included in error. This has no impact on the reported financial position or outturn, notes affected are

- Note 45 Related Parties - where the note now references information already held in other notes
- Note 25 PFI – Some disclosures have been removed from the note in relation to energy properties due to materiality as part of a decluttering exercise.

Note 4. Impact of Accounting Changes Issued but Not Yet Adopted

The Code requires the Council to disclose information setting out the impact of an accounting change required by a new accounting standard and amendments that have been issued but not yet adopted by the Code.

The following standards are being introduced by the 2026/27 Code where disclosure is required in the 2025/26 financial statements, none are expected to have a significant impact:

- a) Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024. This changed clarified how that Heritage Assets used to run services, for example a

historic building used as offices or delivering services should be treated as normal operational asset rather than a Heritage Asset, Heritage rules apply when the main purpose is cultural. This change has no impact for the Council as we already account for these types of assets in this way.

- b) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024. These provide clarity the assessment and classification of specific financial instruments and identify additional risk disclosures which could apply. It also provides an optional treatment for the early derecognition of financial liabilities for electronic payment systems. This will not be a material change for the council but will require further disclosures in the notes to the accounts.
- c) Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024. Most changes in volume 11 aligns wording across standards. There are not matters in these changes that would require a change in the councils accounting treatment.
- d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS9 and IFRS7 Issued in December 2024. The standard clarifies organisations who have Power Purchase Agreements, can treat these arrangements as normal contracts or derivatives, to avoid the potential for significant fluctuations in the figures. The council do have an agreement of this nature however it is not operation until Autumn 2026 therefore this change will not change any treatment for the council.

## Note 5. Accounting Concepts and Policies

### 5.1. Underlying Assumptions

The purpose of this statement is to explain the accounting policies used in compiling the figures shown in the Council's statement of accounts.

The Statement of Accounts summarises transactions for the 2025/26 financial year and its position at the year-end of 31st March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015. These regulations require the Statement of Accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, and the Service Reporting Code of Practice (SeRCOP) 2025/26, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is primarily historical cost, modified by the revaluation of certain non-Current Assets and financial instruments.

The Statement of Accounts has been prepared in accordance with the following accounting concepts:

### 5.1.1 Going Concern

The accounts have been prepared on a going concern basis and that the functions of the Council will continue in operational existence for the foreseeable future. The Council has based its considerations of Going Concern around the continuous provision of service.

The Council Group Accounts consolidates its investments in Manchester Airport Holding Limited (MAHL), Destination Manchester Limited (DML), Manchester Energy Network (MEN), Wythenshawe Civic Regeneration LLP and No 1 Ancoats Green. In considering the going concern of the Council and the Group, the Council has considered the going concern of those entities.

### 5.1.2 Accruals Basis

The financial statements, other than the cash flow, are prepared on an accruals basis. Income and expenditure is recognised in the accounts in the period in which it is earned or incurred not as the cash is received or paid.

### 5.1.3 Materiality

Throughout the financial statements consideration has been given to the materiality (significance) of an item. Information is considered to be material if omitting it or misstating it could influence decisions that users make on the basis of the financial information. Financial information should be relevant, reliable, comparable and understandable.

## 5.2. Accounting Policies

This section sets out the accounting policies which the council uses in preparing its financial statements. Strict compliance to accounting policy has not been applied where the amounts involved are not considered to affect a true and fair presentation of the financial position and transactions of the Council.

Accounting policies have been applied consistently within the year and between this and prior years; and the statements have been prepared to reflect the substance of the Council's transactions over their legal form.

### 5.2.1 Property, Plant and Equipment (PPE)

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

#### Recognition

Expenditure on the acquisition, creation and enhancement of PPE has been capitalised on an accruals basis provided that it yields benefit to the Council, and the services it provides, for more than one financial year. Expenditure on repairs and maintenance is charged to revenue as it is incurred.

Capital expenditure is initially added to the value of an asset but if expenditure is not considered to increase the value of the asset the value is reduced by this expenditure.

Assets with an individual cost below the de minimis threshold of £10,000 will not be capitalised and will instead be expensed in the year of acquisition. There may be exception to this rule if a capital restricted grant is received and below this level.

#### Measurement

PPE assets are initially shown on the Balance Sheet at cost, comprising the purchase price and any expenditure attributable to bringing the asset into working condition. The Council does not capitalise borrowing costs incurred whilst the assets are under construction.

PPE assets are valued using methods of valuation on the basis required by CIPFA and in accordance with Royal Institution of Chartered Surveyors (RICS) guidance.

- *Land and buildings and other operational assets are valued at current value, determined as the value that would be paid for the asset in its existing use. Where market evidence is not available, for example schools and leisure centres, current value is estimated at depreciated replacement cost, using the modern equivalent asset method.*
- *Short life assets, such as vehicles, are held at depreciated historical cost as a proxy for current value on the grounds of materiality.*
- *Council dwellings current value measurement base is valued at existing use value – social housing.*
- *Community assets are measured at depreciated historical cost.*
- *Assets under construction are held at historical cost and are not depreciated until brought into use.*
  
- *Surplus assets current value is valued at fair value based on the highest or best use of the asset from a market perspective. Surplus assets are not in use by the Council but do not meet the definition of investment property or assets held for sale. Surplus assets mainly relate to land that is being held for regeneration purposes and future sale.*

Other assets included in the Balance Sheet at current or fair value are valued sufficiently regularly to ensure that their carrying amount is not materially different from their value at year end. The Code requirements have changed in respect of revaluations of property, plant and equipment. From 1 April 2025, property, plant and equipment is revalued on a five-year rolling programme basis, supported by indexation in the intervening years, where a suitable index is available. Where a suitable index cannot be identified then in year 3 a desktop valuation will be commissioned. These changes do not apply to the following categories of property, plant and equipment:

- *council dwellings.*
- *infrastructure assets.*
- *community assets.*
- *and assets under construction.*

Valuations are undertaken during the year by internal council valuers and external valuers commissioned by the Council.

The external valuers provide indexation factors for the percentage increase in value from the date of the last valuation to 31 March 2025, where there is not a formal valuation due, and these are applied to the assets where material.

Council dwellings are revalued annually and are valued on a beacon approach for the house as a whole. Asset lives for the purposes of depreciation take account of the following components: main building, roof, windows, external doors, kitchens, bathrooms, heating, and electrical systems.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Where the increase is reversing a previous loss charged to the Deficit / Surplus on the Provision of Services on the same asset, the increase in valuation is credited to the Comprehensive Income and Expenditure Statement (CIES).

Where decreases in value are identified and there is a balance of revaluation gains in the Revaluation Reserve relating to the asset, the value of the asset is written down against that balance (up to the amount of the accumulated gains). Where there is a nil or insufficient balance in the Revaluation Reserve (RR) the value of the asset is written down against the relevant service line in the CIES.

Where revaluation gains or losses are credited or charged to the CIES, they are reversed in the Movement in Reserves Statement (MIRS) to the Capital Adjustment Account (CAA).

The Revaluation Reserve contains gains recognised since 1 April 2007 only, the date of its formal implementation. Revaluation gains arising before that date are included in the CAA.

The land and building elements of all properties are valued separately and treated as separate assets for accounting purposes. In addition to this and subject to an appropriate materiality level, any individual component within buildings which has a cost that is significant in relation to the total cost of the building is accounted for separately unless the components have a similar useful life to the main building.

In considering assets for potential componentisation (i.e., the significant elements of the asset are valued separately) the Council has included all general fund buildings with a carrying value of more than £2m.

#### 5.2.2 Depreciation on Property, Plant and Equipment

Depreciation has been calculated using a straight-line method (i.e., apportioned equally over each year of the life of the asset) for all assets. A qualified valuer determines the estimated useful life of each property. Land and assets not yet available for use (assets under construction) are not depreciated. Each component of PPE that is significant in relation to the total cost of the asset is depreciated separately based on its estimated useful life.

Non-current Asset	Maximum Depreciation Period
Buildings	59 Years
Vehicle Plant and Equipment	30 Years

Depreciation is charged to the service with a corresponding reduction in the value of the asset. The depreciation charge is reversed in the MIRS, and a transfer made to the CAA. Residual values, useful lives and depreciation methods are reviewed at each financial year end.

Depreciation has been charged to the Housing Revenue Account (HRA) in accordance with proper practices and credited to the Major Repairs Reserve (MRR).

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 charged on their historical cost being transferred from the RR to the CAA.

### 5.2.3 Derecognition of Property, Plant and Equipment

An item of PPE is derecognised by disposal or when no future economic benefit or service potential is expected from its use.

The carrying amount of a replaced or restored part of an asset is derecognised with the carrying amount of the new component being recognised.

When an asset is disposed of the carrying amount of the asset in the Balance Sheet is written off to Other Operating Expenditure within the CIES as part of the gain or loss on disposal. Sale proceeds from disposals are credited to the same line in the CIES also as part of the gain or loss on disposal.

Any revaluation gains on the RR, for assets disposed of or decommissioned, are transferred to the CAA.

Income from an asset disposal in excess of £10,000 is classed as a capital receipt. Capital receipts from Right to Buy (RTB) sales of council dwellings are pooled between the Council and central government. The net RTB receipts received (after reduction of reasonable transaction costs and allowable debt) are split based on a share ratio provided by central government. If the government share of capital receipts, as calculated by the Office of Budget Responsibility, is exceeded the Council retains the remainder of the receipts to be used for the provision of new homes. If these receipts are not used within three years, they must be returned to the government (with interest at 4% above base rate). Non-RTB receipts are exempt from the capital pooling rules.

The balance of capital receipts is credited to the Capital Receipts Reserve and used to fund new capital expenditure or repay debt.

The written off value of disposals is reversed through the MIRS to the CAA.

### 5.2.4 Highways Infrastructure Assets

The Council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 to implement the statutory override, in that the carrying amounts of replaced and derecognised infrastructure assets may be at a nil value.

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

#### Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. 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 Highways Asset Manager using industry standards where applicable as follows:

<b>Part of the highways network</b>	<b>Useful life</b>
Carriageways	21 years
Footways and cycle track	40 years
Structures (bridges, tunnels, and underpasses)	73 years
Street lighting	25 years
Street furniture	25 years
Public Realm	50 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

### 5.2.5 Private Finance Initiatives (PFIs) and Similar Contracts

PFI and similar contracts (service concessions) 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 contract and as ownership of the property, plant and equipment will pass to the Council at the end of the contract for no additional charge, the Council holds the Property, Plant and Equipment used under the contracts on its Balance Sheet.

The original introduction of these assets onto the balance sheet is matched by the recognition of a deferred liability for amounts due to the operator to pay for the assets. Where the assets come into use at different stages the asset and matching liability are introduced in stages. For some PFI schemes the liability is written down by an initial capital contribution. This capital contribution was either in the form of a cash contribution or assets transferred to the contractor.

Property, Plant and Equipment relating to PFIs and similar contracts, recognised on the Balance Sheet, is revalued, depreciated, and impaired in the same way as other property, plant and equipment owned by the Council.

The amounts payable to the operator each year are analysed as follows:

Value of the service received (including facilities management) during the year - debited to the relevant service line in the Deficit / Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Interest cost based on the outstanding deferred liability - debited to the Financing and Investment Income and Expenditure line in the Deficit / Surplus on the Provision of Services.

Payment towards liability - debited to the deferred liability on the Balance Sheet thus reducing the liability. For non-HRA contracts this reduction in the charge in the Deficit / Surplus on the Provision of Services is replaced by an equivalent amount of Minimum Revenue Provision (MRP) in the Movement in Reserves Statement. For HRA contracts this reduction in unitary charge is reversed in the Movement in Reserves Statement to the Capital Adjustment Account.

Lifecycle replacement costs relate to the costs required to replace and maintain the assets over the project lifespan. Where required these are posted to the Balance Sheet as a prepayment and then recognised as a revenue cost when the works are carried out in line with the contract, unless they are identified as capital in nature in which case they will be recognised as capital expenditure.

Government grants received towards the funding of general fund PFI related payments are shown within the Taxation and Non-specific Grant Income line in the Comprehensive Income and Expenditure Statement. HRA PFI related grants are shown within the HRA income line in the Comprehensive Income and Expenditure Statement.

Following the introduction of IFRS16 PFI lease liabilities are remeasured using IFRS16 principles when:

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

The PFI lease liability will be remeasured to the present value of lease payments, using the updated assumptions. When such a remeasurement occurs, a correspond adjustment is made to the carrying amount of the PFI asset, with any further adjustment required from remeasurement being recorded in the income statement.

#### 5.2.6 Heritage Assets

Heritage assets are those assets that are intended to be preserved for future generations because of their cultural, environmental, or historical associations. They are held by the Council in pursuit of its overall objectives in relation to the maintenance of heritage. Heritage assets include civic regalia, museum and gallery collections and works of art. Community assets (including parks and cemeteries) are not heritage assets, but are accounted for as property, plant, and equipment.

Operational heritage assets (i.e., those that, in addition to being held for their heritage characteristics, are also used by the Council for other activities or to provide other services) are accounted for as operational assets rather than heritage assets and valued in the same way as other assets of that general type (e.g., buildings such as the Central Library).

Heritage assets are shown in the Balance Sheet at market value where this is available. For those assets where no market value is available the insurance valuation is used. Where a valuation is not available and cannot be obtained at a cost which is commensurate with the benefits to the users of the financial statements the assets are held at cost. Where the cost information is not available, they are not recognised in the balance sheet.

Depreciation is not provided for as these assets are considered to have infinite lives.

Any impairment is recognised and measured in accordance with the Council's general policies on impairment (policy 5.2.9). The proceeds of any disposals are accounted for in accordance with the Council's general provisions relating to the de-recognition of property, plant, and equipment (policy 5.2.3).

#### 5.2.7 Investment Properties

Investment Properties are those that are used solely to earn rentals and / or for capital appreciation. The definition is not met if the property is used in any way to provide services by the Council or is held for sale.

Investment Properties are initially measured at cost. After initial recognition they are measured at fair value - highest and best use. The fair value reflects market conditions at the

balance sheet date. A gain or loss arising from a change in the fair value of investment property is recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Investment Properties are not depreciated but are revalued annually according to market conditions at year end.

An investment property is derecognised on disposal. Gains or losses arising from the disposal are recognised in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Revaluation and disposal gains and losses are reversed in the Movement in Reserves Statement and posted to the Capital Adjustment Account and sale proceeds over £10,000 to the Capital Receipts Reserve.

Rentals received in relation to investment properties are credited to the Financing and Investment income line in the Other Comprehensive Income and Expenditure Statement.

#### 5.2.8 Schools

In accordance with The Code the Council has assessed the legal framework underlying each school. The Council controls the non-current assets of community schools and foundation schools, vested with the governing body as a Trustee, as future economic benefits associated with the assets will flow to the Council and therefore the land and buildings of those schools are shown on the Council's balance sheet. The land and buildings of voluntary aided, voluntary controlled and foundation schools, where the trust is not the governing body are owned and controlled by the trustees of the schools or the foundation body and are therefore not shown on the balance sheet of the Council.

Any schools held on the balance sheet, which are transferred to academy status form part of the loss on disposal of non-current assets. This includes schools managed under a PFI contract.

Capital expenditure on schools shown on the Council's balance sheet is added to the value of those schools. Capital expenditure on schools not on the Council's balance sheet is treated as REFUCS (Revenue Expenditure Funded from Capital under Statute) expenditure and written off each year to the CIES as part of the Children's Services line. This is reversed out through the MIRS, and a transfer made to the CAA.

All revenue income, expenditure, assets, and liabilities of maintained schools, after the removal of transactions between schools and the Council, are included in the Council's single entity accounts.

Individual schools' balances are included in the balance sheet of the Council as any unspent delegated schools budget remains the property of the Council although these can only be spent by the school.

The Dedicated Schools Grant (DSG) is allocated between the central council budgets and budgets allocated to individual schools (delegated school budgets). Expenditure from central council budgets and delegated schools' budgets is charged to the CIES as part of the Children's Services line.

Accounting regulations were introduced relating to the DSG deficit balances for six years for accounting periods beginning 1 April 2020. The financial statements continue to be produced under IFRS with the DSG being accounted for in the normal way (through the CIES). A deficit must be carried forward to be funded from future DSG income. An accounting adjustment is then made via the MIRS to move any DSG deficit balances to an unusable reserve established for that purpose.

#### 5.2.9 Impairment

Assets are reviewed for impairment at the end of each reporting period. Examples of impairment include a significant reduction in a specific assets value and evidence of physical damage (e.g., fire damage).

The amount of impairment is charged to the RR to the extent that the impairment does not exceed the amount in the RR for the same asset. Thereafter the impairment is charged to the Deficit / Surplus on the Provision of Services.

This charge is reversed out through the MIRS to the CAA.

Where an impairment loss is subsequently reversed, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

#### 5.2.10 Provision for Redemption of Debt

The Council is required to make provision for the repayment of an element of the accumulated General Fund capital expenditure, financed by borrowing, through a revenue charge, in accordance with the Minimum Revenue Provision (MRP) requirements. Regulations replaced the detailed formula for calculating MRP with a requirement to be prudent. The MRP policy (which details the basis of the provision) is agreed annually by the Council within the Treasury Management Strategy.

For all non-HRA capital expenditure funded by supported borrowing, otherwise known as supported capital expenditure, the Council's policy is to charge 2% of the capital financing requirement.

For all non-HRA unsupported borrowing MRP is calculated using the estimated life of the asset, up to a maximum of 50 years. Dependent upon the nature of the capital expenditure, a straight line (equal amount of MRP over the life of the asset) or annuity method (equal amount of MRP plus interest over the life of the asset) is used to link MRP to the future flow of benefits from the asset.

MRP starts in the year after the capital expenditure is incurred or in the case of new assets, in the year following the asset coming into use.

MRP is provided for non-HRA PFI related assets on the Council's Balance Sheet. This equates to the amount of unitary charge charged against the deferred liability on the Balance Sheet.

MRP is provided for assets held under finance leases (including embedded leases) where the Council is the lessee. This equates to the amount of the lease payment charged against the deferred liability on the Balance Sheet.

There is no MRP charge to the Housing Revenue Account.

#### 5.2.11 Revenue Expenditure Funded from Capital under Statute

Revenue Expenditure Funded from Capital under Statute (REFCUS) is expenditure of a capital nature that does not result in the creation of a non-current asset on the Balance Sheet. These are generally grants and expenditure on property not owned by the Council. Expenditure is charged to the Deficit / Surplus on the Provision of Services as it is incurred. This is reversed out through the Movement in Reserves Statement and a transfer made to the Capital Adjustment Account. Details of the accounting policy relating to grants and external contribution funding of REFCUS expenditure is shown in policy 5.2.16c.

#### 5.2.12 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 its continued use it is reclassified as an asset held for sale. Before an asset can be classed as held for sale it must be available for immediate sale in its present condition, the sale must be highly probable, the asset must be actively marketed, and the sale should be expected to be completed within one year of the date of classification. In situations where it is not necessary to carry out active marketing, for example because the Council is able to identify prospective purchasers willing to pay a reasonable price without marketing (such as transfers to a joint venture) or because a buyer initiates the transaction (such as right to buy sales), this test is not applicable. Where events or circumstances extend the period beyond one year and there is sufficient evidence that the Council remains committed to the plan to sell the assets they are classed as long-term assets held for sale.

The held for sale asset is carried at the lower of the carrying amount or the fair value less costs to sell. Where this results in a loss in value this loss is posted to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Once an asset is classed as held for sale it is no longer depreciated.

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

#### 5.2.13 Accruals of Income and Expenditure

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

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

Supplies are recorded as expenditure when they are consumed.

An impairment loss allowance is made for debts that are not considered to be collectable – referred to as impairment of financial assets. This allowance is calculated based on the expected amount that will not be collected for differing types of debt applied to the amount of outstanding debt. The balance of debtors on the Balance Sheet is reduced by the amount of allowance made.

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

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

Where 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.

A materiality threshold of £10,000 has been established to support efficient and meaningful financial reporting, reflecting the scale and complexity of the organisation's operations. This threshold is applied to general transactions and balances, excluding system-generated accruals and grant funding, which are subject to separate review and controls due to their specific reporting requirements. The £10,000 level ensures that immaterial items do not consume disproportionate resources, while maintaining the integrity and usefulness of the financial statements for decision-making purposes.

#### 5.2.14 Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of no more than twenty-four hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Cash and cash equivalents are shown net of bank overdrafts that form an integral part of cash management.

#### 5.2.15. Provisions

Provisions are made where an event has taken place that gives the Council an obligation that probably requires settlement by a transfer of economic benefits and a reliable estimate can be made of the amount of the obligation, but the timing of the transfer is uncertain. Examples include a legal case that will probably result in a payment of compensation.

Contributions to provisions are charged to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year the Council becomes aware of the obligation based on the best estimate of the likely settlement. When payments are made, they are charged to the provision. Estimated settlements are reviewed at the end of each financial year and where it becomes likely that a transfer of economic benefits will not be required the contribution to the provision is reversed and credited back to the service line.

Provisions are classified as either short or long-term depending on the likely date of settlement.

#### 5.2.16 Government Grants and Contributions

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

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

Amounts recognised as due to the Council are not credited to the CIES until conditions attached to the grant or contribution have been satisfied and there is no event anticipated that would result in those conditions being breached. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES.

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

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve and is transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

#### 5.2.17 Reserves

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

Certain reserves are kept to manage specific accounting treatments and do not represent usable resources for the Council. These are shown as unusable reserves in the Movement in Reserves Statement and Balance Sheet.

#### 5.2.18 Revenue Recognition

Revenue is a subset of income and is defined as the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net worth.

Revenue is measured at the fair value of the consideration received or receivable. In most cases, the consideration receivable is in the form of cash and cash equivalents, and the amount of revenue is the amount of cash and cash equivalents receivable.

Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

Revenue is recognised when the performance obligations in a contract have been satisfied. This recognition can be over time when the service recipient simultaneously receives and consumes the benefits (e.g., home care services) or at a point in time.

#### 5.2.19 Value Added Tax (VAT)

VAT is only included in expenditure, either revenue or capital, to the extent that it is not recoverable from HM Revenues and Customs. VAT receivable is excluded from income.

#### 5.2.20 Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases and substantially all the risk and rewards are not transferred to the lessee.

Following the implementation of IFRS16 both Finance and Operating leases that are classified where there is a Right of Use (ROU) are now being recognised on the Balance Sheet.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

#### The Council as Lessee

A right of use asset and corresponding lease liability are recognised at commencement of the lease.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental

borrowing rate (PWLB) specific to the term and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; any residual value guarantees provided to the lessor; the exercise price under a purchase option if the Council is reasonably certain to exercise; penalties for early termination if the lease term reflects the Council exercising a break option; and payments in an optional renewal period if the Council is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is amortised over the shorter of the lease term or the useful economic life of the underlying asset. The liability will be remeasured if there are changes to the lease payments, for example following a rent review, a change in index or rate such as inflation, or a change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option. Such remeasurement may also require a corresponding change in the value of the right of use asset.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The right of use asset is tested for impairment if there are any indicators of impairment.

In some circumstances, the Authority measures right of use assets using the IFRS 16 cost model, which the CIPFA Code allows to be used as a proxy for current value for local authority purposes. Under the cost model, the ROU asset is:

- carried at cost less accumulated depreciation and impairment
- depreciated over the shorter of the asset's useful life or the lease term

Where the cost model does **not** approximate current value then the Authority will apply the revaluation model in accordance with the CIPFA Code

Leases of low value assets (value when new less than £10,000) and short-term leases of 12 months or less are expensed to the Comprehensive Income and Expenditure Statement, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

## The Council as Lessor

### Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made over the life of the lease, in line with the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

### 5.2.21 Benefits Payable during Employment

Short-term employee benefits are those due to be settled within twelve months of the year end. They include such benefits as wages and salaries, paid annual leave, flexi time leave and

paid sick leave for current employees. They are recognised as an expense for services in the year in which employees undertake the service for the Council. An accrual is made for the cost of holiday entitlement (including flexi time leave), earned by employees but not taken before the year end, which employees can carry forward into the next financial year. The accrual is made at the wages and salary rates applicable in the following financial year, being the period in which the employee takes the benefit and includes employer national insurance and pension contributions.

The accrual is charged to the Deficit / Surplus on the Provision of Services but then reversed through the Movement in Reserves Statement to the Short-Term Accumulated Absences Account so that holiday absences are charged against Council Tax or Housing Rents in the financial year in which the absence occurs.

#### 5.2.22 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary severance and are shown on an accruals basis in the Deficit / Surplus on the Provision of Services in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer or when it recognises the costs for a restructuring that involves termination benefits.

Where the employee makes the decision, the liability is recognised at the earlier of when the employee accepts the offer or when a restriction on the Council's ability to withdraw the offer takes effect.

#### 5.2.23 Post-Employment Benefits

##### a. Teachers' Pension Scheme

The payment of statutory pensions to former teachers is administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). Contributions from teachers together with the employer's contribution are paid by the Council. The arrangements for this scheme mean that liabilities for benefits cannot be identified to the Council. The scheme is therefore accounted for as a defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Children's Services line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable in the year.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the Teachers' scheme. These benefits are fully accrued in the pension liability.

##### b. National Health Service (NHS) Pension Scheme

Under the arrangements for Public Health, staff performing public health functions who were compulsorily transferred from the Primary Care Trusts to local authorities and had access to the NHS Pension Scheme on 31 March 2013 retained access to that Scheme on transfer at 1 April 2013. The NHS pension scheme is an unfunded, defined benefit scheme that covers NHS employers and is a multi-employer defined benefit scheme. This means that liabilities for benefits cannot be identified to the Council. The scheme is therefore accounted for as a

defined contribution scheme – no liability for future payments of benefits is recognised in the Balance Sheet and the Public Health line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable in the year.

#### c. Local Government Pension Scheme

The Council pays an employer's contribution into the Greater Manchester Pension Fund, which is a fully funded defined benefits scheme administered by Tameside Metropolitan Borough Council from whom an Annual Report is available.

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

Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on a basket of high-quality corporate bonds, government gilts and other factors.

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

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

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

- The current service cost (the increase in the liability as a result of pension earned by Council employees in the year) is charged to the net cost of services.
- Past services costs (the increase in the liability arising from current year decisions whose effect relate to years of service earned in earlier years) are shown within council wide items as they are costs that are not attributable to a particular service. An example of when past service costs would occur is where there was a change in the basis of up-rating annual pensions.
- Gains and losses on settlements and curtailments (the result of actions to relieve the Council of liabilities or events that reduce the expected future service or accrual of benefits of employees) are shown as council wide items.
- The effect of business combinations and disposals and liabilities relate transfer of staff between the Council and other organisations; these are also shown as council wide items.
- The net interest on the net defined benefit liability, i.e., net interest expenses for the period that arises from the passage of time, is shown within the Financing and Investment Income and Expenditure line.

Re-measurements comprising:

The return on plan assets excluding amounts included in net interest on the defined benefit liability; change in demographic assumptions re-measurements; and actuarial gains and losses on changes in financial assumptions – changes in the net pension liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because actuaries have updated their financial assumptions (such as percentage increase in salaries) are shown within Other Comprehensive Income and Expenditure.

In relation to retirement benefits, statutory provisions require the General Fund and HRA balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations 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 balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund and HRA of being required to account for retirement benefits based on the cash flows rather than as benefits are earned by employees.

#### 5.2.24 Financial Assets

Financial Assets e.g., investments and debtors are classified into three types – amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVPL).

The categorisation of financial assets into these types is dependent on the reason for holding these assets (to collect cash flows, to sell assets or achieve objectives by other means).

Financial assets are brought onto the balance sheet at fair value when the Council becomes a party to contractual provisions.

#### Amortised Cost

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest and they are held to generate cash flows (e.g. investments of surplus cash with the government's debt management office or loans to third parties).

The interest received on these assets is spread evenly over the life of these instruments.

Any gain or loss in the value of these assets is recognised in the net surplus / deficit on the net provision of services at the point of de-recognition (disposal) or reclassification.

#### Fair Value through Other Comprehensive Income (FVOCI)

These assets relate to financial instruments where the amounts received relating to them are solely principal and interest, but they are held to collect cash and sell the assets (e.g., money market funds). The interest received on these assets is spread evenly over the life of these instruments.

Changes in the fair value of these assets are charged to Other Comprehensive Income and Expenditure. Cumulative gains and losses are charged to the surplus / deficit on provision of services when they are disposed of.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed to an unusable reserve - the Financial Instruments Revaluation Reserve.

#### Fair Value through Profit and Loss (FVPL)

These assets relate to financial instruments where the amounts received relating to them are not principal and interest (e.g., equity investments).

- Dividends received are accounted for at the point they are declared.
- Charges in fair value are charged to the surplus / deficit on the net provision of services as they occur.

Under capital accounting regulations where these assets were treated as capital expenditure the gain or loss is reversed through the Movement in Reserves Statement and charged to an unusable reserve - the Capital Adjustment Account.

An equity instrument that has been classed as FVPL can be designated as FVOCI if it is not held for trading (e.g., a strategic investment). Once this designation has been made it cannot be reversed. This designation would mean that any gains and losses would be held in the Financial Instruments Revaluation Reserve.

#### Credit loss

The Council will recognise a loss allowance for expected credit losses, if applicable, on assets where cash flows are solely principal and interest (i.e., financial instruments measured at amortised cost or FVOCI unless they have been designated as such). This does not apply where the counterparty is central government or another local authority.

At each year end the loss allowance for a financial instrument is calculated as equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If at year end the credit risk has not increased significantly since initial recognition the loss allowance is measured at an amount equal to twelve month expected credit losses. Where the financial asset was treated as capital expenditure any losses will be reversed via the Movement in Reserves Statement to the Capital Adjustment Account.

The Council has made several loans to individuals at less than market rates of interest (these are known as soft loans). When the loans are made the amount of interest foregone over the life of the loan is charged to the Comprehensive Income and Expenditure Statement (debited to the appropriate service line) and the outstanding principal is reduced on the Balance Sheet. This represents the present value of the interest that will be foregone over the life of the loan agreement. Statutory provisions require that the impact of the soft loans on the General Fund balance is the interest receivable in the year, so the amount of foregone interest charged is

managed by a transfer from the Financial Instruments Adjustment Account to the Movement in Reserves Statement.

#### 5.2.25 Embedded Derivatives

The Council has given equity mortgages and loans to individuals to assist with the purchase and improvement of properties. The repayments of these are based on a proportion of the value of the property in a number of years. This type of loan is classed as an embedded derivative as the amount of repayment is linked to future property values. When these mortgages and loans are granted, long-term debtors and deferred capital receipts are written onto the balance sheet. At the end of each financial year the long-term debtors and deferred capital receipt are adjusted in line with the change in property values.

#### 5.2.26 Financial Liabilities

Financial liabilities (e.g. borrowings and creditors) are recognised when there is a contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Council. For instance, when the Council takes out a loan, the advance of cash from the lender initiates the obligation to repay at some future date, and the loan would be recognised as a liability on the Balance Sheet when the advance is received.

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 over the life of the instrument to the amount at which it was originally recognised).

For many of the borrowings that the Council has, this means that the amount shown in the Balance Sheet is the outstanding principal repayable plus accrued interest, and the amount charged to the Comprehensive Income and Expenditure Statement is the amount payable per the loan agreement.

For Lender Option Borrower Option (LOBO) loans the effective interest rate has been calculated over the life of the loan. This is an average and differs from the amounts actually paid in the year. The difference between the calculated interest charge and interest paid has been adjusted in the carrying amount of the loan on the balance sheet. The amount charged in the Comprehensive Income and Expenditure Statement is the effective interest rate for the life of the loan rather than the amount payable per the loan agreement.

Where the Council is in receipt of loans that are interest free or at less than prevailing market interest rates if material, the effective interest rate is calculated so that the value of the financial assistance to the Council by the lender is separated from the financial cost of the transaction. This gain is calculated by working out the net present value of all future cash payments using the interest rate for a similar loan taken by the Council. This results in a lower figure for the fair value of the loan with the difference from the loan received treated as a government grant. This gain is reversed out in the Movement in Reserves Statement to the Financial Instruments Adjustment Account.

Gains and losses on the repurchase or early settlement of borrowing are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase or settlement. However, if the repurchase takes place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is deducted from or added to the amortised cost of the new or modified loan. In this scenario the write down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

Where premiums and discounts (amounts paid or received on the rescheduling of a loan) have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact of premiums on the General Fund balance to be spread over the longer of the outstanding period of the replaced loan or the period of the replacement loan or any other shorter period that the Council wishes to choose. Discounts are required to be credited to revenue over a maximum period equal to the outstanding term of the replaced loan or ten years (if shorter). The difference between the amount charged to the CIES and the net charge against the General Fund balance is transferred to or from the Financial Instruments Adjustment Account in the MIRS.

Following the HRA debt settlement there are no outstanding HRA premiums and discounts.

#### 5.2.27 Contingent Assets and Liabilities

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

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

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

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

#### 5.2.28 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 estimation techniques are accounted for prospectively (i.e. in the current and future years affected by the change) and do not give rise to a prior period adjustment.

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

#### 5.2.29 Material Items of Income and Expenditure

Where items of income and expenditure are material, their nature and amount are disclosed separately either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Council's financial performance.

#### 5.2.30 Events after the Balance Sheet Date

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

Where these provide evidence of conditions in existence at the balance sheet date, the amounts recognised in the accounts are adjusted. Where these are indicative of conditions that arose after the balance sheet date the amounts in the accounts are not adjusted (e.g., significant decline in market investments after 31 March). This is known as a non-adjusting event and is disclosed as a note to the accounts.

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

#### 5.2.31 Interests in Companies and Other Entities

The Council has material interests in companies and other entities and therefore group accounts have been prepared for the Council and its material interest in subsidiaries, associates, and joint ventures. Inclusion in the Council group is dependent upon the extent of the Council's interest and power to influence an entity. The determining factor for assessing the extent of interest, power or power to influence is either through ownership of an entity, a shareholding in an entity or representation on an entity's board of directors. An assessment of all the Council's interests has been carried out during the year, in accordance with the Code of Practice, to determine the relationships that exist and whether they should be included in the Council's group accounts. In the Council's single entity accounts the Council's interests in those companies included in its group accounts are recorded as long-term investments at cost.

#### 5.2.32 Joint Operations and Joint Ventures

Joint Operations are arrangements where the parties are bound by a contractual arrangement, have joint control of the arrangement, and have rights to the assets and obligations for the liabilities relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangements have rights to the net assets of the arrangement. The Council recognises its share of the assets, liabilities, income and expenditure of the joint operation and joint ventures in its single entity accounts.

### 5.2.33 Local Taxation

The Council, as a billing authority act as an agent, collecting Council Tax and national non-domestic rates (NNDR) on behalf of the major preceptors and, as principals, collecting Council Tax and NNDR for themselves. Billing authorities are required by statute to maintain a separate fund (i.e., the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NNDR. Under the legislative framework for the Collection Fund, billing authorities and major preceptors share proportionately the risks and rewards that the amount of Council Tax and NNDR collected could be less or more than predicted.

The Council Tax and NNDR income included in the Comprehensive Income and Expenditure Statement is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NNDR that must be included in the Council's General Fund. Therefore, 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.

The Balance Sheet includes the Council's share of year-end balances relating to Council Tax and Non-Domestic Rates (NNDR), including arrears, expected credit loss allowances in accordance with IFRS 9, overpayments, prepayments, and provisions for appeals.

### 5.2.34 Fair Value Measurement

The Council measures some of its assets and liabilities at fair value at the balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability 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 uses external experts to provide a valuation of its assets and liabilities in line with the highest and best use definition within the accounting standard. The highest and best use of the asset or liability being valued is considered from the perspective of a market participant.

Inputs to the valuation techniques in respect of the Council's fair value of its assets and liabilities are categorised within 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.

### 5.2.35 Non-current Liabilities with Covenants

#### Classification of Liabilities

**Non-current Liabilities:** A liability shall be classified as non-current if the Council has the right, at the reporting date, to defer settlement of the liability for at least 12 months after the reporting date. This right must be substantive and legally enforceable.

**Current Liabilities:** A liability shall be classified as current if the Council does not have the right to defer settlement for at least 12 months after the reporting date.

Covenants that the Council must comply with on or before the reporting date will be used to assess the classification of the liability. If the Council is in breach of these covenants at the reporting date, the liability shall be classified as current.

The Council shall disclose the carrying amount of liabilities subject to covenants, and provide information about the nature of the covenants and the conditions that must be met.

#### Note 6. Critical Accounting Judgements

In applying the accounting policies set out in note 5 the Council has to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

##### 6.1 Schools Non-Current Assets

The Council have assessed the legal framework underlying each type of school and the treatment of property plant and equipment in the Councils accounts:

- Community schools remain on the balance sheet as future economic benefits associated with the assets will flow to the Council.
- Voluntary Aided, Voluntary Controlled and Foundation schools are owned and controlled by the religious body or the trustees of the schools and are therefore not shown on the balance sheet of the Council unless the trustees are the governing body. The religious bodies or trustees allow the Council to use the asset to deliver education to the pupils in the City. Details of the value of schools' land and building assets are shown in the notes to the accounts.
- Academy schools are not consolidated because they are separate entities (charitable companies) and prepare their own financial statements under the Academies Accounts Direction. When a maintained school converts to an academy:
  - The derecognition of assets (land, buildings, equipment) from the council's balance sheet must be accounted for.
  - Any transfer of assets is treated as an asset disposal at nil consideration, with the loss recognised in the Comprehensive Income and Expenditure Statement.

##### 6.2 PFI and Similar Arrangements

The Council is deemed to control the services provided via its PFI arrangements and to control the residual value of the assets at the end of the contract. The accounting policy for PFIs and similar contracts has been applied to these arrangements, and the assets are recognised as Property, Plant and Equipment in the Council's Balance Sheet.

### **6.3 Investment Properties**

The Council has reviewed all assets to ensure they meet the accounting policy for investment properties (i.e., they are solely used to earn rentals and / or for capital appreciation) and as a result, assets valued on that basis totalling £529.396m (£508.871m in 2024/25) are recognised as Investment Properties in the Council's Balance Sheet.

### **6.4 Classification of Financial Assets**

Under IFRS9 (Financial Instruments) the Council's equity holdings would be classified as being valued at Fair Value through Profit and Loss. However, it is the Council's view that the majority of its equity instruments are strategic investments (i.e. are not held for trading) and it has designated these at Fair Value through Other Comprehensive Income as a reasonable and reliable accounting policy for the investment.

### **6.5 Pooled Budgets**

The Pooled Budget arrangements between the Council and NHS commenced on 1 April 2021. The accounting arrangements for the Pool are dependent on whether the Council, has control of the fund. The agreement with the Manchester University NHS Foundation Trust (MFT) states that relevant decisions must have unanimous agreement, all members of the fund hold providers to account for delivery of services and risks are borne in line with the agreement. The Council's view is that the Pool should be accounted for as a joint operation and as a result account for its share of the fund's assets, liabilities, expenditure, and income.

### **6.6 Lender Option Borrower Option (LOBO) loans**

The Council has a number of LOBO loans. These loans contain options which allow, on specific dates, the lender to alter the interest rate on the loan, and the Council then has an option to decide to either accept the new rate or repay the loan without penalty. These loans have a fixed rate of interest, but the options mean it could change over the life of the loan. This means that there cannot be any certainty as to whether the loans will be paid early, and therefore the Council has treated these loans as fixed loans which will run to their existing maturity.

### **6.7 Composition of the Council's Group Accounts**

The Council undertakes its activities through a variety of undertakings, either under ultimate control or in partnership with other organisations. Those considered to be material are included in the group accounts. An entity could be material but still not consolidated (if all of its business is with the Council and eliminated on consolidation) – i.e. the consolidation would mean that the group accounts are not materially different to the single entity accounts. The assessment of materiality also considers qualitative factors such as whether the Council depends significantly on these entities for the continued provision of its statutory services or where there is concern about the level to which the Council is exposed to commercial risk.

The Council has used its judgement in assessing its group boundaries using the criteria outlined in the Code of Practice and has prepared group accounts to include the following subsidiary companies and joint ventures.

- Destination Manchester Limited - Subsidiary
- Manchester Energy Network - Subsidiary
- Manchester Airport Holdings Limited - Joint Venture

- Wythenshawe - Joint Venture
- This City (No. 1 Ancoats Green) - Subsidiary

All other organisations assessed either did not meet the criteria or were not considered material to the accounts.

### **6.8 IFRS16 Leases**

The council has reviewed leases in accordance with IFRS16, which requires the recognition of all leases on the balance sheet (excluding low value and short-term exemptions less than one-year term). IFRS16 introduced significant changes in lease accounting, including the recognition of right of use assets and a lease liability. Authorities must exercise judgement in:

- Identifying lease contracts
- Determining lease terms, especially where extension or termination options exist
- Assessing discount rates for lease liabilities

These judgements are based on detailed analysis of the lease and the underlying economic realities of the arrangement, ensuring that the lease is accounted for accurately in line with the principles of IFRS 16.

### **6.9 Soft Loans**

A soft loan arises where the authority lends money at below market interest rates, usually in order to further service objectives. In this instance, the Council adjusts the fair value of the loan to reflect the present value of the interest that will be foregone over its life. To determine an estimated market rate for use in its calculation, the Council will liaise with its Treasury Management Consultants and its Bankers to assess prevailing rates

## **Note 7. Key Sources of Estimation Uncertainty**

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be different from the assumptions and estimates. The items in the Council's Balance Sheet at 31 March 2026 for which there is a risk of adjustment in the following financial year are:

### **7.1 Revaluation of Property, Plant and Equipment (PPE)**

Property, plant, and equipment (with the exception of infrastructure, community assets, assets under construction and small value items of vehicles, plant and equipment) are revalued on a periodic basis and tested annually for indicators of impairment. Judgements are required to make an assessment as to whether there is an indication of impairment. This includes examination of capital expenditure incurred in the financial year to ascertain whether or not it has resulted in an increase in value of an asset. Advice has been provided by valuers engaged by the Council. If the actual results differ from the assumptions the value of PPE will be over or understated. This would be adjusted when the assets were next revalued.

Full valuations take place every 5 years, with the use of indexation in intervening years to update asset values between formal valuations to update the carrying amounts of certain

classes of PPE. Some assets do not have comparable assets and for these assets a desktop valuation will take place every 3 years.

Where Indices are used, the information is derived from historical data and market forecasts, and actual future movements may differ significantly from those assumed. Consequently, the carrying amount of PPE is subject to material uncertainty For the 2025/26 financial year, the council has applied the following indices

- Building Cost Information Service (BCIS) All-in Tender Price Index (TPI)
- Savills outside London residential development land
- CPI is used for Vehicles Plant and Equipment

The total PPE carrying value of £3.132bn (including ROU assets) includes the following categories of asset that are subject to revaluation, operational land and buildings, council dwellings and surplus assets. If these assets had a revaluation increase of 1% the carrying value would rise by £24.885m.

### **7.2 Depreciation of Property, Plant and Equipment.**

Assets are depreciated based on useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to maintain the expenditure on repairs and maintenance resulting in uncertainty in the useful lives assigned to assets by the Valuers. If the useful life of assets is reduced depreciation increases and the carrying amount of assets falls. It is estimated that the annual depreciation charge would increase by £5.649m for every year the useful lives are reduced.

However, due to capital regulations, there would be no impact on the general fund balance. Percentages have been provided, based on professional judgement, for various components of council houses and flats. These percentages have been applied to the valuations of houses and flats to obtain valuations of the components to which useful lives are applied to calculate the depreciation on council dwellings. If these percentages were amended, the value of the council dwellings and the related depreciation would be over or under stated.

### **7.3 Revaluation of Investment Property**

Investment properties are initially measured at cost. After initial recognition they are measured at fair value – highest and best use. The fair value reflects market conditions at the balance sheet date. Investment properties are valued using professional valuations based on the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards. These valuations involve significant estimation techniques and assumptions, including:

- Market rental values and yields: Based on comparable market transactions and expected future rental income.
- Discount rates and capitalisation yields: Reflecting prevailing market conditions and investor expectations.
- Assumptions about occupancy and lease terms: Including future void periods and tenant covenant strength.
- Economic conditions: Such as interest rates, inflation, and local property market trends.

Because these inputs are largely unobservable and subject to market volatility, actual outcomes may differ significantly from the assumptions applied. A change in any of these assumptions could materially affect the fair value of investment properties. It is estimated that the carrying value of investment property of £529.396m would increase by £5.293m for every 1% increase in valuation.

#### **7.4 Provision for Business Rate Appeals**

The Council has made an in-year provision for a reduction in business rate income, with the accumulated provision totalling £73.3m, held for appeals made against rateable values set by the Valuation Office Agency (VOA). This is based on percentage reductions in rateable values (RV) for hereditaments where there was an outstanding appeal on 31 March 2025. This provision includes the estimated impact on 2026/27 income relevant to the 2023 rating list from appeals anticipated to be lodged in future years.

For the 2023 rating list the assumption has been made that the reduction in income due to appeals will be a similar percentage to the prior list (2017 rating list), based on VOA data, historical experience, and local knowledge. Appeals raised against hereditaments with larger RVs have been considered separately, along with the interest payable to ratepayers settled after 31 March 2026, in line with the Non-Domestic Rating (Payment of Interest) Regulations 1990.

An increase of 1% in the percentage reduction would have the effect of adding £4.107m to the total provision required (Council's share £4.066m at 99%).

#### **7.5 Pensions Asset**

Estimation of the net asset to pay pensions depends on a number of complex judgements relating to the discount rate used, the expected rate of price inflation, the rate at which salaries and pensions are expected to increase, mortality rates and the rate of commutation of pensions. A firm of external actuaries are engaged by the Pension Fund to provide expert advice about the assumptions to be applied.

The sensitivities regarding the principal assumptions used to measure the scheme obligations are provided by the Actuary. For instance, a 0.1% decrease in the real discount rate assumption would result in a change in the pension liability of £41.671m, a 1-year increase in member life expectancy being £117.788m, a 0.1% increase in the salary increase rate would result in a £2.129m change in the pension liability and a 0.1% increase in the pension rate increase (CPI) would result in a £39.487m change in the pension liability. Details of the pension asset values can be found in note 41.

#### **Note 8. Significant items warranting additional disclosure**

The following items of material expenditure occurred during the year:

##### **8.1 Impairment including downward revaluation and reversal of past impairment**

Impairment and revaluation of property plant and equipment and revaluation of investment properties of £60.5m (£33.2m in 2024/25) has been included within the surplus / deficit on provision of services:

	2024/25 £000s	2025/26 £000s
Adults Social Care	3,100	82
Children's Services	1,693	19
Corporate Services	0	0
Neighbourhoods	4,693	8,803
Growth and Development	11,098	27,821
Council Wide Costs	408	11,174
Housing Revenue Account	4,882	2,945
Investment properties	7,326	9,679
<b>Total</b>	<b>33,200</b>	<b>60,523</b>

### 8.2 This City (No. 1 Ancoats Green)

On the 24th of July 2025 Manchester City Council disposed of a development of housing at No. 1 Ancoats Green to a wholly owned Limited Partnership, This City (No. 1 Ancoats Green) Limited Partnership for a value of £32.5m.

Manchester provided £16.74m capital contribution and a £16.25m loan to This City (No. 1 Ancoats Green) Limited Partnership and a £16.8k shares to This City (No. 1 Ancoats Green) GP Limited. This structure enables the Council, through its wholly owned housing company, to develop and manage homes on Council-owned land while maintaining transparency, lender assurance, and separation from the Council's core statutory activities.

### 8.3 Major Acquisitions and Disposals

Significant acquisitions of non-current assets during 2025/26 included the Former Williams Garage, Upper Brook Street (£16.5m) and various properties for the alleviation of homelessness (£5m)

Significant disposals in 2025/26 included Cavendish Road, Northenden and Camberwell Park Primary schools converting to academy status totalling (£56.6m). MCC disposed of the Ancoats Green/Rodney Street development site (£32.5m), the former Spire Hospital site (£3.4m) and part of the former Central Retail Park (£18.9m).

### Note 9. Expenditure and Income Analysis

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

	2024/25 £000	2025/26 £000
<b>Expenditure</b>		
Employee Benefit Expenses	606,613	622,158
Other Service Expenses	1,197,576	1,254,768
Business Rates Tariff	56,365	52,952
Capital Charges including Depreciation and impairment *	197,429	220,687
Interest Payments	67,090	77,184
Pensions Interest Costs	195,419	239,035

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	<b>2024/25 £000</b>	<b>2025/26 £000</b>
Precepts and Levies	72,512	74,797
Loss on Disposal of Non-current Assets	34,995	45,648
<b>Total Expenditure</b>	<b>2,427,999</b>	<b>2,587,229</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(328,190)	(344,630)
Interest and Investment Income	(55,270)	(52,946)
Return on Pension Assets	(191,582)	(235,280)
Capital Charges related income	(41,497)	(56,513)
Council Tax Income	(229,468)	(244,645)
Business Rates Income	(375,332)	(403,185)
Government Grants and Contributions	(1,110,763)	(1,151,520)
Gain on Disposal of Fixed Assets	0	0
<b>Total Income</b>	<b>(2,332,102)</b>	<b>(2,488,719)</b>
<b>Deficit / (Surplus) on the Provision of Services</b>	<b>95,897</b>	<b>98,510</b>

<b>Note 9b – Analysis of Fees Charges and Other Service Income</b>	<b>Restated 2024/25 £000</b>	<b>2025/26 £000</b>
Adults Social Care	(39,847)	(46,997)
Public Health	4	7
Children's Services	(20,244)	(19,586)
Corporate Services	(55,760)	(64,259)
Neighbourhoods	(91,152)	(92,765)
Growth and Development	(43,999)	(43,966)
Council Wide Costs	(1,466)	(855)
Housing Revenue Account	(75,727)	(76,210)
<b>Total Fees, Charges and Other Service Income</b>	<b>(328,190)</b>	<b>(344,630)</b>

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Note 10. Adjustments between accounting 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. It shows the technical items that are removed that do not impact on the funded position and replaces them with other items that are funded.

The table below shows the adjustments made in 2025/26

2025/26	Usable Reserves £000s						Unusable Reserves £000's
	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	
<b>Reversal of items debited or credited to the comprehensive income and expenditure statement:</b>							
<b>Capital</b>							
Depreciation	(96,151)	(22,286)	0	0		(118,437)	118,437
Posting of HRA resources from revenue to Major Repairs Reserve		21,457	0	0	(21,457)	0	0
Amortisation of intangible assets	(75)	0	0	0	0	(75)	75
Impairment / revaluation losses charged to the comprehensive income and expenditure statement	(47,786)	(2,945)	0	0	0	(50,731)	50,731
Movement in fair value of investment property	23,750	0	0	0		23,750	(23,750)
Financing of capital expenditure on council dwellings	0	0	0	0	27,245	27,245	(27,245)
Capital grants and contributions	75,718	5,388	0	9,158	0	90,263	(90,263)
IFRS 16 Right of Use Peppercorn Lease Recognition	0	0	0	0	0	0	0
Revenue expenditure funded from capital under statute	(18,648)	(74)	0	(23,044)	0	(41,765)	41,765
Gain / (loss) on disposal of non-current assets	(57,744)	12,096	0	0	0	(45,648)	45,648

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2025/26	Usable Reserves £000s						Unusable Reserves £000's
	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
Reversal of items debited or credited to the comprehensive income and expenditure statement:							
Capital receipts received	0	0	(86,204)	0	0	(86,204)	86,204
Capital receipts for long term investments	0	0	0			0	0
Capital receipts for long term debtors	0	0	(2,986)	0	0	(2,986)	2,986
Statutory provision for the repayment of debt - minimum revenue provision	47,589	0	0	0	0	47,589	(47,589)
Statutory provision for the repayment of debt - private finance initiatives	7,253	0	0	0	0	7,253	(7,253)
Revenue contribution to finance capital	3,149	0	0	0	0	3,149	(3,149)
Premiums and discounts charged to revenue	410	0	0	0	0	410	(410)
Use of capital receipts reserve to finance capital expenditure	0	0	78,772	0	0	78,772	(78,772)
Private finance initiative charges to the HRA	0	7,218	0	0	0	7,218	(7,218)
Reversal of HRA Lease Charges	0	537	0	0	0	537	(537)
<b>Pension</b>							
Reversal of items relating to retirement benefits debited or credited to the CIES	(60,348)	0	0	0	0	(60,348)	60,348
Employer's pension contributions and direct payments to pensioners payable in year	67,815	5	0	0	0	67,820	(67,820)
<b>Collection Fund</b>							
Amount by which council tax and business rates income adjustment included in the comprehensive income and	6,128	0	0	0	0	6,128	(6,129)

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2025/26	Usable Reserves £000s						Unusable Reserves £000's
Reversal of items debited or credited to the comprehensive income and expenditure statement:	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
expenditure statement is different from the amount taken to the general fund in accordance with regulation							
<b>Other</b>							
Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments	(76)	0	0	0	0	(76)	76
Transfer to short term accumulated absences account	(177)	0	0	0	0	(177)	177
Dedicated Schools Grant	(29,093)	0	0	0	0	(29,093)	29,093
<b>Total adjustments</b>	<b>(78,286)</b>	<b>21,397</b>	<b>(10,418)</b>	<b>(13,886)</b>	<b>5,787</b>	<b>(75,406)</b>	<b>75,407</b>

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The table below shows the adjustments made in 2024/25.

2024/25	Usable Reserves £000s						Unusable Reserves £000's
	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
<b>Capital</b>							
Depreciation	(91,209)	(20,132)	0	0		(111,341)	111,341
Posting of HRA resources from revenue to Major Repairs Reserve		20,132	0	0	(20,132)	0	0
Amortisation of intangible assets	(30)	0	0	0	0	(30)	30
Impairment / revaluation losses charged to the comprehensive income and expenditure statement	(30,744)	(4,882)	0	0	0	(35,626)	35,626
Movement in fair value of investment property	5,883	0	0	0		5,883	(5,883)
Financing of capital expenditure on council dwellings	0	0	0	0	19,919	19,919	(19,919)
Capital grants and contributions	67,262	(178)	0	40,541	0	107,624	(107,624)
IFRS 16 Right of Use Peppercorn Lease Recognition	7,637	0	0	0	0	7,637	(7,637)
Revenue expenditure funded from capital under statute	(12,033)	(149)	0	(27,952)	0	(40,134)	40,134
Gain / (loss) on disposal of non-current assets	(39,909)	4,914	0	0	0	(34,995)	34,995
Capital receipts received	0	0	(33,600)	0	0	(33,600)	33,600

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2024/25	Usable Reserves £000s						Unusable Reserves £000's
Reversal of items debited or credited to the comprehensive income and expenditure statement:	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
Capital receipts for long term debtors	0	0	(2,696)	0	0	(2,696)	2,696
Capital receipts for long term investments	0	0	(2,028)			(2,028)	2,028
Statutory provision for the repayment of debt - minimum revenue provision	43,458	0	0	0	0	43,458	(43,458)
Statutory provision for the repayment of debt - private finance initiatives	6,851	0	0	0	0	6,851	(6,851)
Revenue contribution to finance capital	3,509	11,793	0	0	0	15,302	(15,302)
Premiums and discounts charged to revenue	410	0	0	0	0	410	(410)
Use of capital receipts reserve to finance capital expenditure	0	0	78,679	0	0	78,679	(78,679)
Write down of long-term debtor	3	0	0	0	0	3	(3)
Private finance initiative charges to the HRA	0	3,657	0	0	0	3,657	(3,658)
<b>Pension</b>							
Reversal of items relating to retirement benefits debited or credited to CIES	(67,983)	0	0	0	0	(67,983)	67,983
Employees' pension contributions and direct payments to pensioners payable in year	66,468	12	0	0	0	66,480	(66,480)
<b>Collection Fund</b>							

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2024/25	Usable Reserves £000s						Unusable Reserves £000's
Reversal of items debited or credited to the comprehensive income and expenditure statement:	General Fund Reserves	Housing Revenue Account Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves
Amount by which council tax and business rates income adjustment included in the comprehensive income and expenditure statement is different from the amount taken to the general fund in accordance with regulation	541	0	0	0	0	541	(540)
<b>Other</b>							
Differences between statutory accounting and amounts recognised as income and expenditure in relation to financial instruments	1,250	0	0	0	0	1,250	(1,252)
Transfer to short term accumulated absences account	481	0	0	0	0	481	(482)
Dedicated Schools Grant	(22,320)	0	0	0	0	(22,320)	22,321
<b>Total adjustments</b>	<b>(60,476)</b>	<b>15,168</b>	<b>40,355</b>	<b>12,589</b>	<b>(213)</b>	<b>7,423</b>	<b>(7,423)</b>

Note 11. Private Finance Initiatives and Service Concessions

The adoption of IFRS16 requires a revaluation of the PFI liabilities, and undischarged obligations arising from PFI and service concession transactions as at 31 March 2026 which were as follows:

<b>Payments/ Scheme</b>	<b>Liability Repayment £000</b>	<b>Lifecycle Costs £000</b>	<b>Interest Charges £000</b>	<b>Service Charges £000</b>	<b>Total £000</b>
<b>Miles Platting Housing</b>					
Payments within 1 year	3,167	3,476	2,432	9,943	19,018
Payments within 2 to 5 years	13,381	13,902	7,772	43,354	78,409
Payments within 6 to 10 years	18,295	17,378	4,990	63,456	104,118
Payments within 11 to 15 years	5,403	3,476	326	11,628	20,833
<b>Sub total</b>	<b>40,246</b>	<b>38,231</b>	<b>15,521</b>	<b>128,381</b>	<b>222,379</b>
<b>Plymouth Grove Housing</b>					
Payments within 1 year	1,276	730	1,189	3,080	6,275
Payments within 2 to 5 years	6,016	2,918	3,324	13,411	25,669
Payments within 6 to 10 years	4,011	1,459	657	7,082	13,209
<b>Sub total</b>	<b>11,303</b>	<b>5,107</b>	<b>5,170</b>	<b>23,573</b>	<b>45,153</b>
<b>Wright Robinson Sports College</b>					
Payments within 1 year	2,204	461	983	2,069	5,717
Payments within 2 to 5 years	10,011	1,844	2,434	8,926	23,215
Payments within 6 to 10 years	3,012	488	205	2,552	6,258
<b>Sub total</b>	<b>15,227</b>	<b>2,793</b>	<b>3,623</b>	<b>13,547</b>	<b>35,190</b>
<b>Public Lighting</b>					
Payments within 1 year	3,867	620	742	3,105	8,334
Payments within 2 to 5 years	9,834	1,394	923	7,511	19,662
<b>Sub total</b>	<b>13,701</b>	<b>2,014</b>	<b>1,665</b>	<b>10,616</b>	<b>27,996</b>
<b>Brunswick Housing</b>					
Payments within 1 year	2,507	1,594	3,013	2,756	9,869
Payments within 2 to 5 years	9,101	9,080	10,418	11,565	40,165

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Payments/ Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges £000	Total £000
Payments within 6 to 10 years	18,804	7,625	8,611	16,310	51,351
Payments within 11 to 15 years	13,405	3,226	1,867	9,899	28,397
<b>Sub total</b>	<b>43,817</b>	<b>21,524</b>	<b>23,909</b>	<b>40,531</b>	<b>129,782</b>
<b>Refuse Vehicles Service Concession</b>					
Payments within 1 year	712	0	60	16,718	17,490
Payments within 2 to 5 years	3,027	0	122	68,140	71,290
<b>Sub total</b>	<b>3,738</b>	<b>0</b>	<b>182</b>	<b>84,859</b>	<b>88,779</b>
<b>Total</b>	<b>128,033</b>	<b>69,670</b>	<b>50,070</b>	<b>301,506</b>	<b>549,279</b>

Scheme Details

Miles Platting – housing refurbishment, maintenance, and estate management - services commenced in 2006/07.

Total obligation as at start of contract of £496,894,000 to be met from PFI Grant and the Housing Revenue Account.

Indexation – RPI

Contract expiry - 2037

Plymouth Grove – housing refurbishment, maintenance, and estate management - services commenced in 2003/04.

Total obligation as at start of contract of £145,785,000 to be met from PFI Grant and the Housing Revenue Account.

Indexation – RPI

Contract expiry - 2033

Wright Robinson Sports College - design, build and maintenance of sports college - services commenced in 2007/08.

Total obligation as at start of contract of £116,428,000 to be met from PFI Special Grant and Dedicated Schools Grant (DSG).

Indexation – RPI

Contract expiry - 2032

Public Lighting – refurbishment and maintenance of street lighting and illuminated street signage – services commenced in 2004/05.

Total obligation as at start of contract of £164,300,000 to be met from PFI Special Grant and council resources.

Indexation – RPI applied

Contract expiry - 2030

Brunswick – housing refurbishment, maintenance, and estate management - services commenced in 2013/14.

Total obligation as at start of contract of £258,236,000 to be met from PFI Grant and the Housing Revenue Account.

Indexation – RPIX

Contract expiry - 2038

Refuse vehicles utilised in the provision of refuse collection services to the Council.

The service contract commenced in 2015 and the purchase of new vehicles to be utilised in the contract commenced in 2016.

Indexation – Various

Contract expiry – 2031

The Council has six PFI Schemes and one Service Concession as follows:

- Miles Platting, HRA (Housing) Services PFI Scheme
- Plymouth Grove, HRA (Housing) Services PFI Scheme
- Temple Primary School, Children's Services PFI Scheme
- Wright Robinson Sports College, Children's Services PFI Scheme
- Public Lighting, Neighbourhood Services PFI Scheme
- Brunswick, HRA (Housing) Services PFI Scheme
- Refuse Vehicles Service Concession

The Temple Primary School PFI scheme has concluded during the financial year.

### **HRA (Housing) PFI Schemes**

In each of the Housing PFI schemes (Miles Platting, Plymouth Grove, Brunswick) the contractor is contracted to improve a specified group of properties in an area to specified standards (the actual number may be affected by demolitions and tenants exercising their Right to Buy (RTB)). Each Housing PFI scheme sets out a minimum specification for the standard of maintenance and service provision to the individual properties by the contractor. There are clauses which set out the financial deductions to be applied if these standards are not met.

### **Children's Services PFI Schemes**

The School PFI schemes oblige the contractor to construct, fit out and equip new school buildings and facilities as defined and specified in each of the contracts. The contractor is then obliged to manage and maintain the new facilities for the duration of the life of the PFI scheme.

The School PFI schemes have minimum specifications for service provision/availability. If these are breached (e.g., unavailability of a sports pitch), then financial penalties are payable by the contractor.

Work to increase the number of pupil places at Temple Primary School has been completed. The Council funded the capital works at the school. The PFI contract has been amended to include the management and maintenance of the new facility.

### Neighbourhoods PFI Scheme

The Public Lighting PFI scheme specified that 41,698 streetlights were certified to be replaced during the Initial Apparatus Replacement Programme, plus others to be replaced at others expense (e.g. housing developers). The scheme also includes an Annual Apparatus Replacement Programme where the contractor is required to replace streetlights on a cyclical basis.

Changes to the Public Lighting PFI contract were negotiated in 2017/18. These related to the procurement and installation of low energy LED street lighting technology and a management system for centralised control. The equipment is designed to deliver long term sustainable benefits and revenue savings, whilst providing high quality lighting to recognised standards.

### Refuse Vehicles Service Concession

The contract to provide refuse collection service to the Council stipulates the contractor is responsible for purchasing new vehicles to provide these services. The nature of the contract means that it must be classified under the IFRIC12 standard as a Service Concession and the vehicles capitalised on the Council's balance sheet.

Analysis of the in-year movement in asset and liability values for the Private Finance Initiatives and Service Concession can be found at note 25.

### Note 12. National Health Services Act 2006 Pooled Funds

Section 75 of the National Health Services Act 2006 enables the establishment of joint working arrangements between NHS bodies and local authorities. Pooled funds enable health bodies and local authorities to work together to address specific health issues.

On 1 April 2021, new arrangements came into place between Manchester City Council (MCC) and Manchester Foundation Trust (MFT) to 'supercharge' Manchester's Local Care Organisation. This included the creation of a new Section 75 (S75) agreement between MCC and MFT which included Adult Social Care services, which were previously made part of the S75 agreement between Manchester Clinical Commissioning Group (MCCG) and MCC.

The Manchester Local Care Organisation was established in 2018 as the delivery vehicle for reducing health inequalities and improving population health of people in Manchester, underpinned by a S75 agreement to facilitate and support the strengthening of the Manchester Local Care Organisation (MLCO) ensuring delivery of integrated community health and adult social care services in Manchester. The pooling of the Better Care Fund forms part of these arrangements. The total MLCO Pooled budget for both health and social care is £443m.

<b>MCC and MFT Pooled funding and Expenditure</b>	<b>2024/25 £000's</b>	<b>2025/26 £000's</b>
<b>Funding</b>		
Manchester City Council	(251,711)	(280,720)

Manchester University NHS Foundation Trust	(122,882)	(161,068)
<b>Total Funding</b>	<b>(374,593)</b>	<b>(441,788)</b>
<b>Expenditure</b>		
Manchester City Council	261,169	284,926
Manchester University NHS Foundation Trust	122,882	157,717
<b>Total Expenditure</b>	<b>384,051</b>	<b>442,643</b>
<b>Overspend / (Underspend)</b>	<b>9,458</b>	<b>855</b>

### Better Care Fund

The Government established the Better Care Fund to provide funds to local areas to support the integration of health and social care. It was a requirement of the Better Care Fund that Greater Manchester Integrated Commissioning Board (GM ICB) and the Council establish a pooled fund from 1 April 2015 for this purpose.

	2024/25 £000's	2025/26 £000's
<b>Funding</b>		
Manchester City Council	(48,421)	(50,434)
Greater Manchester Integrated Care Board	(65,782)	(64,871)
<b>Total Funding</b>	<b>(114,203)</b>	<b>(115,305)</b>
<b>Expenditure</b>		
New Delivery Models of Integrated Care	84,288	84,985
Protection of Adult Social Care	20,175	20,967
Capital Expenditure	9,253	11,266
<b>Total Expenditure</b>	<b>113,716</b>	<b>117,218</b>
<b>Overspend / (Underspend)</b>	<b>(487)</b>	<b>1,913</b>

The overspend of £1.9m in discharge funding is due to the changes in the delivery of intermediate care and an increase in funding to Adult Community Services and Neighbourhood teams.

The Council is the local Social Services Authority for Manchester within the meaning of the Local Authority Social Services Act 1970 and a commissioner and provider of health and social care services to people of all ages in Manchester. The aims and benefits of the partners in entering into this agreement are to:

- give the Council and the GM ICB greater transparency and control over the use of funding to support local integration of health and care services
- realise benefits from integration in terms of efficiencies in how services are delivered, reducing reactive unplanned health and social care activity, and improving long term health outcomes for people
- deliver reform of the local health and care system based on agreed strategic objectives for the Locality Plan and national conditions for use of the Better Care Fund
- protect health and / or social care as relevant to the partners in so far as this delivers the Better Care Fund national conditions

Note 13. Financing and investment income and expenditure

The table below analyses the figures included in the Comprehensive Income and Expenditure Statement.

	<b>Gross Expenditure 2024/25 £000's</b>	<b>Gross Income 2024/25 £000's</b>	<b>Gross Expenditure 2025/26 £000's</b>	<b>Gross Income 2025/26 £000's</b>
Interest payable on debt	56,851	0	67,892	0
Interest payable on PFI unitary payments	10,238	0	9,292	0
Interest income / expense on the defined benefit pension scheme	195,419	(191,582)	239,035	(235,280)
Investment interest income	0	(49,315)	0	(52,171)
Rentals received on investment properties	0	(44,797)	0	(48,520)
Expenses incurred on investment properties	15,468	0	23,730	0
Change in fair value of investment properties	7,326	(13,208)	9,679	(33,429)
Dividend receivable		(5,956)		(775)
Impairment loss on debtors	9,434	0	13,270	0
Impairment of financial assets	(324)	0	385	0
<b>Total</b>	<b>294,413</b>	<b>(304,857)</b>	<b>363,283</b>	<b>(370,175)</b>

Note 14. Taxation and non-specific grant income

The table below analyses the figure included in the taxation and non-specific grant income line of the Comprehensive Income and Expenditure Statement.

	2024/25 £000	2025/26 £000
Council Tax Income	(229,468)	(244,645)
Business Rates Income	(375,332)	(403,185)
Business Rates Tariff	56,365	52,952
Business Rates Section 31 Grants	(100,326)	(91,245)
Education Services Grant	(955)	(830)
New Homes Bonus Grant	(4,109)	(5,789)
Housing Benefit and Council Tax Support Administration Grant	(2,978)	(2,296)
Returned Business Rates Growth Levy Share	(1,499)	0
Private Finance Initiative Grant (General Fund)	(6,580)	(6,564)
Improved Better Care Fund	(31,749)	(39,168)
Services Grant	(1,248)	0
Children's and Adults Social Care Grant	(65,773)	(77,721)
Waste Rebate	(9,104)	(1,814)
New Burdens Grant	(23)	(413)
Employer NI Contribution Grant	0	(5,513)
EPR Grant	0	(7,580)
Recovery Grant	0	(19,658)
Other Revenue Grants	(148)	(141)
Adjustment on concessionary interest loan	66	0
IFRS 16 Right of Use Peppercorn Lease Recognition	(7,637)	0
Capital Grants and contributions	(67,083)	(81,105)
<b>Total taxation and non-specific grant income</b>	<b>(847,581)</b>	<b>(934,716)</b>

Note 15. Revenue grants credited to the Comprehensive Income and Expenditure Statement

The table below analyses the revenue grants credited to Net Cost of Services in the Comprehensive Income and Expenditure Statement

	2024/25 £000s	2025/26 £000s
Dedicated Schools Grant	(371,839)	(392,827)
Pupil Premium	(25,010)	(24,485)
Housing and Council Tax Support	(162,765)	(138,931)
Private Finance Initiative (Housing Revenue Account)	(23,374)	(23,374)
Learning and Skills Council Grants	(10,728)	(13,216)
Asylum Seekers Grant	(14,466)	(16,370)

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	<b>2024/25</b> <b>£000s</b>	<b>2025/26</b> <b>£000s</b>
Universal Free School Meals Grant	(3,197)	(2,769)
Sixth Form Funding Grant	(589)	(740)
Supporting Families Programme	(4,682)	-
Youth Justice Board Grants	(2,872)	(3,091)
Department for Education- (Inherited Staff Liabilities)	(650)	(594)
Department for Education-High needs funding	(3,748)	(4,257)
Department for Education - Staying Close funding	(796)	(490)
Department for Levelling Up, Housing & Communities- Other contributions	(4,000)	(4,000)
Homelessness, Rough Sleepers, Accommodation for Ex- Offenders and Staying Put Grant	(7,696)	(9,408)
Home Office Grants - Elections	(1,835)	(323)
Homeless Prevention Grant	(4,691)	(10,525)
PE and Sports Grant	(1,737)	(1,446)
Additional School Grant including Teacher Pension grant for maintained	(11,421)	(69)
Public Health Grants	(8,539)	(8,281)
Household Support Fund	(12,906)	(11,374)
Afghan Resettlement Grant	(3,852)	(819)
Homes for Ukraine Grant	(1,431)	(417)
Market Sustainability Fair Cost of Care	(11,664)	(11,664)
Adult Social Care Discharge Fund	(7,419)	-
SAFE Taskforce (schools)	(1,056)	(739)
Family Hub Grant	(2,376)	(2,015)
Domestic Abuse Grant	(1,723)	(2,147)
Community Recovery Fund	(657)	-
Core Schools Budget Grant	(5,769)	(10,551)
Early Years Budget Grant	(573)	0
Ofsted Reform Grant	(1,743)	0
Accelerating reform Grant	0	(1,215)
Pride in Place	0	(1,290)
Early Years Employers NIC Grant	0	(658)
Children and Families Grant	0	(7,583)
Employers NIC Grant	0	(3,765)
Schools Budget Support Grant	0	(1,877)
Early Years Expansion Grant	0	(562)
Children's Prevention Grant	0	(6,082)
Other Grants	(5,076)	(5,284)
<b>Total revenue grants credited to the Comprehensive Income and Expenditure Statement</b>	<b>(720,880)</b>	<b>(723,239)</b>

Note 16. Officers' Emoluments and Senior Employees' Remuneration

**Employee Remuneration**

The Accounts and Audit Regulations require the disclosure of employees' remuneration in excess of £50,000 analysed in £5,000 bands in line with the requirements of the Code, excluding the remuneration details of the Council's senior employees, which are disclosed separately. In accordance with data protection principles, figures have been aggregated or suppressed where necessary to prevent the potential identification of individuals.

**Non schools-based staff**

The number of non-schools-based staff in each salary band over £50,000 split between those staff who have not received severance or other related payments and those who have is shown below.

	<b>Staff Who Have Not Received Severance or Other Related Payments</b>	<b>2024/25 Staff Who Have Received Severance or Other Related Payments</b>	<b>2024/25 Total</b>	<b>2025/26 Staff Who Have Not Received Severance or Other Related Payments</b>	<b>2025/26 Staff Who Have Received Severance or Other Related Payments</b>	<b>2025/26 Total</b>
£50,000 - £54,999	410	0	410	512	0	512
£55,000 - £59,999	185	0	185	203	0	203
£60,000 - £64,999	114	0	114	144	1	145
£65,000 - £69,999	27	0	27	0	0	0
£70,000 - £74,999	18	1	19	58	1	59
£75,000 - £79,999	29	0	29	19	0	19
£80,000 - £84,999	20	0	20	17	0	17
£85,000 - £89,999	14	0	14	24	0	24
£90,000 - £94,999	12	0	12	12	0	12
£95,000 - £99,999	16	1	17	7	0	7
£100,000 - £104,999	8	0	8	21	0	21
£105,000 - £109,999	1	0	1	3	0	3
£110,000 - £114,999	3	0	3	2	0	2
£115,000 - £119,999	7	0	7	1	0	1

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	Staff Who Have Not Received Severance or Other Related Payments	2024/25 Staff Who Have Received Severance or Other Related Payments	2024/25 Total	2025/26 Staff Who Have Not Received Severance or Other Related Payments	2025/26 Staff Who Have Received Severance or Other Related Payments	2025/26 Total
£120,000 - £124,999	0	0	0	9	0	9
£125,000 - £129,999	1	0	1	0	0	0
£130,000 - £134,999	1	0	1	0	0	0
£135,000 - £139,999	1	0	1	1	0	1
£140,000+	1	0	1	1	1	2
<b>Total</b>	<b>868</b>	<b>2</b>	<b>870</b>	<b>1,034</b>	<b>3</b>	<b>1,037</b>

**Schools based staff**

The number of schools-based staff in each salary band over £50,000 split between those staff who have not received severance or other related payments and those who have is shown below.

	2024/25 Staff Who Have Not Received Severance or Other Related Payments	2024/25 Staff Who Have Received Severance or Other Related Payments	2024/25 Total	2025/26 Staff Who Have Not Received Severance or Other Related Payments	2025/26 Staff Who Have Received Severance or Other Related Payments	2025/26 Total
£50,000 - £54,999	132	0	132	154	1	155
£55,000 - £59,999	68	0	68	105	0	105
£60,000 - £64,999	49	0	49	42	0	42
£65,000 - £69,999	32	2	34	0	0	0
£70,000 - £74,999	19	0	19	52	0	52
£75,000 - £79,999	15	0	15	22	1	23
£80,000 - £84,999	9	3	12	9	0	9

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	<b>2024/25 Staff Who Have Not Received Severance or Other Related Payments</b>	<b>2024/25 Staff Who Have Received Severance or Other Related Payments</b>	<b>2024/25 Total</b>	<b>2025/26 Staff Who Have Not Received Severance or Other Related Payments</b>	<b>2025/26 Staff Who Have Received Severance or Other Related Payments</b>	<b>2025/26 Total</b>
£85,000 - £89,999	12	0	12	7	0	7
£90,000 - £94,999	9	0	9	8	0	8
£95,000 - £99,999	5	0	5	5	0	5
£100,000 - £104,999	5	0	5	5	0	5
£105,000 - £109,999	1	0	1	7	0	7
£110,000 - £114,999	4	0	4	0	0	0
£115,000 - £119,999	0	0	0	2	0	2
£120,000 - £124,999	0	0	0	0	0	0
£125,000 - £129,999	1	0	1	1	0	1
£130,000 - £134,999	1	0	1	1	0	1
<b>Total</b>	<b>362</b>	<b>5</b>	<b>367</b>	<b>420</b>	<b>2</b>	<b>422</b>

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**Senior Employees' Remuneration**

Below are Senior Council employees who receive in a salary excess of £50,000, where it exceeds £150,000, they are disclosed by name. Where they and are part of the Council's Strategic Management Team or there is a requirement to disclose the role, these are disclosed by job title.

Senior Employees' Remuneration	Salary, Fees, or Allowances 2024/25 £	Salary, Fees, or Allowances 2025/26 £	Severance Payments 2024/25 £	Severance Payments 2025/26 £	Employer's Contribution to Pension 2024/25 £	Employer's Contribution to Pension 2025/26 £	Total including Pension Contributions 2024/25 £	Total including Pension Contributions 2025/26 £
Chief Executive (Head of Paid Service), Tom Stannard (a)	36,403	233,755	0	0	6,261	40,206	42,664	273,961
Chief Executive (Head of Paid Service), Joanne Roney (b)	128,732	0	0	0	17,099	0	145,831	0
Interim Chief Executive (Head of Paid Service), Eamonn Boylan (c)	63,240	0	0	0	0	0	63,240	0
Interim Deputy Chief Executive, Paul Marshall (d)	27,316	0	0	0	4,698	0	32,015	0
Deputy Chief Executive, Paul Marshall (d)	143,544	130,847	0	71,801	24,556	20,274	168,100	222,921
Interim Deputy Chief Executive and City Treasurer (Section 151 Officer), Tom Wilkinson (e)	140,205	157,285	0	0	21,913	24,993	162,118	182,278
City Solicitor (Monitoring Officer), Fiona Ledden	161,366	164,909	0	0	27,485	28,364	188,851	193,273
Strategic Director (Neighbourhoods), Neil Fairlamb	149,501	164,909	0	0	25,597	28,364	175,099	193,273

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Senior Employees' Remuneration	Salary, Fees, or Allowances 2024/25 £	Salary, Fees, or Allowances 2025/26 £	Severance Payments 2024/25 £	Severance Payments 2025/26 £	Employer's Contribution to Pension 2024/25 £	Employer's Contribution to Pension 2025/26 £	Total including Pension Contributions 2024/25 £	Total including Pension Contributions 2025/26 £
Strategic Director of Children's and Education Services, Sean McKendrick (f)	116,147	152,574	0	0	18,746	24,663	134,893	177,237
Executive Director of Adult Social Service, Bernadette Enright (g)	160,525	164,909	0	0	27,485	28,364	188,010	193,273
Director of Education	130,030	133,071	0	0	21,815	22,377	151,845	155,448
Strategic Director (Growth and Development), Rebecca Heron	160,525	164,909	0	0	27,485	28,364	188,010	193,273
Director of Public Health	123,242	131,165	0	0	21,121	22,560	144,363	153,725
Assistant Chief Executive (h)	124,375	0	0	0	19,623	0	143,998	0
Project Director (Our Town Hall), Paul Candellent (i)	159,871	159,589	0	0	27,485	27,449	187,356	187,039
Director Of Capital Programmes/ Project Director (Our Town Hall), Jarred Allen (j)	0	152,235	0	0	0	24,058	0	176,293
<b>Total</b>	<b>1,825,022</b>	<b>1,910,158</b>	<b>0</b>	<b>71,801</b>	<b>291,369</b>	<b>320,037</b>	<b>2,116,391</b>	<b>2,301,996</b>

There were no expenses allowances or employer contributions to early retirement costs in relation to any of the officers disclosed above in 2024/25 and 2025/26.

(a) The post holder commenced on 3 February 2025

(b) The post holder left the Council on 8 September 2024

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- (c) The post holder was appointed on an interim basis from 27 August 2024 to 31 January 2025. The Deputy Chief Executive was also the acting Head of Paid Service for a 3-week period from 11 January 2025
- (d) The post holder was appointed Deputy Chief Executive on an interim basis for the period 1 April 2024 to 31 May 2024, also retaining statutory Director of Children's Services responsibilities during that period and acting as the Head of Paid Service for a 3-week period from 11 January. The post holder was then appointed on a permanent basis from 1 June 2024 and subsequently left the Council on 30 November 2025.
- (e) The City Treasurer was appointed to the post of Interim Deputy Chief Executive and City Treasurer on 1 December 2025. The post holder retained Section 151 officer responsibilities throughout 2024/25 and 2025/26.
- (f) The post holder was appointed as Acting Strategic Director of Children's and Education Services on 1 June 2024. The post holder was then appointed on a permanent basis from 1 June 2025
- (g) The post holder left the Council on 31 March 2026
- (h) The post holder left the Council on 6 April 2026
- (i) The post holder left the Council on 19 March 2026
- (j) The previous post holder left the Council on 19 March 2026 (as noted within note (g) above), and the current post holder commenced in the role of Project Director (Our Town Hall) on 2 January 2026. Prior to 2 January 2026 the post holder was Director of Capital Programmes.

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Note 17. Exit Packages

The number of agreed exit packages and the total cost of these within each band is shown below. The total cost figures shown include severance, early retirement, and any compensation for loss of office payments that have been agreed at the year end.

Non schools-based staff

	2024/25	2024/25	2025/26	2025/26
	Number of Staff Departures Agreed	Total Cost of Exit Packages £000s	Number of Staff Departures Agreed	Total Cost of Exit Packages £000s
£0 - £20,000	5	75	8	118
£20,001 - £40,000	0	0	1	27
£40,001 - £60,000	1	48	1	41
£80,001 - £100,000	0	0	3	221
£100,001 - £150,000	1	147	1	147
<b>Total</b>	<b>7</b>	<b>270</b>	<b>14</b>	<b>555</b>

There were no compulsory redundancies in relation to non-schools-based staff during 2024/25 and 2025/26.

Schools-based staff

	2024/25 Number of Compulsory Redundancies	2024/25 Number of Other Staff Departures Agreed	2024/25 Total Number of Exit Packages	2024/25 Total Cost of Exit Packages	2025/26 Number of Compulsory Redundancies	2025/26 Number of Other Staff Departures Agreed	2025/26 Total Number of Exit Packages	2025/26 Total Cost of Exit Packages
£0 - £20,000	8	28	36	233	0	12	12	83
£20,001 - £40,000	0	11	11	304	2	3	5	134
£40,001 - £60,000	0	2	2	84	0	0	0	0
<b>Total</b>	<b>8</b>	<b>41</b>	<b>49</b>	<b>621</b>	<b>2</b>	<b>15</b>	<b>17</b>	<b>217</b>

The table above accounts for 2 compulsory redundancies within schools in 2025/26 at a cost of £54,213.

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Note 18. Audit Fees

The following amount of fees have been incurred for work carried out by the external auditors:

	2024/25 £000	2025/26 £000
Fees payable to Forvis Mazars with regard to external audit services carried out by the appointed auditor	578	594

Note 19a. Property, Plant and Equipment

Movements on property, plant, and equipment during 2025/26 were as follows:

	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Right of use Assets £000s	Total £000s
<b>Movement in 2025/26</b>								
Gross book value brought forward	830,256	1,459,031	104,089	45,610	518,676	205,680	55,510	3,218,852
Accumulated depreciation and impairment brought forward	(4,652)	(17,239)	(51,893)	(852)	0	(1,906)	(6,326)	(82,868)
<b>Net book value carried forward at 31 March 2025</b>	<b>825,604</b>	<b>1,441,792</b>	<b>52,196</b>	<b>44,758</b>	<b>518,676</b>	<b>203,774</b>	<b>49,184</b>	<b>3,135,984</b>
Additions	31,742	50,947	5,518	935	90,751	23,795	26,948	230,636
Revaluations recognised in revaluation reserve	40,211	17,152	0	0	0	(2,936)		54,427
Downward Revaluations recognised in deficit on the provision of services	(1,174)	(36,634)	0	0	0	(2,235)		(40,043)
Derecognition – disposals	0	(56,556)	0	0	0	(10)		(56,566)
Transferred (to) held for sale assets	(20,086)	(7,218)	0	0	(34,436)	(22,360)		(84,100)
Other transfers	2,036	79,236	2,476	2,090	(98,504)	7,834		(4,832)

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	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant, and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Right of use Assets £000s</b>	<b>Total £000s</b>
Other movements in cost or valuation - newly recognised leased / PFI assets	0	0	2,666	0	0	0	688	3,354
Depreciation	(20,443)	(46,249)	(9,564)	0	0	(130)	(9,991)	(86,377)
Impairments charged to the deficit / surplus on the provision of services	(1,771)	(8)	(82)	0	0	0		(1,862)
Impairments covered by the revaluation reserve	(17,776)	(20)	0	0	0	0		(17,796)
<b>Net book value carried forward at 31 March 2026</b>	<b>838,343</b>	<b>1,442,442</b>	<b>53,210</b>	<b>47,783</b>	<b>476,487</b>	<b>207,732</b>	<b>66,829</b>	<b>3,132,825</b>
Gross book value carried forward	839,891	1,445,34	99,250	48,764	476,487	207,740	83,146	3,200,619
Accumulated depreciation and Impairment carried forward at 31 March 2026	(1,548)	(2,900)	(46,040)	(982)	0	(8)	(16,317)	(67,794)
<b>Net book value carried forward at 31 March 2026</b>	<b>838,343</b>	<b>1,442,442</b>	<b>53,210</b>	<b>47,783</b>	<b>476,487</b>	<b>207,732</b>	<b>66,829</b>	<b>3,132,825</b>

Movements on property, plant, and equipment during 2024/25 were as follows:

	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant, and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Right of Use Assets £000s</b>	<b>Total £000s</b>
Movement in 2024/25								

Manchester City Council Annual Statement of Accounts 2025/26

	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Right of Use Assets £000s	Total £000s
Adjusted Gross book value	791,175	1,503,603	149,594	44,754	379,880	200,461		3,069,467
Adjusted accumulated depreciation	(4,211)	(69,654)	(91,616)	(852)	0	(1,726)		(168,059)
<b>Net book value carried forward at 31 March 2024</b>	<b>786,964</b>	<b>1,433,949</b>	<b>57,978</b>	<b>43,902</b>	<b>379,880</b>	<b>198,735</b>	<b>0</b>	<b>2,901,408</b>
IFRS16 adjustments	0	0	0	0	0	0	86,628	86,628
Additions	35,976	26,229	4,482	851	158,004	4,804	0	230,346
Revaluations recognised in revaluation reserve	54,415	63,995	0	0	0	10,555	(14,356)	114,609
Downward Revaluations recognised in the deficit on the provision of services	(1,254)	(20,506)	0	0	0	(408)	(9,751)	(31,919)
Derecognition – disposals	0	(39,418)	(641)	0	0	0	0	(40,059)
Transferred (to) held for sale assets	(8,052)	(215)	0	0	0	(9,229)	0	(17,496)
Other transfers	(3,573)	23,128	42	5	(19,208)	(369)	0	25
Other movements in cost or valuation - newly recognised leased / PFI assets	0	0	0	0	0	0	(7,011)	(7,011)
Depreciation	(19,479)	(45,130)	(9,586)	0	0	(314)	(6,326)	(80,835)
Impairments charged to the deficit on the provision of services	(3,627)	0	(79)	0	0	0	0	(3,706)
Impairments covered by the revaluation reserve	(15,766)	(240)	0	0	0	0	0	(16,006)
In year adjustment to gross book value - zero net book value assets	0	0	(11,067)	0	0	0	0	(11,067)
In year adjustment to accumulated depreciation - zero net book value assets	0	0	11,067	0	0	0	0	11,067
<b>Net book value carried forward at 31 March 2025</b>	<b>825,604</b>	<b>1,441,792</b>	<b>52,196</b>	<b>44,758</b>	<b>518,676</b>	<b>203,774</b>	<b>49,184</b>	<b>3,135,984</b>
Gross book value carried forward	830,256	1,459,031	104,089	45,610	518,676	205,680	55,510	3,218,852

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	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant, and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Right of Use Assets £000s</b>	<b>Total £000s</b>
Accumulated depreciation and Impairment carried forward at 31 March 2025	(4,652)	(17,239)	(51,893)	(852)	0	(1,906)	(6,326)	(82,868)
<b>Net book value carried forward at 31 March 2025</b>	<b>825,604</b>	<b>1,441,792</b>	<b>52,196</b>	<b>44,758</b>	<b>518,676</b>	<b>203,774</b>	<b>49,184</b>	<b>3,135,984</b>

Note 19b. Infrastructure assets

In accordance with the temporary relief offered by The Code on Infrastructure Assets this note does not disclose gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resulting information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The Council 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.

The Council has determined that in accordance with the new regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

	£000s
<b>Net book value as at 1 April 2025</b>	<b>568,240</b>
Movement in 2024/25	
Additions	33,599
Other transfers	9,392
Depreciation	(32,059)
<b>Net book value carried forward at 31 March 2026</b>	<b>579,172</b>

	£000s
<b>Net book value as at 1 April 2024</b>	<b>565,575</b>
Movement in 2023/24	
Additions	33,313
Other transfers	(142)
Depreciation	(30,506)
<b>Net book value carried forward at 31 March 2025</b>	<b>568,240</b>

Note 20. Disposal of Assets

The note below shows the value of assets disposed of and the gain and loss on disposal.

	2024/25 £000	2025/26 £000
Disposals of Assets		
Held for Sale - Council dwellings (right to buy)	8,267	20,291
Other HRA disposals	0	
Held for Sale - General Fund	10,130	54,870
Academy Disposals	39,598	56,556
Other General Fund Disposals	10,600	135
<b>Total</b>	<b>68,595</b>	<b>131,852</b>

(Gains) and Losses on Disposal of Non-current Assets

	2024/25 £000	2025/26 £000
Held for Sale - Council dwellings (right to buy)	(3,445)	(7,676)
HRA Other	(1,469)	(4,420)
Held for Sale General Fund	4,020	5,337
Academy Disposals	39,598	56,556
Other General Fund Disposals and other Capital Receipts	(3,709)	(4,149)
<b>Total</b>	<b>34,995</b>	<b>45,648</b>

Note 21. Accounting for Local Government Schools

The Council has the following maintained schools:

	Community	Voluntary Controlled	Voluntary Aided	Foundation
Number of schools at 31 March 2026	42	13	33	2
Number of schools at 31 March 2025	45	13	38	2
Value of land and buildings at 31 March 2026	£280,302,434	N/A	N/A	£16,805,115
Value of land and buildings at 31 March 2025	£320,162,453	N/A	N/A	£16,597,765
Gross Expenditure In CIES	£54,046,304	£8,035,118	£49,303,270	£2,007,634
Gross Income In CIES	£54,046,304	£8,035,118	£49,303,270	£2,007,634

### Non-Current assets

The treatment of land and buildings for each type of school is based on the legal framework underlying each type of school. The Council controls the non-current assets of community schools and foundation schools that are vested with the governing body and therefore the land and buildings of those schools are shown on the Council's balance sheet. The land and buildings of voluntary aided, voluntary controlled and foundation schools that are vested with an external trust are owned and controlled by the trustees of the schools or the foundation body and are therefore not shown on the balance sheet of the Council.

Capital expenditure on community and foundation schools vested with the governing body schools is added to the balances for those schools as reported in property, plant, and equipment (Note 19a). Capital expenditure on voluntary aided, voluntary controlled and foundation schools vested with an external trust is treated as REFCUS (Revenue Expenditure Funded from Capital under Statute) expenditure and written off each year to the Comprehensive Income and Expenditure Statement within the Children's Services line.

### Revenue Funding

Dedicated Schools Grant (DSG) is a ring-fenced government grant used to fund schools and is credited to the CIES within gross income on the Children's Services line based on amounts due from the Department for Education. The running costs of all categories of schools, apart from academies, are shown within the CIES.

The DSG is allocated between central council budget and budgets allocated to individual schools (delegated school budgets). Expenditure from central council budgets and delegated schools' budgets is charged to the Comprehensive Income and Expenditure Statement under the Children's Services line.

Individual schools' balances, for all categories of schools apart from academies, are included in the balance sheet of the Council within usable reserves (Note 38).

Included within the Council's Comprehensive Income and Expenditure Statement and Balance Sheet are the following amounts relating to each category of school.

	<b>Community</b> <b>£000s</b>	<b>Voluntary</b> <b>Controlled</b> <b>£000s</b>	<b>Voluntary</b> <b>Aided</b> <b>£000s</b>	<b>Foundation</b> <b>£000s</b>	<b>Total</b> <b>£000s</b>
Opening schools' reserves	8,413	2,788	4,594	368	16,165
Funding, including DSG	153,499	39,227	99,239	9,041	301,006
Net expenditure incurred by schools	(154,150)	(39,299)	(99,747)	(8,840)	(302,036)
Closing schools' reserves	7,762	2,715	4,086	569	15,132

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Note 22. Heritage Assets

Movements on heritage assets during 2025/26 were as follows:

<b>Cost or valuation</b>	<b>Fine Art Works £000's</b>	<b>Civic Plate £000's</b>	<b>Town Hall Sculptures £000's</b>	<b>Monuments, Statues, Fountains, Buildings, and other Civic Regalia £000's</b>	<b>Total £000's</b>
Balance at 1 April 2025	618,696	2,959	2,962	21,108	645,725
Additions / Donations	0	0	0	1,859	1,859
Revaluations	1,785	0	0	0	1,785
Reclassifications	0	0	0	-66	-66
Balance at 31 March 2026	620,481	2,959	2,962	22,901	649,303

Movements on heritage assets during 2024/25 were as follows:

<b>Cost or valuation</b>	<b>Fine Art Works £000's</b>	<b>Civic Plate £000's</b>	<b>Town Hall Sculptures £000's</b>	<b>Monuments, Statues, Fountains, Buildings, and other Civic Regalia £000's</b>	<b>Total £000's</b>
Balance at 1 April 2024	615,955	2,959	2,962	20,562	642,438
Additions/ Donations	0	0	0	530	530
Revaluations	2,741	0	0	0	2,741
Reclassifications	0	0	0	16	16
Balance at 31 March 2025	618,696	2,959	2,962	21,108	645,725

#### a) Heritage Assets Nature and Scale of Assets Held

Manchester City Galleries (Manchester Art Gallery, Platt Hall, and Queens Park Conservation Studios) currently holds around 46,900 objects in trust on behalf of the People of Manchester. The collection comprises of approximately 14,400 items of fine art, 10,400 items of decorative art, and 22,000 items of costume.

In addition to the MCG collections, the Libraries, Information and Archives Service holds a collection of rare books, records and archives that have heritage significance relating to Manchester but are also of national significance.

Heritage furniture, civic plate and Lord Mayor's regalia, sculpture, paintings from the Town Hall collection (and also some paintings from the MCG collection) are displayed in appropriate public spaces, selected offices and meeting rooms.

Manchester City Galleries' (MCG) collections are covered by the Greater Manchester Act 1981 whereby financially motivated disposal is prohibited by the Act. Further details can be found in the following documents:

- Manchester Art Gallery Collection Development Policy 2021
- Resource and Governance Overview and Scrutiny Committee 17 November 2011 – Heritage Assets Report

#### b) Heritage Asset Management and Preservation

##### Manchester City Galleries Collection

The management and care of the collection is overseen by the Senior Operational Lead, in partnership with the Senior Curator, Content Lead (Curatorial Lead), Collection Manager and Conservation Manager.

Public access to the collections and collection information is delivered in a variety of ways:

- Gallery displays and temporary exhibitions at Manchester Art Gallery.
- Education and learning activities at Manchester Art Gallery and Platt Hall.
- Web-based information, including the galleries website with searchable database, social networking sites, and the Art UK website.
- Access in store to researchers and interested individuals/groups by arrangement.
- Loans out to UK and international museums and galleries, or other venues.

The collections are assessed and conserved in the conservation studios at Queens Park by highly specialised, fully trained conservators.

The condition of the art works is maintained through a programme of effective collection care to reduce damage and deterioration by reducing risk from physical damage (including handling), theft and vandalism, fire and water/flood, inappropriate relative humidity, light, and pollutants.

Further details can be found in the following documents:

- Manchester City Galleries Constitution

- Manchester Art Gallery Service Plan 2026-2029
- Manchester City Galleries Procedures Manual 2016
- Manchester City Galleries Collections Development Policy 2021-2024
- Manchester City Galleries Loans Policy 2019-2021
- Manchester City Galleries Conservation and Collection Care Policy 2016 -2019
- Manchester City Galleries Handling Guidelines 2016
- Manchester City Galleries Collection Information Policy 2020-2023

#### [The Town Hall Collection](#)

The Town Hall Collection includes sculpture, fine art, silver, textiles, photographs, and social history material. The collection is currently the responsibility of the Our Town Hall Curatorial Manager who manages a Collections Officer and a Paintings Conservator. Details of the collections are held on the EMu collections management database.

As part of the Our Town Hall project, considerable conservation work is being undertaken on the collection. This focuses primarily on the collection that will be returned to public display or for use in public rooms. The paintings, furniture and sculpture collection will all be assessed and conserved accordingly.

The Collection is managed according to the Town Hall Collections Development Policy which was approved by the Our Town Hall Strategic Board in 2022.

#### [The Lord Mayor's Regalia](#)

The Lord Mayors regalia is frequently used and is therefore cared for and managed by the Civic and Ceremonial team. The material is kept securely on council premises.

#### [c\) Heritage Assets Accounting Policies](#)

##### [Manchester City Galleries Collections](#)

Specified items (those valued over £100,000) are included in the balance sheet at market valuation. In the case of loss or damage the recoverable amount may be less than the full market valuation as works over £200,000 are insured at 75% of market value up to a threshold cap of £7,000,000.

Non-specified works are grouped. Where they have a market valuation, they are included in the balance sheet at that value, otherwise the insurance valuation has been used.

Over the course of the year the valuations of works which are due to go out on loan are checked and amended if necessary. Valuations are also updated on an incidental basis if a curator becomes aware that a particular work may have increased or decreased in value based on comparative works sold at auction. Changes in value during 2025/26 resulted in an increase in value of £1,785,247 (2024/25 £2,741,000 increase).

##### [Civic Plate / Lord Mayors Regalia / Model of HMS Manchester](#)

These items are included in the balance sheet at insurance valuation.

##### [Sculptures](#)

The sculptures are deemed to have indefinite lives; hence the Council does not consider it appropriate to charge depreciation.

#### Furniture, Statues and Monuments in the Public Realm

These items are included in the balance sheet at a nominal value as reliable cost or valuation information is not available for certain heritage assets such as furniture, statues and monuments. This is due to the lack of comparable market values and the cost required to obtain valuations would be disproportionate to the value added to readers of the accounts. The Council has therefore have recognised these assets on the Balance Sheet at a nominal value of £1k. The assets within this category are deemed to have indeterminate lives; hence the Council does not consider it appropriate to charge depreciation

Reliable cost or valuation information is not available for certain heritage assets such as statues and monuments. This is due to the lack of comparable market values and the cost required to obtain valuations would be disproportionate to the value added to readers of the accounts. The Council has therefore have recognised these assets on the Balance Sheet at a nominal value of £1k.

The majority of the heritage furniture, paintings and social history material (including civic gifts) from the Town Hall have been moved to an offsite storage location during the Town Hall restoration project. A selection of furniture and the Lord Mayor's regalia has been retained for use in the Lord Mayor's rooms in Central Library. The Town Hall sculpture collection has been relocated to various venues within the Council's Estate, or on loan to other venues in the city.

The assets within this category are deemed to have indefinite lives; hence the Council does not consider it appropriate to charge depreciation.

#### d) Heritage Assets carried as other asset types

##### Listed Buildings

Manchester City Council owns 84 listed buildings and related assets such as the Town Hall, Central Library, Heaton Hall, bridges, and areas of parks. The Council also has custody of scheduled ancient monuments including the City Centre Hanging Bridge and the moated sites to Clayton Hall and Peel Hall in addition to a number of other monuments, statues and fountains.

Listed buildings, such as the Town Hall complex, are actively used in the delivery of Council services. In accounting terms, they have been classified as operational assets and reported and valued as Property, Plant and Equipment in the same way as other assets of this type.

##### Statues / Fountains

Statues and Fountains situated in open spaces are classified as street furniture. As no insurance valuation is available and cannot be obtained at a cost which is commensurate with the benefits to users of the financial statements these assets have not been recognised in the balance sheet.

##### Rare Books, Records and Archives

Rare books, records and archives that have heritage significance relating to Manchester. As no insurance or market valuation is available and cannot be obtained at a cost which is

commensurate with the benefits to users of the financial statements these assets have not been recognised in the balance sheet.

### Note 23. Valuation of Property, Plant and Equipment

The Council's non-current assets are valued on the balance sheet in accordance with the statement of asset valuation principles and guidance notes issued by the Royal Institution of Chartered Surveyors (RICS):

- plant and machinery are included in the valuations of buildings when it is an integral part of the building
- properties classified as operational, excluding council dwellings, were valued on the basis of current value in existing use or, where a market did not exist, on the basis of depreciated replacement cost
- council dwellings current value was valued at existing use value - social housing
- community assets and infrastructure have been valued at historic cost net of depreciation
- assets under construction are held at historic cost until brought into use.
- surplus assets current value has been valued on the basis of market value for the highest or best use

Depreciation has been calculated using a straight-line method (i.e., apportioned equally over each year of the life of the asset) for all assets. The estimated useful life of each property is determined by a qualified valuer and updated at each valuation. Land and assets not yet available for use (assets under construction) are not depreciated.

Council dwellings are valued annually. All other assets, with the exception of those valued at historic cost net of depreciation, are revalued on a five-year rolling programme with indexation adjustments applied in intervening years. Those assets where there is no suitable index are subject to a desktop valuation in the 3rd year following full valuation.

Valuations have been undertaken during the year by internal Council valuers, Avison Young and Capita; external valuers commissioned by the Council. Avison Young have provided indexation factors for the percentage increase in value from the previous balance sheet date of 31 March 2025 to 31 March 2026 for various categories of asset. These have been applied to the asset values.

The indices used for assets valued using the depreciated replacement cost methodology (DRC) are based on the BCIS All-in Tender Price Index (TPI). For those assets valued at existing use value (EUUV) Morgan Stanley Capital International (MSCI) indices have been used where an appropriate index exists for the particular asset type. Land values have been indexed using Savills urban land values data. Vehicles, plant, furniture and equipment assets carried at cost have been assessed using CPI, the potential movement was not material so no adjustments have been made.

The Valuers have determined the appropriate method of valuation having regard to the assets' physical and economic characteristics. Assets are valued using the depreciated

replacement cost approach where there is no active market for the asset being valued, that is, where there is no relevant evidence of recent sales transactions due to specialist nature of the asset. Where recent transactions can be identified, the Valuer has adopted the existing use value method, where rental value is capitalised at a rate determined by the type, quality, and location of the asset. The assumptions made by the valuer include the application of an appropriate rental value and capitalisation rate. This is based on comparable evidence of market transactions of similar assets nearby.

A large proportion of the Council's property, plant, and equipment (PPE) asset value is comprised of properties valued using the Depreciated Replacement Cost (DRC) method of valuation.

Inspections of PPE were carried out in 2025/26 as part of the Council's revaluation process. Additionally, indexation adjustments and desktop valuations were carried out as per CIPFA asset accounting standards changes. As a result of these, the Council recognised revaluations of PPE in the revaluation reserve of £54.427m reflecting the revaluation movement since 31/03/2025. The Council also performed impairment reviews where there were impairment indicators, such as a change in use or capital expenditure in excess of £500,000 during the year. Downward valuations were charged against the revaluation reserve to the extent there was a credit balance in the reserve for the individual asset. Amounts in excess of the credit balance in the reserve were charged to the CIES. This is £40.043m in relation to PPE inline with the presentation of Note 19a. Infrastructure assets are omitted from this table and are carried at historical cost.

The following table lists the value of each type of property, plant, and equipment with the year of their last valuation. (Note infrastructure assets are carried at historical cost and are omitted from this table.):

	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Total £000s</b>
Historical Cost			53,210	47,783	476,486		577,479
Valuation in Year							
2019/20		22					22
2021/22 - indexed		63,515					63,515
2022/23 - desktop valuation		15,000					15,000
2022/23 - indexed		102,286					102,286
2022/23		3,242					3,242
2023/24 - indexed		75,365				47,813	123,178

	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Total £000s</b>
2023/24		73,687					73,687
2024/25 - indexed		1,082,023				129,430	1,211,453
2024/25		8,020					8,020
2025/25 - valuation or cost	838,343	19,281				30,489	888,113
<b>Total</b>	<b>838,343</b>	<b>1,442,441</b>	<b>53,210</b>	<b>47,783</b>	<b>476,486</b>	<b>207,732</b>	<b>3,065,995</b>

### Surplus Assets

#### Fair Value Hierarchy

Details of the Council's surplus properties and information about the fair value hierarchy as at 31 March is as follows:

		<b>31 March 2025 £000s</b>	<b>31 March 2026 £000s</b>
Other significant inputs*	Level 2	3,749	32,974
Significant unobservable inputs*	Level 3	200,024	174,758
<b>Total</b>		<b>203,773</b>	<b>207,732</b>

\*The fair value hierarchy categorisation at the end of note provides additional information.

All surplus property has been valued in accordance with IFRS13 under the fair value hierarchy. The fair value measurement requires the valuer to determine:

- the highest and best use of the asset and whether it is used in combination with other assets or on a stand-alone basis
- what is legally, physically, and financially feasible
- the market in which an orderly transaction would take place for the asset
- the appropriate valuation technique to use maximising the use of relevant observable inputs (market data such as market rents and yields or actual information about transactions such as lease details or covenant strength) and minimising unobservable inputs (these are inputs where market data is not available and are developed using the best information available about the assumptions market participants would use when pricing the asset such as comparable land or property values. Where such evidence is not available the use of sales values and cost of development to produce a residual value has been used).

The fair value of surplus assets has been measured using the market valuation technique and has taken account of the following factors - market evidence of capital values, location,

size, layout, knowledge of planning requirements and potential development costs. As the future use of these assets is yet to be determined, the current use cannot be assumed to be highest and best, however in estimating the fair value of surplus properties, the highest and best use of the properties has been adopted in accordance with the Code.

There have been zero transfers between levels of fair value hierarchy during 2025/26.

#### Reconciliation of Fair Value Measurements Categorised within Level 3 of the Fair Value Hierarchy

	<b>2024/25</b> <b>£000s</b>	<b>2025/26</b> <b>£000s</b>
Balance at 1 April	197,822	200,024
Transfers to surplus assets	(8,686)	(22,345)
Transfers between levels	0	0
Total (losses) included in deficit / surplus on provision of services resulting from changes in the fair value	(408)	(384)
Total gains / (losses) included in other comprehensive income and expenditure	10,555	(2,472)
	<b>199,283</b>	<b>174,823</b>
Additions	1,056	75
Disposals	0	(10)
Depreciation	(315)	(130)
<b>Balance at 31 March</b>	<b>200,024</b>	<b>174,758</b>

Total losses included in surplus / deficit on provision of services resulting from changes in the fair value are shown within council wide costs in the Comprehensive Income and Expenditure Statement.

#### Fair Value Hierarchy

##### Level 1

Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the balance sheet date. A quoted market price in an active market provides the most reliable evidence of fair value.

##### Level 2

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

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in markets that are not active

Inputs other than quoted prices that are observable for the asset or liability, for example: Interest rates and yield curves

##### Level 3

Level 3 inputs are unobservable inputs for the asset or liability. Unobservable inputs are used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset of

liability. An entity develops unobservable inputs using the best information available in the circumstances, which might include the entity's own data, considering all information about market participant assumptions that is reasonably available.

Note 24. Assets Held for Sale

Assets held for sale are when an asset is available for immediate sale in its present condition, the sale is probable and is being actively marketed and the sale is expected to be within one year. Movements on assets held for sale during the year were as follows:

	<b>Assets Held For Sale £000s</b>
Net book value carried forward at 31 March 2024	<b>4,681</b>
Movement in 2024/25	
Additions	173
Reclassifications	17,496
Disposals	(18,397)
Revaluations	0
Net book value carried forward at 31 March 2025	<b>3,953</b>
Movement in 2025/26	
Additions	0
Reclassifications	84,100
Disposals	(75,161)
Revaluations	(8,939)
Net book value carried forward at 31 March 2026	<b>3,953</b>

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Note 25. Assets Recognised Under PFI and Similar Arrangements

Movements on PFI and similar arrangements assets and liabilities during the year were as follows:

	Temple Primary School  £000s	Plymouth Grove Housing  £000s	Miles Platting Housing  £000s	Brunswick Housing  £000s	Public Lighting  £000s	Wright Robinson Sports College  £000s	Refuse Vehicles Service Concessio n  £000s	Total  £000s
Net book value at 31 March 2024	0	35,788	102,941	55,586	56,165	0	2,889	253,369
<b>Movement in 2024/25</b>								
IFRS16 transition impact	0	1,822	15,687	4,686	4,321	0	0	26,516
IFRS16 indexation impact	0	(188)	1,370	(9,020)	321	0	0	(7,517)
Expenditure	0	0	510	0	208	0	0	718
Newly recognised assets								0
Disposals	0	0	0	0	0		(458)	(458)
Reclassifications	0	(546)	(1,672)	0	0		0	(2,218)
Depreciation	0	(855)	(2,496)	(1,320)	(2,706)		(458)	(7,835)
Revaluations	0	1,161	(15,014)	8,503	(4,642)		0	(9,992)
Impairments	0	0	(304)	0	0		0	(304)
Net book value carried fwd. as at 31 March 2025	0	37,182	101,022	58,435	53,667	0	1,973	252,279
<b>Movement in 2025/26</b>								
IFRS16 opening balance adjustment	(10)	(580)	(3,058)	(3,521)	957	(626)	0	(6,837)
IFRS16 indexation impact	16	688	(4,292)	8,203	(799)	348	0	4,165
Expenditure	0	0	0	14	22	0	2,666	2,702

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	<b>Temple Primary School</b>	<b>Plymouth Grove Housing</b>	<b>Miles Platting Housing</b>	<b>Brunswick Housing</b>	<b>Public Lighting</b>	<b>Wright Robinson Sports College</b>	<b>Refuse Vehicles Service Concessio n</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Newly recognised assets	0	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0	0
Reclassifications	0	(1,081)	(1,759)	(1,583)	0	0	0	(4,423)
Depreciation	0	(888)	(2,449)	(1,387)	(2,706)	0	(900)	(8,330)
Revaluations	(6)	2,023	13,119	(232)	(159)	278	0	15,023
Impairments	0	0	0	(5)	0	0	0	(5)
<b>Net book value carried forward as at 31 March 2026</b>	<b>0</b>	<b>37,344</b>	<b>102,583</b>	<b>59,924</b>	<b>50,983</b>	<b>0</b>	<b>3,739</b>	<b>254,573</b>

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	Temple Primary School	Plymouth Grove Housing	Miles Platting Housing	Brunswick Housing	Public Lighting	Wright Robinson Sports College	Refuse Vehicles Service Concession	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Deferred liability brought forward	861	11,770	36,710	45,529	15,973	14,999	2,889	128,731
<b>Movement in 2024/25</b>								
Prior year adjustments	0	0	0	2,973	0	0	0	2,973
IFRS16 adjustments	581	1,634	17,056	(4,335)	4,642	4,528	0	24,106
Additional liability	0	0	0	0	0	0	0	0
Disposals and derecognitions	0	0	0	0	0	0	0	0
Write down of liability	(682)	(1,015)	(3,085)	(2,434)	(3,420)	(1,923)	(917)	(13,476)
<b>Net book value as at 31 March 2025</b>	<b>760</b>	<b>12,389</b>	<b>50,681</b>	<b>41,733</b>	<b>17,195</b>	<b>17,604</b>	<b>1,972</b>	<b>142,333</b>
<b>Movement in 2025/26</b>								
Prior year adjustments	(10)	(580)	(3,058)	(3,521)	957	(626)	0	(6,837)
IFRS16 adjustments	16	688	(4,292)	8,203	(799)	348	0	4,165
Additional liability	0	0	0	0	0	0	2,666	2,666
Disposals and derecognitions	0	0	0	0	0	0	0	0
Write down of liability	(766)	(1,194)	(3,085)	(2,598)	(3,652)	(2,099)	(900)	(14,294)
<b>Net book value as at 31 March 2026</b>	<b>0</b>	<b>11,303</b>	<b>40,246</b>	<b>43,817</b>	<b>13,701</b>	<b>15,227</b>	<b>3,738</b>	<b>128,033</b>

The prior year adjustment to the PFI schemes relates to future inflation assumptions which were inherent in the expected future payments assumed at the prior year end, but which is now excluded from this analysis.

The opening asset figures have also been amended to remove the Energy Services contract, which is shown within the PPE note. This contract ended prior to March 24 and therefore should not be classed as a PFI as the figures are not material they have been removed from the note as part of some decluttering.

The Temple Primary School PFI scheme ended during the financial year, the asset element was not included in 2024/25. As the values are not significant and this is the last year of the scheme the prior year figures have not been restated.

Further details on the future lease payments can be found at note 11.

#### Note 26. Assets Held as Lessee

The Council has recognised right-of-use assets and corresponding lease liabilities for all leases, excluding those which are short-term or of low value which continue to be accounted for off balance sheet. Where leases were already on the balance sheet, the existing accounting treatment has been retained via the grandfathering provision in the standard, apart from PFIs which have been reassessed.

Lease liabilities have been measured at the present value of the remaining lease payments, discounted using rates derived from the Public Works Loan Board (PWLB) annuity rates, aligned with the length of the lease for the leases and the lease start date. The weighted average discount rate applied is c. 4.8%.

#### Assets

The Council holds leases for property, vehicles and equipment, which have been recognised on the balance sheet as right-of-use assets. Once measured at the present value of the future lease payments, the assets are depreciated over the remaining non-cancellable period of the lease.

The most material of these relate to the leasing of offices in Wythenshawe, and the leasing of a large number of residential properties to provide accommodation to tackle homelessness.

	Land and buildings £000s	Vehicles £000s	Equipment £000s	Total £000s
Balance at 1 April 2025	48,647	33	503	49,183
Additions	26,872	0	76	26,948
Revaluations	688	0	0	688
Depreciation	(9,817)	(9)	(166)	(9,991)
Balance at 31 March 2026	66,391	24	413	66,828

#### Lease Liabilities

The lease liability is the present value of the lease payments due from the balance sheet date over the life of the lease, including fixed payments, variable index-linked payments, and any residual payments.

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	<b>Current Liabilities £000's</b>	<b>Non-Current Liabilities £000s</b>	<b>Total £000's</b>
Balance as at 1 April 2025	6,796	35,476	42,272
Additions	2,071	24,876	26,947
Lease modifications	0	688	688
Principal repayments in year	(8,867)	0	(8,867)
Principal repayment due in following year	9,421	(9,421)	0
Balance as at 31 March 2026	9,421	51,621	61,042

Amounts recognised in the Comprehensive Income and Expenditure Statement

	<b>2024/25 £000's</b>	<b>2025/26 £000s</b>
Gain or loss on recognition	7,637	0
Interest expense	1,558	2,780
Lease expenses	9,786	9,277
<b>Total</b>	<b>18,981</b>	<b>12,057</b>

Amounts recognised in the Cash Flow Statement

	<b>2024/25 £000's</b>	<b>2025/26 £000s</b>
Minimum lease payment	11,344	12,057
<b>Total</b>	<b>11,344</b>	<b>12,057</b>

**Maturity analysis of lease liabilities**

The future minimum lease payments due under leases are shown in the table below across future time periods. These figures are the undiscounted cash flows and therefore do not match the liability shown above.

	<b>31 March 2025 £000's</b>	<b>31 March 2026 £000's</b>
Less than one year	11,615	13,106
One to five years	37,385	40,753
More than five years	32,105	35,118
<b>Total undiscounted liabilities</b>	<b>81,104</b>	<b>88,977</b>

Note 27. Assets Held as Lessor

**Operating Leases**

The Council has leased out a number of offices, industrial premises and land to various organisations for both community use and economic development purposes. The leases vary in length and are all classed as operating leases.

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

	31 March 2025 £000s	31 March 2026 £000s
Not later than one year	18,317	20,524
Later than one year and not later than five years	62,626	73,636
Later than five years	950,093	956,433
<b>Total minimum lease payments</b>	<b>1,031,036</b>	<b>1,050,593</b>

The minimum lease payments do not include rents that are contingent on events taking place after the lease has been entered into, such as adjustments following rent reviews.

#### Note 28. Investment Properties

The value of income generating investment properties classed as operating leases is £529.396m (£503.948m at 31 March 2025).

These assets are classed as investment properties because they are held to either solely earn rentals or for capital appreciation. They are not used by the Council in delivering its services. As these assets are classed as investment properties, no depreciation charge has been made in 2024/25 or 2025/26.

	2024/25 £000s	2025/26 £000s
Income from investment property	(44,797)	(48,520)
Direct operating expenses arising from investment property	15,468	23,730
<b>Net (gain)</b>	<b>(29,329)</b>	<b>(24,790)</b>

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

	Investment Properties £000s
<b>Net book value carried forward as at 31 March 2024</b>	<b>503,948</b>
Movement in 2024/25	
Expenditure	9,079
Disposals	(10,140)
Reclassifications	102
Movement in fair value of investment property	5,882
<b>Net book value carried forward as at 31 March 2025</b>	<b>508,871</b>
Movement in 2025/26	
Expenditure	1,395
Disposals	(125)
Reclassifications	(4,494)
Movement in fair value of investment property	23,749
<b>Net book value carried forward as at 31 March 2026</b>	<b>529,396</b>

### Fair Value Hierarchy

All properties within the Council's investment portfolio have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (accounting policy 5.2.34 provides an explanation of the fair value levels).

### Valuation Techniques Used to Determine Level 2 Fair Values for Investment Properties

The fair value of investment property has been measured using a market approach, which takes into account quoted market prices for similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, covenant strength for existing tenants and data and market knowledge gained in managing the Council's investment asset portfolio. Market conditions are such that similar properties are actively purchased and sold, and the level of observable inputs are significant, leading to the properties being categorised as level 2 on the fair value hierarchy.

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

### Highest and Best Use

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

### Valuers

The investment properties were valued in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS) by Colliers, external valuers engaged by the Council.

### Note 29. Capital Expenditure and Capital Financing

	2024/25 £000s	2025/26 £000s
Opening Capital Financing Requirement	2,081,835	2,206,111
Implementation of IFRS16		
Leases	47,696	
PFIs	31,295	
Revised Capital Financing Requirement as at 1 April 24	2,160,827	2,206,111
Expenditure		
Property, plant, and equipment	230,519	203,689
Infrastructure	33,313	33,599
Investment properties	9,079	1,395
Heritage assets	530	1,859
Revenue expenditure funded from capital under statute*	40,134	41,765
Long term debtors	414	18,817
Investment in share capital	10,140	19,814

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	324,128	320,938
<b>Assets held under lease/PFI arrangements</b>		
Remeasurement in year under IFRS16:		
Leases	176	688
PFIs	(7,188)	(2,673)
Assets acquired under lease / PFI arrangements	0	29,614
	(7,012)	27,630
<b>Funding Resources</b>		
Revenue contributions	(15,302)	(3,149)
Capital Receipts	(78,679)	(78,772)
Major Repairs Reserve	(19,919)	(27,245)
Government grants	(92,333)	(69,415)
External contributions	(15,291)	(20,848)
Minimum Revenue Provision	(50,309)	(54,842)
<b>Closing Capital Financing Requirement</b>	2,206,111	2,300,408
HRA	308,096	323,328
Non HRA	1,898,015	1,977,080
<b>Closing Capital Financing Requirement</b>	2,206,111	2,300,408
<b>Explanation of Movement in Year</b>		
Minimum Revenue Provision	(50,309)	(54,842)
Increase in underlying need to borrow	102,604	121,510
Assets acquired under lease / PFI arrangements	0	29,614
In year remeasurements under IFRS16	(7,012)	(1,984)
	45,284	94,297

\* Legislation allows some expenditure to be classed as capital expenditure even though it does not result in the recognition of a non-current asset on the Council's balance sheet (i.e., grants and expenditure on property not owned by the Council). This enables the expenditure to be funded by capital resources, rather than charging the General Fund and impacting upon the year's council tax. Further analysis of the capital expenditure incurred is shown in the narrative report.

### Note 30. Contracted Capital Commitments

Many capital schemes take two or more years to complete. At the Balance Sheet date, the main contractual commitments relating to ongoing schemes for the enhancement of assets were as follows:

	31 March 2025 £000s	31 March 2026 £000s
Housing	36,113	36,533
Our Town Hall	37,167	37,500
Wythenshawe Civic	0	19,699
Housing Investment Fund	2,380	612
This City	3,108	0
Orchard House	6,876	0
<b>Total</b>	<b>85,644</b>	<b>94,344</b>

Note 31. Investments

The Council has the following long-term investments:

	31 March 2025 £000s	31 March 2026 £000s
<b>Investments in organisations included in the group statements</b>		
Manchester Airports Holdings Ltd Share Capital	112,354	112,354
Destination Manchester Ltd Share Capital	10,200	10,200
Manchester Energy Network Share Capital	6,630	6,630
Manchester Airports Holdings Ltd (C Shares) Share Capital	5,610	5,610
Wythenshawe Civic Regeneration LLP Share Capital	8,112	8,112
This City MCR Share Capital	0	16,755
<b>Investments in associates and joint ventures not included in the group statements</b>		
Eastlands Development Company Limited Share Capital	2,155	2,161
Matrix Homes Ltd Share Capital	10,548	10,671
Manchester Science Park Share Capital	6,204	4,744
Apis Assay Technologies Share Capital	2,629	0
Mayfield Developments Share Capital	10,062	10,351
Manchester Mix Share Capital	0	3,059
	174,504	190,646
<b>Total other long-term investments</b>	<b>3,231</b>	<b>3,545</b>
<b>Total Long-Term Investments</b>	<b>177,735</b>	<b>194,191</b>

The investments in Manchester Airports Holdings Ltd, Destination Manchester Ltd, Manchester Energy Network, Wythenshawe Civic Regeneration and This City are shown at cost. All other investments are held at fair value, at the quoted price based on the Council's share of the reserves of the Company.

Note 32. Debtors and Payments in Advance

Debtor balances represent amounts which are due at the financial year end but for which the cash has not been received.

The Council also makes an impairment loss allowance for outstanding monies which it is anticipated will not be recovered. These amounts are then deducted from the total value of debtors shown in the accounts. An analysis of this impairment of debt is also shown below:

	<b>31 March 2025 £000s</b>	<b>31 March 2026 £000s</b>
<b>Short-term Debtors</b>		
<b>Debtors included in the Financial Instruments note</b>		
Government departments	42,447	29,734
Other local authorities	28,392	25,118
NHS bodies	17,661	17,054
Housing rents	10,843	28,326
Destination Manchester Ltd / Manchester Central Convention Centre Ltd	750	550
All other bodies (external to government) - trade organisations and individuals	161,775	161,110
	<b>261,868</b>	<b>261,891</b>
<b>Impairment of Debt</b>		
Housing rents	(7,932)	(8,289)
Other	(70,365)	(77,850)
<b>Total impairment of debt</b>	<b>183,571</b>	<b>175,753</b>
<b>Debtors not included in the Financial Instruments note</b>		
HM Revenue and Customs	20,782	26,977
Other Local Authorities payments in advance	5,421	27
Council tax	109,578	114,217
Business rates	55,832	43,335
All other bodies (external to government) payments in advance	9,075	7,300
<b>Impairment of Debt</b>		
Council tax	(68,249)	(66,435)
Business rates	(34,132)	(31,669)
<b>Total Short-term Debtors</b>	<b>281,878</b>	<b>269,506</b>

For further details on age of debt for Council Tax and Business Rates please see note (d) Collection Fund collection rates and debtors.

### Long Term Debtors

These are amounts which are owed to the Council which are being repaid over various periods longer than one year. Long-term debt which has become due in less than twelve months has been classified as short-term debt.

	<b>31 March 2025 £000s</b>	<b>31 March 2026 £000s</b>
<b>Long-term Debtors</b>		
Amounts falling due after one year		
Debtors included in the Financial Instruments note		
Private Sector Housing Loans	12,816	12,831
Equity Mortgages	3,757	3,690
Matrix Homes	12,865	13,801
Biffa Municipal	1,374	3,004
Manchester College	6,732	5,922
Manchester Airport Holdings Ltd	413,504	407,907
Destination Manchester Ltd / Manchester Central Convention Centre Ltd	11,907	11,357
Northern Gateway (Far East Consortium)	7,934	7,632
Advertising Debtors	0	91
Manchester Energy Network	16,337	15,785
This City No.1 Ancoats Green	0	16,255
Other	4,416	4,363
	<b>491,641</b>	<b>502,639</b>
Debtors not included in the Financial Instruments note		
PFI prepayments	19,097	18,800
<b>Total long-term debtors</b>	<b>510,738</b>	<b>521,439</b>

A financial instrument is any contract that results in a financial asset in one entity and a financial liability or equity shareholder in another. The debtors included in the Financial Instruments note include expected credit loss adjustments of £675k, based on expected rates of default.

Note 33. Creditors and Receipts in Advance

This note sets out monies owed by the Council at 31 March which have yet to be paid, and the Council has received which relates to services which have not yet been provided.

	<b>31 March 2025 £000s</b>	<b>31 March 2026 £000s</b>
<b>Short- term Creditors and Receipts in Advance</b>		
<b>Creditors classed as Financial Instruments</b>		
Government departments	20,751	17,695
Other local authorities	27,168	23,242
NHS bodies	458	1,000
Housing rents	3,113	3,188
Other bodies (external to government) - trade organisations and individuals	124,139	129,643
<b>Total short-term creditors and RIA classed as financial instruments</b>	<b>175,629</b>	<b>174,587</b>
<b>Creditors not classed as Financial Instruments</b>		
Government departments receipts in advance	2,348	4,499
Other local authorities' receipts in advance	770	3,931
NHS bodies receipts in advance	98	118
Other public bodies receipts in advance	176	69
Other bodies (external to Government) receipts in advance	5,781	6,414
HM Revenue and Customs	14,537	18,439
Council tax	8,142	7,890
Business rates	27,854	31,598
<b>Total short-term creditors not classed as Financial Instruments</b>	<b>59,706</b>	<b>72,957</b>
<b>Total</b>	<b>235,335</b>	<b>247,544</b>

A financial instrument is any contract that results in a financial asset in one entity and a financial liability or equity shareholder in another.

Note 34. Analysis of Long-term Borrowing

**a. To Balance Sheet Date**

The table below shows the outstanding long-term borrowing at 31 March:

	31 March 2025 £000s	Range of Interest Rates Payable		Average Interest %	31 March 2026 £000s
		From %	To %		
<b>Analysis of loans by type</b>					
Public Works Loans Board	785,000	1.3400	5.6000	3.2806	800,000
Market Loans	401,240	0.1000	4.6400	4.4356	350,034
Government Debt	52,000	0.0000	4.8500	4.2196	0
Stocks	858	4.0000	4.0000	4.0000	858
<b>Total Outstanding</b>	<b>1,239,098</b>				<b>1,150,893</b>
<b>Analysis of loans by maturity</b>					
1-2 years	337,144				230,129
2-5 years	100,472				170,422
5-10 years	932				834
after 10 years	800,550				749,507
<b>Total by maturity</b>	<b>1,239,098</b>				<b>1,150,893</b>

**b. To Maturity**

The table below includes the outstanding long-term borrowing at the balance sheet date, plus interest due to the date of maturity of the outstanding loans. This provides details of future commitments if the loans are held to the date of maturity.

	31 March 2025 £000s	Range of Interest Rates Payable		Average Interest %	31 March 2026 £000s
		From %	To %		
<b>Analysis of loans by type</b>					
Public Works Loans Board	1,099,991	1.3400	5.6000	3.2806	1,106,580
Market Loans	1,023,650	0.1000	4.6400	4.4356	894,277
Government Debt	52,946	0.0000	4.8500	4.2196	0
Stocks	1,718	4.0000	4.0000	4.0000	1,684
<b>Total Outstanding</b>	<b>2,178,305</b>				<b>2,002,541</b>
<b>Analysis of loans by maturity</b>					
1-2 years	376,183				266,706
2-5 years	182,711				244,749
5-10 years	127,935				116,644
after 10 years	1,491,476				1,374,443
<b>Total by maturity</b>	<b>2,178,305</b>				<b>2,002,541</b>

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Note 35. Deferred Liabilities

Note below shows the amounts owed by the Council, split between short-term (amounts owed in less than 12 months) and long-term (amounts owed in more than 12 months) on the balance sheet, and recognising the impact of IFRS 16.

	31 March 2025 £000s	Short Term 31 March 2025 £000s	Long Term 31 March 2025 £000s	Inflation Adjustme nt £000s	IFRS16 Remeasure ment £000s	Repaid in year £000s	Additions in year £000s	31 March 2026 £000s	Short Term 31 March 2026 £000s	Long Term 31 March 2026 £000s
Private Finance Initiatives	140,361	12,763	127,598	(6,837)	4,165	(13,394)	0	124,294	13,021	111,273
Service Concession	1,972	900	1,072	0	0	(900)	2,666	3,738	712	3,027
Lease Liabilities	42,271	6,796	35,476	0	688	(8,867)	26,948	61,041	9,421	51,619
<b>Total</b>	<b>184,605</b>	<b>20,458</b>	<b>164,147</b>	<b>(6,837)</b>	<b>4,853</b>	<b>(23,161)</b>	<b>29,614</b>	<b>189,074</b>	<b>23,153</b>	<b>165,919</b>

The inflation adjustment to the PFI schemes relates to future inflation assumptions which were inherent in the expected future payments assumed at the prior year end, but which is now excluded from this analysis.

Note 36. Provisions

Provisions are established to meet liabilities or losses which are likely or certain to be incurred, but the amounts or timings are uncertain. These have been split between short-term (amounts owed in less than 12 months) and long-term (amounts owed in more than 12 months) on the balance sheet. The Council has established the following provisions:

	<b>31 March 2025 £000s</b>	<b>Short Term 31 March 2025 £000s</b>	<b>Long Term 31 March 2025 £000s</b>	<b>Contributions in year £000s</b>	<b>Amounts released/used in year £000s</b>	<b>31 March 2026 £000s</b>	<b>Short Term 31 March 2026 £000s</b>	<b>Long Term 31 March 2026 £000s</b>
Compensation provisions	3,087	2,088	999	2,710	(1,260)	4,537	2,248	2,288
Insurance provision (including HRA)	5,640	3,239	2,401	0	(934)	4,706	2,604	2,102
Provision for business rate appeals	108,272	16,940	91,332	0	(35,672)	72,600	11,746	60,854
Provision for Adults Pathways				1,860	0	1,860	1,860	0
Various other provisions	340	307	32	906	(12)	1,233	1,201	32
<b>Total</b>	<b>117,338</b>	<b>22,574</b>	<b>94,764</b>	<b>5,475</b>	<b>(37,878)</b>	<b>84,936</b>	<b>19,659</b>	<b>65,276</b>

- Compensation provisions – This provision has been established to cover potential obligations arising from compensation claims as advised by our legal team.
- Insurance provision (including HRA) - This provision is established to cover potential liabilities arising from insurance claims that have been not yet settled at the balance sheet date.
- Provision for business rate appeals This provision is to cover potential liabilities arising from business rate appeals lodged by ratepayers for further detail see note 7.4.
- Provision for Adults contract to deliver measurable efficiency improvements and enhanced operational performance through targeted transformation initiatives for the Adults Care Pathways.
- Various other provision – other non-material provisions.

Note 37. Financial Instruments

The Council's treasury management policy complies with the CIPFA Code of Practice on Treasury Management (Revised December 2021). In accordance with best practice, the City Treasurer has undertaken a review of the policy and is satisfied that the policy is relevant and complete.

The Council's treasury management activities are managed through a Central Loans and Investment Account. Operating a Central Loans and Investment Account enables the Council to borrow on advantageous terms, minimise administration costs and dampen the effects of large interest rate changes. In 2025/26 the average net rate of interest paid was 3.95% (3.89% in 2024/25).

A financial instrument is any contract that results in a financial asset in one entity and a financial liability or equity shareholder in another.

**Financial Instruments Balances**

	<b>Long Term 31 March 2025 £000s</b>	<b>Long Term 31 March 2026 £000s</b>	<b>Current 31 March 2025 £000s</b>	<b>Current 31 March 2026 £000s</b>	<b>Total 31 March 2025 £000s</b>	<b>Total 31 March 2026 £000s</b>
<b>Financial Liabilities at Amortised Cost:</b>						
Borrowings	1,239,098	1,150,893	392,810	590,126	1,631,909	1,741,019
Creditors	841	943	175,629	174,587	176,470	175,530
<b>Total Financial Liabilities</b>	<b>1,239,939</b>	<b>1,151,835</b>	<b>568,438</b>	<b>764,712</b>	<b>1,808,378</b>	<b>1,916,549</b>
<b>Financial Assets</b>						
Amortised cost	491,641	502,639	348,065	319,660	839,707	822,299
Designated Fair value through other comprehensive income - designated	32,826	32,156	0	0	32,826	32,156
Fair value through profit and loss	2,003	2,374	0	0	2,003	2,374
<b>Total Financial Assets</b>	<b>526,470</b>	<b>537,169</b>	<b>348,065</b>	<b>319,660</b>	<b>874,536</b>	<b>856,829</b>

The Council's treasury management strategy during the year was to seek short- and long-term borrowing to fund the capital programme, and therefore, in the table above, both short- and long-term borrowings have increased.

Assets that are classed as fair value are valued at a quoted market value where this is available (level 1 of the fair value hierarchy). Where investments are not quoted the value of that investment has been taken as the Council's share of the reserves of the company invested in (level 2 of the fair value hierarchy).

**Fair Value of Assets and liabilities**

	<b>Carrying Amount 31-Mar 2025 £000s</b>	<b>Carrying Amount 31-Mar 2026 £000s</b>	<b>Fair Value 31-Mar 2025 £000s</b>	<b>Fair Value 31-Mar 2026 £000s</b>
<b>Liabilities</b>				
Public Work Loans Board	1,076,897	1,194,193	837,531	940,399
Market debt	409,344	356,522	320,484	265,369
Government debt	144,800	189,436	145,007	189,283
Stocks	868	868	626	608
<b>Total Borrowings</b>	<b>1,631,909</b>	<b>1,741,019</b>	<b>1,303,648</b>	<b>1,395,658</b>
Trade creditors	176,470	175,530	176,470	175,530
<b>Total Financial Liabilities</b>	<b>1,808,379</b>	<b>1,916,549</b>	<b>1,480,118</b>	<b>1,571,189</b>
<b>Assets</b>				
Cash and cash equivalents	164,495	143,907	164,495	143,907
Long term investments	34,829	34,530	34,829	34,530
Short term investments	0	0	0	0
Trade Debtors	675,212	678,392	675,212	678,392
<b>Total Financial Assets</b>	<b>874,536</b>	<b>856,829</b>	<b>874,536</b>	<b>856,829</b>

Assets and liabilities are carried at amortised cost where part of their carrying amount (as per the balance sheet) will either be written down or written up via the Comprehensive Income and Expenditure Statement over the term of the financial instrument.

For the purposes of the notes to the accounts, all assets and liabilities are given a fair value, although this is only shown in the balance sheet for fair value through profit and loss and fair value through other comprehensive income assets. For many financial instruments, the fair value will be the same as the outstanding principal amount, but for others there could be a significant difference.

Fair value is the price that would be received to sell an asset or paid to transfer a liability at the measurement date in the principal market for the asset or liability or in the absence of a principal market, the most advantageous market.

The fair values for PWLB, market and Government debt were determined by reference to new loan rates on the Gilt market as at the balance sheet date as there is no active market for similar assets at this time and include accrued interest as this provides a sound approximation for the fair value for these instruments (level 2). By way of comparison, if the fair values were calculated with reference to PWLB redemption rules and prevailing PWLB redemption rates, they would be £979.8m for PWLB debt, £189.5m for Government debt and £377.1m for market debt.

**Income, expense, gains, and losses**

	<b>2024/25 Deficit on the provision of services £000s</b>	<b>2024/25 Other comprehensive income and expenditure £000s</b>	<b>2025/26 Deficit on the provision of services £000s</b>	<b>2025/26 Other comprehensive income and expenditure £000s</b>
<b>Net (gains)/losses on:</b>				
Financial assets measured at fair value through profit or loss	(116)	0	(370)	0
Financial assets measured at amortised cost	(324)	0	385	0
Investments in equity instruments designated at fair value through other comprehensive income	0	2,018	0	3,728
<b>Total net (gains)/losses</b>	<b>(440)</b>	<b>2,018</b>	<b>15</b>	<b>3,728</b>
Interest income	(49,315)		(52,171)	0
Interest expense	67,090		77,184	0

**Nature and extent of risk arising from Financial Instruments and the management of those risks**

**Key Risks**

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

- Credit Risk - the possibility that other parties might fail to pay amounts due to the Council.
- Liquidity Risk - the possibility that the Council might not have funds available to meet its commitments to make payments.
- Refinancing Risk - the possibility that the Council might be required to renew financial instruments on maturity at a disadvantageous interest rate or terms.
- Market Risk - the possibility that financial loss might arise for the Council due to changes in such measures as interest rates movements.

**Overall Procedures for Risk**

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks.

The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall, these procedures require the Council to manage risk in the following ways:

- By formally adopting the requirements of the Code of Practice.
- By the adoption of a Treasury Policy statement and Treasury Management clauses within its constitution.
- By approving annually in advance prudential indicators for the following three years limiting:
  - The Council's overall borrowing.
  - Its maximum and minimum exposures in the maturity structure of its debts.
  - Its maximum and minimum exposures to investments maturing beyond a year.
  - By approving an investment strategy for the forthcoming year, setting out its criteria for both investing and selecting investment counter parties with Government Guidance.

These are required to be reported and approved annually before the start of the year to which they relate. These items are reported with the annual Treasury Management Strategy and actual performance is also reported semi-annually to Members.

The annual Treasury Management Strategy for 2025/26 was approved by full Council on 28 February 2025. The strategy is available on the Council's website.

#### 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 managed through the Annual Investment Strategy which was approved by full Council on 28 February 2025. This strategy is available on the Council's website. Some of the key areas of the strategy are as follows:

Specified Investments are investments in sterling denomination, with maturities up to a maximum of one year. All specified investments meet the minimum "high" ratings criteria where applicable. Examples of the investments used are:

- Term deposits – Other Local Authorities
- Term deposits – Banks and building societies
- Money Market Funds

Non-specified investments are any other type of investment than specified. The Council does not make use of this type of investment.

#### Investment Limits

The financial investment limits of banks and building societies are linked to their Fitch (or equivalent) long-term ratings, as follows:

##### Banks and Building Societies

Fitch or Equivalent AA+ and above	£20 million
Fitch or Equivalent AA/AA-	£15 million
Fitch or Equivalent A+/A	£15 million
Fitch or Equivalent A-	£10 million

Fitch or Equivalent BBB+	£10 million
<a href="#">Other</a>	
Debt Management Office	£200 million
Greater Manchester Combined Authority	£200 million
Other local authorities	£20 million

Credit quality of counter parties (issuers and issues) and investment schemes will be determined by reference to credit ratings published by Fitch, Moody's and Standard and Poor's rating agencies. The Council's minimum long-term, short-term, and other credit rating criteria, which are considered sufficient for each category of investment, will be adhered to at all times. The Council continued to rely on market intelligence as well as credit ratings, credit outlooks and additional information to alert it to institutions possibly facing financial difficulties.

As at the balance sheet date, the amounts included within the cash and cash equivalents figure above held with banks and financial institutions (excluding other local authorities) can be analysed by potential credit loss:

<b>Deposit</b>	<b>Fitch Short Term rating</b>	<b>Moody's Short-Term rating</b>	<b>S&amp;P short term rating</b>	<b>Amount at 31 March 2026 £000's</b>	<b>Assessed Risk of Default</b>	<b>Estimated value at risk £000's</b>
Bank of Scotland	F1	P-1	A-1	12	0.02%	0
NatWest Bank	F1	P-1	A-1	1	0.05%	0
Barclays Bank	F1	P-1	A-1	6,928	0.02%	1

The Council does not expect any losses from these investments.

[Monitoring of credit ratings](#)

A - All credit ratings will be monitored on a continual basis and reviewed weekly. The Council is alerted by MUFGE Pension & Market Services, its external Treasury Management advisors, to changes in the Fitch, Moody's, and Standard and Poor's rating agencies ratings daily.

B - If a downgrade results in the counter party/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately

C - If a counter party/investment scheme is upgraded so that it fulfils the Council's criteria, the City Treasurer will have the discretion to include it on the lending list.

For all financial assets held at amortised cost the Council has reviewed the creditworthiness of each relevant organisation to ascertain the likely 12-month impairment. For those with indications of financial distress the Council has provided for lifetime impairment losses.

The trade debtor amount is £764,531,000 and the estimated exposure to default is £86,139,000.

#### Liquidity Risk

The Council has ready access to borrow from the money markets to cover any day-to-day cash flow need, and from the PWLB and money markets for access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The Council manages its liquidity risk position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system as required by the CIPFA Code of Practice, this seeks to ensure that cash is available when it is needed.

The maturity analysis of financial assets, net of any impairment, is as follows:

	<b>31 March 2025</b> <b>£000</b>	<b>31 March 2026</b> <b>£000</b>
Less than 1 year	355,151	326,562
Between 1 year and 2 years	2,362	2,083
Between 2 and 3 years	1,732	9,934
More than 3 years	515,290	518,250
<b>Total</b>	<b>874,535</b>	<b>856,829</b>

#### Refinancing and Maturity Risk

The Council maintains a significant debt and investment portfolio. Whilst the cash flow procedures listed above are considered against the refinancing risk procedures, longer-term risk to the Council relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks, and the central treasury management team address the operational risks within the approved parameters. This includes monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Council's day to day cash flow needs, and the spread of longer-

term investments provide stability of maturities and returns in relation to the longer-term cash flow needs.

The Council has £260,000,000 lender option borrower option (LOBO) loans. These have fixed rates of interest, but the lender may seek to take their option, and increase interest rates, at which point the Council has the option to repay the loan. As there is no certainty as to whether these loans will be repaid early, the Council has treated these loans as fixed loans which will run to maturity.

The maturity profile of financial liabilities is as follows:

	<b>31 March 2025</b> <b>£000</b>	<b>31 March 2026</b> <b>£000</b>
Less than 1 year	568,439	764,713
Between 1 year and 2 years	337,145	230,129
Between 2 and 5 years	100,472	170,422
Between 5 and 10 years	932	834
More than 10 years	801,390	750,450
<b>Total</b>	<b>1,808,378</b>	<b>1,916,549</b>

#### Market Risk

##### Interest Rate Risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:

- borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise.
- borrowings at fixed rates – the fair value of the borrowing liability will fall.
- investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise.
- investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance.

The Council has several strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy, a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury management team will monitor market

and forecast interest rates within the year, to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns. Similarly, the drawing of longer-term fixed rate borrowing would be postponed.

The Council tries to maximise its income on temporary investment and minimise its interest costs on temporary and long-term borrowing.

The maximum interest rate increase that could be expected in the current climate is assessed at 1.5%. This would only apply to the net short-term investments. The Council also has several LOBO loans that can be called at periods. There is the risk that these may have to be refinanced at a higher rate.

LOBO risk (loans potentially subject to call £80,000,000 @ 1.5%) = £1,200,000 2025/26 and £900,000 2024/25).

#### Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares but does have shareholdings at a value of £191,817,000 2025/26 (£175,731,000 2024/25) in several organisations including those within its group. Whilst these holdings are generally illiquid, the Council is exposed to losses arising from movements in the prices of the shares or impairment of the assets held. As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. Instead, it only acquires shareholdings in return for “open book” arrangements with the company concerned so that the Council can monitor factors that might cause a fall in the value of specific shareholdings.

#### Foreign Exchange risk

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

#### Note 38. Usable Reserves

The Council maintains several useable reserves on the Balance Sheet. Some reserves are statutorily defined and ringfenced for specific purposes. Other reserves are earmarked for specific purposes to support future spending plans.

**Movements on the Council's usable reserves in 2025/26 were as follows:**

	<b>Balance 31 March 2025 £000s</b>	<b>Transfers between reserves £000s</b>	<b>Transfers to reserves £000s</b>	<b>Transfers from reserves £000s</b>	<b>31 March 2026 £000s</b>
<b>Reserves Held for Revenue Purposes</b>					
<b>a) Schools Reserves</b>					
Local Management of Schools	(16,165)	0	(0)	1,032	(15,133)
<b>Total Schools Reserves</b>	<b>(16,165)</b>	<b>0</b>	<b>(0)</b>	<b>1,032</b>	<b>(15,133)</b>
<b>General Fund Reserves</b>					
<b>b) Statutory Reserves</b>					
Bus Lane Enforcement Reserve	(2,548)	0	(3,115)	5,645	(18)
On-Street Parking Reserve	(2,730)	(229)	(9,087)	9,546	(2,501)
Ancoats Square Reserve	(2,480)	0	0	52	(2,428)
St. John's Gardens Contingency	(1,259)	0	(154)	(99)	(1,511)
Other smaller reserves under £1.0m	(4,264)	0	(1,165)	1,718	(3,711)
<b>Total Statutory Reserves</b>	<b>(13,281)</b>	<b>(229)</b>	<b>(13,521)</b>	<b>16,861</b>	<b>(10,170)</b>
<b>Earmarked Reserves</b>					
<b>c) Reserves held for PFIs</b>					
Temple School PFI Reserve	(240)	0	(2)	217	(25)
Wright Robinson Sports College PFI Reserve	(1,565)	0	(30)	110	(1,486)
<b>Total Reserves held for PFIs</b>	<b>(1,805)</b>	<b>0</b>	<b>(33)</b>	<b>327</b>	<b>(1,511)</b>
<b>d) Managing Economic and Commercial Risks</b>					
Business Rates Reserve	(15,749)	0	(15,395)	24,248	(6,896)
Planning Income Reserve	(2,483)	0	(256)	5	(2,734)
Investment Estate Smoothing Reserve	(887)	0	0	55	(832)
Other smaller reserves under £1.0m	(9)	0	0	0	(9)
<b>Total Managing Economic and Commercial Risk</b>	<b>(19,128)</b>	<b>0</b>	<b>(15,651)</b>	<b>24,309</b>	<b>(10,470)</b>
<b>e) Insurance Fund</b>					
Insurance Fund Reserve	(14,275)	0	0	3,665	(10,610)
<b>Total Insurance Fund Reserve</b>	<b>(14,275)</b>	<b>0</b>	<b>0</b>	<b>3,665</b>	<b>(10,610)</b>
<b>f) Reserves that will be utilised to support the delivery, financing and risk of the capital strategy</b>					
Capital Fund Reserve	(103,573)	(6,467)	(1,230)	5,197	(106,074)
Investment Reserve	(5,241)	(3,500)	(20)	2,692	(6,070)
Town Hall Reserve	(3,888)	(766)	0	2,077	(2,577)
Business Rates Enterprise Zone Reserve	(7,322)	7,580	(1,905)	107	(1,540)

	Balance 31 March 2025 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2026 £000s
Business Rates Investment & Growth Zone Reserve	(8,262)	0	(4,284)	245	(12,301)
Manchester International Festival Reserve	(4,627)	0	(870)	2,050	(3,448)
Eastlands Reserve	(2,618)	0	(6,345)	5,257	(3,705)
Highways Commuted Sums Reserve	(6,021)	0	(152)	89	(6,084)
Total Reserves that will be utilised to support the delivery, financing and risk of the capital strategy	(141,552)	(3,153)	(14,807)	17,714	(141,798)
g) Reserves held to support delivery and risk in the MTFP					
Budget Smoothing Reserve	(56,618)	3,600	0	20,980	(32,038)
Collection Initiative Reserve	(7,513)	(983)	(658)	246	(8,908)
Integration Reserve	(868)	0	0	0	(868)
Transformation Reserve	(6,621)	0	(63)	500	(6,184)
Supporting Families Reserve	(1,000)	0	0	999	(1)
Homelessness Reserve	(375)	0	(3,057)	0	(3,432)
ICT Investment Reserve	(19,442)	766	0	5,748	(12,928)
Other smaller reserves under £1.0m	(546)	0	(282)	61	(768)
Total Reserves held to support delivery and risk in the MTFP	(92,983)	3,383	(4,060)	28,534	(65,126)
h) Reserves held for Accounting Purposes					
Manchester Adult Education Service (MEAS) Reserve	(1,749)	0	(87)	0	(1,836)
Children's Services Reserve	(1,677)	0	(102)	1,279	(499)
Asylum Seekers Reserve	(829)	0	(80)	254	(655)
Other smaller reserves under £1.0m	(751)	0	(1,491)	274	(1,968)
Total Reserves held for Accounting Purposes	(5,006)	0	(1,759)	1,807	(4,958)
i) Other Specific Reserves					
Making Manchester Fairer	(1,459)	0	(107)	1,137	(430)
Other smaller reserves under £1.0m	(5,395)	0	(3,618)	897	(8,117)
Total other Specific Reserves	(6,855)	0	(3,725)	2,034	(8,546)
Total Earmarked Reserves	(281,604)	229	(40,036)	78,390	(243,020)
j) General Fund Reserve					
j) General Fund Reserve					
General Fund Reserve	(9,333)	0	(20,000)	4,224	(25,108)
Total General Fund Reserve	(9,333)	0	(20,000)	4,224	(25,108)
Total General Fund Reserves	(304,218)	(0)	(73,556)	99,476	(278,298)

	Balance 31 March 2025 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2026 £000s
<b>k) Housing Revenue Account Reserve</b>					
Housing Revenue Account Reserve	(68,540)	0	(981)	15,651	(53,870)
<b>Total Housing Revenue Account Reserve</b>	<b>(68,540)</b>	<b>0</b>	<b>(981)</b>	<b>15,651</b>	<b>(53,870)</b>
<b>Total Revenue Reserves</b>	<b>(388,923)</b>	<b>(0)</b>	<b>(74,538)</b>	<b>116,159</b>	<b>(347,301)</b>
<b>l) Reserves Held for Capital Purposes</b>					
Capital Receipts Reserve	(87,653)	(0)	(89,190)	78,772	(98,071)
Major Repairs Reserve	(5,957)	0	(21,457)	27,246	(169)
Capital Grants Unapplied Reserve	(54,046)	0	(104,149)	90,261	(67,935)
<b>Total Reserves Held for Capital Purposes</b>	<b>(147,656)</b>	<b>0</b>	<b>(214,797)</b>	<b>196,279</b>	<b>(166,174)</b>
<b>Total Reserves</b>	<b>(536,579)</b>	<b>(0)</b>	<b>(289,334)</b>	<b>312,437</b>	<b>(513,477)</b>

- a) Reserves Held for Capital purposes have increased by £18.5m in line with the delivery of the planned capital programme and reflects capital receipts and grants received to be utilised in future years in line with the approved capital strategy as detailed below.

a (1) - Capital Receipts Reserve

Proceeds of non-current assets sales available to meet future capital investment.

	2024/25 £000s	2025/26 £000s
Balance at 1 April	(128,008)	(87,653)
Capital receipts received in year	(38,324)	(89,190)
Paid to housing national pool	0	0
Applied to fund capital expenditure	78,679	78,772
<b>Balance at 31 March</b>	<b>(87,653)</b>	<b>(98,071)</b>

Within the balance at 31 March 2026, £97.7m relates to the Housing Revenue Account.

a (2) - Major Repairs Reserve

Resources available to meet capital investment in council housing.

	2024/25 £000s	2025/26 £000s
Balance at 1 April	(5,743)	(5,957)
HRA depreciation	(20,132)	(21,457)
Financing of capital expenditure on council dwellings	19,919	27,245
<b>Balance at 31 March</b>	<b>(5,957)</b>	<b>(170)</b>

a (3) - Capital Grants Unapplied Reserve

Capital grants and contributions available to meet future capital expenditure.

	2024/25 £000s	2025/26 £000s
Balance at 1 April	(66,637)	(54,048)
Grants received in year	(95,035)	(104,149)
Transferred to Capital Adjustment Account: General Grants and Contributions	79,672	67,219
Transferred to Capital Adjustment Account: Revenue Expenditure Funded from Capital Under Statute (REFCUS) Grants and Contributions	27,952	23,044
Balance at 31 March	(54,048)	(67,934)

Note 39. Unusable Reserves

The balances on the Council's unusable reserves were as follows:

Unusable Reserves	2024/25 £000s	2025/26 £000s	Note
<b>Revaluation balances</b>			
Revaluation Reserve	(1,791,521)	(1,786,706)	(a)
Financial Instruments Revaluation Reserve	(21,695)	(17,967)	(b)
<b>Adjustment accounts</b>			
Pensions Reserve	66,059	63,313	(c),43
Capital Adjustment Account	(1,460,605)	(1,445,988)	(d)
Deferred Capital Receipts Reserve	(8,325)	(8,538)	(e)
Financial Instruments Adjustment Account	3,850	3,394	(f)
Collection Fund Adjustment Account	(28,013)	(34,142)	(g)
Short-term Accumulated Absences Account	5,385	5,562	(h)
Dedicated Schools Grant Reserve	30,124	59,217	(i)
<b>Total</b>	<b>(3,204,739)</b>	<b>(3,161,853)</b>	

a - Revaluation Reserve

The revaluation reserve represents the level of revaluation gains net of impairments charged on the Council's non-current assets from 1 April 2007 onwards.

	2024/25 £000s	2025/26 £000s
Balance at 1 April	(1,726,822)	(1,791,521)

Revaluations relating to property, plant, and equipment	(114,608)	(54,427)
Revaluations relating to other non-PPE assets	(2,741)	(1,785)
Revaluation gain depreciation	5,653	16,395
Impairment not charged to CIES	16,006	17,796
Transfer to Investment property	26	0
Disposals transferred to Capital Adjustment Account (CAA)	30,965	29,396
IFRS 16 revaluation adjustment		(2,559)
<b>Total</b>	<b>(1,791,521)</b>	<b>(1,786,706)</b>

#### **b - Financial Instruments Revaluation Reserve**

The reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised

	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>
Balance at 1 April	(23,713)	(21,695)
Upward revaluation of investments	(1,071)	(421)
Downward revaluation of investments	3,089	4,113
Gain / (Loss) on realised investments	0	36
<b>Balance at 31 March</b>	<b>(21,695)</b>	<b>(17,967)</b>

#### **c - 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 CIES 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. A debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements ensure that funding is set aside by the time the benefits come to be paid. See Note 41 to the Financial Statements for an explanation of the in-year movements on the Pensions Reserve.

<b>Pension Reserve</b>	<b>2024/25 £000's</b>	<b>2025/26 £000/s</b>
Balance as at 1 April	80,517	66,059

Re measurements of the net defined benefit (liability)/ asset	(1,446,755)	(1,482,401)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the provision of services in the Comprehensive Income and Expenditure account	67,983	60,348
Employer's pensions contributions and direct payments to pensioners payable in the year	(66,480)	(67,820)
Asset Ceiling Adjustment	1,430,794	1,487,127
Balance as at 31 March	66,059	63,313

#### d - Capital Adjustment Account (CAA)

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

The Account contains accumulated gains and losses on Investment Properties that have yet to be consumed by the Council.

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.

	<b>2024/25</b> <b>£000s</b>	<b>2025/26</b> <b>£000s</b>
Balance at 1 April	(1,395,014)	(1,460,605)
Minimum revenue provision	(44,708)	(46,512)
Reversal of PFI charges to HRA	(3,658)	(7,218)
Capital grants and contributions	(107,624)	(90,263)
Revenue contributions used	(15,302)	(3,149)
Movement in fair value of investment property	(5,883)	(22,260)
Revaluation gain depreciation	(5,653)	(16,395)
Disposals transferred from revaluation reserve	(30,965)	(29,396)
Revaluation reserve transfer to Investment property	(26)	0
Depreciation	105,015	108,446
Major Repairs Allowance	(19,919)	(27,245)

	<b>2024/25</b> <b>£000s</b>	<b>2025/26</b> <b>£000s</b>
Capital Receipts Used	(78,679)	(78,772)
Other Disposals	68,596	131,852
Amortisation of intangible assets	30	75
Repayment of long-term debtors	2,696	2,986
Disposal of long-term investments	2,028	0
(Gain) on repayment of housing loan	(63)	(49)
Write down of revenue expenditure funded from capital under statute	40,134	41,765
Impairment of non-current assets	25,875	49,354
Impairment of financial instrument assets	(324)	385
Recognition of right-of-use assets	(7,637)	0
Depreciation of right-of-use assets	6,326	9,991
Loss on recognition of right-of-use assets	9,751	(113)
Capital repayment of right-of-use assets	(5,601)	(8,867)
<b>Balance at 31 March</b>	<b>(1,460,605)</b>	<b>(1,445,988)</b>

### **e - Deferred Capital Receipts Reserve**

The Deferred Capital Receipts Reserve holds the gains recognised on the granting of equity mortgages, equity loans and the disposal of council houses under right to buy legislation 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 takes place, amounts are transferred to the Capital Receipts Reserve.

#### Equity Mortgages

##### a) Redrow Homes

The council has a joint home build scheme with Redrow Homes. The Council has provided homebuyers, purchasing the properties, equity mortgage loans for up to 25% of the property value. Some of the loans become repayable 10 years after the purchase of the property or earlier if the homeowner decides to sell the property before this time, others are repayable only on sale or transfer. There is also the option for the homebuyer to repay the loan before either of these events. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

b) Bowes Street

Manchester City Council offered an Equity Share Assistance scheme to residents within the Bowes Street area of Moss Side. The scheme allowed potential buyers to purchase one of these properties, whilst Manchester City Council retained a share of the equity. The Council's share is secured by a charge on the property. Purchasers do not need to make any payments or pay any interest on the share that Manchester City Council retains if the purchaser lives in the house as their only or principal home. The Council's share is only repaid when the purchaser sells the house, moves out, or dies.

Equity Loans

a) Home Improvement Loans

These are equity share loans offered to homeowners to carry out essential renovation works. The minimum loan value available is £7,000 up to a maximum of £25,000 or 33% of the value of the improved home. The equity share is secured by a legal charge, and loans are repayable on the death of the purchaser, or the sale of the property or when the purchaser ceases to occupy the property as their main home. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

b) Relocation Assistance Loans

These are equity share loans provided to assist owner-occupiers displaced by demolition to purchase a replacement property. Loan values are available which meet the difference between the value of the property to be demolished and the cost of buying another property subject to specified limits. The equity share is secured by a legal charge, and loans are repayable on the death of the purchaser, the sale of the property or when the purchaser ceases to occupy the property as their main home. The outstanding balance is adjusted each year in line with the Land Registry House Pricing Index.

	<b>Opening Balance 1 April 2025 £000s</b>	<b>Gains on disposal £000s</b>	<b>Principal Repayments £000s</b>	<b>Fair Value Adjustments £000s</b>	<b>Closing Balance 31 March 2026 £000s</b>
Equity Mortgages	(3,452)	69	145	(67)	(3,443)
Equity Loans	(4,874)	0	0	(221)	(5,095)
<b>Total Deferred Capital Receipts</b>	<b>(8,325)</b>	<b>(69)</b>	<b>145</b>	<b>(289)</b>	<b>(8,538)</b>

**f - Financial Instruments Adjustment Account**

Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.

	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>	
Balance at 1 April	4,238	3,851	
Soft loans in year movements	(43)	(47)	
Adjustment for interest free loans	66	0	f(a)
Premium and discounts	(410)	(410)	
<b>Balance at 31 March</b>	<b>3,850</b>	<b>3,394</b>	

f (a) The Council has received interest free loans of £8.5m from the Homes England repayable in 2024 and £20.5m from Salix repayable until 2025. This represents the saving over the remaining length of the interest free loans, which has now finished.

**g - Collection Fund Adjustment Account**

The Collection Fund Adjustment Account manages the differences arising from recognition of council tax and business rates income in the CIES as it falls due payers, compared with the statutory arrangements for paying amounts to general fund from collection fund.

	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>
<b>Council Tax</b>		
Balance at 1 April	3,273	4,840
Movement in Year	1,567	3,785
<b>Balance at 31 March</b>	<b>4,840</b>	<b>8,625</b>
<b>Business Rates</b>		
Balance at 1 April	(30,746)	(32,852)
Movement in Year	(2,106)	(9,914)
<b>Balance at 31 March</b>	<b>(32,852)</b>	<b>(42,766)</b>
<b>Total</b>		
Balance at 1 April	(27,473)	(28,013)
Movement in Year	(540)	(6,129)
<b>Balance at 31 March</b>	<b>(28,013)</b>	<b>(34,142)</b>

**h - Short-term Accumulated Absences Account**

The Short-term 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 and from this account.

	<b>2024/25</b> <b>£000s</b>	<b>2025/26</b> <b>£000s</b>
Balance at 1 April	5,867	5,385
Movement in Year	(482)	177
<b>Balance at 31 March</b>	<b>5,385</b>	<b>5,562</b>

**i - Dedicated Schools Grant Reserve**

The DSG deficit is presented as an unusable reserve. This is the result of the introduction on 29 November 2020 of a new Statutory Instrument to amend the Local Authorities (Capital Finance and Accounting Regulations 2003) by establishing new accounting practices in relation to the treatment of schools' budget deficits. The aim is to ensure that DSG deficits are ringfenced and held separately from General Fund resources so that specific measures can be put in place to address the deficits without placing pressures on resources required for other essential services.

	<b>2024/25</b> <b>£000s</b>	<b>2025/26</b> <b>£000s</b>
Balance at 1 April	7,803	30,124
Movement In Year	22,320	29,093
<b>Balance at 31 March</b>	<b>30,124</b>	<b>59,217</b>

Note 40. Dedicated Schools Grant

The Council's expenditure on schools is funded primarily by a ring fenced grant the Dedicated Schools Grant (DSG). The schools budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school. Details of the deployment of DSG received in 2025/26 were as follows:

	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2025/26 before academy and high needs recoupment			808,616
Academy and high needs figure recouped for 2025/26			(414,268)
Total DSG after academy and high needs recoupment for 2025/26			394,347
Plus brought forward from 2024/25			0
Less carry forward to 2026/27 agreed in advance			0
Agreed initial budgeted distribution in 2025/26	107,895,939	286,451,533	394,347,472
In year adjustments		(2,686,966)	(2,686,966)
Final budgeted distribution for 2025/26	107,895,939	283,764,568	391,660,506
Less: actual central expenditure	137,335,378		137,335,378
Less: actual ISB deployed to schools		283,501,896	283,501,896
Plus: local authority contribution for 2025/26	80,347		80,347
In year Carry forward to 2026/27 surplus / (deficit)	(29,359,092)	262,671	(29,096,421)
Plus carry forward to 2026/27 agreed in advance			
Carry forward surplus / (deficit) to 2025/26			
DSG unusable reserve at the end of 2024/25			(30,123,842)
Addition to DSG unusable reserve at the end of 2025/26			(29,096,421)
Total of DSG unusable reserve at the end of 2025/26			(59,220,263)
Net DSG position at the end of 2025/26			(59,220,263)

The DSG reserve was negative because the centrally retained DSG had overspent, largely due to expenditure within the high needs block which supports the education of children with Special Educational Needs and Disabilities. It is classed as an unusable reserve.

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

	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2024/25 before academy and high needs recoupment			734,407
Academy and high needs figure recouped for 2024/25			(361,056)
Total DSG after academy and high needs recoupment for 2024/25			373,351
Plus brought forward from 2023/24			
Less carry forward to 2025/26 agreed in advance			
Agreed initial budgeted distribution in 2024/25	101,830	271,521	373,351
In year adjustments	0	(1,607)	(1,607)
Final budgeted distribution for 2024/25	101,830	269,915	371,745
Less: actual central expenditure	(123,924)	0	(123,924)
Less: actual ISB deployed to schools	0	(270,367)	(270,367)
Plus: local authority contribution for 2024/25	226	0	226
In year Carry forward to 2025/26 surplus / (deficit)	(21,868)	(453)	(22,321)
Plus carry forward to 2025/26 agreed in advance			0
Carry forward surplus / (deficit) to 2025/26			0
DSG unusable reserve at the end of 2023/24			(7,803)
Addition to DSG unusable reserve at the end of 2024/25			(22,320)
Total of DSG unusable reserve at the end of 2024/25			(30,124)
Net DSG position at the end of 2024/25			(30,124)

The Dedicated Schools Grant (DSG) reserve is again negative due to overspend on budgets deployed to schools, largely due to expenditure within the high needs block which supports the education of children with SEND.

The Government announced support in the form of a High Needs Block Deficit Grant, in which they will fund up to 90% of the Local Authorities deficit as at 31<sup>st</sup> March 2026, subject to completion of satisfactory Local SEND reform plan. The Council will be left with a minimum of 10% of the deficit to fund. To support this, a detailed recovery plan of the high needs block is underway with operational leadership and guidance from the Children's Leadership Team.

The original budget for the Central Expenditure includes the following which are transferred to schools during the year:

- provisions for funding for Special Education Needs
- increases in pupil numbers
- contingencies within schools

#### Note 41. Local Government Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the Council offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Council participates in three pension schemes:

- The Local Government Pension Scheme
- Teachers' Pension Scheme
- NHS Pension Scheme

Details of Teachers and NHS pension schemes are covered in notes 42 and 43.

#### The Local Government Pension Scheme

##### Participation in Pension Schemes

Most employees (except teachers) are, unless they have opted out, members of the Greater Manchester Pension Fund which is administered by Tameside MBC and operates in accordance with the rules of the Local Government Pension Scheme (LGPS). This is a funded defined benefit career average (previously final salary scheme), meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The LGPS is a defined benefit statutory scheme, administered in accordance with the LGPS (Benefits, Membership and Contributions) Regulations 2007, the LGPS (Administration) Regulations 2008 and the Local Government Pension Scheme (Transitional Provisions) Regulations 2008. It is contracted out of the State Second Pension.

The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note

##### Discretionary Post-retirement

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

##### 41a. Transactions Relating to Retirement Benefits

The costs of retirement benefits in the net cost of services are recognised when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against the Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out in the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

<b>Note 41.a Local Government Pension Schemes</b>	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>
<b>Comprehensive Income and Expenditure Statement</b>		
Net Cost of Services:		
Current service cost	59,556	43,894
Past service costs	3,702	486
Effect of settlements	888	12,213
<b>Total Service Cost:</b>	<b>64,146</b>	<b>56,593</b>
Financing and investment income and expenditure:		
Interest income on scheme assets	(191,582)	(235,280)
Interest cost on defined benefit obligation	151,386	156,107
interest effect of the asset ceiling	44,033	82,928
<b>Total Net Interest</b>	<b>3,837</b>	<b>3,755</b>
<b>Total post-employment benefits charged to the (surplus) / deficit on the provision of services</b>	<b>67,983</b>	<b>60,348</b>
Re-measurement of the Net Defined Benefit Liability comprising:		
Actuarial gains and losses arising on changes in financial assumptions	(472,186)	(64,875)
Change in Demographic assumptions re-measurements	(5,533)	7,821
Other experience re-measurements	(37,250)	259,641
Return on plan assets (excluding amounts included in net interest)	29,597	(171,266)
Changes in the effect of the Asset Ceiling	(961,383)	(1,513,722)
Asset ceiling	1,430,794	1,487,127
<b>Total remeasurements recognised in other comprehensive income and expenditure</b>	<b>(15,961)</b>	<b>4,726</b>
<b>The post-employment benefits charged to the comprehensive income and expenditure statement</b>	<b>52,022</b>	<b>65,074</b>
<b>Movement in Reserves Statement</b>		
Reversal of the charges to the surplus / deficit on the provision of services and the amounts chargeable to the general fund under regulation	(67,983)	(60,348)
Employer's contribution payable to scheme	57,420	59,011
Employer's contribution in respect of unfunded deficit	9,060	8,809

#### 41b. Asset Ceiling

Following the pensions valuation by the Councils actuary, Hymans Robertson LLP, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2026 resulting in a pension plan asset.

IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The Council's actuaries calculated the asset ceiling as the net present value of future service costs less net present value of future contributions.

The Council has therefore limited the Pension asset recognised in its balance sheet to the asset ceiling. The remaining represents the unfunded liabilities which are not included in the asset ceiling adjustment and any liabilities as a result of past contributions. The adjustment has been recognised within other comprehensive income and expenditure of the CIES.

Reconciliation of the asset ceiling impact on the Net Pension Asset/ (Liability)

<b>Note 41b. Impact of the Asset Ceiling Adjustment</b>	<b>2024/25 £000's</b>	<b>2025/26 £000's</b>
<b>Opening value of the additional liabilities</b>	<b>(917,350)</b>	<b>(1,430,794)</b>
Interest on the effect of the asset ceiling	(44,033)	(82,928)
Changes in the effect of the asset ceiling	961,383	1,513,722
Additional Liability	(1,430,794)	(1,487,127)
<b>Closing Balance as at 31 March</b>	<b>(1,430,794)</b>	<b>(1,487,127)</b>

The asset ceiling adjustment has increased by c£56m from 2024/25 to 2025/26. In both 2024/25 and 2025/26 the present value of future service contributions exceeded the present value of future service cost, therefore the economic benefit available as a reduction in future contributions is held at £0

#### 41c. Assets and Liabilities in Relation to Retirement Benefits

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

<b>41.c Present value of the scheme liabilities:</b>	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>
<b>Funded Liabilities: Local Government Pension Scheme</b>		
Balance at 1 April	<b>3,187,375</b>	<b>2,760,351</b>
Current service cost	59,556	43,894
Effect of settlements	(5,848)	(32,130)
Interest cost on defined benefit obligations	151,386	156,107
Effect of business combinations and disposals	0	0
Contributions by scheme participants	19,563	22,333
Changes in financial assumptions	(472,186)	(64,875)
Changes in demographic assumptions	(5,533)	7,821
Other experience re-measurements	(37,250)	196,781
Unfunded benefits paid	(9,060)	(8,809)
Benefits paid	(131,354)	(137,264)
Past service cost including curtailments	3,702	486
<b>Balance at 31 March</b>	<b>2,760,351</b>	<b>2,944,695</b>

<b>41.d Present value of the scheme assets</b>	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>
<b>Local Government Pension Scheme</b>		
Balance at 1 April	<b>(4,024,208)</b>	<b>(4,125,086)</b>
Interest income on plan assets	(191,582)	(235,280)
Return on assets (excluding amounts included in net interest)	29,597	(171,266)
Effect of business combinations and disposals *	0	62,860
Other experience	0	0
Effect of settlements	6,736	44,343
Contributions in respect of unfunded benefits	(9060)	(8,809)
Employer contributions	(57,420)	(59,011)
Contributions by scheme participants	(19,563)	(22,333)
Benefits paid	131,354	137,264
Unfunded benefits paid	9,060	8,809
<b>Balance at 31 March</b>	<b>(4,125,086)</b>	<b>(4,368,509)</b>

Pension Net Liability (Reserve)

<b>41.e Net Liability for Year</b>	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>
Present value of funded liabilities	(2,694,292)	(2,881,382)
Fair value of assets	4,125,086	4,368,509
Asset Ceiling Adjustment	(1,430,794)	(1,487,127)
<b>Net Asset arising from Defined Benefit obligation</b>	<b>0</b>	<b>0</b>

<b>41.e Net Liability for Year</b>	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>
Present value of total unfunded liabilities	(66,059)	(63,313)
<b>Net (Liability) / Asset arising from Defined Benefit obligation</b>	<b>(66,059)</b>	<b>(63,313)</b>

The net effect on the defined benefit obligation equals nil. The asset within the pension reserves has increased by £243.4m.

**Note Basis for Estimating Assets and Liabilities**

Assets and liabilities have been assessed on an actuarial basis by Hymans Robertson, an independent firm of actuaries. The main assumptions used in their calculations have been:

<b>41.F Basis for Estimating Assets and Liabilities</b>	<b>2024/25</b>	<b>2025/26</b>
<b>Mortality assumptions:</b>		
<b>Longevity at 65 for current pensioners</b>		
Men	19.4 years	19.9 years
Women	22.8 years	23.4 years
<b>Longevity at 65 for future pensioners *</b>		
Men	20.9 years	21.6 Year
Women	24.3 years	24.8 Years
Rate of increase in salaries	3.60%	4.50%
Rate of increase in pensions	2.80%	3.00%
Discount rate	5.80%	6.2%
Take-up of option to convert annual pension into retirement lump sum	50%	60%

The estimate of the defined benefit obligations are sensitive to actuarial assumptions set out above. It is possible for the experience of the Fund to deviate one or more of the assumptions simultaneously and so the precise effect on the valuation is more complex.

The principal demographic assumption is the longevity assumption (i.e., member life expectancy). Estimation sensitivity infers one-year increase in life expectancy would approximately increase the Defined Benefit Obligation between 3-5%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure

The asset values are at bid value as required under IAS19. The assets consist of the following categories, by proportion of the total assets held:

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<b>41.G: Local Government Pension Scheme Assets</b>	<b>Quoted Prices in Active Markets 31.03.2025 £000's</b>	<b>Unquoted Prices not in Active Markets 31.03.2025 £000's</b>	<b>Total 31.03.2025 £000's</b>	<b>Quoted Prices in Active Markets 31.03.2026</b>	<b>Unquoted Prices not in Active Markets 31.03.2026</b>	<b>Total 31.03.2026 £000's</b>
<b>Equity securities</b>						
Consumer	272,726	0	272,726	293,021	0	293,021
Manufacturing	199,678	0	199,678	232,028	0	232,028
Energy and utilities	244,344	0	244,344	220,414	0	220,414
Financial institutions	383,819	0	383,819	379,299	0	379,299
Health and care	191,742	0	191,742	212,084	0	212,084
Information technology	216,296	0	216,296	268,638	0	268,638
Other	55,424	0	55,424	58,922	0	58,922
<b>Debt securities</b>						
Corporate bonds (investment grade)	133,836	0	133,836	130,148	0	130,148
UK Government	182,242	0	182,242	196,082	0	196,082
Other	167,825	0	167,825	141,265	0	141,265
<b>Private equity</b>						
All	0	259,707	259,707		245,208	245,208
<b>Real estate</b>						
UK property	0	215,244	215,244		251,504	251,504
<b>Investment funds and unit trusts</b>						
Equities	74,423	0	74,423	223,990	0	223,990
Bonds	414,596	0	414,596	432,785	0	432,785
Infrastructure	0	345,904	345,904		356,420	356,420
Other	108,612	535,502	644,114	97,117	513,421	610,538
<b>Derivatives</b>						
Other	(2,512)	0	(2,512)	(22,119)	0	(22,119)
<b>Cash and cash equivalents</b>						
All	125,681	0	125,681	138,286	0	138,286
<b>Totals</b>	<b>2,768,729</b>	<b>1,356,357</b>	<b>4,125,086</b>	<b>3,001,957</b>	<b>1,366,552</b>	<b>4,368,509</b>

Impact on the Council's Cash Flows

The contributions paid by the Employer are set by the Fund Actuary at each triennial actuarial valuation (the most recent being as at 31 March 2025) the 2025/26 contributions are based on the valuation as at 31 March 2022, or at any other time as instructed to do so by the Administering Authority (Tameside MBC). The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main

existing public service schemes may not provide benefits in relation to service after 31st March 2014.

The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants. The Council is anticipated to pay £53.0m in contributions to the scheme in 2026/27.

#### [Pensions Section 37 confirmations \(Virgin Media vs NTL Pension Trustees II Limited ruling\)](#)

In June 2023, the High Court ruled in Virgin Media Ltd v NTL Pension Trustees that certain amendments to defined benefit pension schemes were invalid due to the absence of the required actuarial certification. The Court of Appeal upheld this decision in July 2024. It remains unclear whether Section 37 certificates exist for all previous amendments to public service schemes, including the LGPS.

On 5 June 2025, the government announced forthcoming legislation to address the implications of this judgment. The legislation will allow affected pension schemes to retrospectively obtain the necessary actuarial confirmation for historic benefit changes, ensuring that scheme obligations remain unaffected. Given the June 2025 announcement, the Virgin Media case is unlikely to have an impact on LGPS liabilities. The Council will continue to monitor developments.

#### [Note 42. Teachers' Pension Scheme](#)

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

The scheme is a defined benefit scheme. However, the scheme is unfunded, and the Department for Education uses a notional fund as a basis for calculating the employers' contribution rate paid by Local Authorities. The Council cannot identify its share of underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. Therefore, for the purposes of this Statement of Accounts, it is accounted for on the same basis as a defined contribution scheme. The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These benefits accounted for on a defined benefit basis as detailed in Note 41.

In 2025/26 the Council paid £26.811m (£27.717m 2024/25) to the Teachers' Pension Agency in respect of teachers' retirement benefits, representing 28.68% of pensionable pay (23.68% 2024/25). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with related increases. In 2025/26 these amounted to £4.664m (£4.845m in 2024/25) of which £0.594m (£0.649m in 2024/25) relates to staff pension for former further education employees. This is refunded by the Department for

Education. The expected Teachers Pensions Agency Contribution in 2026/27 is expected to be £26.928m.

### Note 43. National Health Service Pension Scheme

Public Health employees are members of the NHS Pension Scheme, administered by the NHS Business Services Authority. This scheme provides its members with specified benefits on their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries. The NHS Pension Scheme is operated in a similar way to the Teachers' Pension Scheme; in that Employer Contributions are set nationally and all contributions from employers and employees are paid into one pot. In 2025/26 the Council's contribution in respect of former NHS staff pension costs were £0.94m; (£0.119m in 2024/25), the set contribution rate being 23.78% (23.78% in 2024/25). The expected NHS Contribution in 2026/27 is expected to be £90.0m.

### Note 44. Contingent Assets and Liabilities

#### Contingent Assets

The Council has a cumulative £59m deficit on its Dedicated Schools Grant (DSG) High Needs Block, held in an unusable adjustment account pending national policy decisions. In February 2026, the Department for Education announced plans to support local authorities with large High Needs deficits; the Council may receive grant funding for 90% (£53m) of its deficit, subject to an approved SEND delivery plan. No asset is recognised yet due to ongoing consultation, DfE approval of MCC's SEND Improvement Plan and uncertainty about timing and conditions, so there is no enforceable right to funding at this stage.

#### Contingent Liabilities

The Council is currently subject to 3 legal claims. Two relate to employment matters and one relates to a Health and Safety issue; these matters arose before the balance sheet date. On 31 March 2026, these matters are already before a court or tribunal, but no findings have been made at present; the council has a defensible case. The outcome of these proceedings is uncertain and will depend on future events not wholly within the Council's control. Accordingly, no provision has been recognised in these accounts. The matters are disclosed as contingent liabilities due to their potential financial significance. At this stage, it is not possible to reliably estimate the timing or value of any potential settlement or award without prejudicing the Council's legal position.

### Note 45. Related Party Transactions

The Code of Practice on Local Authority Accounting requires the disclosure of any material transactions with related parties to ensure that stakeholders are aware that these transactions have taken place as well as the amount and implications of such transactions.

Manchester City Council Annual Statement of Accounts 2025/26

<b>Income</b>	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>
CityCo (Manchester) Limited	1	0
Manchester Airports Holdings Ltd - repayment of interest	40,229	39,460
Manchester Airports Holdings Ltd - net rent	10,635	10,575
Manchester Airports Holdings Ltd - dividend	5,736	452
Manchester Energy Network	1,038	1,244
Manchester Integrated Care Board (ICB)	10,782	12,073
Destination Manchester Ltd	3,509	3,375
Manchester Professional Services Ltd	101	107
Manchester Creative Digital Assets Ltd	7,801	6,832
Lord Mayor Charity Appeal Trust	146	211
Wythenshawe Forum Trust Limited	201	238
Manchester Active	534	658
Wythenshawe Civic Regeneration LLP	10,140	2
This City (No.1 Ancoats Green)	0	32,645
One Education Limited	0	137
<b>Total</b>	<b>90,853</b>	<b>100,008</b>

<b>Expenditure</b>	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>
Manchester Energy Network	2,666	3,363
Manchester Integrated Care Board (ICB)	5,351	4,407
Manchester Professional Services Limited	53	42
Manchester Active Limited	6,985	7,781
Manchester Creative Digital Assets Limited	3,386	4,236
CityCo (Manchester) Limited	110	122
Lord Mayor of Manchester Charity Appeal Trust	2	2
Factory International	2,500	5,553
Wythenshawe Forum Trust Limited	993	913
Wythenshawe Civic Regeneration Trust	0	681
One Education Limited	0	2,539
<b>Total</b>	<b>22,046</b>	<b>29,639</b>

<b>Amounts owed from and to:</b>	<b>Amounts owed from 2024/25 £000s</b>	<b>Amounts owed from 2025/26 £000s</b>	<b>Amounts owed to 2024/25 £000s</b>	<b>Amounts owed To 2025/26 £000s</b>
Manchester Airports Holdings Ltd	413,504	407,907	0	0
Destination Manchester Ltd	15,195	14,442	0	0
Manchester Energy Network	16,642	17,182	411	309
Manchester Integrated Care Board (ICB)	3,149	1,077	101	0
Manchester Professional Services Ltd	20	22	0	0
Manchester Creative Digital Assets Ltd	1,851	2,287	0	0
Manchester Active Ltd	5	8	21	736
Lord Mayor Charity Appeal Trust	37	53	0	0
National Car Parks Manchester Ltd	391	43	0	1
Factory International	0	0	4,070	1,506
Matrix Homes Limited Partnership	12,865	13,801	0	608
Wythenshawe Forum Trust Limited	10	-3	0	0
CityCo (Manchester) Limited	3	0	0	0
This City (No.1 Ancoats Green)	0	135	0	0
One Education Limited	0	74	0	0
Wythenshawe Civic Regeneration Trust	0	2	0	0
<b>Total</b>	<b>463,672</b>	<b>457,031</b>	<b>4,603</b>	<b>3,160</b>

\*For loans and equity transactions with related parties please refer to notes Note 31 Investments and Note 32 Debtors and Payments in Advance.

### Members and Chief Officers

Members of the Council have a direct control over the Council's financial and operating policies. Details of member's interest, both pecuniary and non-financial are recorded in the register of member's interest (available for public inspection). During 2025/26 and 2024/25 there were no material transactions with Members or Chief Officers (Senior Management Team).

#### a. Central Government

Central Government has effective control over the general operations of the Council. Government is responsible for providing the framework within which the Council operates and provides most of its funding as grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g., council tax bills and housing benefits). The Council also receives a number of capital and revenue grants which can be seen in the CIES and Note 14 Taxation and Non-specific Grant Income and Note 15 Revenue grants credited to the Comprehensive Income and Expenditure Statement.

#### b. Other Public Bodies

The Council pays levies towards the services provided by the Greater Manchester Combined Authority (GMCA) for Waste Disposal and for Transport services (plus a statutory charge for

Transport) and the Environment Agency. The levies paid in 2025/26 may be found in the CIES.

The Council also receives a number of capital and revenue grants from GMCA which can be seen in the CIES and Note 14 Taxation and Non-specific Grant Income and Note 15 Revenue grants credited to the Comprehensive Income and Expenditure Statement.

#### [c. Entities controlled or significantly influenced by the Council](#)

The Council has a number of subsidiaries over which it has control, as well as associates, joint venture companies, and partnerships over which it exerts significant influence.

Manchester Airports Holdings Ltd and Wythenshawe Town Centre JV are joint ventures. Destination Manchester Ltd, Manchester Energy Network and This City (No.1 Ancoats Green) are subsidiaries. These entities have related party transactions that are material.

Loans and shareholding relating to these entities can be found in Note 31 Investments and Note 32 Debtors and Payments in Advance.

#### [Manchester Airports Holdings Ltd \(MAHL\)](#)

The Council is a related party to Manchester Airports Holdings Ltd. The Council owns 35.5% of the share capital of the company. The principal activities of the Group during the year were ownership, operation, and development of airport facilities. Cllr Beverley Craig, the Leader of the Council, is a non-executive director to Manchester Airports Holdings Ltd. Manchester Airports Holdings Ltd's group trades as Manchester Airport Group (MAG).

#### [Destination Manchester Ltd \(DML\)](#)

Destination Manchester Ltd.'s ultimate parent and controlling party is Manchester City Council. Destination Manchester Ltd owns and manages the Manchester Central Convention Complex, which holds major conferences and exhibitions. City Treasurer, Tom Wilkinson, served as the sole director during the year to October 2025. This position was then fulfilled by Deputy City Treasurer, Samantha McArdle from 1<sup>st</sup> October 2025 onwards.

#### [Manchester Energy Network](#)

Manchester Energy Network's ultimate parent and controlling party is Manchester City Council. The principal activity of the company is the provision of energy services within Manchester's Civic Quarter. The Council officers who are Directors of Manchester Energy Network (SPV) during 2025/26 were Richard Munns, Head of Corporate Estate and Facilities (Director for Manchester Heat Network HoldCo Limited) and Paul Hindle, Directorate Head of Finance (Director for Manchester Heat Network HoldCo Limited, SupplyCo Limited and TradeCo Limited).

#### [Wythenshawe Civic Regeneration LLP](#)

Wythenshawe Civic Centre Regeneration LLP is a limited liability partnership arrangement between Manchester Council and Muse Places Limited. The partnership has been entered regenerate Wythenshawe town centre.

[This City \(No.1 Ancoats Green\)](#)

This City (No.1 Ancoats Green) Limited Partnership is a limited partnership arrangement between Manchester City Council and This City (No.1 Ancoats Green) GP Limited. This City (No.1 Ancoats Green) GP Limited is wholly owned by Manchester City Council.

This City (No.1 Ancoats Green) is a housing delivery vehicle providing 129 low carbon homes, with 30% of the homes let at Manchester Living Rent.

[d. Manchester Integrated Care Board \(ICB\)](#)

The Council and Manchester Clinical Commissioning Group entered into a Section 75 Better Care Fund Agreement in March 2022. The S75 Agreement outlines the terms on which Partners have agreed to collaborate and to establish a framework, through which the Partners can secure the future position of health and social care services through Lead Commissioning Arrangements or Joint Commissioning Arrangements in relation to the BCF and IBCF. On 1 July 2022, the MCCG ceased to exist and was replaced by the GM ICB. On 1 July 2022, the S75 Agreement was transferred from MCCG to the GM ICB.

[e. Other related parties](#)

The following are related parties where there were no transactions in 2024/25 or 2025/26 which are considered material to the Council:

Apis Assay Technologies Ltd, Piccadilly Triangle, Manchester Art Gallery Trading Company Limited, This City Mcr Limited, Eastlands Strategic Development Company Limited, MIHP Limited, The Millennium Quarter Trust Limited, The Manchester Concert Hall Limited, Mayfield Development Manchester Limited, Matrix Homes (General Partner) Limited, Northwards Housing Ltd, Castlefield Heritage Trust, Airport City (General Partner Limited), The National Football Museum, The National Museum of Labour History, Central Park Management (2002) limited, Manchester Art Gallery Exhibitions Production Company Limited, The Whitworth baths, Airport City (Asset Manager) Limited, Bernie Enright Consulting Limited, R B Neighbourhood Management Company Limited, Manchester Life Development Company Limited, Manchester Life Development Company 2 Limited, Oxford Road Corridor.

[Note 46. Analysis of Cash and Cash Equivalents](#)

<b>Cash and Cash Equivalents</b>	<b>31 March 2025 £000s</b>	<b>31 March 2026 £000s</b>
Cash in hand	0	0
Call accounts	3,213	6,941
Cash equivalents	139,038	120,067
Cash at bank	22,244	16,899
<b>Total</b>	<b>164,495</b>	<b>143,907</b>

Note 47. Cash Flow Statement - Adjustments to net surplus / deficit on the provision of services for non-cash movements

	<b>31 March 2025 £000s</b>	<b>31 March 2026 £000s</b>
Depreciation of non-current assets	111,341	118,437
Impairment and revaluation losses of non-current assets	19,728	50,844
Amortisation of intangible non-current assets	30	75
Increase (decrease) in creditors	31,100	18,540
(Increase) decrease in debtors	(62,183)	11,127
(Increase) decrease in inventories	120	(34)
Movement in pension liability	1,503	(7,472)
Carrying amount of non-current assets and non-current assets held for sale, sold, or derecognised	68,596	131,852
Other non-cash items charged to the net surplus of deficit on the provision of services	(28,640)	(58,190)
<b>Total</b>	<b>141,595</b>	<b>265,180</b>

Note 48. Cash Flow Statement - Adjustments for items included in the net surplus / deficit on the provision of services that are investing and financing activities

	<b>31 March 2025 £000s</b>	<b>31 March 2026 £000s</b>
Proceeds from the sale of short term and long-term investments	(2,028)	36
Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets	(33,600)	(86,059)
Any other items for which the cash effects are investing or financing cash flows	(95,035)	(104,149)
<b>Total</b>	<b>(130,663)</b>	<b>(190,172)</b>

Note 49. Cash Flow Statement - Operating Activities

The net cash flows from operating activities include the following items:

	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>
Interest received	43,130	55,310
Interest paid	(63,992)	(74,409)
Dividends received	5,956	5,984

Note 50. Cash Flow Statement - Investing Activities

	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>
Purchase of plant, property and equipment, investment property and intangible assets	(275,882)	(243,159)
Purchase of short-term and long-term investments	0	(19,814)
Other payments for investing activities	(551)	(18,921)
Proceeds from the sale of plant, property and equipment, investment property and intangible assets	31,316	85,688
Proceeds from sale of short-term and long-term investments	2,028	0
Other receipts from investing activities	107,973	115,562
<b>Net cash flows from investing activities</b>	<b>(135,116)</b>	<b>(80,645)</b>

Note 51. Cash Flow Statement - Financing Activities

	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>
Cash receipts of long and short-term borrowing	435,923	536,805
Cash payments for the reduction of outstanding liabilities relating to leases and PFI contracts	(16,105)	(23,161)
Repayments of short and long-term borrowing	(147,780)	(430,085)
<b>Net cash flows from financing activities</b>	<b>272,038</b>	<b>83,559</b>

Note 52. Cash Flow Statement - Reconciliation of liabilities arising from Financing Activities

	<b>1 April 2024 £000s</b>	<b>Financing cash flows £000s</b>	<b>Non-cash changes Acquisition £000s</b>	<b>Other non-cash charges £000s</b>	<b>31 March 2025 £000s</b>
Long-term borrowings	1,187,197	315,000	0	(263,099)	1,239,098
Short-term borrowings	153,148	(26,857)	0	266,519	392,810
PFI liabilities	125,840	(9,587)	0	24,107	140,360
Service concessions	2,892	(917)	0	0	1,975
<b>Total liabilities from financing activities</b>	<b>0</b>	<b>(5,601)</b>	<b>0</b>	<b>47,872</b>	<b>42,271</b>
	<b>1,469,077</b>	<b>272,038</b>	<b>0</b>	<b>75,399</b>	<b>1,816,513</b>

	<b>1 April 2025 £000s</b>	<b>Financing cash flows £000s</b>	<b>Non-cash changes Acquisition £000s</b>	<b>Other non-cash charges £000s</b>	<b>31 March 2026 £000s</b>
Long-term borrowings	1,239,098	350,000	0	(438,206)	1,150,892
Short-term borrowings	392,810	(243,280)	0	440,596	590,126
PFI liabilities	140,360	(13,394)	0	(2,673)	124,294
Service concessions	1,975	(900)	0	2,663	3,738
Lease liabilities	42,271	(8,867)	0	27,637	61,041
<b>Total liabilities from financing activities</b>	<b>1,816,513</b>	<b>83,559</b>	<b>0</b>	<b>30,018</b>	<b>1,930,091</b>

[Note 53. Events after the Balance Sheet Date](#)

These accounts were authorised for issue by the Deputy Chief Executive and City Treasurer on 30 June 2026. Events after the Balance Sheet date 31 March 2026 until this date have been considered for disclosure note.

After the balance sheet date, on 2 April 2026, the Council entered into a legally binding settlement agreement relating to the Town Hall refurbishment. The agreement provides for an incentive payment up to £12.0m, payable by instalments linked to agreed milestone dates extending into April 2027. As no present obligation existed at 31 March 2026, no liability has been recognised in these accounts. The settlement is disclosed as a non-adjusting post balance sheet event and will be recognised in the 2026/27 financial year.

## Housing Revenue Account (HRA) Income and Expenditure Statement

The HRA reflects a statutory obligation to account separately for council housing provision. The HRA Income and Expenditure Statement shows the major elements of HRA expenditure and how they are met from rents, grants, and other income. The account does not reflect all the transactions required by statute to be charged or credited to the HRA for the year. The Movement on the HRA Statement gives details of the additional transactions which are required by statute.

2024/25 £000s	Housing Revenue Account (HRA) Income and Expenditure Statement	2025/26 £000s	Note
	<b>Expenditure</b>		
48,051	Repairs and maintenance	47,006	
24,153	Supervision and management	29,020	
299	Rents, rates, taxes, and other charges	(740)	
25,014	Depreciation and impairment of non-current assets	25,231	d, e
12	Debt management costs	30	
149	Revenue expenditure funded from capital under statute	74	f
<b>97,678</b>	<b>Total Expenditure</b>	<b>100,621</b>	
	<b>Income</b>		
(73,572)	Dwelling rents	(74,099)	
(518)	Non-dwelling rents	(372)	
(1,594)	Charges for services and facilities	(1,696)	
(271)	Contributions towards expenditure	(1,200)	
(23,374)	Private Finance Initiative Grant	(23,374)	
<b>(99,329)</b>	<b>Total Income</b>	<b>(100,740)</b>	
<b>(1,651)</b>	<b>Net (Income) of HRA Services as included in the Council's Comprehensive Income and Expenditure Statement</b>	<b>(119)</b>	
98	HRA services share of corporate and democratic core	98	
11	HRA share of other amounts included in the Council's net cost of services but not allocated to specific services (past service costs)	26	
0	HRA share of other amounts included in the Council's net cost of services but not allocated to specific services (IAS19 business combinations)	0	
<b>(1,542)</b>	<b>Net (Income) / Expenditure of HRA Services</b>	<b>5</b>	
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>		
(4,914)	(Gain) on disposal of HRA non-current assets	(12,096)	
10,391	Interest payable and similar charges	10,953	
558	Movement in the allowance for expected credit loss	382	
(1,115)	Interest and investment income	(592)	
0	Net interest on the net defined benefit liability	8	
178	Capital grants and contributions	(5,388)	
<b>3,557</b>	<b>(Surplus) / Deficit for the year on HRA services</b>	<b>(6,727)</b>	

Movement on the Housing Revenue Account statement

2024/25 £000s	Movement on the Housing Revenue Account Statement	2025/26 £000s
(87,263)	Balance on the HRA at the end of the previous year	(68,539)
3,557	(Surplus) / Deficit for Year on the HRA Income and Expenditure Statement	(6,727)
	Adjustments between accounting basis and funding basis under the legislative framework	
11,793	Capital expenditure funded by the HRA	0
4,914	Gain/(Loss) on disposal of HRA non-current assets	12,096
0	Transfer to short-term accumulating absences account	0
12	HRA share of employer contributions from pension scheme	5
(4,882)	Impairment of non-current assets	(2,945)
(149)	Amortisation of Revenue Expenditure Funded from Capital under Statute	(74)
3,657	Reversal of PFI Charges	7,218
0	Right of Use depreciation not transferred to MRR	(829)
0	Reversal of Lease Charges	537
(178)	Capital grants and contributions receivable	5,388
18,725	Net (Increase) / Decrease in Year on the HRA	14,670
(68,539)	Balance on the HRA at the end of the current year	(53,869)

## Notes to the Housing Revenue Account

### (a) Housing Stock

The Council was responsible for managing an average of 14,950 dwellings during 2025/26.

The stock at each year end was made up as follows:

	31 March 2025	31 March 2026
Houses and bungalows	8,354	8,124
Flats	6,667	6,600
Others	77	77
	15,098	14,801

The change in stock is as follows:

	2024/25	2025/26
Stock at 1 April	15,192	15,098
Sales - Right to Buy	(136)	(322)
Other	1	(2)
New buildings	0	10
Acquisitions	41	17
Stock at 31 March	15,098	14,801

The balance sheet value of the HRA's non-current assets was as follows:

	31 March 2025 £000s	31 March 2026 £000s
<b>Operational</b>		
Council dwellings	825,604	838,343
Other land and buildings	7,194	7,424
Vehicles, plant, and equipment	6,290	5,726
ROU assets	0	16,797
Infrastructure	1,792	1,792
<b>Total operational</b>	<b>840,880</b>	<b>870,082</b>
<b>Non-operational</b>		
Surplus properties	4,769	4,644
Assets under construction	17,958	25,264
<b>Total non-operational</b>	<b>22,727</b>	<b>29,908</b>
<b>Total non-current assets</b>	<b>863,607</b>	<b>899,990</b>

### (b) Vacant Possession of Dwellings

The vacant possession value of dwellings within the Council's HRA at 1 April 2025 was £2,043,618,880 and at 31 March 2026 was £2,075,938,797. The difference between the vacant possession value and balance sheet value of dwellings within the HRA shows the economic cost of providing council housing at less than open market rents.

(c) Capital Expenditure, Funding and Receipts

	2024/25 £000s	2025/26 £000s
<b>Expenditure</b>		
Property, plant, and equipment	42,296	40,685
Revenue expenditure funded from capital under statute	149	74
<b>Total Expenditure</b>	<b>42,445</b>	<b>40,759</b>
<b>Funded by</b>		
Revenue contributions	0	0
Capital receipts	10,922	3,633
Reserves	31,711	27,245
Government grants	(188)	4,783
External contributions	0	0
Borrowing	0	5,098
<b>Receipts</b>		
Council dwellings	13,180	32,376
<b>Total receipts</b>	<b>13,180</b>	<b>32,376</b>

(d) Depreciation

	2024/25 £000s	2025/26 £000s
Council dwellings	19,501	20,583
Other land and buildings	108	235
ROU Assets	0	829
Vehicles, plant and equipment	524	639
Infrastructure	0	0
<b>Total</b>	<b>20,132</b>	<b>22,286</b>

(e) Impairment Charges

	2024/25 £000s	2025/26 £000s
Non-enhancing capital expenditure	3,627	1,771
Downward revaluation of assets	1,254	1,174
Damaged properties / demolitions / other	0	0
<b>Total</b>	<b>4,882</b>	<b>2,945</b>

(f) Revenue Expenditure Funded from Capital Under Statute

Revenue expenditure funded from capital under statute of £73,730 (£148,742 in 2024/25) has been charged to the HRA.

(g) Contribution from the Pension Reserve

The cost of the HRA has increased after the replacement of employer's pension contributions by current service costs and a share of the corporate items (pensions interest costs, expected return on pensions assets, past service costs, settlements and curtailments). The HRA share of the contribution from the pensions reserve in 2025/26 is £5,000 (2024/25 £211,000). The overall amount to be met from rent payers remains unchanged.

(h) Rent Arrears

	<b>2024/25</b> <b>£000s</b>	<b>2025/26</b> <b>£000s</b>
Arrears at 31 March	9,827	10,303

The balance is the Opening position. Adjustments to arrears are made in the new financial year, at the point of bringing all other rent balance sheet codes back to zero for the new rent year.

	<b>2024/25</b> <b>£000s</b>	<b>2025/26</b> <b>£000s</b>
Provision at 1 April	7,541	7,932
Contributions in year	423	397
Amounts written (off)/back in the year	(32)	(40)
<b>Provision as at 31 March</b>	<b>7,932</b>	<b>8,289</b>

(i) Management of the HRA stock

The majority of the Council's stock was managed via an Arm's Length Management Organisation until July 2021, at which point management of the stock transferred back to the Council, along with all staff and assets/liabilities. The costs and savings associated with this have been included within the accounts.

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Collection Fund

This statement reflects statutory requirements for billing authorities to maintain a separate collection fund to account for the income from council tax and business rates and its distribution to the Council, the Greater Manchester Combined Authority Police and Crime and Fire and Rescue elements.

2024/25 £'000	2024/25 £'000	2024/25 £'000		2025/26 £'000	2025/26 £'000	2025/26 £'000
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
			Income			
0	284,996	284,996	Council Tax - net amount receivable	0	302,480	302,480
0	0	0	Council Tax Hardship Fund / Energy Rebate adjustment	0	0	0
0	0	0	Council Tax Support Fund	0	0	0
402,803	0	402,803	Collectable from business ratepayers	0	0	0
			Apportionment of Previous Year Deficit			
0	0	0	- Manchester City Council	0	423	423
0	0	0	- GMCA Police and Crime Commissioner	0	186	186
0	0	0	- GMCA Mayoral and Fire and Rescue	0	2,805	2,805
402,803	284,996	687,798	Total Income	406,245	305,895	712,139
			Expenditure			
			Apportionment of Previous Year Surplus			
22,801	1,774	24,575	- Manchester City Council	23,466		23,466
0	267	267	- GMCA Police and Crime Commissioner	0		0
230	118	349	- GMCA Mayoral and Fire and Rescue	237		237
			Precepts and demands			
360,873	229,259	590,132	- Manchester City Council	380,866	251,235	632,102
0	34,585	34,585	- GMCA Police and Crime Commissioner	0	38,070	38,070
3,645	15,241	18,886	- GMCA Mayoral and Fire and Rescue	3,847	18,162	22,009
			Business rates			

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(5,983)	0	(5,983)	- Transitional protection payment	(1,264)	0	(1,264)
16,947	0	16,947	- Designated Area Growth Disregard	7,617	0	7,617
			<b>Charges to Collection Fund</b>			
(9,983)	(5,978)	(15,961)	- Write offs of uncollectable amounts	(7,004)	(4,873)	(11,877)
17,123	11,666	28,789	- Increase in Allowance for Impairment	11,521	7,994	19,515
(6,099)	0	(6,099)	- Contribution to Provision for Appeals	(24,167)	0	(24,167)
1,121	0	1,121	- Costs of collection	1,110	0	1,110
<b>400,675</b>	<b>286,933</b>	<b>687,608</b>	<b>Total Expenditure</b>	<b>396,230</b>	<b>310,588</b>	<b>706,819</b>
2,128	(1,937)	190	Movement on fund balance	10,015	(4,694)	5,321
31,056	(3,985)	27,069	Fund balance brought forward	33,184	(5,923)	27,261
<b>33,184</b>	<b>(5,923)</b>	<b>27,260</b>	<b>Fund Balance Carried Forward</b>	<b>43,198</b>	<b>(10,616)</b>	<b>32,582</b>

## Notes to the Collection Fund Statement

### (a) Business Rates

The Council collects business rates for its area on behalf of itself and the Greater Manchester Combined Authority (Fire and Rescue). These rates are based on rateable values for properties set by the Valuation Office Agency which are multiplied by a uniform business rate set by central government. The multiplier for the year was set at 49.9p (49.9p in 2024/25) for smaller businesses and for larger businesses 55.5p (54.6p in 2024/25). The total business rates rateable value at 31 March 2026 was £994,188,521 (rateable value at 31 March 2025 was £992,870,043).

The Government will deliver a full business rates system reset effective from 1 April 2026. The reset recalibrates the business rates baseline, which represents the amount of rates income the Government expects the Council to generate, to an updated relevant level and accounts for the 2026 VOA Revaluation.

### (b) Calculation of the Council Tax Base

For 2025/26 there were 253,776 residential properties in Manchester which were placed in one of eight valuation bands, depending on their capital value, by the Listing Officer of the government's Valuation Office. There are 210,896 equivalent number of dwellings after taking account of discounts, exemptions and disabled relief. These equate to 165,062.5 equivalent Band D properties, which were used for the calculation of the tax base.

The table below shows the total number of equivalent properties after discounts, exemptions and disabled relief and the number of chargeable Band D equivalents.

Valuation Band	Band Ratio	Total Equivalent Number of Dwellings after Discounts, Exemptions and Disabled Relief	Chargeable Band D Equivalents
A-	5/9	294.8	163.8
A	6/9	112,956.5	75,304.3
B	7/9	36,084.5	28,065.7
C	8/9	32,863.5	29,212.0
D	9/9	18,072.0	18,072.0
E	11/9	6,425.3	7,853.1
F	13/9	2,920.3	4,218.1
G	15/9	1,152.0	1,920.0
H	18/9	126.8	253.5
		210,895.5	165,062.5

\*A- is used for Band A dwellings entitled to a disabled relief band reduction.

The number of chargeable Band D equivalents for 2024/25 was 169,138.3, the reduction reflects the increasing number of students in the city and the exemptions this cohort attracts.

(c) Share of Fund Balance

The shares of the closing fund balances are shown in the tables below.

Business Rates	Surplus/(Deficit) 2024/25 £000s	Surplus/(Deficit) 2025/26 £000s
Manchester City Council	32,852	42,766
GMCA Fire and Rescue	332	432
<b>Total Surplus/(Deficit)</b>	<b>33,184</b>	<b>43,198</b>
Council Tax	Surplus/(Deficit) 2024/25 £000s	Surplus/(Deficit) 2025/26 £000s
Manchester City Council	(4,840)	(8,625)
GMCA Police and Crime Commissioner	(733)	(1,312)
GMCA Mayoral and Fire and Rescue	(350)	(680)
<b>Total Surplus/(Deficit)</b>	<b>(5,923)</b>	<b>(10,616)</b>

(d) Collection Fund collection rates and debtors

Council tax in year collection in 2025/26 was 88.62%, up from 88.38% in 2024/25 and up from 87.78% in 2023/24.

Business rates in year collection in 2025/26 was 96.82%, up from 95.22% in 2024/25 and down from 98.05% in 2023/24.

An analysis of business rates and council tax debtors outstanding for over 30 days not impaired is shown below.

	<b>31 March 2025 £000s</b>	<b>31 March 2026 £000s</b>
Less than three months	2,618	2,470
Three to six months	2,986	2,816
Six months to one year	6,038	5,695
More than one year	51,387	48,468
<b>Total</b>	<b>63,029</b>	<b>59,449</b>

## Group Accounts

### Group Comprehensive Income and Expenditure Statement

This account summarises the resources that have been generated and consumed in providing services and managing the Group during the last year. It includes all day-to-day expenses and related income on an accruals basis.

Restated 2024/25 Gross Expenditure £000s	Restated 2024/25 Gross Income £000s	Restated 2024/25 Net Expenditure £000s		2025/26 Gross Expenditure £000s	2025/26 Gross Income £000s	2025/26 Net Expenditure £000s
			Continuing operations			
334,413	(87,996)	246,417	Adult Social Care	365,488	(92,145)	273,344
60,144	(14,814)	45,330	Public Health	61,929	(13,721)	48,209
708,084	(485,549)	222,535	Children's Services	735,397	(511,789)	223,609
375,002	(241,561)	95,966	Corporate Core	319,012	(222,563)	96,449
284,014	(115,971)	168,043	Neighbourhoods	289,195	(132,183)	157,012
125,137	(53,998)	71,139	Growth and Development	137,305	(44,409)	92,896
17,337	(24,014)	(6,677)	Corporate Items	17,596	(13,328)	4,268
5,313	0	5,313	Council-Wide Costs	24,004	0	24,004
97,678	(99,329)	(1,651)	Housing Revenue Account	100,621	(100,740)	(119)
29,374	(30,116)	(742)	Destination Manchester Ltd	29,138	(29,936)	(798)
(754)	(3,397)	(4,151)	Manchester Energy Network	(1,323)	(682)	(2,005)
0	0	0	This City (No. 1 Ancoats Green)	706	(481)	225
1,998,267	(1,156,745)	841,522	Cost of services	2,079,069	(1,161,976)	917,093
			Other operating expenditure			
34,995	0	34,995	(Gains) Losses on disposal of non-current assets	45,648	0	45,648

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Restated 2024/25 Gross Expenditure £000s	Restated 2024/25 Gross Income £000s	Restated 2024/25 Net Expenditure £000s		2025/26 Gross Expenditure £000s	2025/26 Gross Income £000s	2025/26 Net Expenditure £000s
72,512	0	72,512	Levies	74,797	0	74,797
107,507	0	107,507	Total other operating expenditure	120,445	0	120,445
294,413	(303,594)	(9,181)	Financing and investment income and expenditure	365,567	(368,312)	(2,745)
56,431	(904,013)	(847,581)	Taxation and non-specific grant income and expenditure	52,952	(987,668)	(934,716)
2,456,619	(2,364,351)	92,268	(Surplus) / Deficit on provision of services	2,618,034	(2,517,957)	100,077
470,619	(480,644)	(10,025)	Share of operating results of joint venture	521,614	(551,371)	(29,756)
777	0	777	Tax expenses of subsidiary	566	0	566
852	0	852	Tax expenses of joint venture	9,761	0	9,761
2,928,867	(2,844,995)	83,872	Group (Surplus) / Deficit on provision of services (Note 1)	3,149,975	(3,069,327)	80,648
		(155,819)	(Surplus) on revaluation of non-current assets			(82,253)
		16,663	Impairment losses on non-current assets charged to the revaluation reserve			17,796
		(15,961)	Remeasurements of the net defined benefit liability			4,726
		(1,987)	Share of other comprehensive income and expenditure of joint ventures			64,260
			Items that will be subsequently classified in (Surplus) / Deficit on Provision of Services			
		2,018	(Surplus) / Deficit from investments in equity instruments designated at fair value through other comprehensive income			3,728
		(155,086)	Total other comprehensive income and expenditure			8,257

Manchester City Council Annual Statement of Accounts 2025/26

<b>Restated 2024/25 Gross Expenditure £000s</b>	<b>Restated 2024/25 Gross Income £000s</b>	<b>Restated 2024/25 Net Expenditure £000s</b>		<b>2025/26 Gross Expenditure £000s</b>	<b>2025/26 Gross Income £000s</b>	<b>2025/26 Net Expenditure £000s</b>
		(71,214)	Total comprehensive income and expenditure			88,904

## Group Movement In Reserves Statement

This statement shows the movement in the year on the Council's single entity usable and unusable reserves, as well as the Council's share of value to the group reserves.

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Total Usable Reserves	Total Unusable Reserves	Council Share of Group Reserves	Total Group Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2024	(352,247)	(87,263)	(128,007)	(66,638)	(5,743)	(639,897)	(3,082,033)	(801,138)	(4,523,068)
Movement in reserves during 2024/25									
Total comprehensive income and expenditure	92,340	3,557	0	0	0	95,897	(115,286)	(51,826)	(71,215)
Total adjustments between accounting basis and funding basis under regulations	(60,476)	15,168	40,355	12,589	(213)	7,423	(7,423)	0	0
(Increase) / decrease in year	31,864	18,725	40,355	12,589	(213)	103,320	(122,708)	(51,826)	(71,215)
Balance at 31 March 2025	(320,382)	(68,538)	(87,652)	(54,049)	(5,956)	(536,577)	(3,204,741)	(852,964)	(4,594,283)
Movement in reserves during 2025/26									
Total comprehensive income and expenditure	105,237	(6,727)	0	0	0	98,509	(32,521)	22,916	88,904
Total adjustments between accounting basis and funding basis under regulations	(78,286)	21,397	(10,418)	(13,886)	5,787	(75,406)	75,407	0	0
(Increase) / decrease in year	26,951	14,669	(10,418)	(13,886)	5,787	23,103	42,886	22,916	88,904
Balance at 31 March 2026	(293,431)	(53,869)	(98,070)	(67,935)	(169)	(513,474)	(3,161,855)	(830,048)	(4,505,378)

## Group Balance Sheet

The Group Balance Sheet summarises the financial position of the Council and its consolidated joint venture and subsidiaries as a whole. It shows the value of group assets and liabilities at the end of the financial year.

<b>31 March 2025 £000s</b>		<b>Note</b>	<b>31 March 2026 £000s</b>
	<b>Non-current assets</b>		
568,240	Infrastructure Assets		579,172
3,199,572	Property, plant, and equipment	4	3,198,538
645,724	Heritage assets		649,302
508,871	Investment properties	5	559,623
75	Intangible non-current assets		0
988,966	Long-term investment in joint venture / subsidiaries and associates	6	967,570
3,231	Other long-term investments	6	3,545
482,495	Long-term debtors		476,738
0	Net pension assets		0
<b>6,397,174</b>	<b>Total non-current assets</b>		<b>6,434,487</b>
	<b>Current assets</b>		
660	Inventories		706
285,936	Short-term debtors		271,111
179,964	Cash and cash equivalents	7	162,928
3,953	Short-term assets held for sale		3,953
<b>470,514</b>	<b>Total current assets</b>		<b>438,699</b>
<b>6,867,688</b>	<b>Total assets</b>		<b>6,873,186</b>
	<b>Current liabilities</b>		
(392,810)	Short-term borrowing		(590,126)
(248,883)	Short-term creditors	8	(259,324)
(23,007)	Short-term provisions		(19,748)
(20,458)	Short-term deferred liabilities		(23,153)
<b>(685,158)</b>	<b>Total current liabilities</b>		<b>(892,351)</b>
<b>6,182,530</b>	<b>Total assets less current liabilities</b>		<b>5,980,835</b>
	<b>Long-term liabilities</b>		
(841)	Long-term creditors		(943)
(94,764)	Long-term provisions		(65,276)
(1,239,098)	Long-term borrowing		(1,150,893)
(166,711)	Long-term deferred liabilities		(172,978)
(20,772)	Capital grants receipts in advance		(22,052)
(66,059)	Net pensions liability		(63,313)
<b>(1,588,245)</b>	<b>Total long-term liabilities</b>		<b>(1,475,455)</b>
<b>4,594,283</b>	<b>Net assets</b>		<b>4,505,379</b>

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31 March 2025 £000s		Note	31 March 2026 £000s
(536,580)	Financed by: Usable reserves		(513,477)
(3,204,738)	Unusable reserves		(3,161,853)
(334,866)	Group Revaluation Reserve		(360,039)
(518,098)	Group income and expenditure reserve		(470,009)
(4,594,283)	Total reserves		(4,505,378)

## Group Cash flow statement

The cash flow statement shows the changes in cash and cash equivalents of the Group during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing, and financing activities.

2024/25 £000s		Note	2025/26 £000s
(83,871)	Net (deficit) / surplus on the provision of services		(80,648)
147,898	Adjustments to net deficit / surplus on the provision of services for non-cash movements	10	275,394
(141,747)	Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities	11	(213,176)
(77,721)	<b>Net cash flows from operating activities</b>		<b>(18,430)</b>
(136,146)	Investing activities	13	(81,070)
268,376	Financing activities	14	82,464
54,509	<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>(17,036)</b>
125,455	Cash and cash equivalents at the beginning of the reporting period.		179,964
179,964	<b>Cash and cash equivalents at the end of the reporting period</b>	7	<b>162,928</b>

## Notes to the Group Accounts

### Group Note 1. Reconciliation of the Single Entity Comprehensive Income and Expenditure Statement Surplus / Deficit to the Group Comprehensive Income and Expenditure Statement Surplus / Deficit

This shows how the group entities have contributed to the overall surplus / deficit shown in the group income and expenditure account.

2024/25 £000s		2025/26 £000s
95,897	Deficit /(Surplus) on the Authority's single entity Income and Expenditure Account for the year	98,509
(2,853)	Add (surplus) / deficit attributable to subsidiary	2,134
(9,173)	Add deficit / (surplus) attributable to joint venture including dividends paid (after corporation tax)	(19,995)
83,871	<b>Group income and expenditure account deficit / (surplus) for the year</b>	<b>80,648</b>

### Group Note 2. Group Accounting Policies

#### Introduction

To achieve its strategic objectives Manchester City Council often chooses to conduct activities through a variety of undertakings, either under ultimate control of or in partnership with other organisations. The standard financial statements consider the Council only as a single entity, accounting for its interests in other organisations only to the extent of its investment, and not current performance and balances. Thus, a full picture of the Council's economic activities, financial position, service position, accountability for resources and exposure to risk is not presented in the Council's single entity financial statements.

As a result, group financial statements are produced to provide a clearer picture of the Council's activities as a group. The group accounts contain core financial statements similar to those included in the Council's single entity statements, consolidated with figures from organisations considered to be part of the group.

The Group Accounts are of equal status to the single entity accounts but to achieve a meaningful presentation to the reader of the accounts they are positioned after the single entity financial statements and notes.

The group statements include:

- Group Comprehensive Income and Expenditure Statement
- Group Movement in Reserves Statement
- Group Balance Sheet
- Group Cash Flow Statement

The group financial statements are presented in accordance with the IFRS based Code. Notes to the Group Accounts are included where they are materially different to the single entity accounts.

### Manchester City Council Group

Inclusion in Manchester City Council's Group is dependent upon the extent of the Council's interest and control over the entity. An assessment of all the Council's interests has been carried out to determine which of the following categories they fall under. Where an entity is considered to be immaterial, they are not included in the group accounts.

Subsidiaries – where the Council exercises control and gains benefits / exposure to risks arising from this control. Subsidiaries of the Council have been considered for materiality; Destination Manchester Limited (DML), Manchester Energy Network and This City (No.1 Ancoats Green) GP are the only subsidiary groups consolidated into the Council's group accounts. The Council owns 100% of these companies.

Associates – where the Council exercises a significant influence and has a participating interest. Associates of the Council have been considered for materiality; there are no associates consolidated into the Council's group accounts.

Joint Ventures - where the Council and another party exercise joint control with decisions relating to the organisation requiring unanimous consent of the parties sharing control. Those entities considered to be material are included in the group. Joint Ventures are accounted for on an equity basis, by including their net operating results in the group income and expenditure account. Investments in these entities are adjusted on the balance sheet for the Council's share of their results. The group contains two material joint ventures which are Manchester Airports Holdings Limited (MAHL) and Wythenshawe Civic Regeneration LLP. The Council owns 35.5% of MAHL and 80% of Wythenshawe Civic Regeneration LLP. MAHL owns Manchester, Stansted, and East Midlands airports.

The Group Accounts have been prepared in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA).

#### Consolidation of Subsidiary

The Council's subsidiary has been consolidated using the acquisition accounting basis. This is a full, line by line consolidation of the financial transactions and balances of the Council and its subsidiary. To avoid overstating the figures within the group financial statements, all transactions, and balances between members of the group (the Council and its subsidiary) have been eliminated.

#### Consolidation of Joint Venture

The Council's joint venture has been consolidated using the equity method. An investment is brought into the group balance sheet and adjusted by the Council's share in the joint venture's net asset movement. The Council's share of the joint venture's operating results for the year is included within the group income and expenditure account.

#### Non-Current Assets

Non-current assets have been consolidated using the valuation basis specified by the Code unless the entity has a distinct class of asset that the Council does not recognise. In this case the entity's valuation basis was used.

Land and buildings in the Council's single entity accounts are valued at current value (i.e., the amount that would be paid for an asset in its existing use). Where sufficient market evidence is not available, current value is estimated at depreciated replacement cost, using the modern equivalent asset method (i.e., the market value of the land on which the building sits plus the current gross replacement cost of the building less an allowance for physical deterioration of the building).

Infrastructure is included in the Council's accounts at depreciated historical cost.

Where group organisations use different accounting policies to the Council, their accounts have been restated to align their accounting policies with those of the Council where the effect of not doing so would be material to the reader's interpretation of the accounts.

Manchester Airport Holdings Limited (MAHL) accounts are prepared using deemed cost for land and buildings. Deemed cost is the cost or valuation of assets as at 1 April 2005. Consequently property, plant and equipment are included in MAHL's accounts at cost or deemed cost less accumulated depreciation. A valuation of MAHL's land and building assets has been undertaken to align the accounting policy with that of the Council. This valuation has been used for the Council's group accounts. In undertaking this valuation specialised assets, such as airport terminals, have been valued at depreciated replacement cost using the modern equivalent asset method and income generating assets, such as car parks, have been valued at market value.

Infrastructure, such as runways and taxiways, are included in MAHL's accounts on the same basis as the Council's infrastructure assets (depreciated historical cost) and therefore no adjustment has been made to the valuation for group account purposes.

The land and building assets of Destination Manchester Limited (DML) and Manchester Energy Network are included in their accounts at cost less accumulated depreciation and impairment. A valuation of their land and building assets has been undertaken in order to align their accounting policies with that of the Council. This valuation has been used for the Council's group accounts.

#### [International Financial Reporting Standards \(IFRS\)](#)

The Council produces its financial statements in accordance with IFRS. Where UK GAAP is being used by group entities, their financial statements are adjusted to reflect IFRS where any changes have a material effect on the presentation of the group financial statements.

The single entity accounts for each of the entities are prepared on the basis of below.

Entity	Reporting Framework	Financial Year Ending
Manchester Airport Holdings Limited	IFRS	31 March
Destination Manchester Limited (DML)	FRS102	31 March
Manchester Energy Network	FRS102	31 March
Wythenshawe Civic Regeneration LLP	FRS102	31 March
This City (No. 1 Ancoats Green)	FRS102	31 March

Group Note 3. Expenditure and Income Analysis

	<b>2024/25</b> <b>£000</b>	<b>2025/26</b> <b>£000</b>
<b>Expenditure</b>		
Employee Benefit Expenses	606,613	622,158
Other Service Expenses	1,226,195	1,283,288
Business Rates Tariff	56,365	52,952
Capital Charges including Depreciation and impairment	197,429	222,971
Interest Payments	67,090	77,184
Pensions Interest Costs	195,419	239,035
Precepts and Levies	72,512	74,797
Loss on Disposal of Non-current Assets (general fund)	34,995	45,648
Share of operating results of joint venture	470,619	521,614
Corporation Tax	1,629	10,327
<b>Total Expenditure</b>	<b>2,928,866</b>	<b>3,149,975</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(361,703)	(375,729)
Interest and Investment Income	(54,007)	(51,084)
Return on Pension Assets	(191,582)	(235,280)
Capital Charges related income	(41,497)	(56,513)
Income from Council Tax	(229,468)	(244,645)
Business Rates Income	(375,332)	(403,185)
Government Grants and Contributions	(1,110,763)	(1,151,520)
Gain on Disposal of Fixed Assets (HRA)	0	0
Share of operating results of joint venture	(480,644)	(551,371)
<b>Total Income</b>	<b>(2,844,995)</b>	<b>(3,069,327)</b>
<b>Deficit / (Surplus) on the Provision of Services</b>	<b>83,872</b>	<b>80,648</b>

Manchester City Council Annual Statement of Accounts 2025/26

Group Note 4. Property Plant and Equipment

Movements on tangible non-current assets in the group during 2025/26 were as follows:

<b>Property, Plant and Equipment</b>	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant, and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Right of Use Assets £000s</b>	<b>Total £000s</b>
Gross book value brought forward	830,256	1,506,733	127,228	45,610	519,313	205,680	55,510	3,290,330
Accumulated depreciation and impairment brought forward	(4,652)	(17,239)	(59,783)	(852)	0	(1,906)	(6,326)	(90,758)
Net book value carried forward as at 31 March 2025	825,604	1,489,494	67,445	44,758	519,313	203,774	49,184	3,199,572
<b>Movement in 2025/2026</b>								
IFRS16 Recognition of Right of Use Assets	0	0	0	0	0	0	0	0
Additions	31,742	50,947	6,271	935	91,183	23,795	26,948	231,821
Revaluations recognised in revaluation reserve	40,211	19,162	0	0	0	(2,936)	0	56,437
Revaluations recognised in deficit on the provision of services	(1,174)	(36,634)	0	0	0	(2,235)	0	(40,043)
Derecognition - disposals	0	(56,556)	(121)	0	(2)	(10)	0	(56,689)
Transferred from held for sale	(20,086)	(7,218)	0	0	(34,436)	(22,360)	0	(84,100)
Other transfers	2,036	79,236	2,478	2,090	(98,906)	7,834	0	(5,232)
Newly recognised leased / PFI assets	0	0	2,666	0	0	0	688	3,354
Depreciation	(20,443)	(46,249)	(10,111)	0	0	(130)	(9,991)	(86,924)
Impairments charged to the (surplus) / deficit on the provision of services	(1,771)	(8)	(82)	0	0	0	0	(1,862)

Manchester City Council Annual Statement of Accounts 2025/26

<b>Property, Plant and Equipment</b>	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant, and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Right of Use Assets £000s</b>	<b>Total £000s</b>
Impairments covered by the revaluation reserve	(17,776)	(20)	0	0	0	0	0	(17,796)
Reversal of prior year impairment	0	0	0	0	0	0	0	0
In year adjustment to gross book value for zero net book assets	0	0	0	0	0	0	0	0
In year adjustment to accumulated depreciation - zero net book value assets	0	0	0	0	0	0	0	0
<b>Net Book Value carried forward as at 1 April 2026</b>	<b>838,343</b>	<b>1,492,154</b>	<b>68,545</b>	<b>47,783</b>	<b>477,152</b>	<b>207,732</b>	<b>66,829</b>	<b>3,198,538</b>
Gross book value carried forward as at 31 March 2026	839,891	1,495,054	123,023	48,764	477,151	207,740	83,146	3,281,528
Accumulated depreciation and impairment carried forward as at 31 March 2026	(1,548)	(2,900)	(54,477)	(982)	0	(8)	(16,317)	(82,990)
<b>Net Book Value carried forward as at 1 April 2026</b>	<b>838,343</b>	<b>1,492,154</b>	<b>68,545</b>	<b>47,783</b>	<b>477,151</b>	<b>207,732</b>	<b>66,829</b>	<b>3,198,538</b>

Movements on tangible non-current assets in the group during 2024/25 were as follows:

<b>Property, Plant and Equipment</b>	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant, and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Right of Use Assets £000s</b>	<b>Total £000s</b>
Gross book value brought forward	791,175	1,539,698	134,866	44,754	381,037	200,461	0	3,091,991

Manchester City Council Annual Statement of Accounts 2025/26

Property, Plant and Equipment	Council Dwellings £000s	Other Land and Buildings £000s	Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Right of Use Assets £000s	Total £000s
Accumulated depreciation and impairment brought forward	(4,211)	(56,678)	(61,733)	(852)	0	(1,726)	0	(125,200)
Net book value carried forward as at 31 March 2025	786,964	1,483,020	73,133	43,902	381,037	198,735	0	2,966,791
Movement in 2025/2026								
IFRS16 Recognition of Right of Use Assets	0	0	0	0	0	0	86,628	86,628
Additions	35,976	26,229	5,361	851	158,638	4,804	0	231,859
Revaluations recognised in revaluation reserve	54,415	63,991	(234)	0	0	10,555	(14,356)	114,371
Revaluations recognised in deficit on the provision of services	(1,254)	(21,871)	0	0	0	(408)	(9,751)	(33,284)
Derecognition - disposals	0	(39,418)	(826)	0	0	0	0	(40,244)
Transferred from held for sale	(8,052)	(215)	0	0	0	(9,229)	0	(17,496)
Other transfers	(3,573)	23,128	42	5	(20,362)	(369)	0	(1,129)
Newly recognised leased / PFI assets	0	0	0	0	0	0	(7,011)	(7,011)
Depreciation	(19,479)	(45,130)	(9,952)	0	0	(314)	(6,326)	(81,201)
Impairments charged to the (surplus) / deficit on the provision of services	(3,627)	0	(79)	0	0	0	0	(3,706)
Impairments covered by the revaluation reserve	(15,766)	(240)	0	0	0	0	0	(16,006)
Reversal of prior year impairment	0	0	0	0	0	0	0	0

Manchester City Council Annual Statement of Accounts 2025/26

<b>Property, Plant and Equipment</b>	<b>Council Dwellings £000s</b>	<b>Other Land and Buildings £000s</b>	<b>Vehicles, Plant, and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Right of Use Assets £000s</b>	<b>Total £000s</b>
In year adjustment to gross book value for zero net book assets	0	0	(11,067)	0	0	0	0	(11,067)
In year adjustment to accumulated depreciation - zero net book value assets	0	0	11,067	0	0	0	0	11,067
<b>Net Book Value carried forward as at 1 April 2026</b>	<b>825,604</b>	<b>1,489,494</b>	<b>67,445</b>	<b>44,758</b>	<b>519,313</b>	<b>203,774</b>	<b>49,184</b>	<b>3,199,572</b>
Gross book value carried forward as at 31 March 2026	830,256	1,506,733	127,228	45,610	519,313	205,680	55,510	3,290,330
Accumulated depreciation and impairment carried forward as at 31 March 2026	(4,652)	(17,239)	(59,783)	(852)	0	(1,906)	(6,326)	(90,758)
<b>Net Book Value carried forward as at 1 April 2026</b>	<b>825,604</b>	<b>1,489,494</b>	<b>67,445</b>	<b>44,758</b>	<b>519,313</b>	<b>203,774</b>	<b>49,184</b>	<b>3,199,572</b>

Group Note 5. Investment Properties

	<b>Investment Properties £000s</b>
Net book value carried forward as at 31 March 2024	503,948
Movement in 2024/25	
Expenditure	9,079
Disposals	(10,140)
Reclassifications	102
Movement in fair value of investment property	5,882
Net book value carried forward as at 31 March 2025	508,871
Movement in 2025/26	
Expenditure	33,905
Disposals	(125)
Reclassifications	(4,494)
Movement in fair value of investment property	21,465
Net book value carried forward as at 31 March 2026	559,622

Group Note 6. Long-term Investments

	<b>31 March 2025 £000s</b>	<b>31 March 2026 £000s</b>
Investments in organisations included in the group statements		
Manchester Airports Holdings Ltd	949,265	928,462
Wythenshawe Civic Regeneration LLP	8,103	8,495
Investments in associates and joint ventures not included in the group statements		
Eastlands Development Company Limited	2,155	2,161
Matrix Homes Ltd	10,548	10,671
Manchester Science Park	6,204	4,744
Apis Assay Technologies	2,629	0
Mayfield Developments	10,062	10,351
Other long-term investments	3,231	3,059
<b>Total Long-Term Investments</b>	<b>992,197</b>	<b>2,161</b>

Group Note 7. Analysis of Bank Overdraft and Cash and Cash Equivalents

	<b>31 March 2025 £000s</b>	<b>31 March 2026 £000s</b>
<b>Bank Overdraft and Cash and Cash equivalents</b>		
Call accounts	3,213	6,941
Cash equivalents	139,038	120,067
Cash at bank and in hand	37,713	35,920

Total	179,964	162,928
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#### Group Note 8. Short-Term Creditors

As the Group's Balance Sheet represents the financial position at the end of the financial year, these are monies owed by the Group at that date which have yet to be paid. There are also amounts which the Council has received before the end of the financial year which relates to services which have not yet been provided. This analysis shows the amounts owed which had not yet been paid and the amounts received in advance as at 31 March. Amounts owed by the Council to Destination Manchester Ltd, Manchester Energy Network or This City (No.1 Ancoats Green) have been removed as they are classed as intra-company transactions.

	31 March 2025 £000s	31 March 2026 £000s
Manchester City Council	235,335	247,544
Subsidiaries		
Trade Creditors	2,308	1,932
Accruals and deferred income	9,578	8,459
Corporation tax	572	555
Other taxes and social security costs	1,090	834
Total subsidiaries	13,548	11,779
Total	248,883	259,324

Further details can be found in the Council's accounts Note 33.

#### Group Note 9. Related Party Transactions

For related party transactions, please refer to single entity Note 45 Related Party Transactions. For loans and equity transactions with related parties, please refer to notes single entity Note 31 Investments and Note 32 Debtors and Payments in Advance.

Council officers who are directors in any of the group companies are outlined in note 45 Related Party Transactions of the Councils Single entity accounts.

Group Note 10. Cash Flow Statement - Adjustments to net deficit / surplus on the provision of services for non-cash movements

	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>
Depreciation of noncurrent assets	111,341	118,437
Impairment and revaluation losses of noncurrent assets	19,728	50,844
Amortisation of intangible non-current assets	30	75
Movement in contract assets, liabilities, and costs (IFRS 15)	0	0
Increase/(decrease) in impairment for bad debts	0	0
Increase/(decrease) in creditors	31,100	18,540
(Increase)/decrease in debtors	(62,183)	11,127
(Increase)/decrease in inventories	120	(34)
Movement in pension liability	1,503	(7,472)
Carrying amount of non-current assets and non-current assets held for sale, sold, or derecognised	68,596	131,852
Other non-cash items charged to the net surplus or deficit on the provision of services	(22,337)	(47,976)
<b>Total</b>	<b>147,898</b>	<b>275,394</b>

Group Note 11. Cash Flow Statement - Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities

	<b>2024/25 £000s</b>	<b>2025/26 £000s</b>
Proceeds from short-term and long-term investments		36
Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets	(2,028)	(86,059)
Any other items for which the cash effects are investing or financing cash flows	(139,719)	(127,153)
<b>Total</b>	<b>(141,747)</b>	<b>(213,176)</b>

Group Note 12. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	<b>2024/25</b> <b>£000s</b>	<b>2025/26</b> <b>£000s</b>
Interest received	43,130	55,310
Interest paid	(65,435)	(75,811)
Dividends received	5,956	5,984
Taxation	993	220

Note 13. Cash Flow Statement - Investing Activities

	<b>Restated</b> <b>2024/25</b> <b>£000s</b>	<b>2025/26</b> <b>£000s</b>
Purchase of plant, property and equipment, investment property and intangible assets	(278,912)	(244,839)
Purchase of short term and long-term investments	2,000	(3,059)
Other payments for investing activities	(551)	(1,912)
Proceeds of plant, property and equipment, investment property and intangible assets	31,316	53,178
Proceeds from sale of short-term and long-term investments	2,028	0
Other receipts from investing activities	107,973	115,562
<b>Total</b>	<b>(136,146)</b>	<b>(81,070)</b>

Group Note 14. Cash Flow Statement - Financing Activities

	<b>2024/25</b> <b>£000s</b>	<b>2025/26</b> <b>£000s</b>
Cash receipts of long and short-term borrowing	435,923	536,805
Cash payments for the reduction of outstanding liabilities relating to leases and PFI contracts	(16,105)	(23,161)
Repayments of long- and short-term borrowing	(147,780)	(430,361)
Other payments for financing activities	(3,662)	(818)
<b>Net cash flows from financing activities</b>	<b>268,376</b>	<b>82,464</b>

Group Note 15. Events after the Balance Sheet Date

There are no events after the balances sheet date to declare for any of the group companies.

Group Note 16. Prior Period Reclassification

Prior period adjustments pertaining to the single entity which have been reflected in the group can be found in single entity note 3.

In addition, Group note 3 Cash Flow Statement - Investing Activities, has been restated to correct classification errors within the note which are outlined below. There is no change to the net impact on Group Cash Flow statement.

	<b>Restatement £000s</b>
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(107,973)
Proceeds from short-term and long-term investments	2,028
Other receipts from investing activities	105,945
<b>Net cash flows from investing activities</b>	<b>0</b>

## Glossary of Financial Terms

### Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

### Agency Services

Services that are performed by or for another authority or public body, where the authority responsible for the service reimburses the authority carrying out the work for the cost of that work.

### Amortisation

A charge to the comprehensive income and expenditure statement spread over a number of years.

### Asset

Items of worth that are measurable in terms of value. Current assets are ones that may change in value on a day-to-day basis (e.g., debtors). Non-current assets are assets that yield benefit to the Council for a period of more than one year (e.g., land).

### Balances

The reserves of the Council, which include the accumulated surplus of income over expenditure.

### Capital Expenditure

Expenditure on the acquisition or enhancement of property, plant and equipment that have a long-term value to the Council. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own property, plant, and equipment.

### Capital Receipts

Money received from the sale of property, plant and equipment or repayment of a capital advance.

### Collection Fund

The fund maintained by the Council into which are paid the amounts of Council Tax and Business Rates that it collects, and out of which are to be paid precepts issued by precepting authorities, its own demands, and shares of business rates to the Greater Manchester Combined Authority (fire and rescue element).

### Community Assets

These are assets that the Council intends to hold in perpetuity, which have no determinable finite useful life and may have restrictions on their disposal (e.g., parks).

### Contingent Assets

Sums due from individuals or organisations that may arise in the future, but which cannot be determined in advance.

### Contingent Liabilities

Sums due to individuals or organisations that may arise in the future, but which cannot be determined in advance.

### Core Cities

Core Cities are a unique and united local authority voice to promote the role of cities in driving economic growth, representing the councils of England, Wales, and Scotland's largest city economies outside London - Birmingham, Bristol, Cardiff, Glasgow, Leeds, Liverpool, Manchester, Newcastle, Nottingham, and Sheffield.

These cities drive local and underpin national economies. Working in partnership, they aim to enable each City to enhance their economic performance and make them better places to live, work, visit and do business.

### Creditors

Amounts owed by the Council for goods and services provided by the balance sheet date, where payment has not been made at that date.

### Current Service Cost

The increase in present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current financial year.

### Curtailments

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces the accrual of defined benefits for a number of employees for some or all their future service.

### Debtors

Sums of money owed to the Council at the balance sheet date but not received at that date.

### Dedicated Schools Grant Adjustment Account

A ringfenced reserve established by the 2020/21 Code to hold any DSG deficit separately from the Council's General Fund Earmarked reserves

### Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

### Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or 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

A method of valuation that provides a proxy for the market value of specialist properties.

#### Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of property, plant, and equipment.

#### Expenditure

Amounts paid by the Council for goods received or services rendered of either a capital or revenue nature. This does not necessarily involve a cash payment - expenditure is deemed to have been incurred once the goods or services have been received even if they have not been paid for.

#### Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction.

#### Fees and Charges

Income arising from the provision of services, e.g., the use of leisure facilities.

#### Finance Lease

A finance lease is one that transfers substantially all the risks and rewards of ownership of items of property, plant and equipment to a lessee.

#### General Fund

The total services of the Council except for the Housing Revenue Account and the Collection Fund. Council Tax, Government Grants and Business Rates meet the net cost of this.

#### Impairment

A reduction in the value of a property, plant and equipment or financial asset below its carrying amount on the balance sheet.

#### Income

Amounts due to the Council for goods supplied or services rendered of either a capital or revenue nature. This does not necessarily involve cash being received - income is deemed to have been earned once the goods or services have been supplied even if the cash has not been received.

#### Infrastructure Assets

These are inalienable assets, expenditure on which is recoverable only by continued use of the asset created. Examples of such assets are highways and footpaths.

### Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities that arise from the passage of time.

### International Financial Reporting Standards (IFRS)

These are statements prepared by the International Accounting Standards Board to ensure consistency in accountancy matters. Many of these standards now apply to local authorities and any departure from these must be disclosed in the published accounts.

### Inventory

Raw materials and consumable items the Council has purchased to use on a continuing basis and has not used by the end of the financial year.

### Investment Properties

These are property or land that is held solely to earn rental income or for capital appreciation or both.

### Liabilities

Amounts due to individuals or organisations that 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 Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or service where the time taken to complete the contract is such that the contract activity falls into different accounting periods.

### Minimum Revenue Provision (MRP)

This is the amount that is charged to an authority's Movement in Reserves Statement each year and set aside as a provision for credit liabilities.

### National Non-Domestic Rate (NNDR)

All non-domestic properties have been valued, and the Government determines a national rate poundage each year, which is payable to all local authorities. The Council collects the national non-domestic rate and passes 1% to the Greater Manchester Combined Authority (fire and rescue element).

### Notional accounting adjustments

Adjustments made to the figures within the accounts that reverse entries required in accordance with International Financial Reporting Standards that do not need to be funded as part of the Council's budget e.g., impairment.

### Observable Inputs

Those that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that buyers and sellers would use when pricing the asset or liability.

### Outturn

Actual net expenditure and income that is then compared to the budget.

### Past Service Cost

For a defined benefit pension scheme, the increase in present value of the scheme liabilities related to employee service in prior periods arising in the current period because of the introduction of, or improvement to, retirement benefits.

### Precept

The amount levied by various joint authorities, which is collected by the Council on their behalf.

### Provisions

These are sums set aside to meet liabilities or losses that have been incurred but where the amount and/or timing of such costs are uncertain.

### Public Works Loan Board (PWLB)

A Government agency that lends money to local authorities. Local authorities can borrow some or all of their requirements to finance capital expenditure from this source.

### Residual Value

The net realisable value of property, plant, or equipment at the end of its useful life.

### Reserves

These are sums set aside to meet possible future costs where there is no certainty about whether or not these costs will be incurred.

### Revenue Contributions

The method of financing capital expenditure directly from revenue.

### Revenue Expenditure

Expenditure incurred on the day-to-day running of the Council. This includes employee costs, general running expenses and capital financing costs.

### Revenue Expenditure Funded from Capital under Statute (REFCUS)

These are items of capital expenditure that do not result in, or remain matched by, the Council's property, plant, and equipment.

### Settlement

An irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligations and the assets used to affect the settlement.

### Unobservable Inputs

Inputs for which market data is not available and that are developed to estimate fair value using the best information available to the Council about the assumptions that buyers or sellers would use when pricing the asset or liability. The most significant of these inputs used in fair value measurement include management assumptions around rent growth and vacancy levels of properties.

## Conclusion

The governance arrangements as described in the Annual governance statement have been applied throughout the year, and up to the date of the approval of the Annual Statement of Accounts, providing an effective framework for identifying governance issues and taking mitigating action. Any significant events or developments relating to the governance system that occur between the year-end and the date on which the Statement of Accounts is signed by the City Treasurer (Section 151 officer) would be reported by the City Treasurer to Audit Committee.

Over the coming year the Council will continue the operation of its governance framework and take steps to carry out the actions for improvement identified in the review of effectiveness to further strengthen its governance arrangements.

Signed Councillor Bev Craig (Leader of the Council):



30 June 2026

Signed Tom Stannard (Chief Executive)



30 June 2026