



MANCHESTER  
CITY COUNCIL

# Annual Statement of Accounts 2024/25

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## Our 2024/25 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 helped deliver intended outcomes and created value throughout 2024/25, 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 630,000<sup>1</sup> people in 2024, which is growth of 94,500 people (18%) 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. 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%). New homes continue to be built at pace, with around 3,800 having been completed during 2024/25, and a target of a total of 36,000 to be built by 2032. Manchester is the third most visited city in the UK and is renowned both nationally and internationally as a vibrant, inclusive, and outward-looking city.

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, and supporting residents who are impacted by poverty and the cost-of-living crisis.

We closely monitor the implications of Government policy so that we are well placed to anticipate and mitigate negative impacts and take opportunities. We will continue to work together with other authorities in our [city region](#) 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 on a daily basis. 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 8,000 Council staff (February 2025) deliver public services across six directorates: Adult Social Care, Population 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, properly accounted for, and used economically, efficiently, and effectively. 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 principles - 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 and objectives

Our mission is to support the delivery of the vision for the whole city set out in the [Our Manchester Strategy](#). This ambitious strategy was launched in 2016 and re-set in 2021. It was developed through extensive consultation with local people, businesses and service providers and shows how the city came together to address its challenges and strive for a place in the topflight of world class cities. The five themes of the Strategy were:

- A thriving and sustainable city
- A highly skilled city
- A progressive and equitable city
- A liveable and zero carbon city
- A connected city

The new Our Manchester Strategy 2025 – 2035, has been developed following extensive engagement with over 10,000 people across the city. The strategy builds on the previous version and sets out the city's vision for the next ten years under the three themes of People, Neighbourhoods and City. The strategy was launched on 30 April 2025, an event that kicked off several weeks of further engagement activity to embed the strategy in the city.

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 intended to be corporate and cross-cutting priorities that all parts of the Council contribute to. The seven themes for 2024/25 were:

- Inclusive economy where every resident shares in the prosperity of our growing economy
- Tackling climate change to create a healthy, green and socially just city where everyone can thrive
- Advancing Equality, Diversity and Inclusion
- Children and Young People enjoy a safe, happy, healthy and successful future
- Improving Health and Well Being for all
- Inclusive Communities, Thriving Neighbourhoods
- Well Managed Council

The Corporate Plan was reviewed and streamlined in 2024/25 with the number of overall themes reduced from nine to seven, providing more clarity and focus. This was achieved by combining three previous themes of Housing, Delivering in Neighbourhoods and Connections into a new singular resident focused theme of 'Inclusive Communities, Thriving Neighbourhoods.'

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 Budget and Capital Budget](#) aligns 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 also include 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.

Each service plan outlines the successes of the last financial year (2024/25), the key priorities for the coming financial year (2025/26), and the critical tasks needed to achieve them.

‘Our Conversation’ is the Council’s approach to staff 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 now five Our Manchester behaviours, with the fifth being added in 2022, as equality, diversity and inclusion was not explicit enough in the original four 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 work is continuing to embed them into our policies and processes.

## Delivering Our Corporate Plan

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

### 1. Inclusive economy where every resident shares in the prosperity of our growing economy

During 2024/25 Manchester has continued to build on the progress of previously launched strategies such as [Investing in Success: an Economic Strategy for Manchester](#), [Work and Skills](#) and [Digital](#) Strategies, and [Making Manchester Fairer](#), whilst consulting on a new overarching strategy for the city, Our Manchester 2035, which launched in April 2025.

A new trailblazer “single settlement” devolution deal agreed for Greater Manchester through the Combined Authority will provide more control over our economy, our post-16 skills, our transport, and our investment priorities.

Considerable private and public sector investment has continued during the year. The city centre remains central to the city’s economy, and footfall figures have grown steadily, whilst not reaching the levels of before the pandemic. Overall building activity remains strong with a record number of completions, even though the number of starts has declined slightly.

There were some key milestones in 2024/25:

- 200th anniversary of University of Manchester and Manchester Metropolitan University.
- Manchester Airport is due to complete its transformation in 2025, and in September, saw it pass 30 million passengers in a year for the first time.
- During 2024/25 a new Social Value Policy was developed and was adopted by the council in March 2025.

Manchester remains one of the fastest-growing cities in the UK, consistently outperforming our peers in terms of GDP, GVA and productivity growth. Achievements in 2024/25 include:

- Aviva studios completed its first-year programme, and Coop Live opened, reflecting the importance of Manchester as a destination for leisure and culture.
- A Joint Venture was agreed to deliver on the Wythenshawe Town Centre regeneration, supported by £20 million of Levelling Up funding, matched by the Council, which is due to be spent by 2026.
- The former Central Retail Park has been chosen as the location for the government's new Manchester Digital Campus.
- The "Sister" (formerly ID Manchester) and former site of UMIST had a strategic regeneration framework approved in 2023 This is an innovation district (build around the old UMIST buildings) that sits in the east arm of the Investment Zone and work has continued to develop the innovation district.
- Moving forward with new projects in our district centres including Gorton, Chorlton and Moston Lane, and developing plans for Strangeways and Holt Town.

The growing population highlights the importance of both skills and training to enable residents to benefit from the growth in the economy, targeting support on those furthest away from employment. Achievements in this area include:

- Community Grants programme has supported 1,700 disadvantaged and excluded residents working with 28 local organisations.
- Targeted recruitment events working with employers such as Manchester Airport and partners including DWP.
- BREE (Building Relationships with Employers and Educators) initiative has engaged 30 employers and 100 educators across the city.
- Continuing the Ambition Manchester programme to help workers into better positions, and the Real Living Wage initiative to improve pay.

Although the city's workforce has increased, so has the number who are unemployed. The impact of the cost-of-living crisis continues to effect residents across the city and further cuts to welfare are expected to have an impact on our most vulnerable residents.

The trailblazer devolution deal for Greater Manchester and the integrated funding settlement will enable more targeted use of resources to manage these challenges whilst continuing to grow the economy.

North Manchester remains a priority, with the Victoria North and North Manchester General Hospital developments providing an opportunity to develop training and job opportunities to improve the lives of residents in the North of the city.

Managing the impact of national and international economic forces locally will remain high on the agenda. Policy areas to stay close to will include the impact of welfare reform in Manchester, and the wider impact of global economic uncertainty in the city.

## 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 launched following approval at Executive in March 2020. The refreshed CCAP was endorsed by the Environment and Climate Change Scrutiny Committee and approved by the Council's Executive Committee in September 2022.

The Council's CCAP has 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> (tCO<sub>2</sub>) over the five-year period of 2020-25. This is the maximum amount of CO<sub>2</sub> which the Council can emit between 2020 and 2025 to remain on target to be zero carbon by 2038 at the latest.

The CCAP also recognises the Council's unique leadership role in supporting and influencing the city to reduce its emissions and in ensuring that the city's residents are protected from the impacts of climate change.

Between April 2020 and September 2024 83.5% of the Council's carbon budget for 2020-25 had been used. This leaves the Council with 16.5% of its 5-year carbon budget remaining, with 6 months of the Budget period remaining. A report on final carbon emissions for the period 2020-25 will be published in September 2025.

As the Climate Change Action Plan is delivered, 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 up to September 2024 (midway through 2024-25) include:

- Over £50 million has now been invested into energy efficiency and decarbonisation measures in Council buildings. Carbon emissions from the operational estate have reduced by 37% since the baseline year 2018–19.
- The Council has awarded the contract to purchase direct renewable electricity supplies via a Power Purchase Agreement (PPA). This will provide a traceable renewable energy source to deliver carbon savings.

- The Procurement and Commissioning team [won an award for carbon reduction work](#) at the iNetwork Innovation Awards. The award recognised the implementation of an innovative approach to environmental considerations in the way the Council procures services and products.
- Manchester City 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.

The CCAP sits alongside the [citywide framework 2020-25](#) produced by Manchester Climate Change Agency (MCCA), which was updated in 2022. The framework sets out what Manchester collectively must do as a city, to play its full part in limiting the effects of climate change and achieving the carbon reduction targets set for the five-year period. MCCA produces annual reports for the city to track progress against these targets, using direct emissions from the Government's Department for Energy Security and Net Zero. Reports can be found here: [How Are We Doing?](#)

Key strategic challenges associated with delivery of the overall CCAP are:

- UK National Grid decarbonisation happening at the expected rate
- Delivering the scale of the Council’s housing retrofit programme is proving extremely challenging due to technical complexity, funding pressures, competing priorities within housing policy, an industry-wide green skills gap and delivering effective resident engagement.
- The Council is reliant on UK Government leadership through national policies and funding programmes to unlock further support and wider commitment to achieving major CO2 reductions
- At a citywide level, Manchester is not yet decarbonising at the required rate to meet the pathway to being zero carbon by 2038.

During 2024-25 a new CCAP has been in development for the next five years (2025-30). The development of the 2025–2030 CCAP will build on the strong progress made so far, including well-established governance and reporting processes. It will aim to sustain momentum and action, integrate schools into the programme, and refine our approaches as needed to address the opportunities and challenges of staying within the carbon budget over the next five years. This is being produced at the same time as a new citywide plan by MCCA.

Council officers will seek approval for the 2025-30 Climate Change Action Plan from the City Council’s Executive in October 2025.

### [3. Advancing Equality, Diversity and Inclusion](#)

Manchester has been at the forefront of championing equality and diversity for decades, we have had an ongoing commitment to equality and making services, facilities, and opportunities fair and inclusive.

In 2024/25, the Council reviewed our [Equality Objectives](#) to produce three clear overarching objectives aligned with the Council’s Corporate Plan and statutory duties under the Public Sector Equality Duty (PSED):

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

The annual [Public Sector Equality Duty Report](#) 2024-2028 focuses on key areas of work undertaken to meet the Council's Equalities Objectives.

The Corporate Equality Diversity and Inclusion Leadership Group (CEDILG) which is chaired by the City Solicitor (the Corporate Management Team (CMT) lead for equalities), and Deputy Leader of the Council provides corporate leadership, assurance and direction on Equalities, Diversity, and Inclusion. Equality, Diversity, and Inclusion is embedded in annual service planning. Each service is required to set out actions to advance Equality Diversity and Inclusion in service delivery and workforce.

The Council is committed to advancing Equality, Diversity, and Inclusion (EDI) through the new Workforce Equality, Diversity, and Inclusion Plan to ensure our workforce reflects the communities we serve and provides a place where everyone can thrive. The strategy sets out the importance of ensuring our diverse employees are protected from discrimination in any form, have access to development and can progress through the council's structures, are treated with respect, have good and fulfilling work to do and can bring their whole selves to work.

During 2024/25 key achievements include:

- An integrated Inclusion and Engagement team was established across the Council and NHS Manchester, enabling a joined-up approach to inclusion strategy, engagement, and delivery.
- A refreshed cross-directorate Equality Objectives delivery group and plan was implemented, supporting delivery of Equality Objectives and legal duties. A new and improved Equality Impact Assessment (EIA) process (inclusive of socio-economic duty considerations) was developed alongside a cross-directorate EIA peer review panel to support the Council to drive up quality and improve equity outcomes across all activities.
- High-impact public engagement activity was delivered, including collaborating with the Council's LGBT staff network to participate in Manchester Pride Parade, working with Manchester Disability Collaborative (MDC) to deliver the Manchester Disabled People's Assembly, a co-designed (with Manchester's grass roots women's led organisations) International Women's Day (IWD) Community Festival – Be:HER, and a Holocaust memorial day event which included a school's engagement programme delivered by a Holocaust survivor. These initiatives promoted inclusive community involvement, amplified underrepresented voices, and informed service design. The work with MDC and for IWD has enabled us to gain insight into priorities, barriers and gaps in services for people with those protected characteristics. It will inform our strategic engagement plan and our evolving overarching Disability and Gender action plans that we will be developing in 2025/26.

- Community Health Equity Manchester (CHEM) was in its fifth year, and a review was undertaken and presented to the CHEM strategic group. The purpose of the review was to reflect on the strengths, achievements, and challenges of CHEM, consolidate its role and to strengthen and realise its vision of enabling health equity for CHEM's priority groups
- We have delivered 45 of the 47 actions from the Workforce Equalities Strategy 2021 and implemented 26 of the 27 recommendations from the Race Review 2019
- Improved staff experiences as reflected in the staff survey:
  - 77% of respondents can see improvements across all areas of equality
  - 88% of respondents feel a strong sense of belonging at the Council.
  - 92% of Black, Asian & Minority Ethnic respondents would recommend the Council as a great place to work
  - 83% of disabled respondents would recommend the Council as a great place to work.

There remains a challenge in ensuring consistent application of inclusive practices across all departments and commissioned services. To address this, business partners are supporting services with targeted interventions, and the peer-reviewed EIA process is being implemented to drive up quality.

Access to granular equalities data remains a constraint. Work is underway to understand the impact of the activities in the Equality Objectives delivery plan and develop a set of metrics to ensure improvement can be demonstrated.

Key priorities for 2025/26 include:

- A new Race Equity Framework for the Council will be developed and implemented, including monitoring through a dedicated cross-directorate group.
- A Strategic Engagement Plan will be delivered, consolidating equalities focussed engagement structures to ensure efficient, inclusive engagement with residents, communities and organisations across the city.
- Implementation will continue for the Trans Inclusion Framework, Manchester Disabled Collaborative, Care Leavers and Armed Forces Covenant. We will also be building on the IWD festival with a Gender Equality plan and hosting an LGBTQIA+ summit to review and build on our progress following the LGBT deep dive report last year.
- Training in Public Sector Equality Duty will continue and training for the Socio-economic Duty will also be available, and recommendations from the EDI governance review will be implemented.
- Increasing the diversity of the Council's workforce so it reflects the communities that we serve at all levels.
- Improving the experiences of staff from marginalised communities
- Tackling and eliminating discrimination
- Strengthening leadership and line manager confidence, capability and accountability for advancing workforce inclusion

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

Our vision is to create a community where every child and family can thrive, supported by a coordinated and effective Family Help system.

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 in 2024/25:

- Sustained reduction in repeat referrals with referral rates dropping from 503 per 10,000 in 2023/24 to 489 per 10,000 in 2024/25.
- The percentage of children subject to a child protection plan for a second or subsequent time within 2 years currently lies at 6.6% (a small decrease on 2023/24)
- 12,000 requests for Early Help support with 4,200 children going on to receive Early Help intervention, (65% of requests were resolved at point of access through advice and guidance or support from a partner agency). Early Years Service has seen 20,413 adults and 14,322 children across universal and targeted provision. 2,144 parents have accessed specialist parenting support through our Parent Infant Mental Health Service (PIMHS) pathway alongside 1,851 families receiving targeted Early Years Outreach interventions.
- Four Family Hubs have been established across the city, offering 0-19 (25 for special educational needs and disabilities (SEND)/care Leaver) co-located integrated services based within communities. We have seen 7,926 families and 7,706 children, reaching 89% of all under 5s, with 81% of children being from communities experiencing racial inequality. The Thriving Babies Confident Parents Programme has supported 386 families with 82% of those babies remaining at home in the care of one or both parents.

- 96% Early Years settings and 97% childminders are good or better and there have been further increases to the percentage of eligible 2-year-olds and 3/4-year-olds accessing free entitlement Early Years provision.
- There were positive Key Stage 4 outcomes including better than national Progress 8<sup>2</sup> and outcomes for disadvantaged groups.
- We have supported the expansion of four colleges and one new 6<sup>th</sup> form provision in the city as set out in a gap submission to DFE to meet increased demand for places.

Key strategic challenges include:

- Further increases in cost of care placements for Cared for Children
- A shortfall in the Unaccompanied Asylum-Seeking Children grant for the numbers now being accommodated
- Shortage in fostering households, coupled with the range of complexity of children's needs has led to a greater reliance on specialist external residential placements. The cost of these residential placements has increased by 47% in the last 12 months and is the most significant contributory factor to financial pressure.
- The continued rise in the cost of care placements has placed considerable strain on budgets, limiting flexibility in service provision and innovation
- This has implications for the stability and continuity of care, the ability to match children with the most appropriate placements and the overall capacity of the system to respond to emerging needs.

In light of these challenges there will be a review of all external residential placements and development of internal provision; development and delivery of additional internal residential capacity enabling the Council to manage down demand for high-cost residential placements whilst strengthening social care practice, and development of fostering hive model and bespoke project with Independent Fostering Agencies to increase sufficiency.

Priorities for 2025/26 include scaling up our Family Hub and Spoke Programme across the city, to deliver a seamless 0-19 (25 SEND/Care Leaver) offer through co-located integrated services based in communities. This will provide the help that families need, when they need it, in the place where they live, supporting children to remain living at home with their families.

We will lead and deliver with our partners a systemic approach to prevention reflecting our approach that children thrive best in their own families and communities. We will utilise the prevention grant to support our priorities and invest in key area such as family help, kinship care, family group conferences and improving opportunities and outcomes for care leavers.

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<sup>2</sup> A Government measure used to assess the progress that secondary school pupils make from the end of primary school to the end of secondary school

### Child Friendly City

The Council is working closely with UNICEF UK to embed a child rights-based approach across all city services and policies and to achieve ratification as a Child Friendly City.

Children and young people in Manchester selected six key themes (called "badges") that matter most to them:

- Cooperation and Leadership
- Culture
- Communication
- Safe and Secure
- Healthy
- Place

These are all underpinned by the cross-cutting theme of "Equal and Included".

The first formal review took place in November 2024, with UNICEF UK praising Manchester's efforts as an "exceptional start." A summary of the findings can be found in the report to the Executive Committee 14 March 2025, [Governance Report](#). These meetings occur every six months to assess progress and refine strategies.

The Council has developed a comprehensive action plan for the key themes listed above and this aligns with the seven principles of a child rights-based approach: dignity; interdependence and indivisibility; best interests; participation; non-discrimination; transparency and accountability; and life, survival and development.

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

The [Manchester Partnership Board \(MPB\)](#) is the strategic citywide forum responsible for agreeing the shared priorities and strategic direction for health and social care; ensuring integrated and aligned delivery across health and social care; and agreeing resource allocation within its delegated scope of responsibility. It reports into the Health and Well Being Board and the NHS Integrated Care Board.

Within Manchester, the Manchester Local Care Organisation (MLCO) provides the integrated delivery of health and adult social care services in the city. This enables Social Care, Community Health, and Wellbeing teams to work as one organisation, meaning that care can be better coordinated and responsive to local communities.

As part of the MLCO, Adults Social Care is continuing to manage demand and improve outcomes through Achieving Better Outcomes Together (the strategy bringing together all change and transformation in Adult Social Care). Projects include a focus on expanding preventative approaches, ensuring the right support is being provided at the right time, improving systems and processes and utilizing digital opportunities to develop a sustainable service.

Improving outcomes from Hospital Discharge remains a key strategic priority for the city. The Care Closer to Home programme is a collaborative approach across Manchester Foundation Trust, Greater Manchester Integrated Care Board (GMICB), the Council and MLCO to improve

partnership working and support an enabling approach to hospital discharge with a focus on reducing days away from home.

The [North Manchester Strategy](#) demonstrates the system-wide partnership working to narrow some of the widest gaps in outcomes in the city by developing place-based, integrated health, care and wellbeing services to meet the needs of its local communities.

Key achievements in 2024/25 include:

- Conclusion of three-year Better Outcomes, Better Lives Programme, with estimated £39.33m cost avoidance through preventative approaches.
- Launch of the new Supported Living and Day Services provider framework across Adult Learning Disability/Autism and Mental Health services supporting better outcomes for younger working adults
- Continued strong outcomes for people accessing reablement services. In February 2025, 71% of citizens referred from a hospital setting required no further care following reablement intervention and 80% for those from a community setting.

Key strategic challenges include:

- The availability of appropriate supported housing for people who have a Learning Disability or Mental Health condition. An evidence base for understanding future demand and pressures for supported housing over the next decade has been established. To manage the budget effectively and ensure good quality life outcomes, work is in progress across Adult Social Care, Strategic Housing and Development to ensure new supported housing is developed in the city at scale.
- Predicted increasing demand for services and increasing costs of services: Achieving Better Outcomes Together projects focus on delivering the best outcomes for people through prevention and maximising independence. Supporting both cost avoidance and cashable savings to ensure that our resources are spent sustainably. In addition, policy changes are being delivered around charging and financial assessment.
- National NHS reforms will have an impact locally in 2025/26, including potentially governance and delivery arrangements linked to GMICB.

Significant commissioning activity also contributes to the budget strategy, including the establishment of a new framework for Learning Disability and Mental Health Services which will standardise the cost of packages of care with providers and a new homecare contract launching in 2025/26 will change how providers are paid and ensure enhanced contract management and improved outcomes.

Key priorities for 2025/26 include:

- Increasing preventative approaches:
  - Expand Early Help to ensure more people benefit from earlier interventions, including strengthening our online offer and exploring digital opportunities for self-assessment, enabling more people to help themselves.

- Create an inclusive and expanded reablement offer to better support people with learning disabilities, mental health, neurodiversity, autism and distressed behaviours.
- Increase therapy input for people accessing homecare and work more closely with providers to right size packages of care.
- Ensure the right support is provided at the right time:
  - Developing 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 including new preventative services for people with autism
  - Transform mental health services to ensure holistic strengths-based approach across the city
- Improving systems and processes to improve the experience of care:
  - Deliver Our Social Care Systems programme to support effective practice, including equipping people with the right information about the costs of their care, and strengthening financial management
  - Developing our Quality Assurance to support a high standard of practice

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. While also exploring the potential for digital opportunities to support innovation.

#### [Making Manchester Fairer](#)

[Making Manchester Fairer](#) (MMF) is 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.

During 2024/25 The Making Manchester Fairer Community Forum and Anti-Poverty Insight Group were both established, strengthening the contribution of local people with lived experience to the programme governance.

Around sixty participants from Manchester City Council, its partner agencies, and sectors such as housing, health and Greater Manchester Police completed Manchester City Council's first Race and Health Equity Education Programme. Delivered over 2023/24, the programme was commissioned to support the workforce to be better informed, equipped, and confident to implement the right solutions to improve outcomes for communities impacted by racial inequality and discrimination.

In Public Health new approaches have been tested to Measles, Mumps & Rubella (MMR) delivery and community insights to drive up coverage and reduce inequalities and implemented and developed a comprehensive plan to respond to measles outbreaks in the city.

WorkWell launched in December 2024 to integrate work and health services in Manchester as part of the Greater Manchester WorkWell Vanguard. The programme will run until March 2026 over which time it aims to support 1,620 residents in total. The aim of the programme is

to deliver low-intensity light-touch work and health support services to enable people with health conditions to overcome barriers to employment and help them to stay, start, and succeed in work.

Key strategic challenges include:

- Increase in asylum seeker arrivals, lack of notifications of the movement of asylum seekers and limited data sharing between SERCO and local support services impairs disease management and outbreak response at asylum seeker accommodation leading to negative health impacts for residents.
- Non-public sector providers are best placed to engage with communities, most impacted by inequalities; inflation and increasing costs may impact on the ability of commissioned providers to maintain levels of service delivery to the city's most vulnerable residents.
- Reduced/lack of funding from GMICB for VCSE organisations will impair effective and timely engagement with communities (TB awareness and inclusion health work) leading to continued poorer health outcomes for people from communities impacted by inequalities.

## 6. Inclusive Communities, Thriving Neighbourhoods

### Housing

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 based on the following priorities:

- Increase affordable housing supply and build more new homes for all residents
- Work to end homelessness and ensure housing is affordable and accessible to all
- Address inequalities and create neighbourhoods and homes where people want to live
- Address the sustainability and zero carbon challenges in new and existing housing stock

The strategy sets a target of delivering 36,000 new homes by 2032. Just under a third of these (10,000) will be affordable – with as many social rented homes as possible. This responds to the principal housing challenge for the city which is undersupply across all tenures.

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 2024/25 include:

- Over 3,800 new homes were completed in Manchester in 2024/25 including c.3,300 market homes and 511 affordable homes. This brings the total number of homes delivered after three years of the ten-year Housing Strategy period to c.8,800 (24.4% of the target) including 1,509 affordable homes (15.1% of the target). We are also continuing to increase the amount of the Social Rent that we are delivering in the city. The 185 Social Rented homes completed in 2024/25 (39% of total affordable homes delivered) is the highest of any year in the Housing Strategy period.
- The city's residential pipeline also remains strong – there are currently over 12,000 homes on site (including 1,470 affordable) and a further c.17,000 homes with planning permission approved / submitted for approval (including c.1,900 affordable). Alongside a number of long-term, large-scale, mixed tenure regeneration projects which have the potential to make a significant contribution to the Housing Strategy target in the second half of its lifespan including Victoria North, Strangeways and Holt Town, we remain confident of achieving our headline Housing Strategy target of 36,000 homes.
- Improving the safety, quality, and management of private rented sector homes (our largest tenure type and where most of our citizens live) is also a key priority for the city. Selective Licensing is a useful tool to apply targeted interventions in the most challenging areas of the city. Following an extensive public consultation, in February 2025 we designated a further 9 areas across 6 wards, including 1,800 privately rented homes. This means that currently around 3,850 privately rented homes are within selective licensing schemes.

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 ambitious 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 / 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.

In order to assist partners and help mitigate risks, MCC has been awarded c.£64.8m through the GMCA's Brownfield Housing Fund (BHF) for the financial years 2024/25 and 2025/26. This is to bring forward 44 long-term underused sites over the next two years for c.4,100 new homes with 50% of the homes built affordable to Manchester people. The funding secured is the final 2 years of a 3-year funding deal with the Government as part of the trailblazer where £150m has been made available to unlock brownfield land.

Looking forward, continuing to progress delivery on both market and affordable housing remains our key priority. Current estimations suggest that over 4,000 homes (including over 800 affordable – what would be the most affordable homes delivered in the city in the past 15 years) are expected to complete in 2025/26.

We will also continue to grow the Supported Housing pipeline – an extra 1,000 new supported homes are needed by the end of the Housing Strategy period. As such, a significant programme of work is underway across MCC to identify further sites which meet the needs of the different cohorts as specified by our commissioners.

By the end of 2025/26 Manchester will have adopted an Empty Homes Strategy to bring long term (6 months +) empty homes back into use to provide housing to people who need it and to remove a blight on our neighbourhoods. Alongside this, we will have developed a housing retrofit plan for the city across all tenures which will integrate within the 2025-30 Manchester Climate Change Action Plan and the 2025-30 Climate Change Framework.

### Housing Services

Housing Services manage over 12,500 Council homes across North Manchester. The Housing Services Improvement Plan will continue to deliver improvements for residents in Council owned housing in the north of the city, ensuring that we meet the requirements of the Social Housing Regulator. The plan focuses on key priorities such as resident led, safer housing, decent homes and improving resident satisfaction with our repairs service, as well as other aspects of housing management. Our focus continues to centre on delivering the priorities set out in our vision, [A Place Called Home](#), which aims to improve service delivery through:

- Resident led services, putting them at the heart of everything we do.
- High quality housing services and home improvements for secure, warm, sustainable homes.
- Welcoming, safe, and vibrant neighbourhoods.

Key achievements in 2024/25 include:

- Preparing and embedding the new social housing regulatory framework at Manchester, including the Tenant Satisfaction Measures, Consumer Regulations, Awaab's Law, and Building Safety Act.
- Delivered over £200,000 of targeted support to residents most adversely impacted by the cost-of-living crisis through our sector leading Community Living Fund.

Our priorities for 2025/26 include:

- The delivery of a high-quality repairs service for our residents through effective contract management of our repairs partner and commencing the planning for direct delivery (DLO) by the Council.
- Ensure the safety and satisfaction of our residents by fully complying with all compliance standards within the Safety and Quality Standard.
- Improve the quality of our homes and ensure we meet the Decent Homes Standard through the implementation of the asset management strategy and the delivery of an ambitious capital investment programme.

## 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. The aims are:

- To make homelessness a rare occurrence: increasing prevention and earlier intervention at a community level
- To make homelessness as brief as possible: improving temporary and supported accommodation so it becomes a positive experience
- To make the experience of homelessness unrepeatable: by increasing access to settled homes and providing the right support at the right time.

Key achievements in 2024/25 include:

- Manchester reduced the numbers of people sleeping rough from 48 in November 2023 to 46 in November 24, in the context of rising numbers nationally, and all were made an offer of temporary accommodation.
- We minimised family placements in B&B and have had no placements over 6 weeks during 2024/25.
- An empty homes team was created and has brought back into use 131 properties
- Long-term leasing commenced with 111 leases delivered in 2024/25

There are significant challenges including:

- The increase in the decisions made on asylum applications has led to increased demand from people with refugee status who gravitate to Manchester as they want to reside here as a city of choice.
- The additional need that is within the housing system from the number of Manchester children who are formerly UASC and require housing following positive decisions from the home office. This challenge has been exacerbated due to the period of 6-8 months prior to the change in government where no decisions were made by the home office.
- Rising demand for social housing with 11,406 families with a priority banding on the social housing register
- The low level of lettings in both 2023/24 and 2024/25, which is around 2,150.
- The freezing of the Local Housing Allowance rates in 2025/26, leading to more demand as people cannot afford their private rented sector property. This also creates a tougher market to move people out of homelessness into.
- Pressure due to increased demand and tighter finances on the sustainability of small local charities that help homeless people.

The main priorities for the next year are:

- Opening of new accommodation schemes which will create 141 bedspaces across Council managed temporary accommodation and commissioned temporary supported housing.

- Increasing the number of properties that are leased on a long-term basis to 500 properties.
- Developing more temporary accommodation and permanent accommodation options for people with a disability.
- Enact the renters rights act including the updating of the Council's social allocations policy.
- Further develop rightsizing and apartment style lettings.

### 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](#)

Key achievements in 2024/25 include

- Additional investment that has seen improvements in cleansing in the city centre and in our district centres and an additional £880k investment into improving walkways, communal gardens and grounds in housing estates in North Manchester.
- A further £5m investment through Neighbourhood Infrastructure Renewal Fund into neighbourhoods to enhance local areas and improve infrastructure, public realm, play equipment and parks
- Launched the MATAC (Multi-Agency Tasking and Co-ordination) model of tackling high risk, high harm perpetrators of domestic abuse across the city.
- The calendar of events delivered in Manchester's parks, venues and public spaces over the last 12 months - over 60 organised or facilitated events across 130 live event days, drawing in an estimated 1.1m visitors/ participants into the city - has supported the city's event sector to build back to pre-pandemic levels and ensures that the city is well positioned to capitalise on future opportunities.
- 9.2 million visitors to parks (a 50 % increased from pre pandemic levels of 6.1 million), with 352 activities and events taking place in our parks
- Library visits continued to increase in 2024/25, with 2.9 million visits in total, 1.5 million of which were to Central Library. Libraries continued to provide access to reading material and information. Approximately 1.5 million books and other items were borrowed – higher than in 2023.
- In 2024, leisure centres across Manchester welcomed 3.5 million visitors, a 25% increase from the previous year. The number of active participants from communities

experiencing racial inequality currently stands at around 36%, showing a 6% increase from the previous year, which equates to an additional 17,575 users.

Work is currently underway with residents, housing providers and other partners to tackle long term fly-tipping and mismanagement of household waste in hotspot areas including alleyways. In 2024 intensive Neighbourhood Management projects were undertaken in hotspots to inform new ways of working. Through their Shaping Spaces Project, Keep Manchester Tidy has supported residents to view their alleyway differently and to experience firsthand how the space can be used as a community asset. Further investment in tackling complex fly-tipping issues in 2025/26 will help to alleviate these issues and a fly-tipping and litter strategy is planned to support longer term behaviour change.

The significant contribution that events make to communities, the local economy, and council priorities is widely recognised. With rising inflation and the cost-of-living crisis impacting disposable income, it is more important than ever to prioritise localised free or low-cost activities. In response, the Council will continue to protect and expand free community events such as Manchester Day, the Christmas Parade, and New Year's Eve Celebrations, engaging thousands of residents and visitors to the city.

Key priorities for 2025/26 include:

- Delivering £1m investment to get the basics right to a good quality standard and have the ability to build upon in future years
- Increasing resident involvement through Great British Spring Clean and other volunteering opportunities to build pride in neighbourhoods.
- Continued delivery of £5m Neighbourhood Infrastructure Renewal Fund including investing in Parks and Play equipment and a litter and fly tipping strategy to tackle the underlying issues
- Supporting victims of domestic abuse, and particularly developing a programme of engagement with those communities that are underrepresented in terms of reporting domestic abuse
- Continue to work with partners to address serious violence within the city - this includes working with statutory and non-statutory partners
- Encourage resident participation through volunteering opportunities and opportunities to get involved in local community initiatives
- Retaining and securing new major and community events for the city, ensuring the programme generates economic impact, celebrates the city's strengths, and fosters diversity. The future remobilisation of Albert Square will play a key role in reactivating the city centre, facilitating the return of established or remodelled events and creating the opportunities for new, diverse programming.

[The Bee Network](#) is fundamental to delivering sustainable economic growth, increased productivity and the city region's objectives, set out in the Greater Manchester Strategy, by connecting people with education, jobs and opportunity, unlocking development, enabling housing growth, acting as a catalyst for regeneration, reducing carbon emissions and supporting social inclusion and active and healthy lifestyles

Greater Manchester's entire bus network is now under public control, following the completion of tranche 3 of the bus franchising process in January 2025, covering south Manchester and areas in neighbouring districts. Public control over routes, ticketing, timetable and accountability is a key element of the Bee Network.

The GM proposal for an investment-led Clean Air Plan was approved by Department for Environment, Food and Rural Affairs in January 2025, unlocking a package of funding totalling up to £86m for Zero Emission Buses, local traffic management measures, clean taxis and clean air monitoring across GM.

Greater Manchester has received £1.07 billion through City Region Sustainable Transport Settlements (CRSTS), £39.7m for active travel schemes and £19.87m through Levelling Up Funds for transport. This year we have built on progress in translating this investment into a programme of delivery, further developing the business case for, and securing investment in infrastructure to improve travel by bus, walking, wheeling, and cycling on five corridors leading into the city centre.

We have completed our flagship City Centre Triangle active travel scheme for Deansgate and Bridgewater Viaduct, creating new pedestrian crossings, rain gardens and connecting with the Chorlton Cycleway to form a seamless 6km fully protected cycle route from Deansgate to Chorlton.

We have also launched our first pilot to support residents making the switch to Electric Vehicles (EV). The pilot offers Manchester residents without off-street charging the opportunity to apply for a cable channel, making it safer for pedestrian users while allowing EV charging on-street. The pilot has already seen 12 successful installations, with 30+ applications and 90+ expressions of interest. We will be continuing to build on this work in 2025-2026 to make EV charging easier for all residents across the city, with future pilots and wider rollout of charging planned for 2025-2030.

During 2024/25 there were 32.6km of carriageway and 61.5km of footway resurfacing works delivered.

## 7. Well Managed Council

Future Shape has transitioned to [Our Transformation – Enabling Success for the Council](#). This reset builds upon the success of 'Future Shape' to ensure 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. It is therefore essential the Corporate Services

are positioned to enable, support, and challenge the Council's directorates in their mission(s), delivering 'better for less'. The programme workstreams are:

- Workforce & Culture - Equipping and supporting staff to be purposeful and productive
- Processes & Systems – Delivering leaner processes to deliver financial efficiencies
- Digital & Data – Enabling a forward thinking, innovative Council
- Estates & Assets – Optimising the Council's assets in communities and 'place'.

Key achievements in 2024/25 include:

- Review of Future Shape programme and governance and the transition to Our Transformation – Enabling Success for the Council and delivered against the first milestones in March 2025
- Successfully implemented automated processes in services as part of Digital and Data Workstream
- Developed a digital skills offer aligned to 'Essential Digital Skills Framework' to support our digital ambitions.

Key challenges include:

- Governance – a full review has taken place of all dependencies aligning them to Our Transformation Board
- Culture change – this is underpinned by extensive work across HRODT as part of the Workforce Strategy

Key priorities for 2025/26 include:

- Review areas of transformation underpinned by technology and our workforce strategy to enable our staff to support, challenge and enable public facing services
- Develop the approach to AI / Automation implementing a digital squad to deliver pilots across the council for scaling up.
- Establish a baseline and deliver a digital skill offer.
- Deliver ICT Operating Model to support the wider ambitions of the digital strategies.
- Review our Estate Offer to maximise Revenue and Capital Opportunities

#### Information and Communications Technology (ICT)

[Doing Digital Together](#) 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.

Significant progress has been made in eliminating legacy systems, upgrading infrastructure, and implementing modern technologies and new ways of working that align and support the efficient delivery of new solutions and platforms whilst adopting standard configuration and best practice. Key achievements are:

- Our new CRM go-live enhanced service to residents and businesses, earning the Resident & Business Digital Experience Programme (RBDXP) a Platinum Award for Digital First Engagement at the Verint Inspire Awards.
- 108 units of redundant Data Centre hardware were removed, equivalent to 2.3 racks of equipment supporting significant standardising and replacement of Wi-Fi and network infrastructure with 112 sites (to date) on the new secure and fit for purpose Wi-Fi. This decommissioning saved around 40Kw of power.
- Identified vulnerabilities decreased by 76.5% from Jan 2024 to Jan 2025, reducing our attack surface amid the current heightened global cyber threat.
- Successfully delivered the ICT Cyber Security Service Redesign and established the Cyber Graduate Placement programme in collaboration with Manchester Metropolitan University. This revised approach has brought fresh talent and innovative perspectives to our established Cyber Security team, bringing increased capacity and fostering a culture of continuous professional learning and development.

Key challenges include:

- **Cybersecurity Threats:** With the increasing sophistication and frequency of cyberattacks impacting organisations, the Council continues to respond to the heightened global threat. We must continue to enhance our defences and pro-active cybersecurity capabilities to help protect the confidentiality, integrity and availability of Council sensitive data and critical infrastructure. We must remain vigilant and proactive in our approach to cybersecurity. Continuous improvement, regular testing, and adherence to best practices are essential to maintaining our resilience against evolving cyber threats.
- **Infrastructure:** The Council continues to maintain and upgrade its systems and hardware, this is an ongoing piece of work, some of which is undertaken as part of usual business but also projects across the organisation to continually renew and upgrade our ICT infrastructure.
- **Digital Transformation:** Adopting new technologies and digital services to improve efficiency and citizen engagement is a priority. This will require ongoing investment but aligns to the three-year plan associated with “Doing Digital Together.”
- **IT Resource Constraints:** A shortage of skilled ICT professionals can impede the ability to manage and support ICT systems effectively. This is compounded by the need for continuous training to keep up with evolving technologies. ICT has a robust workforce plan and is committed to recruiting and retaining talented staff. There is a planned restructure within ICT to introduce more career pathways and opportunities for greater numbers of apprentices and placement students.

Key priorities for 2025/26 include:

- Deliver major projects, via a well-governed delivery pipeline, to improve resilience, continue to replace systems before they get to end of life with modern solutions, and

support the city's ambitions and Council business objectives as we carry on transitioning to the Cloud.

- Continue to enable the leveraging of Artificial Intelligence (AI) to enhance digital enablement and streamline processes, focussing on utilising low code solutions to replace low and no tech processes, ensuring that AI is accessible and understood by the majority of our staff and stakeholders.
- Maintain and create optimal conditions for data protection and utilisation to support improved decision-making within the Council.

#### Human Resources and Organisational Development (HROD)

The Council Workforce Plan integrates five key strategies to attract, retain, and develop staff, promote inclusivity, cultivate world-class leaders, ensure high performance, and foster a thriving workforce. The Organisation Development Plan enhances effectiveness by aligning processes with organisational culture, achieving successes like the Good Manager Guide and improved employee engagement. The Health and Wellbeing Plan (2023-26) addresses challenges like sickness absence, focusing on mental health, resilience, and productivity through root cause analysis and manager training. The Council Talent Plan (2023-25) aims to attract, develop, and retain diverse talent, making the Council an employer of choice and supporting skill development and career progression. Priorities include increasing workforce diversity, inclusive recruitment, and internal career mobility.

Key achievements in 2024/25 include:

- Improved staff engagement as measured through the annual staff survey – 69.4%, an increase of 8.4% since 2023. 93% of employees say they feel proud to work for the organisation, indicating strong employee morale and satisfaction and 94% said they understand Our Manchester (the organisation's values and behaviours).
- In January 2025, we launched a refreshed Workforce Equality, Diversity & Inclusion Plan 2025–28 which sets out six new priorities that we will deliver against to accelerate our EDI journey, address our key challenges and create the conditions for a truly inclusive Council that delivers excellent services to residents.
- Increased the representation of Black, Asian & Minority Ethnic employees overall and at a senior level.
- Increased the representation of Disabled employees and employees with long-term health conditions overall and at a senior level.
- Hosted Good Manager Guide webinars attended by 710 managers.
- Celebrated 8,295 years of collective service at our Long Service Awards
- Support over 200 apprenticeships, internships, and work experience placements. Our Young People employment scheme is running for a 2nd cohort meaning over 40 Young People (16- to 19-year-olds) will have gained employment and qualifications at MCC.

Key priorities for 2025/26 include:

- Improve inclusivity and equity by implementing comprehensive frameworks and action plans, strengthening leadership and managerial accountability, and promoting a culture of continuous EDI education and awareness.
- Implement the Tackling Discrimination Action Plan
- Launch of the new Our Manchester Strategy and Approach-phase 2, and creation of leadership development offer aligned to Organisation Capabilities
- Strengthen talent acquisition and development through expanding apprenticeships and work experience opportunities, improving recruitment of residents of local diverse communities, delivering a second cohort of school leaver programme, refining learning and development offerings, and promoting the employer brand.
- Focussed activity on employee health and wellbeing include implementing menopause-friendly initiatives, developing mental health resources, conducting workplace health checks, retendering occupational health and employee assistance contracts, and delivering a trauma-informed employer action plan.

#### Estates

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 2024/25 include:

- Produced the Estates Zero Carbon Road Map 2024-2038, outlining the complete programme of works to become zero carbon by including capital, revenue, energy, and carbon implications for each year through to 2038.
- Delivered decarbonisation works including LED replacement schemes and a solar installation of over 2000 panels to Hammerstone Road Depot
- Designed and delivered the 2024/25 Capital Annual Maintenance Programme, including a programme of improvements to Early Years settings, parks pavilions and education facilities.

Priorities for 2025/26 include:

- Manage the operational estate to drive down costs and provide value for money.
- Play a key role in the Climate Change Action Plan by driving down carbon emissions from the operational estate and strengthening climate change resilience and adaptation.

#### Governance

The Council has an established risk management framework in place and embedded in the governance structure. This includes a risk management strategy setting out the Council's

risk appetite, how it approaches risk, and a Corporate Risk Register (which is informed from service and directorate level risk registers) which articulates the key risks to the Council. This informs decision making and provides assurance over risk management mitigation actions by showing actions and controls in place to mitigate or manage identified risk.

Risk Reports are provided to the Council's Audit Committee, which includes independent scrutiny, and is attended by the Council's external Auditors. The Internal Audit Team provides internal assurance and control by delivering reports to the Audit Committee, conducting responsive audits on emerging issues when necessary, and ensuring follow-up on audit recommendations. The Internal Audit Team is responsible for, and monitors, the operation of the Council's anti-fraud and corruption policies, ensuring these remain current, and are updated as required. An Annual Report each financial year is provided to the Audit Committee as to his/her opinion on assurance based on the work completed throughout the year.

The Council's Constitution clearly sets out the approach to decision making; decisions are either made by members (Council, Executive, or other decision-making committees) or delegated to Executive portfolio leads, or officers. The Council has an effective overview and scrutiny process which allows for the challenge and scrutiny of Council decisions. Decisions are underpinned by reports setting out assessment of key considerations including financial impacts, risk management, legality, and equal opportunities amongst other matters.

## 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 2024/25 financial year.

### 1. Inclusive economy where every resident shares in the prosperity of our growing economy

- The proportion of Manchester residents being paid a Real Living Wage in 2022/23 was 84%, a desirable increase from 2021/22 (77.3%). Source: ONS
- The difference between the rate of unemployment in Manchester (6.4% in 2023/2024) and the national average in 2024 is 2.5 percentage points. This is an undesirable increase from 2023 (1.4%), exceeding our target of having an unemployment rate within 2 percentage points of the national figure. Source: ONS.
- The total size of Manchester's economy in GVA terms (9.2% in 2021/22) has increased 2.1 percentage points faster than the national average (7.1%) in 2021/22, a desirable increase from 2020/21 (0.5 percentage points). Source: ONS.
- The total GVA per worker in Manchester (10.4% in 21/22) has increased 3.2 percentage points faster than the national average (7.2%) in 2021/22, a desirable increase from 2020/21 (0.5 percentage points). Source: ONS.

- The total number of jobs in Manchester increased 5 percentage points faster than the national average in 2023/24, a desirable increase from 2022/23 (-0.3 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<sup>3</sup> in 2023/24 (23,055 tonnes CO<sub>2</sub>) were 7% above the annual budget for 2023/24 (21,562 tonnes CO<sub>2</sub>). Total Council emissions in 2022/23 (22,580 tonnes CO<sub>2</sub>) were 8% below the annual budget for 2022/23 (24,784 tonnes CO<sub>2</sub>). Source: MCC

## 3. Advancing Equality, Diversity and Inclusion

- The mean percentage difference between the average hourly rate of pay of male and female employees in 2024/25 was 3.4% (3.6% in 2023/24). 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 2024/25 was 25.5%, compared to 26.5% in 2023/24. 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 2023/24 was 93.7%, which was a small undesirable decrease from that of 2022/23 (93.8%). Source: MCC.
- The percentage of secondary school sessions attended in 2023/24 was 91.4%, which was an undesirable decrease from 2022/23 (92.1%). Source: MCC.
- The number of Looked After Children in Manchester in 2024/25 was 1,288 (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 2023/24 (1,303 Looked After Children, a rate of 100 per 10,000 children). The number of Looked after Children in 2024/25, excluding UASC, is 1,120 (a rate of 86 per 10,000 children), compared with 1,154 in 2023/24 (a rate of 89 per 10,000) Source: MCC.
- The number of Looked After Children in Manchester in 2024/25 was 1,288 (a rate of 99 per 10,000 children); this is a provisional figure pending statutory return completion and is subject to change. It is an undesirable increase from 2023/24 where the numbers of Children in Need were 5,600 (432 per 10,000) Source: MCC.
- The number of children subject to a Child Protection Plan in 2024/25 was 661 (a rate of 50.9 per 10,000); This is a provisional figure pending statutory return completion and is subject to change. It is an undesirable increase from 2023/24 where the number of children subject to a Child Protection Plan was 571 (a rate of 44 per 10,000)
- The number of Early Help assessments in 2024/25 was 2,520, which was a desirable increase from 2023/24 (2,020)

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<sup>3</sup> Council emissions are associated with the Council's buildings, streetlights, waste collection, staff travel and operational fleet

## 5. Improving Health and Wellbeing for All

- The percentage of smokers who successfully stopped smoking at four weeks of interventions in 2024/25 was 41.7%, an undesirable decrease from 2023/24 (42.5%). Source: MCC
- The percentage of dependent alcohol users in treatment who successfully completed treatment in 2024/25 was 37.1%, a desirable increase from 2023/24 (35.6%). Source: MCC
- The percentage of health visitor visits that occur within two weeks of a new birth in 2024/25 was 80%, a small undesirable decrease from 2023/24 80.3%. Source: MCC
- The numbers of older people with longer term support and younger people with a learning disability supported throughout the year in 2024/25 was 5,941, a desirable increase from 2023/24 (5,193). Source: MCC
- Of the people supported through the Reablement Service in 2024/25, *the percentage that regained aspects of their independence, meaning that their care could be safely reduced or completely stopped, was 76.2%, a desirable increase from 2023/24 (73.9%). Source: MCC*

## 6. Inclusive Communities, Thriving Neighbourhoods

- The number of new homes completed in Manchester in 2024/25 was 3,864, a desirable increase from 2023/24 (3,018). Source: MCC
- The number of new homes completed in Manchester in 2024/25, which were defined as affordable by the government, was 511, an undesirable decrease from 2023/24 (669). Source: MCC.
- The number of new builds which became available for buying or renting in Manchester in 2024/25 was 3,353, a desirable increase from 2023/24 (2,349). Source: MCC.
- The number of households in temporary accommodation in March 2025 was 2,734 which is a desirable decrease from March 2024 (2,816). Source: MCC
- The number of families in bed and breakfast accommodation in March 2025 was 4, a small undesirable increase from March 2024 (3) Source: MCC
- The number of families placed in bed and breakfast for longer than six weeks in 2024/25 is zero, the same as 2023/24. Source: MCC
- The number of empty homes brought back into use in 2024/25 was 200. The team delivering this outcome was established in 2024/25, so trend data is not available this year.
- The percentage of household waste recycled in 2023/24 was 39.6%, a desirable increase from 2022/23 (38.8%). Source: DEFRA
- 13,053 tonnes of street cleansing waste was collected in 2024/25, a decrease from 2023/24. 3,494 of the 13,053 tonnes of street cleansing waste was recycled. Source: Weighbridge data - Viridor/Suez and Redgate Holdings
- There were 33,682 fly tipping requests completed in 2024/25, an increase from 2023/24 (28,904). Source: MCC and CRM

- The total number of recorded visits to Manchester's libraries, galleries and sports and leisure facilities in 2024/25 was 7.7m, a desirable increase from 2023/24 (6.4m). Source: MCC
- The total amount of resurfacing work delivered in 2024/25 (excluding footways) was 405,410m<sup>2</sup>, which was a desirable increase from that of 2023/24 (306,822m<sup>2</sup>). Source: MCC
- The percentage of road network (excluding footways) rated as in poor condition was 12.2% in 2024, which is a desirable decrease from 2023 (12.7%). Source - MCC via GAIST
- The percentage of residents and SME premises with access to high-speed broadband (>30Mbits/s) in January 2023 was 98.3%, a small desirable increase from January 2024 (98%). Source: Ofcom.

## 7. Well-managed Council

- The percentage of annual due Council Tax collected in 2024/25 was 89.2%, a small desirable increase from 2023/24 (88.6%). Source: MCC.
- The percentage of annual due Business Rates collected in 2024/25 was 95.2%, an undesirable decrease from 2023/24 (98.1%). Source: MCC.
- The number of days sickness taken per Full Time Equivalent in 2024/25 was 13.6, which was a small decrease from 2023/24 (13.8). Source: MCC
- The number of Stage 1 and 2 corporate complaints responded to within 10 working days in 2024/25 was 74%, which was an undesirable decrease from 2023/24 (79%). 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; and ICT security. There are a range of actions ongoing across all these areas to mitigate and manage these risks. The new risk management strategy and approach to strengthening of governance of risks at directorate level were introduced in 2024, where a root and branch refresh of all risks was undertaken. Directorate risk registers are reviewed on a quarterly basis with opportunity to escalate risks. The Corporate Management Team and Audit Committee receive regular updates, most recently in March 2025 and June 2025.

Risk Description	Mitigating Actions
Financial resilience and the ability to deliver a balanced medium term financial strategy and annual budget	Agreement of savings plans for 2025/26 in place via budget reports – ongoing monitoring and review (City Treasurer)
Achievement of climate commitments in pursuit of net zero	Power purchase agreement in place for renewable electricity to apply from Autumn 2025 (City Treasurer) Revision of CCAP for 2025-30 (DCE)

Adaptation to respond to changes in climate and severe weather events	ARP4 follow up report and action plan under SRO to develop and confirm governance and actions to sustain and align adaptation with zero carbon activities (June 2025) Council Resilience Forum action planning session on lessons learned from flood risk Management. (Director of Growth)
Capability and resilience of partnerships and suppliers	SPR review underway for reporting to SMT and Audit Committee June 2025 (DCE)
Security and resilience of ICT systems and processes (includes cyber security)	Cyber planning and testing exercise with Local Government Association and Cyber Assessment Framework report May 2025 (DCE and Director of ICT) Audit Committee Cyber Risk (Part B) update June 2025 (DCE and Director of ICT)
Change and transformation including digital	Reports to RAGOS and Audit Committee on ERP June 2025 (City Treasurer and Director of HRODT)
Effective compliance and response to regulation and oversight	CQC inspection readiness planning across Adults with CQC Core Group Chaired by DASS AGS report to SMT and Audit Committee June 2025 Annual Audit Opinion to CMT and Audit Committee June 2025
Missed opportunities for alignment and integration with partners	GM Mental Health partnerships update reports and action plan for S75 continuing with project plan for changes to arrangements in provision of services (DASS) Significant Partnership Register and AGS to SMT and Audit Committee June 2025 (ACE)

### Medium Term Financial Strategy

Our [Medium Term Financial Strategy](#), relevant to the year 2024/25 was approved by Full Council in March 2024. 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 2024/25.

In line with the one-year finance settlement the report set out a balanced one-year budget for 2024/25 and a forecast position for 2025/26 and 2026/27. 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 2024/25 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, offset by reduced Services Grant. The

additional funding announced, alongside approved savings and mitigations enabled a balanced budget to be approved for 2024/25. The budget savings are detailed in the [directorate budget reports](#).

The budget also included approval to increase Manchester's Council Tax by 4.99% in 2024/25; 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 are 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. Considerable uncertainty remains beyond 2025/26, as 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 planned for April 2026.

The Our Manchester Strategy ambitions, and Corporate Plan are the touchstone for decisions taken about what to prioritise and 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 have estimated the future resources available based on the information available. The 2024/25 MTFs reported a forecast gap of £28.7m in 2025/26, increasing to £40.6m in 2026/27. The focus is now on identifying savings and mitigations to keep the council on a sustainable financial footing.

### [Our Funding and Spending 2024/25](#)

The following section shows how our revenue and capital spending programmes were funded and where we targeted our investments throughout 2024/25.

### [Revenue funding and spending 2024/25](#)

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 2024/25 were approved at the Council meeting on 1 March 2024, with a total net budget for Council services of £810.5m and a gross budget of £1,744.1m.

Our 2024/25 budget is summarised in the table below. There are four columns as follows:

- The original gross budget of £1,744.1m 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 £810.5m 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 £825.0m at Outturn. This has increased because it includes £14.5m of additional resources approved by Executive throughout 2024/25.

Manchester City Council Annual Statement of Accounts 2024/25

- The 2024/25 budget changes include:
  - £14.5m increase in revenue resources due to increased government grants announced during the year allocated to Directorate budgets including £12.9m relating to Household Support Fund, £1.1m additional Public Health Grant and £0.5m New Burdens funding.
  - Budget realignments relating to £16.3m inflationary and £0.6m of contingency budgets held corporately at budget setting allocated to directorate budgets.

Table One: 2024/25 Revenue Budget

2024/25 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	407.0	407.0	407.0	0.0
Council Tax	231.0	231.0	231.0	0.0
Grants and other External Funding	979.8	142.9	157.4	14.5
Dividends	0.2	0.2	0.2	0.0
Use of Reserves	126.1	29.4	29.4	0.0
<b>Total Resources Available</b>	<b>1,744.1</b>	<b>810.5</b>	<b>825.0</b>	<b>14.5</b>
<b>Resources Required</b>				
<i>Corporate Costs:</i>				
Levies / Statutory Charge	40.7	40.7	40.7	0.0
Contingency	0.6	0.6	0.0	(0.6)
Capital Financing	43.9	43.9	43.9	0.0
Transfer to Reserves	9.0	9.0	9.0	0.0
<b>Sub Total Corporate Costs</b>	<b>94.1</b>	<b>94.1</b>	<b>93.5</b>	<b>(0.6)</b>
<i>Directorate Costs:</i>				
Additional Allowances and other pension costs	8.5	8.5	8.5	0.0
Insurance Costs	2.0	2.0	2.0	0.0
Inflationary Pressures and budgets to be allocated	17.4	17.4	1.0	(16.3)
Directorate Budgets	1,622.1	688.5	720.0	31.4
<b>Subtotal Directorate Costs</b>	<b>1,650.0</b>	<b>716.4</b>	<b>731.5</b>	<b>15.1</b>
<b>Total Resources Required</b>	<b>1,744.1</b>	<b>810.5</b>	<b>825.0</b>	<b>14.5</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 [Medium Term Financial Strategy and 2024/25 Revenue Budget Report](#)

The table below shows the budget per Directorate for 2024/25

Table Two: 2024/25 Directorate Revenue Budgets

2024/25 Directorate Revenue Budgets	Original Gross Budget £m	Original Net Budget £m	Revised Net Budget £m	Net Budget Changes £m
Children's Services	631.8	156.4	161.8	5.4
Adult Social Care	315.0	247.5	251.7	4.2
Public Health	55.7	45.0	46.7	1.7
Neighbourhoods	247.5	140.0	143.1	3.1
Growth and Development	38.2	(12.9)	(12.6)	0.3
Corporate Core	333.9	112.5	129.2	16.7
<b>Total</b>	<b>1,622.1</b>	<b>688.5</b>	<b>720.0</b>	<b>31.4</b>

### Revenue outturn 2024/25

This section provides the financial performance for 2024/25; 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 £14m and was funded from a transfer from the General Fund Reserve.

Table Three: 2024/25 Revenue Outturn

2024/25 Revenue Outturn	Revised Budget £m	Outturn £m	Total Variance £m
<b>Total Available Resources</b>	<b>(825.0)</b>	<b>(827.7)</b>	<b>(2.7)</b>
<b>Total Corporate Budgets</b>	<b>105.1</b>	<b>105.3</b>	<b>0.2</b>
Children's Services	161.8	171.5	9.7
Adult Social Care	251.7	261.2	9.5
Public Health	46.7	46.3	(0.4)
Neighbourhoods	143.2	144.2	1.1
Growth and Development	(12.6)	(13.3)	(0.7)
Corporate Core	129.2	126.5	(2.7)
<b>Total Directorate Budgets</b>	<b>720.0</b>	<b>736.4</b>	<b>16.4</b>
<b>Total Use of Resources</b>	<b>825.0</b>	<b>841.7</b>	<b>16.7</b>
<b>Total Overspend</b>	<b>0.0</b>	<b>14.0</b>	<b>14.0</b>

The overspend is in the context of significant financial stresses being faced across the Local Government sector, including the national pressures in the health and social care sector and trends being experienced across most Social Care providing local authorities.

Children’s Services reported an overspend of £9.7m. The biggest pressure related to external residential placements for Looked After Children (LAC). External residential placements overspend, the number of placements were 24 placements high than budgeted for, and there is increasing complexity of need. Additionally, there is increased demand for Home to School Transport as the number of children eligible following Education, Health and Care Plan (EHCP) assessments

The Adult Social Care overspend was £9.5m, the overspend is driven by long term care placements and cost pressures which are outpacing the offsetting demand management and prevention interventions. Demand for homecare hours has resulted in a 13.6% increase and average package size increasing by 6.5% from 2023/24. There are also pressures across learning disability services, Disability Supported Accommodation Service (DSAS) and older person care. These are partly offset by underspends on back-office services.

The Neighbourhoods directorate reported an overspend £1.1m, which reflects a shortfall in funding for Homelessness, the shortfall was initially £1.3m and has reduced to £0.9m following the allocation of £390k from Government late in the financial year. Other pressures relate to a shortfall of income from markets and pressure in the provision of leisure services due to the costs of providing support following step in arrangements at both Wythenshawe Active Lifestyle Centre and Broadway Leisure Centre. Officers are working with Partners to identify sustainable long-term solutions for both sites. These overspends are partly offset by an underspend on Highways totalling £1.0m.

Further details in relation to the outturn position can be found in the report to Executive 4 June 2025. [Governance Report](#) 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 2024/25 outturn position is an overspend of £22.547m, which increased the cumulative deficit from £7.8m to £30.1m

DSG	(Under) / Over Spend to budget £000's
Early Years Block	(686)
Schools Block	(3,360)
High Needs Block	26,418
Central Services Block	175
<b>In Year Overspend</b>	<b>22,547</b>
Prior-Year Deficit brought forward	7,803
Schools Excess Balances Clawback	(226)

<b>Cumulative Deficit to Carry Forward.</b>	<b>30,124</b>
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- Early Years Block Underspend - the main reason for underspend is lower uptake in early years places than expected.
- Schools Block underspend - relates to underspend on the funds set aside to fund additional classes for growth in pupil numbers.
- High Needs Block overspend - relates primarily to growth in demand for education and health care plans and funding not keeping pace with the demand.
- Central Services Block overspend - relates to increase with the cost of copyright licences and funding did not increase in line with the increase in cost.

DSG outturn report provides further details reported to Schools Forum 16 June [DSG-Outturn](#).

### Capital Funding and Spending 2024/25

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 2024/25 was £324.1m, a significant level of investment reflecting the ambitious capital programme that the Council has agreed.

Our revised capital budget for the 2024/25 year was £560.6m, 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 2024/25 £m	Capital expenditure in 2024/25 £m	Overspend or (underspend) for 2024/25 £m
Highways	45.5	34.8	(10.7)
Neighbourhoods Directorate	39.4	17.0	(22.4)
The Factory	8.1	4.1	(4.0)
Growth and Development	140.8	99.7	(41.1)
Town Hall refurbishment	97.5	61.3	(36.2)
Housing – private sector	62.5	35.9	(26.6)
Housing – HRA	81.3	42.4	(38.9)
Children’s Services	55.0	25.8	(29.2)
ICT	4.9	1.3	(3.6)
Corporate Services	3.1	1.8	(1.3)
Contingency Budgets	22.5	0	(22.5)
<b>Total</b>	<b>560.6</b>	<b>324.1</b>	<b>(236.5)</b>

The capital outturn position for the 2024/25 financial year is one of the largest programmes delivered to date by the Council and represents 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 £236.5m, 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, Asset Management Programme 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 2025. 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	2024/25 £m
Government Grants	92.4
External Contributions	15.3
Revenue Contributions by the Council	15.3
Borrowing	102.6
Capital Receipts	78.6
Housing Revenue Account – Major Repairs Reserve	19.9
<b>Total Resources Available</b>	<b>324.1</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 reserve is the General Fund reserve at £9.33m. The in-year reduction in usable reserves is £103.3m.

Reserves held for capital purposes have reduced by £52.7m in line with the delivery of the planned capital programme. Full details of the usable reserves can be found in note 38

Overall, the net worth of the Council has decreased by £19.4m during 2024/25, made up of a decrease in usable reserves £103.3m and an increase in unusable reserves £122.7m, the decrease in the net worth is matched by a decrease in value of net assets of the Council of £19.4m.

### Cashflow

The cash balance at 31 March 2024 had increased by £52m from 31 March 2025, predominantly due to the timing of borrowing to fund the ongoing capital programme. Future cash flows can be affected by the timing of grant receipts, for example, or additional capital expenditure being approved.

### Borrowing

In 2024/25 the Council had an authorised limit for borrowing of £2,370.6m (£2,180.6m 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 2025 is £1,631.9m, with other long-term liabilities of £301.9m. 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 2024/25 the Council has repaid temporary and market debt and borrowed long term debt to manage cash flow

Major Acquisitions and disposals can be found in note 8 Significant items warranting additional disclosure.

### Housing Revenue Account (HRA) position 2024/25

The Council was responsible for managing an average of 15,145 dwellings during 2024/25. 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 2024/25 included a drawdown of £15.0m from reserves to contribute to the costs of the capital programme. Due to a combination of increased income and reduced expenditure on the capital programme, a reduced drawdown of £11.8m was required. However, 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 total HRA reserves are £74.5m, of which £36.5m is ringfenced and £38.0m 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

In the 2025/26 annual funding settlement, the government started to address historical underfunding for Councils with high deprivation and limited ability to raise funding through council tax levels as an authority with a low council tax base. The settlement announcements were positive for Manchester, considering the unprecedented cost pressures being experienced. An additional £49m has been made available from within core spending power, when compared to assumptions made in 2024/25 MTFP.

This has enabled the council to set a balanced position for 2025/26 with a gap of £19.1m for 2026/27 and £46.5m for 2027/28. This is after taking account of savings identified and pressures being funded, including some funding allocated to the three areas of key pressures that resulted in overspends in 2024/25. Full details of the council's medium term financial plan can be found at this link. [Medium Term Financial Strategy and 2025-26 Revenue Budget.pdf](#)

There is still considerable uncertainty in relation to government funding arrangements that is subject to consultation currently which is unknown, however the City Treasurer considers that the assumptions on which the budget has been proposed whilst challenging are manageable within the flexibility allowed by the General Fund balance and the smoothing reserve available to support the future budget position. 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. Therefore, the Council does not currently foresee the risk of issuing a Section 114 notice over the medium term.

### Main Changes to the Financial Statements and Significant Events and Transactions IFRS16 Accounting for Leases – change in accounting requirements

The CIPFA Code from 2024/25 mandates councils follow IFRS 16 for lease arrangements for the first time, following the removal of a statutory override. This means that any leased or PFI assets meeting certain conditions need to be brought onto the Council's balance sheet in 2024/25 creating Right of Use assets and corresponding lease liabilities on the balance sheet, instead of charging the lease payments to the comprehensive income and expenditure statement

The Council conducted a thorough review, with the finance team collaborating with service directorate leads to evaluate 668 lease arrangements and 7 PFI and Service Concession contracts were assessed to modify the presentation of the figures already included in the balance sheet. This has resulted in the creation of 424 new assets at a value of £49.2m and the recalculation of 7 PFI-type arrangements.

#### Financial Statements:

The Statement of Accounts provide an overview of the Council's financial position for 2024/25. The deadline to produce the draft Annual Accounts is 30 June 2025. The Council were unable to meet the deadline and published instead on 15 July 2025. The delay in publishing the Council's unaudited Statement of Accounts related to needing to seek further advice in relation to PFI and Service Concession as part of the IFRS16 transition to ensure they accounts represent a true and fair view of the Council's financial position as set out by the CIPFA code. The publication deadline for audited accounts is 27 February 2026.

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

The annual statement of accounts has been prepared in accordance with the 2024/25 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 2024/25 ('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 way the accounts are prepared in line with the accounting policies, which and are compliant with the CIPFA Code of Practice which is the legislation and accounting rules that local government must comply with

From 2024/25, IFRS 16 – Leases, is mandatory. Authorities must recognise most leases on the balance sheet, with a right-of-use asset and corresponding lease liability. This significantly alters the treatment of leases and requires robust assumptions around lease terms, discount rates, and asset valuations which means that the annual accounts for 2024/25 are the first set of accounts produced in accordance with this standard.

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 amounts 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 is 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 Councils 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) and 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).

The Council has Joint Ventures 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.

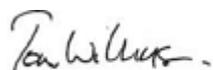
### The City Treasurer's Responsibilities

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 2025 and their income and expenditure for the year ended 31 March 2025.



Tom Wilkinson  
City Treasurer  
27 February 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.

2023/24 Gross Expenditure £'000's	2023/24 Gross Income £'000's	2023/24 Net Expenditure £'000's		Notes	2024/25 Gross Expenditure £'000's	2024/25 Gross Income £'000's	2024/25 Net Expenditure £'000's
			<b>Continuing operations</b>				
299,938	(77,243)	222,696	Adults Social Care		334,413	(87,996)	246,417
55,651	(7,647)	48,004	Public Health		60,144	(14,814)	45,330
651,840	(456,247)	195,594	Children's Services		708,084	(485,549)	222,535
373,001	(239,466)	133,535	Corporate Core		375,002	(243,649)	131,353
287,514	(119,043)	168,471	Neighbourhoods		284,014	(115,971)	168,043
122,213	(35,084)	87,129	Growth and Development		87,662	(51,910)	35,752
19,666	(8,699)	10,967	Corporate Items		17,337	(24,014)	(6,677)
3,450	0	3,450	Council - Wide Costs		5,313		5,313
105,307	(93,533)	11,774	Housing Revenue Account		97,678	(99,329)	(1,651)
<b>1,918,582</b>	<b>(1,036,962)</b>	<b>881,619</b>	<b>Net cost of services</b>		<b>1,969,647</b>	<b>(1,123,232)</b>	<b>846,415</b>
			<b>Other operating expenditure</b>				
32,422	0	32,422	Gains / (Losses) on disposal of non-current assets		34,995	0	34,995
70,087	0	70,087	Levies		72,512	0	72,512
<b>102,509</b>	<b>0</b>	<b>102,509</b>	<b>Total other operating expenditure</b>		<b>107,507</b>	<b>0</b>	<b>107,507</b>
262,077	(283,142)	(21,066)	Financing and investment income and expenditure	13	294,413	(304,857)	(10,444)
53,497	(860,340)	(806,843)	Taxation and non-specific grant income and expenditure	14	56,431	(904,013)	(847,581)
<b>2,336,665</b>	<b>(2,180,445)</b>	<b>156,220</b>	<b>(Surplus) or Deficit on provision of services</b>		<b>2,427,999</b>	<b>(2,332,102)</b>	<b>95,897</b>

Manchester City Council Annual Statement of Accounts 2024/25

			<b>Items that will not be subsequently classified in the (Surplus) / Deficit on Provision of Services</b>			
		(143,582)	(Surplus) / deficit on revaluation of assets	39a		(117,349)
		12,815	Impairment losses on non-current assets charged to the Revaluation Reserve	39a		16,006
		751,447	Re-measurements of the net defined benefit pension liability	41-43		(15,961)
			<b>Items that will be subsequently classified in (Surplus) / Deficit on Provision of Services</b>			
		(8,854)	(Surplus) / deficit from investments in equity instruments designated at fair value through other comprehensive income	39b		2,018
		<b>611,827</b>	<b>Total other comprehensive income and expenditure</b>			<b>(115,286)</b>
		<b>768,047</b>	<b>Total comprehensive income and expenditure</b>			<b>(19,389)</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 2024 £000's</b>			<b>31 March 2025 £000's</b>
	<b>Non-current assets</b>		
565,575	Infrastructure Assets	19b	568,240
2,901,408	Other Property, plant, and equipment Assets	19a	3,135,982
642,438	Heritage assets	22	645,724
503,948	Investment properties	28	508,871
105	Intangible non-current assets		75
168,326	Long-term investment in subsidiaries, associates, and joint ventures	31	174,504
3,199	Other long-term investments	31	3,231
505,805	Long-term debtors	32	510,738
0	Net Pensions asset	41	0
<b>5,290,805</b>	<b>Total non-current assets</b>		<b>5,547,366</b>
	<b>Current assets</b>		
604	Inventories and long-term contracts		484
229,054	Short-term debtors	32	281,878
112,538	Cash and cash equivalents	46	164,495
4,681	Short-term assets held for sale	24	3,953
<b>346,877</b>	<b>Total current assets</b>		<b>450,810</b>
<b>5,637,682</b>	<b>Total assets</b>		<b>5,998,176</b>
	<b>Current liabilities</b>		
(153,147)	Short-term borrowing	37	(392,810)
(209,672)	Short-term creditors	33	(235,335)
(28,126)	Short-term provisions	36	(22,574)
(10,543)	Short-term deferred liabilities	35	(20,458)
<b>(401,488)</b>	<b>Total current liabilities</b>		<b>(671,178)</b>
<b>5,236,193</b>	<b>Total assets less current liabilities</b>		<b>5,326,999</b>
	<b>Long-term liabilities</b>		
(749)	Long-term creditors		(841)
(111,941)	Long-term provisions	36	(94,764)
(1,187,197)	Long-term borrowing	34	(1,239,098)
(118,187)	Long-term deferred liabilities	35	(164,147)
(15,673)	Capital grants receipts in advance		(20,772)
(80,517)	Net Pensions Liability	41	(66,059)
<b>(1,514,265)</b>	<b>Total long-term liabilities</b>		<b>(1,585,681)</b>
<b>3,721,929</b>	<b>Net assets</b>		<b>3,741,318</b>
	<b>Financed by:</b>		
(639,898)	Usable reserves	38	(536,580)
(3,082,031)	Unusable reserves	39	(3,204,738)
<b>(3,721,929)</b>	<b>Total reserves</b>		<b>(3,741,318)</b>



Tom Wilkinson, City Treasurer, 27 February 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 2023</b>		<b>(391,470)</b>	<b>(95,793)</b>	<b>(153,958)</b>	<b>(69,795)</b>	<b>(8,647)</b>	<b>(719,662)</b>	<b>(3,770,314)</b>	<b>(4,489,977)</b>
<b>Movement in reserves during 2023/24</b>									
Total comprehensive income and expenditure	CIES	156,739	(519)	0	0	0	156,220	611,827	768,047
Adjustments between accounting basis and funding basis under regulations	2b and 10	(117,516)	9,049	25,950	3,157	2,904	(76,455)	76,455	0
<b>(Increase) or decrease in year</b>		<b>39,223</b>	<b>8,530</b>	<b>25,950</b>	<b>3,157</b>	<b>2,904</b>	<b>79,765</b>	<b>688,282</b>	<b>768,047</b>
<b>Balance at 31 March 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>

## 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).

2023/24 £000s		Note	2024/25 £000s
(156,220)	Net (deficit) / surplus on the provision of services		(95,897)
215,573	Adjustments to net (deficit) / surplus on the provision of services for non-cash movements	47	141,595
(131,318)	Adjustments for items included in the net (deficit) / surplus on the provision of services that are investing and financing activities	48	(130,663)
(71,965)	<b>Net cash flows from operating activities</b>		(84,966)
(183,745)	Investing activities	50	(135,116)
273,227	Financing Activities	51	272,038
17,517	<b>Net increase or (decrease) in cash and cash equivalents</b>		51,957
95,021	Cash and cash equivalents at the beginning of the reporting period		112,538
112,538	Cash and cash equivalents at the end of the reporting period	46	164,495

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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>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 Core	126,503	4,984	131,487	(134)	131,353
Neighbourhoods	144,228	(24,201)	120,027	48,016	168,043
Growth and Development	(13,325)	22,505	9,180	26,572	35,752
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>

Manchester City Council Annual Statement of Accounts 2024/25

<b>2023/24 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	226,341	(7,365)	218,976	3,719	222,696
Public Health	43,358	4,653	48,010	(7)	48,004
Children's Services	155,237	6,470	161,706	33,887	195,594
Corporate Core	119,904	(289)	119,613	13,921	133,535
Neighbourhoods	141,408	(27,616)	113,793	54,679	168,471
Growth and Development	(13,225)	22,683	9,456	77,672	87,129
Corporate Items	22,033	(2,117)	19,916	(8,947)	10,967
Council-Wide Costs	0	0	0	3,450	3,450
Housing Revenue Account	8,530	12,293	20,823	(9,049)	11,774
<b>Net Cost of Services</b>	<b>703,583</b>	<b>8,711</b>	<b>712,294</b>	<b>169,325</b>	<b>881,619</b>
Other Income and Expenditure	(689,078)	24,534	(664,543)	(60,858)	(725,400)
<b>Deficit / (surplus) on Provision of Services</b>	<b>14,506</b>	<b>33,246</b>	<b>47,751</b>	<b>108,467</b>	<b>156,219</b>

<b>Movement in General Fund and HRA Balance</b>	<b>2023/24</b>	<b>2024/25</b>
Opening General Fund and HRA Reserves	487,262	439,510
Surplus on General Fund and HRA Reserves in year	(47,751)	(50,588)
<b>Closing General Fund and HRA Reserves at 31 March</b>	<b>439,510</b>	<b>388,920</b>

Adjustments to arrive at the net amount chargeable to the general fund and HRA balances (shown in note 2a) include those that have to be shown in different lines in the CIES from where they are reported in the outturn report (e.g. interest paid or received, expected credit losses), transfers to or from reserves that are shown in the MIRS but included in the outturn figures, recharges between services excluded from the CIES.

## Manchester City Council Annual Statement of Accounts 2024/25

Any remaining service specific COVID grants recorded corporately in the outturn report and shown within the service area in the CIES, in 2023/24 this included Household Support Fund which was introduced over the pandemic to support struggling families. This grant has evolved into a cost of living and hardship grant and has been reclassified in 2024/25.

Adjustments between funding accounting basis (shown in note 2b) are technical accounting adjustments excluded from the outturn as they that net to nil across council ser further detail is shown in note 10.

The split of the general fund and HRA reserves is shown in the movement in reserves statement.

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>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 Core	(13,907)	(623)	19,514	4,984
Neighbourhoods	(18,257)	9,492	(15,436)	(24,201)
Growth and Development	18,493	6,029	(2,017)	22,505
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

<b>2023/24</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>Adjustments relating to COVID Grants (iv) £000's</b>	<b>Total Adjustments £000's</b>
Adults Social Care	(18,154)	11,833	(1,044)	0	(7,365)
Public Health	0	5,290	(638)	0	4,653
Children's Services	2,536	3,309	624	0	6,470

Manchester City Council Annual Statement of Accounts 2024/25

<b>2023/24</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>Adjustments relating to COVID Grants (iv) £000's</b>	<b>Total Adjustments £000's</b>
Corporate Core	(2,633)	(817)	16,067	(12,906)	(289)
Neighbourhoods	(17,344)	4,109	(14,380)	0	(27,616)
Growth and Development	19,774	4,586	(1,678)	0	22,683
Corporate Items	98	(3,264)	1,048	0	(2,117)
Council-Wide	0	0	0	0	0
Housing Revenue Account	12,293	0	0	0	12,293
<b>Net Cost of Services</b>	<b>(3,429)</b>	<b>25,047</b>	<b>0</b>	<b>(12,906)</b>	<b>8,711</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	3,429	8,199	0	12,906	24,534
Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services	0	33,247	0	0	33,247

- (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.
- (iv) COVID grants provided by Government in response to the COVID 19 pandemic. This reflects service specific COVID grants recorded corporately in the outturn report and shown within the service area in the CIES.

(b) Adjustments between Funding and Accounting Basis

<b>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 Core	1,421	(1,547)	0	(8)	(134)
Neighbourhoods	49,362	(1,379)	0	33	48,016
Growth and Development	27,007	(388)	0	(47)	26,572
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>

<b>2023/24</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	2,016	1,664	0	39	3,719
Public Health	0	0	0	(7)	(7)
Children's Services	24,850	2,545	0	6,492	33,887
Corporate Core	11,948	1,944	0	29	13,921
Neighbourhoods	53,191	1,499	0	(10)	54,679
Growth and Development	77,145	565	0	(38)	77,672
Corporate Items	144	(9,144)	0	52	(8,947)
Council-Wide Costs	6,942	(3,493)	0	0	3,450
Housing Revenue Account	(8,941)	(108)	0	0	(9,049)
<b>Net Cost of Services</b>	<b>167,296</b>	<b>(4,527)</b>	<b>0</b>	<b>6,557</b>	<b>169,325</b>

<b>2023/24</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>
Other Income and Expenditure from the Expenditure and Funding Analysis	(47,562)	(21,286)	7,392	597	(60,858)
Difference between General Fund and HRA Surplus / Deficit and Comprehensive Income and Expenditure Statement Surplus / Deficit on the Provision of Services	119,734	(25,813)	7,392	7,154	108,469

- (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 2024/25 is presented in a comparable way to 2023/24.

### Restated Note 19b Property Plant and Equipment

During the current year, the Council identified that certain fully depreciated assets which had been disposed of in prior years remained included within cost and accumulated depreciation balances disclosure within the Property, Plant and Equipment (PPE) note 19a. This represents a prior period error in accordance with IAS 8 Accounting Policies, Change in Accounting Estimates and Errors, as the assets should have been removed from the PPE

note in the period of disposal. The error has now been corrected by restating the comparative figures in the PPE note for the year end 2023/24. The impact of the restatement is limited to the disclosure note 19a within the single entity statements, and disclosure note 4 within the group statements. As such an opening Balance Sheet has not been disclosures as it would not provide any more information than that disclosed within the aforementioned notes.

#### Restated Note 41 Pensions Notes – Restatement Prior Year Note

The pensions net liability note has been restated. The overall figures are correct, but the layout of the note is incorrect. The primary statements are not affected by this restatement therefore no third balance sheet is required as it is a disclosure note adjustment only

<b>Net Liability for Year</b>	<b>Restated 2023/24 £000s</b>	<b>2023/24 £000s</b>
Present value of funded liabilities	(3,106,858)	(3,106,858)
Present value of unfunded liabilities		(80,517)
Fair value of assets	4,024,208	4,024,208
Asset Ceiling Adjustment	(917,350)	(836,833)
<b>Net Asset arising from Defined Benefit obligation</b>	<b>0</b>	<b>0</b>
Present value of total unfunded liabilities	(80,517)	0
<b>Net (Liability) / Asset arising from Defined Benefit obligation</b>	<b>(80,517)</b>	<b>0</b>

#### 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 2025/26 Code where disclosure is required in the 2024/25 financial statements, none are expected to have a significant impact:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable this standard becomes relevant if the council
  - Receive or spend money in foreign currencies (e.g. grants, loans, or contracts).
  - Own assets or have operations in other countries.
  - Need to consolidate financial information from foreign subsidiaries or projects.

These scenarios do not apply to the council as we have no funds held in foreign currencies or own assets in other countries or consolidate with foreign subsidiaries.

- IFRS 17 Insurance Contracts originally issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts. Again, this is not expected to have a significant impact for the council as we don't issue insurance contracts in the commercial sense.

## 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 2024/25 financial year and its position at the year-end of 31st March 2025. 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 2024/25, and the Service Reporting Code of Practice (SeRCOP) 2024/25, 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) and Wythenshawe Civic Regeneration LLP. 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).

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 are 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.

Council dwellings are revalued annually. 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, but as a minimum every five years. 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.

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.

Council dwellings 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.

### 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
Vehicle Plant and Equipment	30

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 REFCUS (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 £508,871m (£503.948m in 2023/24) 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

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

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 introduces 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 2025 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.

Where full revaluations are not undertaken annually, the Code permits the use of indexation to update asset values between formal valuations. For the 2024/25 financial year, the Authority has applied indices published by the Building Cost Information Service (BCIS) to update the carrying amounts of certain classes of PPE. These indices are 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.

The total PPE carrying value of £3.138bn (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 £24.839m.

### 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 £8.245m 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 £508.871m would increase by £5.08m 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 £109.4m, 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 2024/25 income 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 2025, 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 £4.197m to the total provision required (Council's share £4.155m 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 £44.737m, a 1-year increase in member life expectancy being £110.414m, a 0.1% increase in the salary increase rate would

result in a £2.320m change in the pension liability and a 0.1% increase in the pension rate increase (CPI) would result in a £43.629m 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 £33.2m (£141.7m in 2023/24) has been included within the surplus / deficit on provision of services:

	2023/24 £000s	2024/25 £000s
Adults Social Care	322	3,100
Children's Services	2,141	1,693
Corporate Core	3,603	0
Neighbourhoods and Highways	10,435	4,693
Growth and Development	63,068	11,098
Council Wide Costs	6,745	408
Housing Revenue Account	13,971	4,882
Investment properties	41,373	7,326
<b>Total</b>	<b>141,658</b>	<b>33,200</b>

##### 8.2 Wythenshawe Civic Regeneration LLP.

The Council entered into a Limited Liability Partnership arrangement with Muse Places Limited. The partnership is to support the regeneration of Wythenshawe town centre and is a transformative initiative aimed at revitalising the area through a long-term, community-focused development strategy. The regeneration includes the restoration and enhancement of the Civic shopping centre, the creation of a new Culture Hub, a vibrant food hall, a larger public square, and flexible workspaces for local businesses and community use. The broader vision includes up to 2,000 new homes, many of which will be affordable and improved green spaces, all aimed at making the town centre more liveable, inclusive, and economically resilient.

On set up of the partnership the Wythenshawe Town Centre Assets were sold to the partnership to support the regeneration £10.1m, disposal values are referenced in 8.4 below. The council have 80% shareholding in the company as part of the set-up which means the joint venture will be included in the councils Group Accounts.

##### 8.3 Major Acquisitions and Disposals

Significant acquisitions of non-current assets during 2024/25 included the Nicholls College and Campus (£3.7m) and 50-58 Manchester Road Chorlton (£2.1m)

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Significant disposals in 2024/25 included Peel Hall, Park view, Southern Cross, Meade Hill and Castlefield Campus schools converting to academy status totalling (£39.6m). MCC's disposed of Wythenshawe Town Centre Assets (£10.1m)

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Note 9. Expenditure and Income Analysis

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

	2023/24 £000	2024/25 £000
<b>Expenditure</b>		
Employee Benefit Expenses	591,331	606,613
Other Service Expenses	1,117,998	1,197,576
Business Rates Tariff	53,236	56,365
Capital Charges including Depreciation and impairment *	271,358	197,429
Interest Payments	51,189	67,090
Pensions Interest Costs	149,042	195,419
Precepts and Levies	70,087	72,512
Loss on Disposal of Non-current Assets	32,422	34,995
<b>Total Expenditure</b>	<b>2,336,664</b>	<b>2,427,999</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(301,285)	(328,190)
Interest and Investment Income	(53,592)	(55,270)
Return on Pension Assets	(179,576)	(191,582)
Capital Charges related income	(19,148)	(41,497)
Council Tax Income	(214,275)	(229,468)
Business Rates Income	(347,010)	(375,332)
Government Grants and Contributions	(1,065,558)	(1,110,763)
Gain on Disposal of Fixed Assets	0	0
<b>Total Income</b>	<b>(2,180,444)</b>	<b>(2,332,102)</b>
<b>Deficit / (Surplus) on the Provision of Services</b>	<b>156,220</b>	<b>95,897</b>

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Note 9b – Analysis of Fees Charges and Other Service Income	2023/24 £000	2024/25 £000
Adults Social Care	(32,095)	(39,847)
Public Health	4	4
Children's Services	(18,926)	(20,244)
Corporate Core	(51,955)	(57,766)
Neighbourhoods and Highways	(82,453)	(91,152)
Growth and Development	(42,738)	(41,992)
Council Wide Costs	(3,199)	(1,466)
Housing Revenue Account	(69,923)	(75,727)
<b>Total Fees, Charges and Other Service Income</b>	<b>(301,285)</b>	<b>(328,190)</b>

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 2024/25

Reversal of items debited or credited to the comprehensive income and expenditure statement:	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>							

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	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
Depreciation	(91,209)	(20,132)	0	0		(111,341)	111,341
Posting of HRA resources from revenue to Major Repairs Reserve		20,132			(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
Capital receipts for long term debtors	0	0	(2,696)	0	0	(2,696)	2,696
Capital receipts for long term investments			(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)

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	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
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	(3,657)
<b>Pension</b>							
Reversal of items relating to retirement benefits debited or credited to the CIES	(67,983)		0	0	0	(67,983)	67,983
Employer's pension contributions and direct payments to pensioners payable in year	66,468	12	0	0	0	66,480	(66,480)
<b>Collection Fund</b>							
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	(541)
<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	(1,250)
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>

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The table below shows the adjustments made in 2023/24

	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
<b>Capital</b>							
Depreciation	(78,181)	(18,475)	0	0		(96,656)	96,656
Posting of HRA resources from revenue to Major Repairs Reserve		18,475			(18,475)	0	0
Amortisation of intangible assets	(30)	0	0	0	0	(30)	30
Impairment / revaluation losses charged to the comprehensive income and expenditure statement	(86,315)	(13,971)	0	0	0	(100,286)	100,286
Movement in fair value of investment property	(35,415)	0	0	0		(35,415)	35,415
Financing of capital expenditure on council dwellings	0	0	0	0	21,379	21,379	(21,379)
Capital grants and contributions	84,396	13,875	0	16,170	0	114,441	(114,440)
Revenue expenditure funded from capital under statute	(19,940)	(59)	0	(13,015)	0	(33,014)	33,014
Gain / (loss) on disposal of non-current assets	(37,030)	4,608	0	0	0	(32,422)	32,422
Capital receipts received	0	0	(20,546)	0	0	(20,546)	20,546
Capital receipts for long term debtors	0	0	(2,761)	0	0	(2,761)	2,761

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	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:							
Statutory provision for the repayment of debt - minimum revenue provision	36,883	0	0	0	0	36,883	(36,883)
Statutory provision for the repayment of debt - private finance initiatives	5,012	0	0	0	0	5,012	(5,012)
Revenue contribution to finance capital	1,480	0	0	0	0	1,480	(1,480)
Premiums and discounts charged to revenue	465	0	0	0	0	465	(465)
Use of capital receipts reserve to finance capital expenditure	0	0	49,257	0	0	49,257	(49,257)
Private finance initiative charges to the HRA	0	4,488	0	0	0	4,488	(4,488)
<b>Pension</b>							
Reversal of items relating to retirement benefits debited or credited to CIES	(37,115)		0	0	0	(37,115)	37,115
Employees' pension contributions and direct payments to pensioners payable in year	62,820	108	0	0	0	62,928	(62,928)
<b>Collection Fund</b>							
Amount by which council tax and business rates income adjustment included in the comprehensive income and expenditure statement is different	(7,393)	0	0	0	0	(7,393)	7,393

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	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
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	(597)	0	0	0	0	(595)	595
HRA capital receipts to housing central pool	0	0	0	0	0	0	0
Transfer to short term accumulated absences account	(168)	0	0	0	0	(168)	168
Dedicated Schools Grant	(6,386)	0	0	0	0	(6,386)	6,386
<b>Total adjustments</b>	<b>(117,516)</b>	<b>9,049</b>	<b>25,950</b>	<b>3,155</b>	<b>2,903</b>	<b>(76,455)</b>	<b>76,455</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 2025 which were as follows:

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Payments/ Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges £000	Total £000	Scheme Details
<b>Miles Platting Housing</b>						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
Payments within 1 year	3,216	3,476	3,062	9,624	19,378	
Payments within 2 to 5 years	14,393	13,902	10,213	41,909	80,417	
Payments within 6 to 10 years	21,538	17,378	7,484	61,225	107,625	
Payments within 11 to 15 years	11,534	6,951	1,106	25,248	44,839	
Sub total	50,681	41,707	21,866	138,005	252,258	
<b>Plymouth Grove Housing</b>						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
Payments within 1 year	1,100	730	1,303	2,985	6,118	
Payments within 2 to 5 years	5,454	2,918	3,949	12,971	25,292	
Payments within 6 to 10 years	5,834	2,189	1,298	10,602	19,923	
Sub total	12,389	5,837	6,550	26,557	51,334	
<b>Temple School</b>						Temple School – design, build & maintenance of Temple Primary School – services commenced in 2001/02. Total obligation as at start of contract of £14,617,000 funded via PFI Special Grant and Dedicated Schools Grant (DSG). Lifecycle costs for the scheme form part of the service charge but are not separately identifiable.
Payments within 1 year	759	0	75	332	1,166	
Payments within 2 to 5 years	0	0	0	0	0	
Sub total	759	0	75	332	1,166	

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Payments/ Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges £000	Total £000	Scheme Details
						Indexation – RPI Contract expiry – 2026
<b>Wright Robinson Sports College</b>						
Payments within 1 year	2,047	461	1,136	2,007	5,652	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
Payments within 2 to 5 years	9,598	1,844	3,136	8,663	23,241	
Payments within 6 to 10 years	5,959	949	600	4,884	12,393	
Sub total	17,604	3,254	4,873	15,554	41,285	
<b>Public Lighting</b>						
Payments within 1 year	3,602	620	932	3,034	8,187	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
Payments within 2 to 5 years	13,592	2,014	1,659	10,616	27,881	
Payments within 6 to 10 years	0	0	0	0	0	
Sub total	17,194	2,634	2,590	13,649	36,068	
<b>Brunswick Housing</b>						
Payments within 1 year	2,038	1,342	2,869	2,684	8,932	Brunswick – housing refurbishment, maintenance, and estate management - services commenced in 2013/14. Total
Payments within 2 to 5 years	6,816	8,613	10,118	11,332	36,879	

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Payments/ Scheme	Liability Repayment £000	Lifecycle Costs £000	Interest Charges £000	Service Charges £000	Total £000	Scheme Details
Payments within 6 to 10 years	15,584	8,112	9,386	15,829	48,911	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
Payments within 11 to 15 years	17,296	4,799	2,106	13,369	37,571	
Sub total	41,733	22,866	24,480	43,215	132,294	
<b>Refuse Vehicles Service Concession</b>						
Payments within 1 year	900	0	34	16,723	17,658	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
Payments within 2 to 5 years	1,034	0	26	69,571	70,631	
Payments within 6 to 10 years	38	0	1	57,349	57,387	
Sub total	1,972	0	60	143,643	145,676	
<b>Total</b>	<b>142,333</b>	<b>76,298</b>	<b>60,494</b>	<b>380,956</b>	<b>660,081</b>	

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

### 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 £375m.

<b>MCC and MFT Pooled funding and Expenditure</b>	<b>2023/24 £000's</b>	<b>2024/25 £000's</b>
<b>Funding</b>		
Manchester City Council	(220,203)	(251,711)
Manchester University NHS Foundation Trust	(119,314)	(122,882)
<b>Total Funding</b>	<b>(339,597)</b>	<b>(374,593)</b>
<b>Expenditure</b>		
Manchester City Council	226,341	261,169
Manchester University NHS Foundation Trust	118,108	122,882
<b>Total Expenditure</b>	<b>344,449</b>	<b>384,051</b>
<b>Overspend / (Underspend)</b>	<b>4,852</b>	<b>9,458</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.

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	2023/24 £000's	2024/25 £000's
<b>Funding</b>		
Manchester City Council	(45,423)	(48,421)
Greater Manchester Integrated Care Board	(61,420)	(65,782)
<b>Total Funding</b>	<b>(106,843)</b>	<b>(114,203)</b>
<b>Expenditure</b>		
New Delivery Models of Integrated Care	76,508	84,288
Protection of Adult Social Care	16,978	18,059
Care Act Responsibilities	2,116	2,116
Capital Expenditure	9,223	9,253
<b>Total Expenditure</b>	<b>107,111</b>	<b>113,716</b>
<b>Overspend / (Underspend)</b>	<b>268</b>	<b>(487)</b>

The underspend of £487k in Discharge funding 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.

	Gross Expenditure 2023/24 £000's	Gross Income 2023/24 £000's	Gross Expenditure 2024/25 £000's	Gross Income 2024/25 £000's
Interest payable on debt	42,247	0	56,851	0
Interest payable on PFI unitary payments	8,943	0	10,238	0

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	<b>Gross Expenditure 2023/24 £000's</b>	<b>Gross Income 2023/24 £000's</b>	<b>Gross Expenditure 2024/25 £000's</b>	<b>Gross Income 2024/25 £000's</b>
Interest income / expense on the defined benefit pension scheme	149,042	(179,576)	195,419	(191,582)
Investment interest income	0	(49,657)	0	(49,315)
Rentals received on investment properties	0	(44,016)	0	(44,797)
Expenses incurred on investment properties	12,609	0	15,468	0
Change in fair value of investment properties	41,373	(5,958)	7,326	(13,208)
Dividend receivable	0	(3,935)	0	(5,956)
Impairment loss on debtors	7,527	0	9,434	0
Impairment of financial assets	336	0	(324)	0
<b>Total</b>	<b>262,077</b>	<b>(283,142)</b>	<b>294,413</b>	<b>(304,857)</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.

	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Council Tax Income	(214,275)	(229,468)
Business Rates Income	(347,010)	(375,332)
Business Rates Tariff	53,236	56,365
Business Rates Section 31 Grants	(84,904)	(100,262)
Enterprise Zone Relief Grant	(348)	(64)
Education Services Grant	(1,055)	(955)
New Homes Bonus Grant	(6,637)	(4,109)
Housing Benefit and Council Tax Support Administration Grant	(3,042)	(2,978)
Returned Business Rates Growth Levy Share	(1,499)	(1,499)
Private Finance Initiative Grant (General Fund)	(6,580)	(6,580)
Improved Better Care Fund	(31,749)	(31,749)
Children's and Adults Social Care Grant	(50,695)	(65,773)
Other grant contributions	(6,542)	(9,104)
Services Grant	(7,230)	(1,248)
COVID New Burdens Grant	(413)	(23)
Other Revenue Grants	(91)	(148)
Adjustment on concessionary interest loan	261	66
IFRS 16 Right of Use Peppercorn Lease Recognition	0	(7,637)

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	<b>2023/24 £000</b>	<b>2024/25 £000</b>
Capital Grants and contributions	(98,270)	(67,083)
<b>Total taxation and non-specific grant income</b>	<b>(806,843)</b>	<b>(847,581)</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

	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>
Dedicated Schools Grant	(357,473)	(371,839)
Pupil Premium	(25,566)	(25,010)
Housing and Council Tax Support	(167,860)	(162,765)
Private Finance Initiative (Housing Revenue Account)	(23,374)	(23,374)
Learning and Skills Council Grants	(9,172)	(10,728)
Asylum Seekers Grant	(14,382)	(14,466)
Universal Free School Meals Grant	(3,185)	(3,197)
Sixth Form Funding Grant	(510)	(589)
Supporting Families Programme	(4,338)	(4,682)
Youth Justice Board Grants	(3,050)	(2,872)
Department for Education- (Inherited Staff Liabilities)	(671)	(650)
Department for Education-High needs funding	(1,843)	(3,748)
Department for Education - Staying Close funding	(165)	(796)
Department for Levelling Up, Housing & Communities- Other contributions	(4,000)	(4,000)
Homelessness, Rough Sleepers, Accommodation for Ex- Offenders and Staying Put Grant	(6,645)	(7,696)
Home Office Grants - Elections	0	(1,835)
Homeless Prevention Grant	(4,486)	(4,691)
PE and Sports Grant	(1,810)	(1,737)
Additional School Grant including Teacher Pension grant for maintained	(10,096)	(11,421)
Public Health Grants	(4,363)	(8,539)
Household Support Fund	(12,906)	(12,906)
Afghan Resettlement Grant	(9,226)	(3,852)
Homes for Ukraine Grant	(3,004)	(1,431)
Market Sustainability Fair Cost of Care	(10,298)	(11,664)
Adult Social Care Discharge Fund	(4,451)	(7,419)
Ministry of Justice - Turnaround Programme	(376)	0
SAFE Taskforce (schools)	(895)	(1,056)
Family Hub Grant	(2,208)	(2,376)

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	<b>2023/24</b> <b>£000s</b>	<b>2024/25</b> <b>£000s</b>
Domestic Abuse Grant	(1,691)	(1,723)
Community Recovery Fund	0	(657)
Core Schools Budget Grant	0	(5,769)
Early Years Budget Grant	0	(573)
Ofsted Reform Grant	0	(1,743)
Other Grants	(4,910)	(5,076)
<b>Total revenue grants credited to the Comprehensive Income and Expenditure Statement</b>	<b>(692,957)</b>	<b>(720,880)</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 excluding the remuneration details of the Council's senior employees, which are disclosed separately.

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.

	Staff Who Have Not Received Severance or Other Related Payments	2023/24 Staff Who Have Received Severance or Other Related Payments	2023/24 Total	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
£50,000 - £54,999	339	1	340	410	0	410
£55,000 - £59,999	138	1	139	185	0	185
£60,000 - £64,999	79	0	79	114	0	114
£65,000 - £69,999	24	0	24	27	0	27
£70,000 - £74,999	26	0	26	18	1	19
£75,000 - £79,999	15	0	15	29	0	29
£80,000 - £84,999	19	0	19	20	0	20
£85,000 - £89,999	15	0	15	14	0	14
£90,000 - £94,999	6	0	6	12	0	12
£95,000 - £99,999	19	0	19	16	1	17
£100,000 - £104,999	2	0	2	8	0	8
£105,000 - £109,999	2	0	2	1	0	1
£110,000 - £114,999	3	0	3	3	0	3
£115,000 - £119,999	4	0	4	7	0	7
£120,000 - £124,999	2	0	2	0	0	0

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	<b>Staff Who Have Not Received Severance or Other Related Payments</b>	<b>2023/24 Staff Who Have Received Severance or Other Related Payments</b>	<b>2023/24 Total</b>	<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>
£125,000 - £129,999	2	0	2	1	0	1
£130,000 - £134,999	0	0	0	1	0	1
£135,000 - £139,999	1	0	1	1	0	1
£140,000 - £144,999	1	0	1	1	0	1
£145,000 - £149,999	0	0	0	0	0	0
£155,000 - £159,999	0	0	0	0	0	0
£160,000 - £164,999	0	0	0	0	0	0
<b>Total</b>	<b>697</b>	<b>2</b>	<b>699</b>	<b>868</b>	<b>2</b>	<b>870</b>

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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.

	<b>2023/24 Staff Who Have Not Received Severance or Other Related Payments</b>	<b>2023/24 Staff Who Have Received Severance or Other Related Payments</b>	<b>2023/24 Total</b>	<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>
£50,000 - £54,999	107	0	107	132	0	132
£55,000 - £59,999	56	2	58	68	0	68
£60,000 - £64,999	39	2	41	49	0	49
£65,000 - £69,999	21	0	21	32	2	34
£70,000 - £74,999	13	0	13	19	0	19
£75,000 - £79,999	12	0	12	15	0	15
£80,000 - £84,999	11	0	11	9	3	12
£85,000 - £89,999	7	0	7	12	0	12
£90,000 - £94,999	8	0	8	9	0	9
£95,000 - £99,999	4	1	5	5	0	5
£100,000 - £104,999	2	0	2	5	0	5
£105,000 - £109,999	2	0	2	1	0	1
£110,000 - £114,999	1	0	1	4	0	4
£115,000 - £119,999	1	0	1	0	0	0
£120,000 - £124,999	1	0	1	0	0	0
£125,000 - £129,999	0	0	0	1	0	1
£130,000 - £134,999	0	0	0	1	0	1
<b>Total</b>	<b>285</b>	<b>5</b>	<b>290</b>	<b>362</b>	<b>5</b>	<b>367</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 2023/24 £	Salary, Fees, or Allowances 2024/25 £	Employer's Contribution to Pension 2023/24 £	Employer's Contribution to Pension 2024/25 £	Total including Pension Contributions 2023/24 £	Total including Pension Contributions 2024/25 £
Chief Executive (Head of Paid Service), Joanne Roney (a)	220,982	128,732	38,009	17,099	258,991	145,831
Interim Chief Executive (Head of Paid Service), Eamonn Boylan (b)	0	63,240	0	0	0	63,240
Chief Executive (Head of Paid Service), Tom Stannard (c)	0	36,403	0	6,261	0	42,664
Deputy Chief Executive and City Treasurer (Section 151 Officer), Carol Culley (d)	167,219	0	28,749	0	195,968	0
Interim Deputy Chief Executive (e)	0	27,316	0	4,698	0	32,015
Deputy Chief Executive (e)	0	143,544	0	24,556	0	168,100
City Treasurer (Section 151 Officer) (d)	0	140,205	0	21,913	0	162,118
City Solicitor (Monitoring Officer), Fiona Ledden	156,393	161,366	26,814	27,485	183,207	188,851
Strategic Director (Neighbourhoods)	139,834	149,501	23,988	25,597	163,822	175,099
Strategic Director of Children's and Education Services, Paul Marshall	155,973	0	26,814	0	182,787	0
Acting Strategic Director of Children's and Education Services (f)	0	116,147	0	18,746	0	134,893
Executive Director of Adult Social Service, Bernadette Enright	155,973	160,525	26,814	27,485	182,787	188,010

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<b>Senior Employees' Remuneration</b>	<b>Salary, Fees, or Allowances 2023/24 £</b>	<b>Salary, Fees, or Allowances 2024/25 £</b>	<b>Employer's Contribution to Pension 2023/24 £</b>	<b>Employer's Contribution to Pension 2024/25 £</b>	<b>Total including Pension Contributions 2023/24 £</b>	<b>Total including Pension Contributions 2024/25 £</b>
Director of Education	126,421	130,030	21,732	21,815	148,153	151,845
Strategic Director (Growth and Development), Rebecca Heron	145,267	160,525	24,973	27,485	170,240	188,010
Director of Public Health (g)	124,010	123,242	17,822	21,121	141,832	144,363
Assistant Chief Executive	116,700	124,375	19,570	19,623	136,270	143,998
Project Director (Our Town Hall), Paul Candelent	155,898	159,871	26,814	27,485	182,712	187,356
<b>Total</b>	<b>1,664,670</b>	<b>1,825,022</b>	<b>282,099</b>	<b>291,369</b>	<b>1,946,769</b>	<b>2,116,391</b>

There were no expenses allowances, severance payments or employer contributions to early retirement costs in relation to any of the officers disclosed above in 2023/24 and 2024/25.

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

(b) 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

(c) The post holder commenced on 3 February 2025

(d) The Deputy Chief Executive and City Treasurer left the Council on 31 March 2024. The post was subsequently disestablished on 1 April 2024 and replaced by 2 separate posts - Deputy Chief Executive and City Treasurer.

(e) The new post of Deputy Chief Executive was appointed to on an interim basis between 1 April 2024 to 31 May 2024, with the post holder retaining statutory Director of Children's Services responsibilities during that period only. The post was appointed to on a permanent basis from 1 June 2024

(f) The post holder was appointed as Acting Strategic Director of Children's and Education Services from 1 June 2024

(g) The previous post holder left the Council on 31 March 2024, and the new post holder commenced on 1 April 2024

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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

	<b>2023/24 Number of Staff Departures Agreed</b>	<b>2023/24 Total Cost of Exit Packages £000s</b>	<b>2024/25 Number of Staff Departures Agreed</b>	<b>2024/25 Total Cost of Exit Packages £000s</b>
£0 - £20,000	4	48	5	75
£20,001 - £40,000	6	164	0	0
£40,001 - £60,000	1	42	1	48
£80,001 - £100,000	2	183	0	0
£100,001 - £150,000	0	0	1	147
<b>Total</b>	<b>13</b>	<b>437</b>	<b>7</b>	<b>270</b>

There were no compulsory redundancies in relation to non-schools-based staff during 2023/24 and 2024/25.

Schools-based staff

	<b>2023/24 Number of Compulsory Redundancies</b>	<b>2023/24 Number of Other Staff Departures Agreed</b>	<b>2023/24 Total Number of Exit Packages</b>	<b>2023/24 Total Cost of Exit Packages</b>	<b>2024/25 Number of Compulsory Redundancies</b>	<b>2024/25 Number of Other Staff Departures Agreed</b>	<b>2024/25 Total Number of Exit Packages</b>	<b>2024/25 Total Cost of Exit Packages</b>
£0 - £20,000	18	61	79	554	8	28	36	233
£20,001 - £40,000	1	7	8	202	0	11	11	304
£40,001 - £60,000	0	3	3	135	0	2	2	84
<b>Total</b>	<b>19</b>	<b>71</b>	<b>90</b>	<b>891</b>	<b>8</b>	<b>41</b>	<b>49</b>	<b>621</b>

The table above accounts for 8 compulsory redundancies within schools in 2024/25 at a cost of £26,299.

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Note 18. Audit Fees

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

	2023/24 £000	2024/25 £000
Fees payable to Forvis Mazars with regard to external audit services carried out by the appointed auditor	543	578

Note 19a. Property, Plant and Equipment

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

	Council Dwellings £000s	Restated Other Land and Buildings £000s	Restated Vehicles, Plant, and Equipment £000s	Community Assets £000s	Assets Under Construction £000s	Surplus Assets £000s	Right of use Assets £000s	Restated Total £000s
<b>Movement in 2024/25</b>								
Gross book value brought forward	791,175	1,490,627	112,187	44,754	379,880	200,461	0	3,019,084
Accumulated depreciation and impairment brought forward	(4,211)	(56,678)	(54,209)	(852)	0	(1,726)	0	(117,676)
<b>Net book value carried forward as 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							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 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)

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	<b>Council Dwellings £000s</b>	<b>Restated Other Land and Buildings £000s</b>	<b>Restated 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>Restated Total £000s</b>
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 / surplus 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 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 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
Accumulated depreciation and Impairment carried forward as at 31 March 2025	(4,652)	(17,239)	(51,893)	(852)	0	(1,906)	(6,326)	(82,868)
<b>Net book value carried forward as 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>

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Movements on property, plant, and equipment during 2023/24 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	Total £000s
<b>Movement in 2023/24</b>							
Gross book value brought forward	739,065	1,269,816	146,645	43,333	526,314	153,259	2,878,432
Accumulated depreciation and impairment brought forward	(713)	(75,239)	(83,916)	(853)	0	(1,758)	(162,479)
Gross book value adjustment for zero net book value assets	0	(12,967)	(28,140)	0	0	0	(41,107)
Accumulated depreciation adjustment for zero net book value assets	0	12,967	28,140	0	0	0	41,107
Adjusted Gross book value	739,065	1,256,849	118,505	43,333	526,314	153,259	2,837,325
Adjusted accumulated depreciation	(713)	(62,272)	(55,776)	(853)	0	(1,758)	(121,372)
<b>Net book value carried forward as at 31 March 2023</b>	<b>738,352</b>	<b>1,194,577</b>	<b>62,729</b>	<b>42,480</b>	<b>526,314</b>	<b>151,501</b>	<b>2,715,953</b>
Additions	31,769	82,621	6,439	1,403	154,073	3,173	279,478
Revaluations recognised in revaluation reserve	58,330	31,278	25	0	0	53,336	142,969
Downward Revaluations recognised in the deficit on the provision of services	(7,237)	(80,018)	0	0	0	(6,745)	(94,000)
Derecognition – disposals	0	(43,039)	0	0	0	0	(43,039)
Transferred (to) held for sale assets	(7,083)	0	0	0	0	0	(7,083)
Other transfers	9,415	287,848	(678)	19	(300,507)	(2,333)	(6,236)
Depreciation	(18,097)	(38,767)	(10,473)	0	0	(197)	(67,534)

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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>Total £000s</b>
Impairments charged to the deficit on the provision of services	(5,992)	(229)	(64)	0	0	0	(6,285)
Impairments covered by the revaluation reserve	(12,493)	(322)	0	0	0	0	(12,815)
In year adjustment to gross book value - zero net book value assets	0	(9)	(9,267)	0	0	0	(9,276)
In year adjustment to accumulated depreciation - zero net book value assets	0	9	9,267	0	0	0	9,276
<b>Net book value carried forward as 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>2,901,408</b>
Gross book value carried forward	791,175	1,503,603	149,594	44,754	379,880	200,461	3,069,467
Accumulated depreciation and Impairment carried forward as at 31 March 2024	(4,211)	(69,654)	(91,616)	(852)	0	(1,726)	(168,059)
<b>Net book value carried forward as 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>2,901,408</b>

During the current year, Manchester identified fully depreciated assets within both operational land and buildings, and vehicles, furniture, plant and equipment asset categories which had been disposed of in prior years and whose values remained within the gross book value and accumulated balances disclosed in the note above. A prior period adjustment has been made to restate the 2023/2024 gross book value and accumulated depreciation opening balances by £41m and derecognised a further £9m during 2023/24, resulting in a restatement of 2023/24 carry forward balances of £50m. Further information is disclosed in note 3 prior period adjustment.

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 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>

	£000s
<b>Net book value as at 1 April 2023</b>	<b>553,237</b>
Movement in 2022/23	
Additions	39,095
Other transfers	2,365
Depreciation	(29,122)

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<b>Net book value carried forward at 31 March 2024</b>	<b>565,575</b>
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Note 20. Disposal of Assets

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

	2023/24 £000	2024/25 £000
Disposals of Assets		
Held for Sale - Council dwellings (right to buy)	7,083	8,267
Other HRA disposals	0	0
Held for Sale - General Fund	2,845	10,130
Academy Disposals	41,472	39,598
Other General Fund Disposals	1,568	10,600
<b>Total</b>	<b>52,968</b>	<b>68,595</b>

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

	2023/24 £000	2024/25 £000
Held for Sale - Council dwellings (right to buy)	(3,596)	(3,445)
HRA Other	(1,012)	(1,469)
Held for Sale General Fund	387	4,020
Academy Disposals	41,472	39,598
Other General Fund Disposals and other Capital Receipts	(4,829)	(3,709)
<b>Total</b>	<b>32,422</b>	<b>34,995</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 2024	50	13	40	2
Number of schools at 31 March 2025	45	13	38	2
Value of land and buildings at 31 March 2025	£320,162,453	N/A	N/A	£16,597,765
Value of land and buildings at 31 March 2024	£352,003,351	N/A	N/A	£16,900,000
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 £000s</b>	<b>Voluntary Controlled £000s</b>	<b>Voluntary Aided £000s</b>	<b>Foundation £000s</b>	<b>Total £000s</b>
Opening schools' reserves	7,939	2,638	4,102	558	15,239
Funding, including DSG	157,367	37,735	108,805	8,472	312,379
Net expenditure incurred by schools	(156,893)	(37,585)	(108,313)	(8,662)	(311,453)
Closing schools' reserves	8,413	2,788	4,594	368	16,165

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Note 22. Heritage Assets

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

	<b>Fine Art Works</b> £000's	<b>Civic Plate</b> £000's	<b>Town Hall Sculptures</b> £000's	<b>Monuments, Statues, Fountains, Buildings, and other Civic Regalia</b> £000's	<b>Total</b> £000's
<b>Cost or valuation</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

Movements on heritage assets during 2023/24 were as follows:

	<b>Fine Art Works</b> £000's	<b>Civic Plate</b> £000's	<b>Town Hall Sculptures</b> £000's	<b>Monuments, Statues, Fountains, Buildings, and other Civic Regalia</b> £000's	<b>Total</b> £000's
<b>Cost or valuation</b>					
Balance at 1 April 2023	615,343	2,959	2,962	18,010	639,274
Additions/ Donations	0	0	0	133	133
Revaluations	612	0	0	0	612
Reclassifications	0	0	0	2,419	2,419
Balance at 31 March 2024	615,955	2,959	2,962	20,562	642,438

#### 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, 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.
- 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 Business Plan 2023-2026

- 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 2024/25 resulted in an increase in value of £2,741,000 (2023/24 £612,000 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 were 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 have 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 sufficiently regularly to ensure that their carrying amount is not materially different from their value at year end, but as a minimum every five years. 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 date of the last valuation to 31 March 2025 for various categories of asset. These have been applied to the asset values.

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 2024/25 as part of the Council's revaluation process. As a result of these inspections the Council recognised revaluations of PPE in the revaluation reserve of £114.609m reflecting the revaluation movement since the last revaluation of these assets. 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 Comprehensive Income and Expenditure Statement. This has resulted in £35.625m in relation to PPE being charged to the Comprehensive Income and Expenditure Statement. In keeping with the presentation of Note 19a, infrastructure assets are omitted from this table. Infrastructure assets 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			52,196	44,758	518,676		615,630
Valuation in Year							
2019/20		15,426				0	15,426
2020/21		5,934				10	5,944
2021/22		25,377	0			70	25,447
2022/23		152,706	0			0	152,706
2023/24	663	156,312	0			49,743	206,718
2024/25	824,941	1,087,892	0			153,951	2,066,784
<b>Total</b>	<b>825,604</b>	<b>1,443,647</b>	<b>52,196</b>	<b>44,758</b>	<b>518,676</b>	<b>203,774</b>	<b>3,088,655</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:

		31 March 2024 £000s	31 March 2025 £000s
Other significant inputs*	Level 2	913	3,749
Significant unobservable inputs*	Level 3	197,822	200,024
Total		198,735	203,773

\*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 observable 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 2024/25.

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

	2023/24 £000s	2024/25 £000s
Balance at 1 April	148,913	197,822
Transfers to surplus assets	(2,052)	(8,686)
Transfers between levels	1,177	0
Total (losses) included in deficit / surplus on provision of services resulting from changes in the fair value	(6,098)	(408)
Total gains / (losses) included in other comprehensive income		

	2023/24 £000s	2024/25 £000s
and expenditure	53,335	10,555
Additions	195,276	199,283
Disposals	2,744	1,056
Depreciation	0	0
	(198)	(315)
Balance at 31 March	197,822	200,024

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:

	Assets Held For Sale £000s
Net book value carried forward at 31 March 2023	7,526
Movement in 2023/24	
Additions	0

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	<b>Assets Held For Sale £000s</b>
Reclassifications	7,083
Disposals	(9,928)
Revaluations	0
<b>Net book value carried forward at 31 March 2024</b>	<b>4,681</b>
<b>Movement in 2024/25</b>	
Additions	173
Reclassifications	17,496
Disposals	(18,397)
Revaluations	0
<b>Net book value carried forward at 31 March 2025</b>	<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:

	Energy Services	Plymouth Grove Housing	Miles Platting Housing	Brunswick Housing	Public Lighting	Refuse Vehicles Service Concession	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Net book value at 31 March 2023	47	35,498	99,632	51,324	58,842	3,799	249,142
<b>Movement in 2023/24</b>							
Expenditure	0	0	122	16	20	0	158
Newly recognised assets	0	0	0	0	0	0	0
Disposals	0	0	0	0	0	0	0
Reclassifications	0	(439)	(227)	(630)	0	0	(1,296)
Depreciation	(14)	(841)	(2,396)	(1,203)	(2,697)	(907)	(8,058)
Revaluations	170	1,571	5,881	6,089	0	0	13,711
Impairments	0	0	(72)	(10)	0	(3)	(85)
Net book value carried fwd. as at 31 March 2024	203	35,788	102,941	55,586	56,165	2,899	253,572
<b>Movement in 2024/25</b>							
IFRS16 transition impact	0	1,822	15,687	4,686	4,321	0	26,516
IFRS16 indexation impact	0	(188)	1,370	(9,020)	321	0	(7,517)
Expenditure	0	0	510	0	208	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	(15)	(855)	(2,496)	(1,320)	(2,706)	(458)	(7,850)

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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 forward as at 31 March 2025	188	37,182	101,022	58,435	53,667	1,973	252,467

	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	1,221	12,515	38,782	47,871	18,452	16,387	3,797	139,025
Movement in 2023/24								
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	(361)	(745)	(2,073)	(2,342)	(2,479)	(1,387)	(907)	(10,294)
Net book value as at 31 March 2024	861	11,770	36,709	45,529	15,973	14,999	2,889	128,730
Movement in 2024/25								
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)
Net book value as at 31 March 2025	759	12,389	50,680	41,733	17,194	17,605	1,972	142,333

The prior year adjustment for the Brunswick Housing PFI scheme is immaterial and is shown separately to provide transparency.

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

Note 26. Assets Held as Lessee

The accounting treatment for leases from IAS17 to IFRS16 represents a significant change in the presentation of lease arrangements within the financial statements. 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 as at 1 April 2024, discounted using rates derived from the Public Works Loan Board (PWL) annuity rates, aligned with the length of the lease where possible. The weighted average discount rate applied was c. 4.8%.

The table below summarises the impact the implementation of IFRS16 has had on the balance sheet for leases excluding PFI arrangements as at 1 April 2024:

<b>IFRS16 Transition</b>	<b>£000's</b>
Right-of-use assets created	55,333
Liabilities	(47,696)
Gain on recognition	(7,637)

The table below explains the change in value from the 23/24 closing value:

<b>IAS17 to IFRS16 reconciliation</b>	<b>£000's</b>
Lease commitments as at 31 March 2024	34,831
New leases identified	35,726
Discounting adjustment due to remeasurement	(15,224)
Lease liability as at 1 April 2024	55,333

**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.

	<b>Land and buildings</b>	<b>Vehicles</b>	<b>Equipment</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Balance at 1 April 2024</b>	0	0	0	0

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Operating leases under IAS17 transitioning on balance sheet	18,136	42	252	18,429
Peppercorn/nil consideration leases transitioning recognised under IFRS16	7,637	0	0	7,637
Additions	28,902		364	29,267
Revaluations	176	0	0	176
Depreciation	(6,204)	(9)	(113)	(6,326)
<b>Balance at 31 March 2025</b>	<b>48,647</b>	<b>33</b>	<b>503</b>	<b>49,183</b>

### 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.

	<b>Current Liabilities</b>	<b>Non-Current Liabilities</b>	<b>Total</b>
	<b>£000's</b>	<b>£000's</b>	<b>£000's</b>
Balance as at 1 April 2024	0	0	0
Lease liabilities transitioning onto balance sheet under IFRS16	3,673	14,757	18,430
Additions	1,928	27,339	29,267
Lease modifications		176	176
Principal repayments in year	(5,601)		(5,601)
Principal repayment due in following year	6,796	(6,796)	0
<b>Balance as at 31 March 2025</b>	<b>6,796</b>	<b>35,476</b>	<b>42,272</b>

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

	<b>2023/24</b>	<b>2024/25</b>
	<b>£000's</b>	<b>£000's</b>
Gain or loss on recognition	0	7,637
Interest expense	0	1,558
Lease expenses	4,291	9,786
<b>Total</b>	<b>4,291</b>	<b>18,981</b>

### Amounts recognised in the Cash Flow Statement

	<b>2023/24</b>	<b>2024/25</b>
	<b>£000's</b>	<b>£000's</b>
Minimum lease payment	4,291	11,344
<b>Total</b>	<b>4,291</b>	<b>11,344</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.

	31 March 2024	31 March 2025
	£000's	£000's
Less than one year	4,220	11,615
One to five years	13,739	37,385
More than five years	16,872	32,105
<b>Total undiscounted liabilities</b>	<b>34,831</b>	<b>81,104</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 2024	31 March 2025
	£000s	£000s
Not later than one year	15,460	18,317
Later than one year and not later than five years	60,489	62,626
Later than five years	964,701	950,093
<b>Total minimum lease payments</b>	<b>1,040,650</b>	<b>1,031,036</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 £508.871m (£503.948m at 31 March 2024).

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 2023/24 or 2024/25.

	2023/24	2024/25
	£000s	£000s
Income from investment property	(44,016)	(44,797)
Direct operating expenses arising from investment property	12,609	15,468
<b>Net (gain)</b>	<b>(31,407)</b>	<b>(29,329)</b>

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

	<b>Investment Properties £000s</b>
Net book value carried forward as at 31 March 2023	537,407
Movement in 2023/24	
Expenditure	504
Reclassifications	1,452
Movement in fair value of investment property	(35,415)
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

### 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

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	2023/24 £000s	2024/25 £000s
Opening Capital Financing Requirement	1,956,936	2,081,835
Implementation of IFRS16		
Leases		47,696
PFIs		31,295
Revised Capital Financing Requirement as at 1 April 24		2,160,827
Expenditure		
Property, plant, and equipment	280,892	230,519
Infrastructure	37,760	33,313
Investment properties	505	9,079
Heritage assets	55	530
Revenue expenditure funded from capital under statute*	33,014	40,134
Long term debtors	1,114	414
Investment in share capital	7	10,140
	353,347	324,128
Assets held under lease/PFI arrangements		
Remeasurement in year under IFRS16:		
Leases	0	176
PFIs	0	(7,188)
Assets acquired under lease / PFI arrangements	0	0
	0	(7,012)
Funding Resources		
Revenue contributions	(1,480)	(15,302)
Capital Receipts	(49,257)	(78,679)
Major Repairs Reserve	(21,379)	(19,919)
Government grants	(88,438)	(92,333)
External contributions	(26,003)	(15,291)
Minimum Revenue Provision	(41,891)	(50,309)
Closing Capital Financing Requirement	2,081,835	2,206,111
HRA	300,983	308,096
Non HRA	1,780,852	1,898,015
Closing Capital Financing Requirement	2,081,835	2,206,111
Explanation of Movement in Year		
Minimum Revenue Provision	(41,891)	(50,309)
Increase in underlying need to borrow	166,791	102,604
Assets acquired under lease / PFI arrangements	0	0
Assets recognised in year under IFRS 16	0	(7,012)
	124,900	45,284

\* 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 2024 £000s	31 March 2025 £000s
Housing	45,178	36,113
Our Town Hall	46,365	37,167
Culture	2,445	0
Back of Ancoats	10,004	0
Public Sector Decarbonisation	379	0
Housing Investment Fund	20,534	2,380
This City	31,333	3,108
Hammerstone Road Depot	1,321	0
Orchard House	0	6,876
<b>Total</b>	<b>157,559</b>	<b>85,644</b>

### Note 31. Investments

The Council has the following long-term investments:

	31 March 2024 £000s	31 March 2025 £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	0	8,112
<b>Investments in associates and joint ventures not included in the group statements</b>		
Eastlands Development Company Limited Share Capital	1,276	2,155
Matrix Homes Ltd Share Capital	10,548	10,548
Manchester Science Park Share Capital	7,958	6,204
Apis Assay Technologies Share Capital	3,842	2,629
Mayfield Developments Share Capital	9,908	10,062
	<b>168,326</b>	<b>174,504</b>
<b>Total other long-term investments</b>	<b>3,199</b>	<b>3,231</b>
<b>Total Long-Term Investments</b>	<b>171,525</b>	<b>177,735</b>

The investments in Manchester Airports Holdings Ltd, Destination Manchester Ltd, Manchester Energy Network and Wythenshawe Civic Regeneration 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 2024 £000s</b>	<b>31 March 2025 £000s</b>
<b>Short term debtors and payments in advance</b>		
<b>Debtors included in the Financial Instruments note</b>		
Government departments	35,777	42,447
Other local authorities	19,541	28,392
NHS bodies	15,515	17,661
Housing rents	9,832	10,843
Destination Manchester Ltd / Manchester Central Convention Centre Ltd	750	750
All other bodies (external to government) - trade organisations and individuals	160,094	161,775
	<b>241,508</b>	<b>261,868</b>
<b>Impairment of Debt</b>		
Housing rents	(7,541)	(7,932)
Other	(74,659)	(70,365)
	<b>159,308</b>	<b>183,571</b>
<b>Debtors not included in the Financial Instruments note</b>		
HM Revenue and Customs	10,701	20,782
Other Local Authorities payments in advance	0	5,421
Council tax	96,253	109,578
Business rates	55,038	55,832
All other bodies (external to government) payments in advance	8,402	9,075
<b>Impairment of Debt</b>		
Council tax	(63,703)	(68,249)
Business rates	(36,946)	(34,132)
<b>Total</b>	<b>229,054</b>	<b>281,878</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.

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	<b>31 March 2024 £000s</b>	<b>31 March 2025 £000s</b>
<b>Amounts falling due after one year</b>		
<b>Debtors included in the Financial Instruments note</b>		
Private Sector Housing Loans	12,431	12,816
Equity Mortgages	3,459	3,757
Matrix Homes	11,936	12,865
Biffa Municipal	1,955	1,374
Manchester College	7,467	6,732
Manchester Airport Holdings Ltd	409,785	413,504
Destination Manchester Ltd / Manchester Central Convention Centre Ltd	12,657	11,907
Northern Gateway (Far East Consortium)	7,633	7,934
Manchester Energy Network	15,000	16,337
Other	4,131	4,416
	<b>486,455</b>	<b>491,641</b>
<b>Debtors not included in the Financial Instruments note</b>		
PFI prepayments	19,350	19,097
<b>Total</b>	<b>505,805</b>	<b>510,738</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 £218k, based on expected rates of default for the companies.

**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 2024 £000s</b>	<b>31 March 2025 £000s</b>
<b>Short Term Creditors and Receipts in Advance</b>		
<b>Creditors classed as Financial Instruments</b>		
Government departments	14,803	20,751
Other local authorities	10,364	27,168
NHS bodies	620	458
Housing rents	2,716	3,113
Other bodies (external to government) - trade organisations and individuals	120,058	124,139
	<b>148,561</b>	<b>175,629</b>
<b>Creditors not classed as Financial Instruments</b>		
Government departments receipts in advance	3,813	2,348

	<b>31 March 2024 £000s</b>	<b>31 March 2025 £000s</b>
Other local authorities' receipts in advance	573	770
NHS bodies receipts in advance	0	98
Other public bodies receipts in advance	378	176
Other bodies (external to Government) receipts in advance	6,345	5,781
HM Revenue and Customs	12,988	14,537
Council tax	8,413	8,142
Business rates	28,600	27,854
<b>Total</b>	<b>209,671</b>	<b>235,335</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:

	<b>31 March 2024 £000s</b>	<b>Range of Interest Rates Payable</b>		<b>Average Interest %</b>	<b>31 March 2025 £000s</b>
		<b>From %</b>	<b>To %</b>		
<b>Analysis of loans by type</b>					
Public Works Loans Board	755,000	1.3400	5.7500	3.7493	785,000
Market Loans	400,626	0.1000	4.6400	4.4487	401,240
Government Debt	30,712	0.0000	5.5000	4.4159	52,000
Stocks	858	4.0000	4.0000	4.0000	858
<b>Total Outstanding</b>	<b>1,187,197</b>				<b>1,239,098</b>
<b>Analysis of loans by maturity</b>					
1-2 years	140,844				337,144
2-5 years	210,431				100,472
5-10 years	35,851				932
after 10 years	800,071				800,550
<b>Total by maturity</b>	<b>1,187,197</b>				<b>1,239,098</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.

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	31 March	Range of Interest Rates Payable		Average	31 March
	2024 £000s	From %	To %	Interest %	2025 £000s
<b>Analysis of loans by type</b>					
Public Works Loans Board	1,088,332	1.3400	5.7500	3.7493	1,099,991
Market Loans	1,037,840	0.1000	4.6400	4.4487	1,023,650
Government Debt	31,619	0.0000	5.5000	4.4159	52,946
Stocks	1,753	4.0000	4.0000	4.0000	1,718
<b>Total Outstanding</b>	<b>2,159,543</b>				<b>2,178,305</b>
<b>Analysis of loans by maturity</b>					
1-2 years	181,638				376,183
2-5 years	300,408				182,711
5-10 years	163,107				127,935
after 10 years	1,514,391				1,491,476
<b>Total by maturity</b>	<b>2,159,543</b>				<b>2,178,305</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.

	<b>31 March 2024 £000s</b>	<b>Short Term 31 March 2024 £000s</b>	<b>Long Term 31 March 2024 £000s</b>	<b>Prior Year Adjustment £000s</b>	<b>IFRS16 Transition £000's</b>	<b>IFRS16 Remeasurement £000's</b>	<b>Repaid in year £000s</b>	<b>31 March 2025 £000s</b>	<b>Short Term 31 March 2025 £000s</b>	<b>Long Term 31 March 2025 £000s</b>
Private Finance Initiatives	125,841	9,623	116,218	2,973	31,295	(7,188)	(12,560)	140,361	12,763	127,598
Service Concession	2,889	920	1,969		0	0	(917)	1,972	900	1,072
Lease Liabilities	0	0	0		47,696	176	(5,601)	42,271	6,796	35,476
<b>Total</b>	<b>128,730</b>	<b>10,543</b>	<b>118,187</b>	<b>2,973</b>	<b>78,991</b>	<b>(7,012)</b>	<b>(19,077)</b>	<b>184,605</b>	<b>20,458</b>	<b>164,147</b>

The prior year adjustment for the Brunswick Housing PFI scheme is immaterial and is shown separately to provide transparency.

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 2024 £000s</b>	<b>Short Term 31 March 2024 £000s</b>	<b>Long Term 31 March 2024 £000s</b>	<b>Contributions in year £000s</b>	<b>Amounts released/used in year £000s</b>	<b>31 March 2025 £000s</b>	<b>Short Term 31 March 2025 £000s</b>	<b>Long Term 31 March 2025 £000s</b>
Compensation provisions	5,123	3,329	1,795	179	(2,233)	3,087	2,088	999
Insurance provision (including HRA)	3,282	1,666	1,616	2,358	0	5,640	3,239	2,401
Provision for business rate appeals	131,252	22,753	108,498	0	(22,980)	108,272	16,940	91,332
Various other provisions	410	378	32	158	(228)	340	307	32
<b>Total</b>	<b>140,067</b>	<b>28,126</b>	<b>111,941</b>	<b>2,700</b>	<b>(25,429)</b>	<b>117,338</b>	<b>22,574</b>	<b>94,764</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.

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 2024/25 the average net rate of interest paid was 3.89% (3.62% in 2023/24).

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

	Long-Term		Current		Total	
	31 March	31 March	31 March	31 March	31 March	31 March
	2024	2025	2024	2025	2024	2025
	£000s	£000s	£000s	£000s	£000s	£000s
<b>Financial Liabilities at Amortised Cost:</b>						
Borrowings	1,187,197	1,239,098	153,147	392,810	1,340,344	1,631,909
Creditors	749	841	149,143	175,629	149,892	176,470
<b>Total Financial Liabilities</b>	<b>1,187,946</b>	<b>1,239,939</b>	<b>302,290</b>	<b>568,438</b>	<b>1,490,235</b>	<b>1,808,378</b>
<b>Financial Assets</b>						
Amortised cost	486,455	491,641	271,846	348,065	758,301	839,707
Designated Fair value through other comprehensive income - designated	34,844	32,826	0	0	34,844	32,826
Fair value through profit and loss	1,888	2,003	0	0	1,888	2,003
<b>Total Financial Assets</b>	<b>523,186</b>	<b>526,470</b>	<b>271,846</b>	<b>348,065</b>	<b>795,032</b>	<b>874,536</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

	Carrying Amount		Fair Value	
<b>Liabilities</b>	<b>31-Mar 2024 £000s</b>	<b>31-Mar 2025 £000s</b>	<b>31-Mar 2024 £000s</b>	<b>31-Mar 2024 £000s</b>
Public Work Loans Board	799,064	1,076,897	583,598	837,531
Market debt	405,195	409,344	356,336	320,484
Government debt	135,218	144,800	134,768	145,007
Stocks	868	868	700	626
<b>Total Borrowings</b>	<b>1,340,345</b>	<b>1,631,909</b>	<b>1,075,402</b>	<b>1,303,648</b>
Trade creditors	149,892	176,470	149,892	176,470
<b>Total Financial Liabilities</b>	<b>1,490,236</b>	<b>1,808,379</b>	<b>1,225,294</b>	<b>1,480,118</b>
	Carrying Amount		Fair Value	
<b>Assets</b>	<b>31-Mar 2024 £000s</b>	<b>31-Mar 2025 £000s</b>	<b>31-Mar 2024 £000s</b>	<b>31-Mar 2024 £000s</b>
Cash and cash equivalents	112,538	164,495	112,538	164,495
Long term investments	36,731	34,829	36,731	34,829
Short term investments	0	0	0	0
Trade Debtors	645,763	675,212	645,483	675,212
<b>Total Financial Assets</b>	<b>795,032</b>	<b>874,536</b>	<b>794,752</b>	<b>874,536</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 £879.5m for PWLB debt, £145.7m for Government debt and £440.1m for market debt.

Income, expense, gains, and losses

	2023/24		2024/25	
	Deficit on the provision of services	Other comprehensive income and expenditure	Deficit on the provision of services	Other comprehensive income and expenditure
	£000s	£000s	£000s	£000s
<b>Net (gains)/losses on:</b>				
Financial assets measured at fair value through profit or loss	73	0	(116)	0
Financial assets measured at amortised cost	336	0	(324)	0
Investments in equity instruments designated at fair value through other comprehensive income	0	(9,061)	0	2,018
<b>Total net (gains)/losses</b>	<b>409</b>	<b>(9,061)</b>	<b>(440)</b>	<b>2,018</b>
Interest income	(49,657)		(49,315)	0
Interest expense	51,189		67,090	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 2024/25 was approved by full Council on 1 March 2024. 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 1 March 2024. 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 2025 £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	3,199	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 MUFPG 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 £753,509,000 and the estimated exposure to default is £78,297,000.

#### 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 2024</b> <b>£000</b>	<b>31 March 2025</b> <b>£000</b>
Less than 1 year	279,041	355,151
Between 1 year and 2 years	2,812	2,362
Between 2 and 3 years	2,335	1,732
More than 3 years	510,844	515,290
<b>Total</b>	<b>795,032</b>	<b>874,535</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 £310,000,000 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 2024</b> <b>£000</b>	<b>31 March 2025</b> <b>£000</b>
Less than 1 year	302,290	568,439
Between 1 year and 2 years	140,844	337,145
Between 2 and 5 years	210,431	100,472
Between 5 and 10 years	35,851	932
More than 10 years	800,820	801,390
<b>Total</b>	<b>1,490,236</b>	<b>1,808,378</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 £60,000,000 @ 1.5%) = £900,000 2024/25 and £1,300,000 2023/24).

#### Price Risk

The Council, excluding the pension fund, does not generally invest in equity shares but does have shareholdings at a value of £175,105,000 2024/25 (£170,295,000 2023/24) 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 2024/25 were as follows:

	<b>Balance 31 March 2024 £000s</b>	<b>Transfers between reserves £000s</b>	<b>Transfers to reserves £000s</b>	<b>Transfers from reserves £000s</b>	<b>31 March 2025 £000s</b>
<b>Reserves Held for Revenue Purposes</b>					
<b>a) Schools Reserves</b>					

	Balance 31 March 2024 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2025 £000s
Local Management of Schools	(15,239)	0	(926)	0	(16,165)
<b>Total Schools Reserves</b>	<b>(15,239)</b>	<b>0</b>	<b>(926)</b>	<b>0</b>	<b>(16,165)</b>
<b>General Fund Reserves</b>					
<b>b) Statutory Reserves</b>					
Bus Lane Enforcement Reserve	(9,110)	0	(3,167)	9,729	(2,548)
On-Street Parking Reserve	(7,061)	0	(8,164)	12,494	(2,730)
Ancoats Square Reserve	(2,546)	0	0	66	(2,480)
St. John's Gardens Contingency	(1,153)	0	(150)	44	(1,259)
Other smaller reserves under £1.0m	(2,828)	0	(1,458)	22	(4,264)
<b>Total Statutory Reserves</b>	<b>(22,697)</b>	<b>0</b>	<b>(12,940)</b>	<b>22,355</b>	<b>(13,281)</b>
<b>Earmarked Reserves</b>					
<b>c) Reserves held for PFIs</b>					
Temple School PFI Reserve	(357)	0	(4)	122	(240)
Wright Robinson Sports College PFI Reserve	(1,553)	0	(33)	20	(1,565)
<b>Total Reserves held for PFIs</b>	<b>(1,910)</b>	<b>0</b>	<b>(37)</b>	<b>142</b>	<b>(1,805)</b>
<b>d) Managing Economic and Commercial Risks</b>					
Business Rates Reserve	(6,737)	0	(26,618)	17,606	(15,749)
Airport Dividend Reserve	(13,116)	0	0	13,116	0
Planning Income Reserve	(3,147)	0	0	664	(2,483)
Investment Estate Smoothing Reserve	(1,459)	0	0	572	(887)
Other smaller reserves under £1.0m	(89)	0	0	80	(9)
<b>Total Managing Economic and Commercial Risks</b>	<b>(24,548)</b>	<b>0</b>	<b>(26,618)</b>	<b>32,038</b>	<b>(19,128)</b>
<b>e) Insurance Fund</b>					
Insurance Fund Reserve	(16,265)	0	0	1,989	(14,275)
<b>Total Insurance Fund Reserve</b>	<b>(16,265)</b>	<b>0</b>	<b>0</b>	<b>1,989</b>	<b>(14,275)</b>
<b>f) Reserves that will be utilised to support the delivery, financing and risk of the capital strategy</b>					
Capital Fund Reserve	(80,197)	(34,730)	(2,697)	14,051	(103,573)
Capital Financing Reserve	(34,730)	34,730	0	0	0
Investment Reserve	(7,190)	0	0	1,948	(5,241)
Town Hall Reserve	(5,785)	0	0	1,897	(3,888)

	<b>Balance 31 March 2024 £000s</b>	<b>Transfers between reserves £000s</b>	<b>Transfers to reserves £000s</b>	<b>Transfers from reserves £000s</b>	<b>31 March 2025 £000s</b>
Business Rates Enterprise Zone Reserve	(2,886)	0	(5,889)	1,452	(7,322)
Business Rates Investment & Growth Zone Reserve	0	0	(8,262)	0	(8,262)
Manchester International Festival Reserve	(6,748)	0	0	2,121	(4,627)
Eastlands Reserve	(1,525)	0	(5,907)	4,814	(2,618)
Highways Commuted Sums Reserve	(4,924)	0	(1,199)	102	(6,021)
<b>Total Reserves that will be utilised to support the delivery, financing and risk of the capital strategy</b>	<b>(143,985)</b>	<b>0</b>	<b>(23,954)</b>	<b>26,386</b>	<b>(141,552)</b>
<b>g) Reserves held to support delivery and risk in the MTFP</b>					
Budget Smoothing Reserve	(41,844)	0	(20,816)	6,042	(56,618)
Integration Reserve	(2,184)	0	0	1,315	(868)
Transformation Reserve	(7,787)	0	(102)	1,269	(6,621)
Supporting Families Reserve	(2,220)	0	0	1,220	(1,000)
Adult Social Care Reserve	(1,889)	0	0	1,889	0
Homelessness Reserve	(2,340)	0	0	1,964	(375)
ICT Investment Reserve	(24,096)	0	0	4,654	(19,442)
Other smaller reserves under £1.0m	(692)	0	0	146	(546)
<b>Total Reserves held to support delivery and risk in the MTFP</b>	<b>(83,053)</b>	<b>0</b>	<b>(20,917)</b>	<b>18,499</b>	<b>(85,471)</b>
<b>h) Reserves held for Accounting Purposes</b>					
Manchester Adult Education Service Reserve	(1,696)	0	(93)	40	(1,749)
Children's Services Reserve	(3,239)	0	(214)	1,776	(1,677)
Collections Initiative Reserve	(6,483)	0	(3,435)	2,406	(7,513)
Asylum Seekers	(1,003)	0	(33)	208	(829)
Other smaller reserves under £1.0m	(1,226)	0	(630)	1,105	(751)
<b>Total Reserves held for Accounting Purposes</b>	<b>(13,648)</b>	<b>0</b>	<b>(4,405)</b>	<b>5,534</b>	<b>(12,519)</b>
<b>i) Other Specific Reserves</b>					
Public Health Reserves	(528)	528	0	0	0
Making Manchester Fairer	(1,782)	(528)	0	850	(1,459)

	Balance 31 March 2024 £000s	Transfers between reserves £000s	Transfers to reserves £000s	Transfers from reserves £000s	31 March 2025 £000s
Other smaller reserves under £1.0m	(8,723)	0	(1,097)	4,425	(5,395)
Total other Specific Reserves	(11,032)	0	(1,097)	5,275	(6,854)
Total Earmarked Reserves	(294,438)	0	(70,639)	89,864	(281,604)
j) General Fund Reserve					
General Fund Reserve	(19,871)	0	(3,500)	14,038	(9,333)
Total General Fund Reserve	(19,871)	0	(3,500)	14,038	(9,333)
Total General Fund Reserves	(337,007)	0	(87,078)	119,867	(304,217)
k) Housing Revenue Account Reserve					
Housing Revenue Account Reserve	(87,264)	0	0	18,724	(68,540)
Total Housing Revenue Account Reserve	(87,264)	0	0	18,724	(68,540)
Total Revenue Reserves	(439,509)	0	(88,004)	138,591	(388,923)
l) Reserves Held for Capital Purposes					
Capital Receipts Reserve	(128,008)	0	(38,324)	78,679	(87,653)
Major Repairs Reserve	(5,744)	0	(20,132)	19,919	(5,957)
Capital Grants Unapplied Reserve	(66,635)	0	(95,035)	107,624	(54,048)
Total Reserves Held for Capital Purposes	(200,387)	0	(153,491)	206,222	(147,656)
Total Reserves	(639,898)	0	(241,902)	345,220	(536,580)

- a) Reserves Held for Capital purposes have decreased by £52.7m in line with the delivery of the planned capital programme and reflects capital receipts 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.

	2023/24 £000s	2024/25 £000s
Balance at 1 April	(153,958)	(128,008)
Capital receipts received in year	(23,307)	(38,324)
Paid to housing national pool	0	0
Applied to fund capital expenditure	49,257	78,679
Balance at 31 March	(128,008)	(87,653)

Within the balance as at 31 March 2025, £74.3m relates to the Housing Revenue Account.

a (2) - Major Repairs Reserve

Resources available to meet capital investment in council housing.

	2023/24 £000s	2024/25 £000s
Balance at 1 April	(8,647)	(5,743)
HRA depreciation	(18,475)	(20,132)
Financing of capital expenditure on council dwellings	21,379	19,919
Balance at 31 March	(5,743)	(5,957)

a (3) - Capital Grants Unapplied Reserve

Capital grants and contributions available to meet future capital expenditure.

	2023/24 £000s	2024/25 £000s
Balance at 1 April	(69,794)	(66,637)
Grants received in year	(111,283)	(95,035)
Transferred to Capital Adjustment Account: General Grants and Contributions	101,427	79,672
Transferred to Capital Adjustment Account: Revenue Expenditure Funded from Capital Under Statute (REFCUS) Grants and Contributions	13,013	27,952
Balance at 31 March	(66,637)	(54,048)

Note 39. Unusable Reserves

The balances on the Council's unusable reserves were as follows:

Unusable Reserves	2023/24 £000s	2024/25 £000s	Note
<b>Revaluation balances</b>			
Revaluation Reserve	(1,726,822)	(1,791,521)	(a)
Financial Instruments Revaluation Reserve	(23,713)	(21,695)	(b)
<b>Adjustment accounts</b>			
Pensions Reserve	80,517	66,059	(c),43
Capital Adjustment Account	(1,395,012)	(1,460,605)	(d)
Deferred Capital Receipts Reserve	(7,436)	(8,325)	(e)
Financial Instruments Adjustment Account	4,238	3,850	(f)
Collection Fund Adjustment Account	(27,473)	(28,013)	(g)
Short-term Accumulated Absences Account	5,867	5,385	(h)
Dedicated Schools Grant Reserve	7,803	30,124	(i)

<b>Unusable Reserves</b>	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>	<b>Note</b>
<b>Total</b>	<b>(3,082,030)</b>	<b>(3,204,739)</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.

	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>
Balance at 1 April	(1,627,914)	(1,726,822)
Revaluations relating to property, plant, and equipment	(142,969)	(114,608)
Revaluations relating to other non-PPE assets	(612)	(2,741)
Revaluation gain depreciation	8,506	5,653
Impairment not charged to CIES	12,815	16,006
Transfer to Investment property	251	26
Disposals transferred to Capital Adjustment Account (CAA)	23,101	30,965
<b>Total</b>	<b>(1,726,822)</b>	<b>(1,791,521)</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>2023/24 £000s</b>	<b>2024/25 £000s</b>
Balance at 1 April	(14,859)	(23,713)
Upward revaluation of investments	(16,082)	(1,071)
Downward revaluation of investments	7,101	3,089
Gain / (Loss) on realised investments	127	0
<b>Balance at 31 March</b>	<b>(23,713)</b>	<b>(21,695)</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>2023/24 £000's</b>	<b>2024/25 £000/s</b>
Balance as at 1 April	645,117	(80,517)
Re measurements of the net defined benefit (liability)/ asset	751,447	1,446,755
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	(622,659)	(67,983)
Employer's pensions contributions and direct payments to pensioners payable in the year	62,928	66,480
Asset Ceiling Adjustment	(917,350)	(1,430,794)
Balance as at 31 March	(80,517)	(66,059)

#### 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.

	2023/24 £000s	2024/25 £000s
Balance at 1 April	(1,451,401)	(1,395,015)
Repayment of ex GMC debt	0	0
Minimum revenue provision	(41,895)	(44,708)
Reversal of PFI charges to HRA	(4,488)	(3,658)
Capital grants and contributions	(114,440)	(107,624)
Revenue contributions used	(1,480)	(15,302)
Movement in fair value of investment property	35,415	(5,883)
Revaluation gain depreciation	(8,506)	(5,653)
Disposals transferred from revaluation reserve	(23,101)	(30,965)
Revaluation reserve transfer to Investment property	(251)	(26)
Depreciation	96,656	105,015
Major Repairs Allowance	(21,379)	(19,919)
Capital Receipts Used	(49,257)	(78,679)
Other Disposals	52,968	68,596
Amortisation of intangible assets	30	30
Repayment of long-term debtors	2,761	2,696
Disposal of long-term investments	0	2,028
(Gain) on repayment of housing loan	(282)	(63)
Write down of revenue expenditure funded from capital under statute	33,014	40,134
Impairment of non-current assets	100,286	25,875
Impairment of financial instrument assets	336	(324)
Recognition of right-of-use assets	0	(7,637)
Depreciation of right-of-use assets	0	6,326
Loss on recognition of right-of-use assets	0	9,751
Capital repayment of right-of-use assets	0	(5,601)
<b>Balance at 31 March</b>	<b>(1,395,015)</b>	<b>(1,460,605)</b>

The prior year adjustment for the Brunswick Housing PFI scheme is immaterial and is shown separately to provide transparency.

#### 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, 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>Opening Balance 1 April 2024 £000s</b>	<b>Gains on disposal £000s</b>	<b>Principal Repayments £000s</b>	<b>Fair Value Adjustments £000s</b>	<b>Closing Balance 31 March 2025 £000s</b>
Equity Mortgages	(3,177)	0	0	(275)	(3,452)
Equity Loans	(4,259)	0	0	(615)	(4,874)
<b>Total Deferred Capital Receipts</b>	<b>(7,436)</b>	<b>0</b>	<b>0</b>	<b>(889)</b>	<b>(8,325)</b>

#### f - Financial Instruments Adjustment Account

Balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.

	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>	
Balance at 1 April	4,498	4,238	
Soft loans in year movements	(55)	(43)	
Adjustment for interest free loans	260	66	f(a)
Premium and discounts	(465)	(410)	
<b>Balance at 31 March</b>	<b>4,238</b>	<b>3,850</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 amount represents the saving to the Council over the remaining length of the loans of them being interest free.

#### g - Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the CIES as it falls due from council tax and business rate payers, compared with the statutory arrangements for paying across amounts to the general fund from the collection fund.

<b>Council Tax</b>	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>
Balance at 1 April	(419)	3,273
Movement in Year	3,692	1,567
<b>Balance at 31 March</b>	<b>3,273</b>	<b>4,840</b>
<b>Business Rates</b>	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>
Balance at 1 April	(34,448)	(30,746)
Movement in Year	3,701	(2,106)
<b>Balance at 31 March</b>	<b>(30,746)</b>	<b>(32,852)</b>

<b>Total</b>	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>
Balance at 1 April	(34,866)	(27,473)
Movement in Year	7,395	(540)
<b>Balance at 31 March</b>	<b>(27,473)</b>	<b>(28,013)</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>2023/24 £000s</b>	<b>2024/25 £000s</b>
Balance at 1 April	5,699	5,867
Movement in Year	168	(482)
<b>Balance at 31 March</b>	<b>5,867</b>	<b>5,385</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>2023/24 £000s</b>	<b>2024/25 £000s</b>
Balance at 1 April	(1,417)	(7,803)
Movement In Year	(6,386)	(22,320)
<b>Balance at 31 March</b>	<b>(7,803)</b>	<b>(30,124)</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 2024/25 were 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)
<b>Final budgeted distribution for 2024/25</b>	<b>101,830</b>	<b>269,914</b>	<b>371,744</b>
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
<b>In year Carry forward to 2025/26 surplus / (deficit)</b>	<b>(21,868)</b>	<b>(453)</b>	<b>(22,321)</b>
Plus carry forward to 2025/26 agreed in advance			0
<b>Carry forward surplus / (deficit) to 2025/26</b>			<b>0</b>
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)
<b>Net DSG position at the end of 2024/25</b>			<b>(30,124)</b>

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 2023/24 are as follows:

	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final DSG for 2023/24 before academy and high needs recoupment			676,925

Academy and high needs figure recouped for 2023/24			(324,211)
Total DSG after academy and high needs recoupment for 2023/24			352,714
Plus brought forward from 2022/23			1,285
Less carry forward to 2024/25 agreed in advance			(1,700)
Agreed initial budgeted distribution in 2023/24	45,126	307,173	352,298
In year adjustments	0	(1,053)	(1,053)
Final budgeted distribution for 2023/24	45,126	306,120	351,245
Less: actual central expenditure	52,195	0	52,195
Less: actual ISB deployed to schools	0	305,912	305,912
Plus: local authority contribution for 2023/24	59	0	59
In year Carry forward to 2024/25 surplus / (deficit)	(7,010)	208	(6,802)
Plus carry forward to 2024/25 agreed in advance			1,700
Carry forward surplus / (deficit) to 2024/25			0
DSG unusable reserve at the end of 2022/23			(2,702)
Addition to DSG unusable reserve at the end of 2023/24			(5,102)
Total of DSG unusable reserve at the end of 2023/24			(7,803)
Net DSG position at the end of 2023/24			(7,803)

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 Special Educational Needs and Disabilities.

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>2023/24 £000s</b>	<b>2024/25 £000s</b>
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Net Cost of Services:</b>		
Current service cost	61,998	59,556
Past service costs	4,857	3,702
Effect of settlements	794	888
<b>Total Service Cost:</b>	<b>67,649</b>	<b>64,146</b>

<b>Note 41.a Local Government Pension Schemes</b>	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>
<b>Financing and investment income and expenditure:</b>		
Interest income on scheme assets	(179,576)	(191,582)
Interest cost on defined benefit obligation	149,042	151,386
interest effect of the asset ceiling		44,033
<b>Total Net Interest</b>	<b>(30,534)</b>	<b>3,837</b>
<b>Total post-employment benefits charged to the (surplus) / deficit on the provision of services</b>	<b>37,115</b>	<b>67,983</b>
<b>Re-measurement of the Net Defined Benefit Liability comprising:</b>		
Return on plan assets (excluding amounts included in net interest)	(102,575)	29,597
Actuarial gains and losses arising on changes in demographic assumptions	0	0
Change in Demographic assumptions re-measurements	(21,715)	(5,533)
Actuarial gains and losses arising on changes in financial assumptions	(141,413)	(472,186)
Other experience re-measurements	99,800	(37,250)
Changes in the effect of the Asset Ceiling	0	(961,383)
Asset ceiling	917,350	1,430,794
<b>Total remeasurements recognised in other comprehensive income and expenditure</b>	<b>(751,447)</b>	<b>(15,961)</b>
<b>The post-employment benefits charged to the comprehensive income and expenditure statement</b>	<b>788,562</b>	<b>52,022</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	(37,115)	(67,983)
Employer's contribution payable to scheme	53,744	57,420
Employer's contribution in respect of unfunded deficit	9,184	9,060

#### 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 2025 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>2023/24 £000's</b>	<b>2024/25 £000's</b>
<b>Opening value of the additional liabilities</b>	<b>0</b>	<b>(917,350)</b>
Interest on the effect of the asset ceiling	0	(44,033)
Changes in the effect of the asset ceiling	0	961,383
Additional Liability	(917,350)	(1,430,794)
<b>Closing Balance as at 31 March</b>	<b>(917,350)</b>	<b>(1,430,794)</b>

The asset ceiling adjustment has increased by c£507m from 2024/24 to 2024/25. In both 2023/24 and 2024/25 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:

41.c Present value of the scheme liabilities:	2023/24 £000s	2024/25 £000s
<b>Funded Liabilities: Local Government Pension Scheme</b>		
Balance at 1 April	<b>3,176,894</b>	<b>3,187,375</b>
Current service cost	61,998	59,556
Effect of settlements	(14,192)	(5,848)
Interest cost on defined benefit obligations	149,042	151,386
Effect of business combinations and disposals	0	0
Contributions by scheme participants	20,345	19,563
Changes in financial assumptions	(141,413)	(472,186)
Changes in demographic assumptions	(21,715)	(5,533)
Other experience re-measurements	99,800	(37,250)
Unfunded benefits paid	(9,184)	(9,060)
Benefits paid	(139,057)	(131,354)
Past service cost including curtailments	4,857	3,702
<b>Balance at 31 March</b>	<b>3,187,375</b>	<b>2,760,351</b>

41.d Present value of the scheme assets	2023/24 £000s	2024/25 £000s
<b>Local Government Pension Scheme</b>		
Balance at 1 April	<b>(3,822,011)</b>	<b>(4,024,208)</b>
Interest income on plan assets	(179,576)	(191,582)
Return on assets (excluding amounts included in net interest)	(102,575)	29,597
Effect of business combinations and disposals *	0	0
Other experience	0	0
Effect of settlements	14,986	6,736
Contributions in respect of unfunded benefits	(9,184)	(9,060)
Employer contributions	(53,744)	(57,420)
Contributions by scheme participants	(20,345)	(19,563)
Benefits paid	139,057	131,354
Unfunded benefits paid	9,184	9,060
<b>Balance at 31 March</b>	<b>(4,024,208)</b>	<b>(4,125,086)</b>

Pension Net Liability (Reserve)

41.e Net Liability for Year	Restated 2023/24 £000s	2024/25 £000s
Present value of funded liabilities	(3,106,858)	(2,694,292)
Fair value of assets	4,024,208	4,125,086
Asset Ceiling Adjustment	(917,350)	(1,430,794)
<b>Net Asset arising from Defined Benefit obligation</b>	<b>0</b>	<b>0</b>

41.e Net Liability for Year	Restated 2023/24 £000s	2024/25 £000s
Present value of total unfunded liabilities	(80,517)	(66,059)
Net (Liability) / Asset arising from Defined Benefit obligation	(80,517)	(66,059)

The net effect on the defined benefit obligation equals nil. The asset within the pension reserves has increased by £94.7m. The restatement of this note is outlined in note 3 to these accounts.

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:

41.F Basis for Estimating Assets and Liabilities	2023/24	2024/25
Mortality assumptions:		
Longevity at 65 for current pensioners		
Men	19.4 years	19.4 years
Women	22.8 years	22.8 years
Longevity at 65 for future pensioners *		
Men	21.0 years	20.9 years
Women	24.3 years	24.3 years
Rate of increase in salaries	3.60%	3.60%
Rate of increase in pensions	2.80%	2.80%
Discount rate	4.80%	5.80%
Take-up of option to convert annual pension into retirement lump sum	50%	50%

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 2-4%. 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 31.03.2024 £000's</b>	<b>Unquoted Prices not in Active Markets 31.03.2024 £000's</b>	<b>Total 31.03.2024 £000's</b>	<b>Quoted Prices in Active Markets 31.03.2025</b>	<b>Unquoted Prices not in Active Markets 31.03.2025</b>	<b>Total 31.03.2025 £000's</b>
<b>Equity securities</b>						
Consumer	257,584	0	257,584	272,726	0	272,726
Manufacturing	234,327	0	234,327	199,678	0	199,678
Energy and utilities	232,150	0	232,150	244,344	0	244,344
Financial institutions	355,884	0	355,884	383,819	0	383,819
Health and care	208,803	0	208,803	191,742	0	191,742
Information technology	229,777	0	229,777	216,296	0	216,296
Other	40,028	0	40,028	55,424	0	55,424
<b>Debt securities</b>						
Corporate bonds (investment grade)	139,669	0	139,669	133,836	0	133,836
UK Government	109,623	0	109,623	182,242	0	182,242
Other	122,354	0	122,354	167,825	0	167,825
<b>Private equity</b>						
All	0	274,038	274,038	0	259,707	259,707
<b>Real estate</b>						
UK property	0	177,313	177,313	0	215,244	215,244
<b>Investment funds and unit trusts</b>						
Equities	190,033	0	190,033	74,423	0	74,423
Bonds	382,620	0	382,620	414,596	0	414,596
Infrastructure	0	342,648	342,648	0	345,904	345,904
Other	100,141	539,781	639,922	108,612	535,502	644,114
<b>Derivatives</b>						
Other	-1,284	0	-1,284	-2,512	0	-2,512
<b>Cash and cash equivalents</b>						
All	88,721	0	88,721	125,681	0	125,681
<b>Totals</b>	<b>2,690,429</b>	<b>1,333,780</b>	<b>4,024,208</b>	<b>2,768,729</b>	<b>1,356,357</b>	<b>4,125,086</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 2024/25 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 £57.2m in contributions to the scheme in 2025/26.

#### [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 2024/25 the Council paid £27.717m (£22.673m 2023/24) to the Teachers' Pension Agency in respect of teachers' retirement benefits, representing 28.68% of pensionable pay (23.68% 2023/24). In addition, the Council is responsible for all pension payments relating to added years it has awarded, together with related increases. In 2024/25 these amounted to £4.845m (£4.935m in 2023/24) of which £0.649m (£0.671m in 2023/24) relates to staff pension for former further education employees. This is refunded by the Department for

Education. The expected Teachers Pensions Agency Contribution in 2025/26 is expected to be £31.354m.

#### 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 2024/25 the Council's contribution in respect of former NHS staff pension costs were £0.119m; (£0.176m in 2023/24), the set contribution rate being 23.78% (23.78% in 2023/24). The expected NHS Contribution in 2025/26 is expected to be £99.3m.

#### Note 44. Contingent Assets and Liabilities

##### Contingent Assets

There are no Contingent Assets reported.

##### Contingent Liabilities

There are no Contingent Liabilities reported.

#### 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.

Income	2023/24 £000s	2024/25 £000s
Central Government - revenue grants	840,506	889,109
Central Government - capital grants	98,270	67,083
CityCo (Manchester) Limited	4	1
Greater Manchester Combined Authority - capital contribution	25,863	23,413
Manchester Airports Holdings Ltd - repayment of interest	39,802	40,229
Manchester Airports Holdings Ltd - net rent	9,880	10,635
Manchester Airports Holdings Ltd - dividend	3,548	5,736
Manchester Energy Network	887	1,038
Manchester Integrated Care Board (ICB)	9,500	10,782
Destination Manchester Ltd	3,506	3,509
Manchester Professional Services Ltd	101	101
Manchester Creative Digital Assets Ltd	7,525	7,801
Lord Mayor Charity Appeal Trust	251	146
Wythenshawe Forum Trust Limited	163	201
Manchester Mortgage Corporation	133	0
Manchester Active	526	534

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Income	2023/24 £000s	2024/25 £000s
Wythenshawe Civic Regeneration LLP (Loan)	0	10,140
<b>Total</b>	<b>1,040,465</b>	<b>1,070,460</b>

Expenditure	2023/24 £000s	2024/25 £000s
Manchester Energy Network	3,173	2,666
Manchester Integrated Care Board (ICB)	5,913	5,351
Manchester Working Ltd	1,391	0
Manchester Professional Services Ltd	49	53
Manchester Active	7,588	6,985
Manchester Creative Digital Assets Ltd	3,382	3,386
CityCo (Manchester) Ltd	138	110
Lord Mayor Charity Appeal Trust	13	2
Factory International	1,500	2,500
Wythenshawe Forum Trust Limited	1,157	993
Wythenshawe Civic Regeneration LLP	0	10,140
<b>Total</b>	<b>24,304</b>	<b>32,186</b>

Amounts owed from and to:	Amounts owed from		Amounts owed to	
	2023/24 £000s	2024/25 £000s	2023/24 £000s	2024/25 £000s
Central Government	46,479	63,229	31,605	37,636
Manchester Airports Holdings Ltd	409,785	413,504	0	0
Destination Manchester Ltd	14,807	15,195	64	0
Manchester Energy Network	15,845	16,642	22	411
Manchester Integrated Care Board (ICB)	80	3,149	385	101
Greater Manchester Combined Authority	8,192	6,674	0	0
Manchester Professional Services Ltd	20	20	0	0
Manchester Creative Digital Assets Ltd	1,333	1,851	0	0
Manchester Active Ltd	149	5	17	21
Lord Mayor Charity Appeal Trust	160	37	0	0
National Car Parks Manchester Ltd	391	391	0	0
Factory International	0	0	1,850	4,070
Matrix Homes Limited Partnership	11,936	12,865	0	0
Wythenshawe Forum Trust Limited	1	10	0	0
CityCo (Manchester) Limited	3	3	0	0
<b>Total</b>	<b>509,177</b>	<b>533,577</b>	<b>33,942</b>	<b>42,239</b>

### 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 2024/25 and 2023/24 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).

#### b. Other Public Bodies

The Council receives capital grants from Greater Manchester Combined Authority (GMCA) in support of the Council's capital programme.

#### 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 and Manchester Energy Network are subsidiaries. These entities have related party transactions that are material.

#### Manchester Airports Holdings Ltd

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.

#### 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. The sole director who served the company during the year was the City Treasurer, Tom Wilkinson.

#### 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 2024/25 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.

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 2023/24 or 2024/25 which are considered material to either party:

This City Manchester Limited, Manchester Knowledge Capital Limited, Northern Gateway Operations Limited, One Education Limited, Sports City Management Company, Manchester Art Gallery Trading Company Limited, Castlefield Heritage Trust, The Whitworth Baths and Matrix Homes (General Partner) Limited.

Note 46. Analysis of Cash and Cash Equivalents

Cash and Cash Equivalents	31 March 2024 £000s	31 March 2025 £000s
Cash in hand	0	0
Call accounts	7,138	3,213
Cash equivalents	99,567	139,038
Cash at bank	5,833	22,244
<b>Total</b>	<b>112,538</b>	<b>164,495</b>

Note 47. Cash Flow Statement - Adjustments to net surplus / deficit on the provision of services for non-cash movements

	31 March 2024 £000s	31 March 2025 £000s
Depreciation of non-current assets	96,656	111,341
Impairment and revaluation losses of non-current assets	100,286	19,728
Amortisation of intangible non-current assets	30	30
Increase (decrease) in creditors	(31,644)	31,100
(Increase) decrease in debtors	(17,335)	(62,183)
(Increase) decrease in inventories	32	120
Movement in pension liability	(25,813)	1,503

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	<b>31 March 2024 £000s</b>	<b>31 March 2025 £000s</b>
Carrying amount of non-current assets and non-current assets held for sale, sold, or derecognised	52,968	68,596
Other non-cash items charged to the net surplus of deficit on the provision of services	40,393	(28,640)
<b>Total</b>	<b>215,573</b>	<b>141,595</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 2024 £000s</b>	<b>31 March 2025 £000s</b>
Proceeds from the sale of short term and long-term investments	0	(2,028)
Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets	(20,170)	(33,600)
Any other items for which the cash effects are investing or financing cash flows	(111,148)	(95,035)
<b>Total</b>	<b>(131,318)</b>	<b>(130,663)</b>

Note 49. Cash Flow Statement - Operating Activities

The net cash flows from operating activities include the following items:

	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>
Interest received	47,887	43,130
Interest paid	(46,207)	(63,992)
Dividends received	3,935	5,956

Note 50. Cash Flow Statement - Investing Activities

	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>
Purchase of plant, property and equipment, investment property and intangible assets	(322,642)	(275,882)
Purchase of short-term and long-term investments	(7)	0
Other payments for investing activities	(1,072)	(551)
Proceeds from the sale of plant, property and equipment, investment property and intangible assets	21,647	31,316
Proceeds from sale of short-term and long-term investments	0	2,028
Other receipts from investing activities	118,329	107,973

Net cash flows from investing activities	(183,745)	(135,116)
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Note 51. Cash Flow Statement - Financing Activities

	2023/24 £000s	2024/25 £000s
Cash receipts of long and short-term borrowing	451,414	435,923
Cash payments for the reduction of outstanding liabilities relating to leases and PFI contracts	(10,222)	(16,105)
Repayments of short and long-term borrowing	(167,965)	(147,780)
Net cash flows from financing activities	273,227	272,038

Note 52. Cash Flow Statement - Reconciliation of liabilities arising from Financing Activities

			Non-cash changes		
			Non-cash changes		
	1 April 2023 £000s	Financing cash flows £000s	Acquisition £000s	Other non-cash charges £000s	31 March 2024 £000s
Long-term borrowings	933,101	295,000	0	(40,904)	1,187,197
Short-term borrowings	119,148	(11,551)	0	45,551	153,148
PFI liabilities	135,152	(9,312)	0	0	125,840
Service concessions	3,799	(907)	0	0	2,892
Total liabilities from financing activities	1,191,200	273,230	0	4,647	1,469,076

			Non-cash changes		
			Non-cash changes		
	1 April 2024 £000s	Financing cash flows £000s	Acquisition £000s	Other non-cash charges £000s	31 March 2025 £000s
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
Lease liabilities	0	(5,601)	0	47,872	42,271
Total liabilities from financing activities	1,469,077	272,038	0	75,399	1,816,513

Note 53. Events after the Balance Sheet Date

These accounts were authorised for issue by the City Treasurer on 27 February 2026. Events after the Balance Sheet date 31 March 2025 until this date have been considered for disclosure note.

After the balance sheet date, Camberwell Park Special School transferred to academy status on 1 April 2025. Cavendish Primary School and Northenden Primary transferred to academy status on 1 September 2025. The carrying values at the balance sheet date were £18.4m, £13.7m and £3.3m respectively. 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.

These are non-adjusting events under the CIPFA Code and IAS 10 – events after the reporting period. No adjustment has been made to the financial statements.

On the 24<sup>th</sup> July 2025 Manchester City Council disposed of a development of housing at No. 1 Ancoats Green to an ultimately wholly owned Limited Partnership, This City (No. 1 Ancoats Green) Limited Partnership for a value of £32.5m. In addition, Manchester provided £16.25m capital contribution and a £16.25m loan to This City (No. 1 Ancoats Green) Limited Partnership.

This is a non-adjusting event under the CIPFA Code and IAS 10 – events after the reporting period. No adjustment has been made to the financial statements.

## 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.

2023/24 £000s	Housing Revenue Account (HRA) Income and Expenditure Statement	2024/25 £000s	Note
	<b>Expenditure</b>		
48,618	Repairs and maintenance	48,051	
23,934	Supervision and management	24,153	
233	Rents, rates, taxes, and other charges	299	
32,447	Depreciation and impairment of non-current assets	25,014	d, e
17	Debt management costs	12	
59	Revenue expenditure funded from capital under statute	149	f
<b>105,307</b>	<b>Total Expenditure</b>	<b>97,678</b>	
	<b>Income</b>		
(67,631)	Dwelling rents	(73,572)	
(353)	Non-dwelling rents	(518)	
(1,928)	Charges for services and facilities	(1,594)	
(247)	Contributions towards expenditure	(271)	
(23,374)	Private Finance Initiative Grant	(23,374)	
<b>(93,533)</b>	<b>Total Income</b>	<b>(99,329)</b>	
<b>11,774</b>	<b>Net (Income) of HRA Services as included in the Council's Comprehensive Income and Expenditure Statement</b>	<b>(1,651)</b>	
98	HRA services share of corporate and democratic core	98	
16	HRA share of other amounts included in the Council's net cost of services but not allocated to specific services (past service costs)	11	
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>11,888</b>	<b>Net (Income) / Expenditure of HRA Services</b>	<b>(1,542)</b>	
	<b>HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement</b>		
(4,608)	(Gain) on disposal of HRA non-current assets	(4,914)	
9,417	Interest payable and similar charges	10,391	
214	Movement in the allowance for expected credit loss	558	
(3,435)	Interest and investment income	(1,115)	
(121)	Net interest on the net defined benefit liability	0	
(13,875)	Capital grants and contributions	178	
<b>(519)</b>	<b>(Surplus) / Deficit for the year on HRA services</b>	<b>3,557</b>	

Movement on the Housing Revenue Account statement

<b>2023/24</b> <b>£000s</b>	<b>Movement on the Housing Revenue Account Statement</b>	<b>2024/25</b> <b>£000s</b>
(95,793)	Balance on the HRA at the end of the previous year	(87,263)
(519)	(Surplus) / Deficit for Year on the HRA Income and Expenditure Statement	3,557
	Adjustments between accounting basis and funding basis under the legislative framework	
0	Capital expenditure funded by the HRA	11,793
4,608	Gain/(Loss) on disposal of HRA non-current assets	4,914
0	Transfer to short-term accumulating absences account	0
108	HRA share of employer contributions from pension scheme	12
(13,971)	Impairment of non-current assets	(4,882)
(59)	Amortisation of Revenue Expenditure Funded from Capital under Statute	(149)
4,488	Reversal of PFI Charges	3,657
13,875	Capital grants and contributions receivable	(178)
8,530	Net (Increase) / Decrease in Year on the HRA	18,725
(87,263)	Balance on the HRA at the end of the current year	(68,539)

## Notes to the Housing Revenue Account

### (a) Housing Stock

The Council was responsible for managing an average of 15,145 dwellings during 2024/25.

The stock at each year end was made up as follows:

	31 March 2024	31 March 2025
Houses and bungalows	8,413	8,354
Flats	6,702	6,667
Others	77	77
	15,192	15,098

The change in stock is as follows:

	2023/24	2024/25
Stock at 1 April	15,233	15,192
Sales - Right to Buy	(138)	(136)
Other	18	1
New buildings	69	0
Acquisitions	10	41
Stock at 31 March	15,192	15,098

The balance sheet value of the HRA's non-current assets was as follows:

	31 March 2024 £000s	31 March 2025 £000s
<b>Operational</b>		
Council dwellings	786,964	825,604
Other land and buildings	4,942	7,194
Vehicles, plant, and equipment	5,551	6,290
Infrastructure	1,792	1,792
<b>Total operational</b>	<b>799,249</b>	<b>840,880</b>
<b>Non-operational</b>		
Surplus properties	1,882	4,769
Assets under construction	26,603	17,958
<b>Total non-operational</b>	<b>28,485</b>	<b>22,727</b>
<b>Total non-current assets</b>	<b>827,735</b>	<b>863,607</b>

### (b) Vacant Possession of Dwellings

The vacant possession value of dwellings within the Council's HRA at 1 April 2024 was £1,954,390,400 and at 31 March 2025 was £2,043,618,880. 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

	2023/24 £000s	2024/25 £000s
<b>Expenditure</b>		
Property, plant, and equipment	42,088	42,296
Revenue expenditure funded from capital under statute	59	149
<b>Total Expenditure</b>	<b>42,147</b>	<b>42,445</b>
<b>Funded by</b>		
Revenue contributions	0	0
Capital receipts	6,053	10,922
Reserves	21,379	31,711
Government grants	14,715	(188)
External contributions	0	0
<b>Receipts</b>		
Council dwellings	11,692	13,180
<b>Total receipts</b>	<b>11,692</b>	<b>13,180</b>

(d) Depreciation

	2023/24 £000s	2024/25 £000s
Council dwellings	20,474	19,501
Other land and buildings	(2,258)	108
Vehicles, plant and equipment	260	524
Infrastructure	0	0
<b>Total</b>	<b>18,475</b>	<b>20,132</b>

(e) Impairment Charges

	2023/24 £000s	2024/25 £000s
Non-enhancing capital expenditure	5,992	3,627
Downward revaluation of assets	7,772	1,254
Damaged properties / demolitions / other	207	0
<b>Total</b>	<b>13,971</b>	<b>4,882</b>

(f) Revenue Expenditure Funded from Capital Under Statute

Revenue expenditure funded from capital under statute of £148,742 (£58,945 in 2023/24) 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 2024/25 is £211,000 (2023/24 £108,000). The overall amount to be met from rent payers remains unchanged.

(h) Rent Arrears

	<b>2023/24</b> <b>£000s</b>	<b>2024/25</b> <b>£000s</b>
Arrears at 31 March	9,378	9,827

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>2023/24</b> <b>£000s</b>	<b>2024/25</b> <b>£000s</b>
Provision at 1 April	7,314	7,541
Contributions in year	271	423
Amounts written (off)/back in the year	(44)	(32)
<b>Provision as at 31 March</b>	<b>7,541</b>	<b>7,932</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.

2023/24 £000s				2024/25 £000s		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
0	265,378	265,378	<b>Income</b>			
0	74	74	Council Tax income	0	284,996	284,996
0	1,286	1,286	Local Council Tax Hardship Fund / Energy Rebate	0	0	0
357,263	0	357,263	Council Tax Support Fund	0	0	0
0	0	0	Collectable from business ratepayers	402,803	0	402,803
0	0	0	Apportionment of Previous Year Deficit			
0	0	0	- Manchester City Council	0	0	0
0	0	0	- GMCA Police and Crime Commissioner	0	0	0
0	0	0	- GMCA Mayoral and Fire and Rescue	0	0	0
357,263	266,738	624,002	<b>Total Income</b>	402,803	284,996	687,798
			<b>Expenditure</b>			
14,434	4,981	19,415	Apportionment of Previous Year Surplus			
0	738	738	- Manchester City Council	22,801	1,774	24,575
146	333	479	- GMCA Police and Crime Commissioner	0	267	267
			- GMCA Mayoral and Fire and Rescue	230	118	349
341,667	212,987	554,654	Precepts and demands			
0	32,022	32,022	- Manchester City Council	360,873	229,259	590,132
			- GMCA Police and Crime Commissioner	0	34,585	34,585

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2023/24 £000s				2024/25 £000s		
Business Rates	Council Tax	Total		Business Rates	Council Tax	Total
3,451	14,208	17,659	- GMCA Mayoral and Fire and Rescue	3,645	15,241	18,886
(28,859)	0	(28,859)	Business rates	(5,983)	0	(5,983)
881	0	881	- Transitional protection payment	16,947	0	16,947
			- Designated Area Growth Disregard			
			Charges to Collection Fund			
2,747	12,687	15,434	- Write offs of uncollectable amounts	(9,983)	(5,978)	(15,961)
(2)	(6,724)	(6,725)	- Increase in Allowance for Impairment	17,123	11,666	28,789
25,414	0	25,414	- Contribution to Provision for Appeals	(6,099)	0	(6,099)
1,122	0	1,122	- Costs of collection	1,121	0	1,121
<b>361,002</b>	<b>271,233</b>	<b>632,234</b>	<b>Total Expenditure</b>	<b>400,675</b>	<b>286,933</b>	<b>687,608</b>
(3,738)	(4,494)	(8,233)	Movement on fund balance	2,128	(1,937)	190
34,794	509	35,303	Fund balance brought forward	31,056	(3,985)	27,069
<b>31,056</b>	<b>(3,985)</b>	<b>27,069</b>	<b>Fund Balance Carried Forward</b>	<b>33,184</b>	<b>(5,923)</b>	<b>27,260</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 2023/24) for smaller businesses and for larger businesses 54.6p (51.2p in 2023/24). The total business rates rateable value at 31 March 2025 was £992,870,043 (£990,008,110 at 31 March 2024).

The Greater Manchester Trailblazer Devolution Deal was introduced from 2024/25 which confirmed the 100% retention scheme for 10 years until 2033/24. Part of the deal introduced five Designated Areas across the City Region. Manchester City Council hosts one Investment Zone and one Growth Zone, where all growth from 2024/25 is retained locally for 25 years. These are in addition to the existing four Enterprise Zones in the city which operate under similar arrangements. In 2024/25 these designated areas combined achieved growth of £16.9m which is disregarded from the Collection Fund account.

The business rates Retail, Hospitality and Leisure Relief provided support, offering 75% relief to businesses in these sectors, with a national businesses cap at £110k and has provided additional relief of £32.5m to Manchester businesses in 2024/25. Government has announced this relief will reduce to 40% in 2025/26.

The Government has committed to a full business rates system reset effective from 1 April 2026. This will recalibrate the business rates baseline which represents the amount of rates income the Government expects the Council to generate. The Council continues to engage with Government to ensure this is correct, accurate, fair and equitable.

### (b) Calculation of the Council Tax Base

For 2024/25 there were 251,481 residential properties in Manchester (248,286 last year), which were placed in one of nine valuation bands, depending on their capital value, by the Listing Officer of the government's Valuation Office. There are 215,687 equivalent number of dwellings after taking account of discounts, exemptions and disabled relief (212,116 last year). These equate to 169,138.3 equivalent Band D properties, which were used for the calculation of the taxbase (165,774.6 last year).

The table below shows the total number of equivalent properties after discounts, exemptions and disabled relief and the number of chargeable Band D equivalents.

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Valuation Band	Band Ratio	Total Equivalent Number of Dwellings after Discounts, Exemptions and Disabled Relief	Chargeable Band D Equivalents
A-	5/9	280.3	155.7
A	6/9	114,246.0	76,164.0
B	7/9	37,206.8	28,938.6
C	8/9	34,002.3	30,224.2
D	9/9	19,005.5	19,005.5
E	11/9	6,652.3	8,130.5
F	13/9	3,032.0	4,379.6
G	15/9	1,150.0	1,916.7
H	18/9	111.8	223.5
		215,686.8	169,138.3

\*A- is used for Band A dwellings entitled to a disabled relief band reduction.

The number of chargeable Band D equivalents for 2023/24 was 165,774.6.

(c) Share of Fund Balance

The shares of the closing fund balances are shown in the tables below.

Business Rates	Surplus/(Deficit) 2023/24 £000s	Surplus/(Deficit) 2024/25 £000s
Manchester City Council	30,745	32,852
GMCA Fire and Rescue	311	332
<b>Total Surplus/(Deficit)</b>	<b>31,056</b>	<b>33,184</b>
Council Tax	Surplus/(Deficit) 2023/24 £000s	Surplus/(Deficit) 2024/25 £000s
Manchester City Council	(3,273)	(4,840)
GMCA Police and Crime Commissioner	(494)	(733)
GMCA Mayoral and Fire and Rescue	(218)	(350)
<b>Total Surplus/(Deficit)</b>	<b>(3,985)</b>	<b>(5,923)</b>

(d) Collection Fund collection rates and debtors

Council tax in year collection in 2024/25 was 88.38%, up from 87.78% in 2023/24, and 88.25% in 2022/23.

Business rates in year collection in 2024/25 was 95.22%, down from 98.05% in 2023/24 and 97.47% in 2022/23.

An analysis of business rates and council tax debtors outstanding for over 30 days not impaired is shown below.

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	<b>31 March 2024 £000s</b>	<b>31 March 2025 £000s</b>
Less than three months	2,104	2,618
Three to six months	2,399	2,986
Six months to one year	4,851	6,038
More than one year	41,288	51,387
<b>Total</b>	<b>50,642</b>	<b>63,029</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.

2023/24 Gross Expenditure £000s	2023/24 Gross Income £000s	2023/24 Net Expenditure £000s		2024/25 Gross Expenditure £000s	2024/25 Gross Income £000s	2024/25 Net Expenditure £000s
			Continuing operations			
299,938	(77,243)	222,695	Adult Social Care	334,413	(87,996)	246,417
55,651	(7,647)	48,004	Public Health	60,144	(14,814)	45,330
651,840	(456,247)	195,593	Children's Services	708,084	(485,549)	222,535
373,001	(239,466)	133,535	Corporate Core	375,002	(243,649)	131,353
287,514	(119,043)	168,471	Neighbourhoods	284,014	(115,971)	168,043
122,213	(35,084)	87,129	Growth and Development	87,662	(51,910)	35,752
19,666	(8,699)	10,967	Corporate Items	17,337	(24,014)	(6,677)
3,450	0	3,450	Council-Wide Costs	5,313	0	5,313
105,307	(93,533)	11,774	Housing Revenue Account	97,678	(99,329)	(1,651)
21,617	(27,221)	(5,604)	Destination Manchester Ltd	29,374	(30,116)	(742)
4,122	(3,475)	647	Manchester Energy Network	(754)	(3,397)	(4,151)
1,944,319	(1,067,658)	876,661	Cost of services	1,998,267	(1,156,745)	841,522
			Other operating expenditure			
32,532	0	32,532	(Gains) Losses on disposal of non-current assets	34,995	0	34,995
70,087	0	70,087	Levies	72,512	0	72,512

Manchester City Council Annual Statement of Accounts 2024/25

2023/24 Gross Expenditure £000s	2023/24 Gross Income £000s	2023/24 Net Expenditure £000s		2024/25 Gross Expenditure £000s	2024/25 Gross Income £000s	2024/25 Net Expenditure £000s
102,619	0	102,619	Total other operating expenditure	107,507	0	107,507
262,077	(281,883)	(19,806)	Financing and investment income and expenditure	294,413	(303,594)	(9,181)
53,497	(860,340)	(806,843)	Taxation and non-specific grant income and expenditure	56,431	(904,013)	(847,581)
2,362,511	(2,209,881)	152,630	(Surplus) / Deficit on provision of services	2,456,619	(2,364,351)	92,268
436,823	(451,048)	(14,225)	Share of operating results of joint venture	470,619	(480,644)	(10,025)
875	0	875	Tax expenses of subsidiary	777	0	777
16,502	0	16,502	Tax expenses of joint venture	852	0	852
2,816,711	(2,660,930)	155,782	Group (Surplus) / Deficit on provision of services (Note 1)	2,928,867	(2,844,995)	83,872
		(187,882)	(Surplus) on revaluation of non-current assets			(155,819)
		12,815	Impairment losses on non-current assets charged to the revaluation reserve			16,663
		751,447	Remeasurements of the net defined benefit liability			(15,961)
		28,786	Share of other comprehensive income and expenditure of joint ventures			(1,987)
			Items that will be subsequently classified in (Surplus) / Deficit on Provision of Services			
		(8,854)	(Surplus) / Deficit from investments in equity instruments designated at fair value through other comprehensive income			2,018
		596,312	Total other comprehensive income and expenditure			(155,086)

Manchester City Council Annual Statement of Accounts 2024/25

<b>2023/24 Gross Expenditure £000s</b>	<b>2023/24 Gross Income £000s</b>	<b>2023/24 Net Expenditure £000s</b>		<b>2024/25 Gross Expenditure £000s</b>	<b>2024/25 Gross Income £000s</b>	<b>2024/25 Net Expenditure £000s</b>
		752,094	Total comprehensive income and expenditure			(71,214)

## 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 2023	(391,470)	(95,793)	(153,958)	(69,795)	(8,647)	(719,662)	(3,770,314)	(785,187)	(5,275,164)
Movement in reserves during 2023/24									
Total comprehensive income and expenditure	156,739	(519)	0	0	0	156,220	611,827	(15,951)	752,096
Total adjustments between accounting basis and funding basis under regulations	(117,516)	9,049	25,950	3,157	2,904	(76,455)	76,455	0	0
(Increase) / decrease in year	39,223	8,530	25,950	3,157	2,904	79,765	688,282	(15,951)	752,096
Balance at 31 March 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)

## 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.

31 March 2024 £000s		Note	31 March 2025 £000s
	<b>Non-current assets</b>		
565,575	Infrastructure Assets		568,240
2,966,791	Property, plant, and equipment	4	3,199,572
642,438	Heritage assets		645,724
503,948	Investment properties		508,871
105	Intangible non-current assets		75
933,158	Long-term investment in joint venture / subsidiaries and associates	5	988,966
5,199	Other long-term investments	5	3,231
477,336	Long-term debtors		482,495
0	Net pension assets		0
<b>6,094,550</b>	<b>Total non-current assets</b>		<b>6,397,174</b>
	<b>Current assets</b>		
748	Inventories		660
232,135	Short-term debtors		285,936
125,455	Cash and cash equivalents	6	179,964
4,681	Short-term assets held for sale		3,953
<b>363,019</b>	<b>Total current assets</b>		<b>470,514</b>
<b>6,457,569</b>	<b>Total assets</b>		<b>6,867,688</b>
	<b>Current liabilities</b>		
(153,147)	Short-term borrowing		(392,810)
(222,293)	Short-term creditors	7	(248,883)
(28,126)	Short-term provisions		(23,007)
(10,543)	Short-term deferred liabilities		(20,458)
<b>(414,109)</b>	<b>Total current liabilities</b>		<b>(685,158)</b>
<b>6,043,460</b>	<b>Total assets less current liabilities</b>		<b>6,182,530</b>
	<b>Long-term liabilities</b>		
(749)	Long-term creditors		(841)
(111,941)	Long-term provisions		(94,764)
(1,187,197)	Long-term borrowing		(1,239,098)
(120,337)	Long-term deferred liabilities		(166,711)
(15,673)	Capital grants receipts in advance		(20,772)
(80,517)	Net pensions liability		(66,059)
<b>(1,520,393)</b>	<b>Total long-term liabilities</b>		<b>(1,588,245)</b>
<b>4,523,067</b>	<b>Net assets</b>		<b>4,594,283</b>

Manchester City Council Annual Statement of Accounts 2024/25

31 March 2024 £000s		Note	31 March 2025 £000s
	Financed by:		
(639,898)	Usable reserves		(536,580)
(3,082,031)	Unusable reserves		(3,204,738)
(283,256)	Group Revaluation Reserve		(334,866)
(517,883)	Group income and expenditure reserve		(518,098)
(4,523,067)	Total reserves		(4,594,283)

## 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.

2023/24 £000s		Note	2024/25 £000s
(155,782)	Net (deficit) / surplus on the provision of services		(83,871)
215,398	Adjustments to net deficit / surplus on the provision of services for non-cash movements	9	147,898
(129,102)	Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities	10	(141,747)
(69,487)	<b>Net cash flows from operating activities</b>		<b>(77,721)</b>
(187,492)	Investing activities	12	(136,146)
272,618	Financing activities	13	268,376
15,638	<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>54,509</b>
109,816	Cash and cash equivalents at the beginning of the reporting period.		125,455
125,454	<b>Cash and cash equivalents at the end of the reporting period</b>	6	<b>179,964</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.

2023/24 £000s		2024/25 £000s
156,220	Deficit /(Surplus) on the Authority's single entity Income and Expenditure Account for the year	95,897
(2,715)	Add (surplus) / deficit attributable to subsidiary	(2,853)
2,276	Add deficit / (surplus) attributable to joint venture including dividends paid (after corporation tax)	(9,173)
155,781	<b>Group income and expenditure account deficit / (surplus) for the year</b>	<b>83,871</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) and Manchester Energy Network are the only two subsidiary groups consolidated into the Council's group accounts. The Council owns 100% of both 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 one material joint venture which is Manchester Airports Holdings Limited (MAHL). The Council owns 35.5% of MAHL. 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

Group Note 3. Expenditure and Income Analysis

	<b>2023/24 £000</b>	<b>2024/25 £000</b>
<b>Expenditure</b>		
Employee Benefit Expenses	591,331	606,613
Other Service Expenses	1,143,736	1,226,195
Business Rates Tariff	53,236	56,365
Capital Charges including Depreciation and impairment	271,358	197,429
Interest Payments	51,189	67,090
Pensions Interest Costs	149,042	195,419
Precepts and Levies	70,087	72,512
Loss on Disposal of Non-current Assets (general fund)	32,532	34,995
Share of operating results of joint venture	436,752	470,619
Corporation Tax	17,376	1,629
<b>Total Expenditure</b>	<b>2,816,712</b>	<b>2,928,866</b>
<b>Income</b>		
Fees, Charges and Other Service Income	(331,981)	(361,703)
Interest and Investment Income	(52,333)	(54,007)
Return on Pension Assets	(179,576)	(191,582)
Capital Charges related income	(19,148)	(41,497)
Income from Council Tax	(214,275)	(229,468)
Business Rates Income	(347,010)	(375,332)
Government Grants and Contributions	(1,065,558)	(1,110,763)
Gain on Disposal of Fixed Assets (HRA)	0	0
Share of operating results of joint venture	(451,048)	(480,644)
<b>Total Income</b>	<b>(2,660,929)</b>	<b>(2,844,995)</b>
<b>Deficit / (Surplus) on the Provision of Services</b>	<b>155,782</b>	<b>83,872</b>

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Group Note 4. Property Plant and Equipment

Movements on tangible non-current assets in the group during 2024/25 were as follows:

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
Gross book value brought forward	791,175	1,539,698	134,866	44,754	381,037	200,461	0	3,091,991
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 2024	786,964	1,483,020	73,133	43,902	381,037	198,735	0	2,966,791
Movement in 2024/2025								
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)

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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
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 2025</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 2025	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 2025	(4,652)	(17,239)	(59,783)	(852)	0	(1,906)	(6,326)	(90,758)
<b>Net Book Value carried forward as at 1 April 2025</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>

Movements on tangible non-current assets in the group during 2023/24 were as follows:

<b>Property, Plant and Equipment</b>	<b>Council Dwellings £000s</b>	<b>Restated* Other Land and Buildings £000s</b>	<b>Restated* Vehicles, Plant, and Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Assets Under Construction £000s</b>	<b>Surplus Assets £000s</b>	<b>Restated* Total £000s</b>
Gross book value brought forward	739,065	1,317,306	168,808	43,333	526,314	153,259	2,948,085
Accumulated depreciation and impairment brought forward	(713)	(75,239)	(90,927)	(853)	0	(1,758)	(169,490)
Gross book value adjustment for zero net book value assets	0	(12,967)	(28,140)	0	0	0	(41,107)

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Accumulated depreciation adjustment for zero net book value assets	0	12,967	28,140	0	0	0	41,107
Adjusted Gross book value	739,065	1,304,339	140,668	43,333	526,314	153,259	2,906,978
Adjusted accumulated depreciation	(713)	(62,272)	(62,787)	(853)	0	(1,758)	(128,383)
Net book value carried forward as at 31 March 2023	738,352	1,242,067	77,881	42,480	526,314	151,501	2,778,595
Movement in 2023/2024							
Additions	31,769	82,621	7,189	1,403	155,230	3,173	281,385
Revaluations recognised in revaluation reserve	58,330	31,364	(52)	0	0	53,336	142,977
Revaluations recognised in deficit on the provision of services	(7,237)	(78,523)	0	0	0	(6,745)	(92,505)
Derecognition - disposals	0	(43,039)	(156)	0	0	0	(43,195)
Transferred from held for sale	(7,083)	0	0	0	0	0	(7,083)
Other transfers	9,415	287,848	(678)	19	(300,507)	(2,333)	(6,236)
Newly recognised leased / PFI assets	0	0	0	0	0	0	0
Depreciation	(18,097)	(38,767)	(10,986)	0	0	(197)	(68,047)
Impairments charged to the (surplus) / deficit on the provision of services	(5,992)	(229)	(64)	0	0	0	(6,285)
Impairments covered by the revaluation reserve	(12,493)	(322)	0	0	0	0	(12,815)
In year adjustment to gross book value for zero net book assets	0	(9)	(9,267)	0	0	0	(9,276)
In year adjustment to accumulated depreciation - zero net book value assets	0	9	9,267	0	0	0	9,276

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Net Book Value carried forward as at 1 April 2024	786,964	1,483,020	73,133	43,902	381,037	198,735	2,966,791
Gross book value carried forward as at 31 March 2024	791,175	1,539,698	134,866	44,754	381,037	200,461	3,091,991
Accumulated depreciation and impairment carried forward as at 31 March 2024	(4,211)	(56,678)	(61,733)	(852)	0	(1,726)	(125,200)
Net Book Value carried forward as at 1 April 2024	786,964	1,483,020	73,133	43,902	381,037	198,735	2,966,791

\*Refer to Note 3 and note 19a in the single entity disclosure notes for details of the prior period restatement.

Group Note 5. Long-term Investments

	31 March 2024 £000s	31 March 2025 £000s
Investments in organisations included in the group statements		
Manchester Airports Holdings Ltd	899,625	949,265
Wythenshawe Civic Regeneration LLP		8,103
Investments in associates and joint ventures not included in the group statements		
Eastlands Development Company Limited	1,276	2,155
Matrix Homes Ltd	10,548	10,548
Manchester Science Park	7,958	6,204
Apis Assay Technologies	3,842	2,629
Mayfield Developments	9,908	10,062
Other long-term investments	5,199	3,231
<b>Total Long-Term Investments</b>	<b>938,357</b>	<b>992,197</b>

Group Note 6. Analysis of Bank Overdraft and Cash and Cash Equivalents

	31 March 2024 £000s	31 March 2025 £000s
<b>Bank Overdraft and Cash and Cash equivalents</b>		
Cash at bank and in hand	20,054	3,213
Call accounts	99,567	139,038
Cash equivalents	5,833	37,713
<b>Total</b>	<b>125,455</b>	<b>179,964</b>

Group Note 7. 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 or Manchester Energy Network have been removed as they are classed as intra-company transactions.

	31 March 2023 £000s	31 March 2024 £000s
Manchester City Council	209,672	235,335
Subsidiaries		
Trade Creditors	3,389	2,308
Accruals and deferred income	8,453	9,578

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Corporation tax	216	572
Other taxes and social security costs	562	1,090
Total subsidiaries	12,621	13,548
Total	222,293	248,883

Further details can be found in the Council's accounts Note 33.

[Group Note 8. Related Party Transactions](#)

As at 31 March 2025 the amount outstanding owed by Manchester Airports Holdings Limited to Manchester City Council was £413.504m (£409.785m at 31 March 2024).

Destination Manchester Limited had outstanding loans from the Council of £16.642m at 31 March 2025 (£14.807m at 31 March 2024).

Manchester Energy Network had outstanding loans from the Council of £15m at 31 March 2023 (£15.845m at 31 March 2024).

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 9. Cash Flow Statement - Adjustments to net deficit / surplus on the provision of services for non-cash movements

	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>
Depreciation of noncurrent assets	96,656	111,341
Impairment and revaluation losses of noncurrent assets	100,286	19,728
Amortisation of intangible non-current assets	30	30
Movement in contract assets, liabilities, and costs (IFRS 15)	0	0
Increase/(decrease) in impairment for bad debts	0	0
Increase/(decrease) in creditors	(31,644)	31,100
(Increase)/decrease in debtors	(17,335)	(62,183)
(Increase)/decrease in inventories	32	120
Movement in pension liability	(25,813)	1,503
Carrying amount of non-current assets and non-current assets held for sale, sold, or derecognised	52,968	68,596
Other non-cash items charged to the net surplus or deficit on the provision of services	40,217	(22,337)
<b>Total</b>	<b>215,398</b>	<b>147,898</b>

Group Note 10. Cash Flow Statement - Adjustments for items included in the net deficit / surplus on the provision of services that are investing and financing activities

	<b>2023/24 £000s</b>	<b>2024/25 £000s</b>
Proceeds from the disposal of property, plant and equipment, investment properties and intangible assets	(20,170)	(2,028)
Any other items for which the cash effects are investing or financing cash flows	(108,932)	(139,719)
<b>Total</b>	<b>(129,102)</b>	<b>(141,747)</b>

Group Note 11. Cash Flow Statement - Operating Activities

The cash flows for operating activities include the following items:

	2023/24 £000s	2024/25 £000s
Interest received	47,887	43,130
Interest paid	(46,637)	(65,435)
Dividends received	3,935	5,956
Taxation	370	993

Note 12. Cash Flow Statement - Investing Activities

	2023/24 £000s	2024/25 £000s
Purchase of plant, property and equipment, investment property and intangible assets	(324,251)	(278,912)
Purchase of short term and long-term investments	(1,507)	2,000
Other payments for investing activities	(1,072)	(551)
Proceeds of plant, property and equipment, investment property and intangible assets	21,009	139,289
Other receipts from investing activities	118,329	2,028
<b>Total</b>	<b>(187,492)</b>	<b>(136,146)</b>

Group Note 13. Cash Flow Statement - Financing Activities

	2023/24 £000s	2024/25 £000s
Cash receipts of long and short-term borrowing	451,414	435,923
Cash payments for the reduction of outstanding liabilities relating to leases and PFI contracts	(10,222)	(16,105)
Repayments of long- and short-term borrowing	(167,965)	(147,780)
Other payments for financing activities	(609)	(3,662)
<b>Net cash flows from financing activities</b>	<b>272,618</b>	<b>268,376</b>

Group Note 14. 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 15. Prior Period Reclassification

There have been no prior period changes to the Group accounts apart from those outlined in the single entity elements in note 3.

## 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):



27 February 2026

Signed Tom Stannard (Chief Executive)



27 February 2026

## Independent auditor's report to the members of Manchester City Council

### Report on the audit of the financial statements

#### Disclaimer of opinion on the financial statements

We were appointed to audit the financial statements of Manchester City Council ('the Council') and its subsidiaries and joint ventures ('the Group') for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Movement in Reserves Statement, the Cash Flow Statement, the Housing Revenue Account (HRA) Income and Expenditure Statement, the Movement in the Housing Revenue Account Statement, the Collection Fund Statements, the Group Comprehensive Income and Expenditure Statement, the Group Movement in Reserves Statement, the Group Balance Sheet, the Group Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

We do not express an opinion on the financial statements. Because of the significance of the matter described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

#### Basis for disclaimer of opinion

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 ('The Amendment Regulations') came into force. The Amendment Regulations specify the date by which the Council is required to publish its Accountability Statements, which include the financial statements and the auditor's opinion, for each financial year. The Council is required to publish its Accountability Statements for the year ended 31 March 2025, by 27 February 2026 ('the 2026 backstop date').

On 26 February 2025 a disclaimer of opinion was issued in relation to the financial statements for the year ended 31 March 2024. The disclaimer of opinion was issued as there was insufficient time to perform all necessary audit procedures to obtain sufficient appropriate evidence upon which to form an opinion before the relevant backstop date specified in the Amendment Regulations

The National Audit Office issued guidance to auditors on rebuilding assurance following backstop-related disclaimers of opinion through Local Audit Reset and Recovery Implementation Guidance 06 ('LARRIG 06') in June 2025. We have had regard to LARRIG 06 and other relevant guidance and determined that there is not sufficient time to carry out the procedures we deem necessary to rebuild assurance. As a result, we are not able to obtain sufficient appropriate evidence upon which to form an opinion on the financial statements for the year ended 31 March 2025 before the 2026 backstop date.

#### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the

greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team.

For the reasons explained in the basis for disclaimer of opinion section above, we have been unable to obtain sufficient appropriate audit evidence upon which to form an opinion on the financial statements. This means that we have not undertaken sufficient audit procedures to determine whether there are any key audit matters to report in relation to our audit of the financial statements. Consequently, other than the matter giving rise to our disclaimer of opinion as described in the basis for disclaimer of opinion section of our report, there are no key audit matters to report. This was communicated to those charged with governance through our Audit Completion Report.

### Our application of materiality

The scope of our audit was influenced by our application of materiality. It is necessary to set quantitative thresholds for materiality as our determination of materiality forms the basis for determining the opinion on your financial statements that we express in our audit report. This is applicable even when we issue a disclaimer of opinion as set out above. In planning our audit, based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Council	Group
Overall materiality	£42.4m	£51.2m
Basis for determining materiality	Approximately 1.75% of gross expenditure at the surplus/deficit on provision of services level.	Approximately 1.75% of gross expenditure at the surplus/deficit on provision of services level.
Rationale for benchmark applied	Council Gross Expenditure - We chose gross expenditure at the surplus/deficit on provision of services level as the appropriate benchmark for overall materiality as this is a key measure of financial performance for users of the financial statements.	Group Gross Expenditure - We chose gross expenditure at the surplus/deficit on provision of services level as the appropriate benchmark for overall materiality as this is a key measure of financial performance for users of the financial statements
Performance materiality description	Council Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We considered the disclaimer opinion issued in the prior year when determining performance materiality.	Group Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We considered the disclaimer opinion issued in the prior year when determining performance materiality

## Manchester City Council Annual Statement of Accounts 2024/25

Performance materiality values	We set performance materiality at £29.6m, which represents 70% of overall materiality	We set performance materiality at £30.7m, which represents 60% of overall materiality
Reporting threshold description	Council Threshold - We agreed with the members that we would report to them misstatements identified during our audit above triviality as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.	Group Threshold - We agreed with the members that we would report to them misstatements identified during our audit above triviality as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.
Reporting threshold values	£1.272m	£1.536m

### **Responsibilities of the City Treasurer for the financial statements**

As explained more fully in the Statement of the City Treasurer's Responsibilities, the City Treasurer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view. The City Treasurer is also responsible for such internal control as the City Treasurer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The City Treasurer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and prepare the financial statements on a going concern basis on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The City Treasurer is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Council's and Group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report. However, because of the matter described in the Basis for Disclaimer of Opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements. In reaching this judgement we have complied with the requirements of the Code of Audit Practice and have had regard to the Local Audit Reset and Recovery Implementation Guidance published by the National Audit Office and endorsed by the Financial Reporting Council.

We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

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

### **Matter on which we are required to report by exception**

We are required to report to you if, in our view we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in this respect.

### **Responsibilities of the Council**

The Council is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources, and to report where we have not been able to satisfy ourselves that it has done so. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

### **Matters on which we are required to report by exception under the Code of Audit Practice**

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

We are also required by the Code of Audit Practice, to give an opinion on whether other information published together with the audited financial statements, is consistent with the financial statements. Because of the matter described in the Basis for Disclaimer of Opinion section we do not express an opinion on the financial statements. We also do not express an opinion on whether other information published together with the audited financial statements is consistent with the financial statements.

## **Other matters which we are required to address**

Public Sector Audit Appointments Ltd, in its role as appointing person under the Local Audit (Appointing Person) Regulations 2015, appointed us as the Council's auditor, on 14 December 2017. The period of total uninterrupted engagement, including previous renewals and reappointments of the firm, is seven years covering the audit of the financial years ending 31 March 2019 to 31 March 2025.

We have not provided any of the non-audit services prohibited by the FRC's Ethical Standard to the Council or Group and we remain independent of the Council and Group in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee.

## **Use of the audit report**

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

## **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until we have received confirmation from the NAO that the group audit of the Whole of Government Account has been completed and that no further work is required to be completed by us.

*Suresh Patel*

Suresh Patel, Key Audit Partner  
For and on behalf of Forvis Mazars LLP

One St Peters Square

Manchester

M2 3DE

27 February 2026