Public

DERBYSHIRE
County Council

Pre-Audit
Statement of Accounts
2025-26

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NARRATIVE REPORT

Introduction

This Narrative Report to the accounts summarises key financial information, reviews performance in the year and explains any significant areas of risk and opportunity for the Council. It then looks forward to the future to give a flavour of what to expect in 2026-27 and beyond.

The accounts themselves, which follow this Narrative Report, provide information about the Council's financial performance during 2025-26 and the financial position of the Council for the year ended 31 March 2026. The Statement of Accounts has been prepared in compliance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting (the Code), based on International Financial Reporting Standards (IFRS). This means that almost all the information reported in these accounts follows generally accepted accounting principles and provides a consistent basis upon which to compare 2025-26 with 2024-25.

Throughout the financial year the Council reports, both internally to its leadership team and externally in the public domain, on actual financial performance compared with the annual budget. A summary of this is included in both this Narrative Report and within the accounts.

This document also includes information relating to the Derbyshire Pension Fund, which the Council administers on behalf of its staff, local authorities and other admitted bodies.

Basis of Preparation and Presentation

When preparing the accounts, an authority should have regard to whether the information is material to the “true and fair” view of the financial position, financial performance and cash flows of the authority and to the understanding of users.

Information is material if omitting it, or misstating it, could influence decisions that users make on the basis of financial information about a specific authority.

The Accounting Policies of the Council have been prepared in accordance with IFRS, as adopted by the Code and the Update. Where there is no specific guidance in the Code or the Update, the Council has developed its own Accounting Policies, which are aimed at creating information which is relevant to the decision-making needs of users and reliable, in that the financial statements:

- represent fairly the financial position, financial performance and cash flows of the entity.
- reflect the economic substance of transactions, other events and conditions and not merely the legal form.
- are neutral i.e. free from bias.
- are prudent, and
- are complete in all material respects.

The Council's Accounting Policies outline how the Council should account for all income, expenditure, assets and liabilities held and incurred during the 2025-26 financial year.

The Accounting Policies of the Council are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the Council's accounts. The Accounting Policies of the Council, as far as possible, have been developed to ensure that the accounts of the Council are understandable, relevant, free from material error or misstatement, reliable and comparable. The Accounting Policies can be found at page 128.

Explanation of the Accounting Statements which follow

- Comprehensive Income and Expenditure Statement (CIES) – This shows the cost of providing services in accordance with generally accepted accounting practices.
- Balance Sheet (BS) – This shows the value of all assets and liabilities. Reserves always equal net assets and liabilities so the Balance Sheet remains in balance.
- Cash Flow Statement (CFS) – This statement shows the changes in cash and cash equivalents of the Council.
- Movement in Reserves (MiRS) – This shows the movement on the different reserves held, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure) and 'unusable' reserves.
- Notes to the Accounts – Not a statement, however, they provide supplementary information.

Performance

The Council's CIES is presented on the basis of how it reports its management accounts during the financial year, with eight operating and reporting segments, primarily based on Cabinet Member Portfolios. The Council has ten Cabinet Member Portfolios, structured into four departments. These portfolios are Adult Care, Children and Families, SEND and Education, Business Services, Council Efficiency (DOGE), Health and Communities, Potholes, Highways and Transport, Net Zero and Environment, Economic Development and Regeneration and Strategic Leadership. However, for operational and reporting purposes the Children and Familieis and SEND and Education portfolios are combined and the Strategic Leadership portfolio is not separately reported.

Revenue Expenditure

Overall Council Expenditure

The Council set its net budget requirement for 2025-26 on 12 February 2025 and originally planned to spend £769.845m, with funding coming in the form of Government non-ring-fenced grants of £303.959m, Council Tax of £441.022m, business rates collected locally of £24.864m. Following the approval of the budget the Government sent a late notification of the final grant allocation to cover the increase in the Employer's National Insurance contributions. This brought the funding available up to £771.669m, so the budget was increased to £771.669m for 2025-26. There was no planned use of Reserves.

In 2025-26 the Council spent £795.674m, against a final net budget of £797.638m. The increase in net budget is because of additional general grant income of £10m, of which £3.621m relates to Bus Services Improvement Plan Grant and £4.673m to Business Rates Relief Grant, and £2m more business rates income than expected, plus additional net transfers from Earmarked and General Reserves of £14m.

The table below compares the Council’s summarised Cabinet Portfolio budgets for 2025-26 with the revenue outturn for 2025-26 for these Portfolios, along with the over and under spends for each Portfolio and the Corporate net underspend. This has resulted in a net overall Council underspend of £1.964m for 2025-26.

	Final Net Budget £m	Actual £m	Outturn £m
Controllable:			
Adult Care	344.740	353.558	8.818
Business Services	82.762	78.074	(4.688)
Children's Services and Safeguarding and Education	173.109	200.627	27.518
Council Efficiency (DOGE)	16.160	15.987	(0.173)
Economic Development and Regeneration	1.331	0.945	(0.386)
Health and Communities	16.485	14.594	(1.891)
Net Zero and Environment	42.514	42.816	0.302
Potholes, Highways and Transport	49.158	47.665	(1.493)
Portfolio Outturn	**726.259**	**754.266**	**28.007**
Risk Management	17.876	0.000	(17.876)
Debt Charges	43.622	40.571	(3.051)
Interest and Dividends Receivable	(3.870)	(10.934)	(7.064)
Levies and Precepts	3.925	3.917	(0.008)
Corporate Adjustments	9.826	7.854	(1.972)
Total Outturn Position	**797.638**	**795.674**	**(1.964)**
Transfers to / from reserves:			
RCCO - Capital Funded from Revenue	0.000	0.000	0.000
Transfer to Earmarked Reserves	30.290	30.290	0.000
Transfer from Earmarked Reserves	(39.923)	(39.923)	0.000
Use of General Reserves	(5.548)	(5.548)	0.000
Contribution into General Reserve	1.008	2.972	1.964
	783.465	**783.465**	**0.000**
Financed By:			
Council Tax	(441.443)	(441.443)	0.000
Revenue Support Grant	(19.164)	(19.164)	0.000
Business Rates	(26.677)	(26.677)	0.000
Business Rates Top-up	(102.945)	(102.945)	0.000
Business Rates Relief Grant	(30.000)	(30.000)	0.000
New Homes Bonus	(0.823)	(0.823)	0.000
Other General Revenue Grants	(151.909)	(151.909)	0.000
PFI Grant	(10.504)	(10.504)	0.000
	(783.465)	**(783.465)**	**0.000**

Spending on schools is funded by the Dedicated Schools Grant (DSG). The Council received £483.125m in 2025-26. Note 36 sets out the DSG grant in more detail.

The Council also has responsibility for Public Health funding. A total of £54.086m was received in 2025-26, in the form of ring-fenced grants from Government, comprising the main Public Health Grant of £50.253m and other grants of £3.833m, to pay for Public

Health services. There was an underspend against the balance of the grants of £0.323m. The outturn table above shows the positions net of the impact of these grants, other ring-fenced grants and income from other third parties and their associated spend.

Of the overall £1.964m underspend in 2025-26, the significant variances are set out below.

Portfolio Expenditure

Adult Care

The £8.818m overspend on the Adult Care portfolio can be attributed to several areas of overspend which were offset by underspends in other areas. The main variances are

- a year-end bad debt provision of £4.8m being charged to the service.
- £4.7m overspend on the residential and nursing budgets due to market pressures and part year double running costs from in-house care home re-provision.
- £1.4m overspend on Supported Living offset with additional health income of £1.1m.
- £3.9m shortfall in the delivery of the new Community Charge (non-residential care income) efficiency target.
- £1.5m underspend against the 'Transitions and Building the Right Support' budget.
- £1.2m overall underspend on day centres for older people, dementia homes, extra care schemes and the Learning Disability residential respite unit.
- £1.0m underspend on Brokerage & Contracts Teams, & Commissioned Contracts.

Children's Services and Safeguarding and Education

The Children's Services and Safeguarding and Education portfolio expenditure for the year was significantly higher than the budget of £173.109m. Actual expenditure for the year was £200.627m i.e. a £27.518m overspend for the year.

The most significant area of overspend was in Family Help and Children's Social Care provision of homes for children and the overspend was primarily on agency residential placements (£13.600m) and in-house provision (£4.600m). The service has tried to mitigate the rising costs by seeking to jointly fund this provision with the Health Service where possible via the complex cases pooled budget (whereby the Council core budget funds 34% of the placement cost rather than 100%) and by reducing spend on supported accommodation by using less high-cost spot purchased provision.

Within the Family Help and Childrens Social Care Services there were pressures where vacancies in the Children's Services Social Work teams had to be covered with agency staff and also in meeting the costs of market supplements that had to be paid. Alongside this, there was a pressure on Support for families with disabled children. Over the years the number of children with complex disabilities has grown, resulting in the costs of providing care support packages to enable children with disabilities to remain living with their families now exceeding the allocated budget. The final position for these services at the year-end was an overspend of £1.455m for the year.

There has also been an overspend of £6.290m within the Education and Inclusion Services. This is due to the high demand for Education, Health and Care Plans (EHCPs) where the overspend was £4.500m for the year. The request rate for EHCPs has recently escalated in anticipation of the White Paper (which is expected to outline a new support scheme for children that will introduce further support to children around and prior to an EHCP being put in place) placing further pressures on the budget which is already under pressure as the service continues to clear the backlog of cases.

The final year-end overspend of £4.490m is in the Home to School Transport Service. Work has been ongoing throughout the year on better route planning and other areas within the service. Confidence levels in the new data coming through have increased as the year has progressed and this will strengthen future years' forecasting and control of expenditure which should reduce the pressure on this budget.

Business Services and Council Efficiency

There was an underspend for these services of £4.861m with net underspends of £4.688m and £0.173m for the year for Business Services and Council Efficiency respectively. This was mainly due to the significant levels of vacancies throughout the year. Other reasons for the underspends were that the Legal Team had lower spend on the Child Care Litigation budget than expected; Digital Services did not spend as much on IT software and hardware as expected and finally Property Services also made savings through contract negotiations and consolidation, and because utility charges were lower across all the Council sites.

Economic Development and Regeneration

There was an overall underspend of £0.386m against the budget of £1.331m which arose from having staff vacancies throughout the year and from being able to use grant income to fund some expenditure that was not factored in when the budget was set.

Health and Communities

There has been an underspend totalling £1.891m across the services within this Portfolio against an overall budget of £16.485m. The largest underspend was £1.100m in Welfare Rights, Prevention and Financial Assistance. There were other smaller underspends across the services of £0.791m.

Potholes, Highways and Transport

There was an overall underspend of £1.493m against the budget of £49.158m. This is mainly due to being able to use grant income to fund expenditure in some areas and from receiving more income from Fleet services than expected.

Net Zero and Environment

There has been a small overspend of £0.302m against the budget of £42.514m within this Portfolio. This relates to the cost of an unexpected planning appeal and the cost of part of the transport development management function which operates without an allocated budget to provide a statutory service that is funded by assumed achievement of underspends across the whole Directorate.

Corporate Budgets

The actual expenditure was £37.771m which compared favourably against the Corporate Budgets of £67.759m giving an underspend of £29.988m for the year.

There was a £17.876m underspend on the Risk Management budget which occurred for several reasons:

- The actual Local Government Pay award for 2025-26 was less than the budget set aside in the Risk Management contingency budget for this resulting in an underspend of £3.464m.
- There was £5.371m of other contingencies set aside to meet specific service pressures, which have not been used in the year.
- There was a budget of £1.829m set aside as a general contingency that has not been needed during the year.
- The Council received £5.593m of additional non-ringfenced grants, during the year from the Government after the 2025-26 Revenue Budget had been approved by full Council on 12 February 2025 giving an underspend for the year. These were:
    - Additional Business Rates Relief Grant £4.564m
    - Audit Backstop Grant £0.076m
    - Business Rates Reconciliation Grant £0.109m
    - Redmond Review Local Audit Grant 25-26 £0.058m
    - Local Reform and Community Voices Grant £0.520m
    - Social Care in Prisons Grant £0.094m
    - War Pension Disregard Grant £0.172m
- Income in respect of the Council's share of the gain on the Derbyshire Business Rates Pool exceeded the budgeted amount by £0.619m.
- The Debt Charges budget was underspent by £3.052m in 2025-26. There were several reasons for the large underspend which were
    - An underspend of £2.200m relating to the Minimum Revenue Provision (MRP) for the repayment of debt principal and £0.852m is in respect of interest payable on borrowing. The MRP charge is underspent due to the change in the MRP policy approved by full Council on 12 February 2025 (applicable from 1 April 2024). Also, as less borrowing was required during the year to maintain working capital than was expected when the budget was set the expected interest payable on borrowing was also less than expected resulting in an underspend.
- There was a favourable variance of £7.064m on the Interest and Dividends budget in 2025-26, the main reasons for this are outlined below
    - There were higher levels of cash available throughout the year than expected which has resulted in £6.185m more investment interest and £0.884m more bank interest than expected when the budget was set.

- The budget included an amount of £0.777m of interest receivable where there was some doubt that it would be received for a loan advanced to an organisation (where its financial sustainability was uncertain due to economic conditions). This loan was settled in December 2025, therefore there is no more interest to be recognised.
- The underspends have been offset by an overspend that has arisen because the dividends earned from pooled investment funds were £0.904m less than budgeted for the year, which was due to having sold 3 out of 7 of the funds held by the Council on 17 January 2025.

Council Reserves and Commitments

The Council's General Reserve was £36.990m at 31 March 2026.

The balance on the General Reserve, before commitments, is 4.8% of the Council's Net Budget Requirement for 2025-26 and is considered to be appropriate. The minimum level of General Reserve for an organisation the size of the Council is around 3% of a council's net spending. When the 2025-26 budget was approved at Council in February 2025 the Director of Finance (S151 Officer) commented that the General Reserve for the Council should not fall below £25m.

Considering the current challenges of the Council's overall financial position, it was not proposed to allocate portfolio underspends to departmental Earmarked Reserves for 2025-26, unless there was an exceptional reason to do so. Where there was a request, the appropriate approval was sought.

Reviews of Earmarked Reserves will continue, and any available balances will be returned to the General Reserve, and, if appropriate, reallocated to other Earmarked Reserves. This enables the Council to refocus the balances it is holding, based on its latest assessment of the most significant and immediate financial risks. The next review of Earmarked reserve levels is scheduled to be reported in January/February 2027.

The Comprehensive Income and Expenditure Statement shows a deficit on provision of services of £20.077m. This is different to the outturn position shown above as it includes both cash transactions and non-cash items, such as depreciation. Loss on disposal of non-current assets, which includes asset values in respect of thirteen schools converting to academies during the year, comprises £30.249m of the deficit.

Cost of Living Support

The Council has responded to the impact of the rising cost of living being experienced by Derbyshire residents.

For 2025-26, the Council was again awarded Household Support Fund grants by the UK Government, to support local households facing financial hardship in relation to rising food, energy and essential living costs. The Council continued to take a blended approach to distributing the grant, working cross-Council, with District and Borough council partners and the voluntary sector, to help ensure the funding reached those who needed it most.

By 31 March 2026, the Council and partners had successfully distributed £9.524m (2024-25: £10.691m) of Household Support Grant funding to households in need. During 2025-26, the grant was distributed via one-off grocery vouchers to eligible people, to pensioners and Adult Social Care clients, and by District and Borough councils to address homelessness prevention, welfare and other associated emergency housing needs locally. Cash grants were awarded to low-income families and care leavers and unpaid carers, and vulnerable pensioners were supported to access crisis help by partner agencies. The additional grant funding also enabled the Council to respond to increased demand on the Derbyshire Discretionary Fund (DDF) to provide help with food and heating during the year, and for re-settlement of those facing domestic abuse.

The Council continued to promote the cost-of-living support available to residents, both locally and nationally, including promoting take up of free school meals, and in-house Welfare Rights Service support to help residents with income maximisation advice. This support and advice led to confirmed income gains of £22.735m for Derbyshire residents.

Capital Expenditure

In 2025-26 the Council's capital expenditure (£119.565m) was slightly higher than the previous year's by £12.935m (2024-25: £106.630m). The 2025-26 new starts capital programme (for the three years 2025-26, 2026-27 and 2027-28) approved by full Council on 12 February 2025 was £94.456m. The Council had planned to spend £233.511m in 2025-26, as set out in the Council's Estimate of Capital Expenditure in the Council's Capital Strategy reported to full Council on 11 February 2025, but actual expenditure was £119.565m.

The 2025-26 actual capital expenditure was similar to the capital expenditure in 2024-25. However, for both years it was significantly below the planned expenditure. This was mainly due to various schemes being deferred to future years.

	2024-25 £m	**2025-26 £m**
IFRS 16 Application Adjustment	34.732	-
Capital Expenditure	106.630	119.565
Total	**141.362**	**119.565**
Funded by:		
Grants and Contributions	65.830	96.467
Loans	67.025	15.172
Capital Receipts	8.507	5.544
Donated Asset Income	-	2.382
Total	**141.362**	**119.565**

The Council now funds its capital programme without using revenue contributions. This has come about because of significant service pressures on revenue funds. The Council now only uses grants and contributions, available capital receipts (income from the sale of the Council's assets) and borrowing, a lot of which is currently internally borrowed.

Assets and Liabilities

The value of Property, Plant and Equipment Assets (PPE) has decreased by £24.345m, despite in-year additions of £93.685m due to disposals, depreciation, net revaluation losses and the transfer of asset into the Assets Held for Sale class.

Current and Non-Current Investments have decreased by £9.236m and Cash and Cash Equivalents have increased by £21.333m from the previous year.

Current and Non-Current Debtors have decreased by £9.615m.

Creditors and Current and Non-Current Provisions have increased by £24.901m.

Current and Non-Current Borrowing has increased by £1.571m. The Council has not taken any long-term borrowing since September 2010.

The Council's pensions' position has changed from a total net pensions liability of £56.986m at 31 March 2025, to a total net pensions' liability of £46.499m at 31 March 2026. At 31 March 2026, there was a total net Local Government Pension Scheme (LGPS) surplus reported by the Actuary of £743.625m (31 March 2025: £657.286m surplus). The increase in LGPS surplus at 31 March 2026 has arisen mainly because of gains arising from changes to the financial assumptions used to measure LGPS scheme liabilities in the actuarial valuation as at 31 March 2025 and the return on LGPS scheme assets in 2025-26. However, Accounting Standards impose a limit on the maximum amount of surplus which can be recognised in the Balance Sheet, known as an asset ceiling restriction. The Actuary calculated an LGPS scheme asset ceiling restriction of £756.348m (31 March 2025: £677.303m restriction). After this adjustment, there is a total net pensions liability in the accounts, including Teachers Pensions, of £46.499m (31 March 2025: £56.986m total net pensions liability).

Cashflow

The Council's cashflow in 2025-26 highlights a large increase in payments related to the provision of services, which is reflective of price and wage inflation and high demand for Council services, especially in Adult and Childrens Social Care and to provide children with residential care and to support children with Education, Health and Care Plans (EHCPs). The Council has continued to rely on utilising reserves to meet some shortfalls in funding for operating costs, at a similar level to the previous year. The Council has maintained an adequate level of working capital by replacing existing levels of borrowing and through strong inflows of capital grants and receipts from the sale of Non-Current Assets, which has not been matched by a comparable increase in expenditure on Non-Current Assets.

The net cash outflow from Operating Activities decreased by £2.246m in 2025-26. There were increases in Other Operating Payments (non-employee) of £77.982m and Payments to and on behalf of employees of £14.773m. Business Rates income reduced by £3.655m. These increases in net cash outflows were partly offset by an increase in cash inflows from Council Tax of £31.330m, and Revenue Grants and Other Income of £66.497m.

Interest payments decreased by £2.256m and Interest and Dividends Received decreased by £1.426m in 2025-26.

The net cash inflow from Investing Activities decreased by £6.319m in 2025-26. Purchases of Investments increased by £61.513m and Purchase of Non-Current Assets of increased by £6.693m. These increases in net cash outflows were partly offset by an increase in Capital Grants received of £41.440m, an increase in Investments Redeemed of £4.860m, and an increase in Proceeds from the Sale of Non-Current Assets of £15.587m.

The net cash outflow from Financing Activities decreased by £30.882m in 2025-26. There was a net payment on behalf of East Midlands Combined County Authority (EMCCA) in 2024-25 and nothing on behalf of EMCCA in 2025-26 which was a movement of £30.601m. There was also an increase in inflows from new short-term and long-term loans of £19.500m. The decrease in net cash outflows was partly offset by an increase of £19.219m in repayment of borrowing.

Council Funding

The Government uses a measure to estimate the total revenue available to each local authority to fund the services they provide. This is known as Core Spending Power (CSP). This is the total of grant from the Government, income from Council Tax and income from locally retained business rates.

For 2025-26 the Government set out public spending allocations for one year only, with an average 6.8% increase in CSP for the whole of England (an average real-terms increase of 3.8% in the CSP for England). The Council's increase in CSP was 7.2%.

The Council increased Council Tax by 4.99% for 2025-26 (an ASC Precept increase of 2.00% and a basic Council Tax increase of 2.99%), which is equal to the maximum 4.99% allowed without holding a referendum.

The 2025-26 Council Tax increase of 4.99% is in recognition of Adult Social Care pressures and the substantial increase in general budget pressures the Council is facing. Increasing Council Tax by 4.99% will raise around an additional £30.910m in Council Tax income in 2025-26 and future years to support the Council's vital services. The Council will always endeavour to keep Council Tax rises as low as possible. However, pressures will continue to emerge over the medium term; in particular additional costs around pay, and inflationary pressures, which were largely non-existent over the ten years or so prior to 2022-23. The need to fund these, and other pressures, will be challenging and so it is difficult to forecast what future Council Tax increases will need to be.

The Better Care Fund (BCF) allocations and additional allocations of improved BCF will also continue to contribute to supporting Adult Care services.

In the event that more schools convert to academy status, there will be a loss of funding through the Dedicated Schools Grant matched by a reduction in expenditure on schools, however it could result in a potential loss of income from services the Council trades with schools. In 2025-26 there were 13 schools that converted to academies.

Borrowing

Given the uncertainty surrounding the Council's future along with continued cost pressures and uncertainty over the level of future funding for local government, the Council's borrowing strategy continues to address the key issue of affordability, without compromising the longer-term stability of the debt portfolio. The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR) (see Note 15). Usable reserves and working capital are the underlying resources available for investment. The Council's recent strategy has been to maintain borrowing and investments below their underlying levels, this is sometimes known as internal borrowing. If the Council uses more borrowing to fund the capital programme year on year, then the Council's CFR will increase year on year, and whilst the Council internally borrows to fund the Capital Programme the level of investments will remain relatively low. The Council will require additional borrowing of up to £433m by March 2029 according to its CFR forecasts at February 2026.

CIPFA's Prudential Code for Capital Finance in Local Authorities recommends that the Council's total debt should be lower than its highest forecast CFR over the next three years. The Council expects to comply with this recommendation for the 3 years 2026-27 to 2028-29.

Short-term interest rates are currently higher than in the recent past but are expected to fall in the coming year and it is therefore likely to be more cost effective over the medium-term to either use internal resources, or to borrow short-term instead. The risks of this approach will be managed by keeping the Council's interest rate exposure within the limit set in the Council's treasury management prudential indicators. In doing so, the Council is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk. The benefits of internal and short-term borrowing will be monitored regularly against the potential for incurring additional costs, by deferring borrowing into future years. The Council's treasury management advisors will assist the Council with this 'cost of carry' and breakeven analysis. Its output may determine whether the Council borrows additional sums at long-term fixed rates in 2026-27.

The Council has previously raised the majority of its long-term borrowing from the Public Works Loan Board (PWLB), but will consider long term loans from other sources e.g. including banks, pension funds (except Derbyshire Pension Fund) and any other UK public sector body, and it will investigate other sources of borrowing and debt finance (in line with its Treasury Management Strategy approved by Council in February 2025). The PWLB no longer lends to local authorities planning to buy investment assets primarily for yield, so the Council avoids this activity in order to retain its access to the PWLB lending facility.

Alternatively, the Council can arrange forward starting loans during 2025-26 or 2026-27, where the interest rate is fixed in advance, but the cash is received in later years. This achieves certainty of cost without suffering a cost of carry in the intervening period. The Council may also borrow on a short-term basis to cover unplanned cash flow shortages.

Provisions and Contingencies

Movements in provisions and contingencies are disclosed in the Notes to the Accounts. There have been no material changes to policy or to amounts during the year.

Reserves

The Council's Usable Reserves, which include the General and Earmarked Revenue Reserves, have increased by £45.666m, to £434.720m.

The General Reserve balance has decreased by £2.576m from 31 March 2025, to £36.990m at 31 March 2026. The adequacy of the Council's General Reserve balance is considered earlier in the Narrative Report.

During 2025-26, the Earmarked Reserves balance has decreased by £9.634m, to £183.180m at 31 March 2026. Earmarked Reserves are held for specific purposes and are regularly reviewed by Cabinet to see if they are still needed as part of the budget monitoring cycle. A more detailed analysis is available in Note 27 to the Accounts.

The Unapplied Capital Grants Reserve has increased by £21.999m, to £155.989m at 31 March 2026. This reserve holds the grants and contributions received towards capital projects, but which have yet to be applied to meet capital expenditure. The majority of the increase in the Unapplied Capital Grants Reserve in 2025-26 is due to grants being received but not yet allocated to projects, for example contributions from developers, Special Educational Needs and Disabilities (SEND) and Basic Need grants, along with grants Sustainable Transport, Bus Service Improvement Plan (BSIP) and other Highways grants.

The Capital Receipts Reserve has increased by £35.878m to £58.561m at 31 March 2026. This is money set aside to meet capital expenditure and can also now be used to finance revenue costs of projects that generate ongoing savings, improve efficiency, or transform services, rather than using them only for capital projects. This flexibility is available until 30 March 2030 to support transformation, e.g. service restructuring, digital innovation, and shared services. The reserve has increased in 2025-26, primarily because of the sale of assets that the Council no longer needs, as the Council rationalises its assets portfolio in response to hybrid working now being the accepted way of working. This is providing the potential to increase capital receipts by selling properties, including some Industrial Estates and sites at Markham Vale, which will assist with the future funding of the Capital Programme.

After adjusting for non-cash items, the Council's General and Earmarked Reserves remain above the recommended minimum levels for an organisation the size of the Council. Maintaining these levels of reserves are key to the delivery of the Council's objectives over the medium term as a means of helping to manage significant potential liabilities and the general reduction in resources. All such risks are regularly reviewed and along with mitigating actions, on the Council's Strategic and Departmental Risk Registers. The Council formally reviews its reserves at least annually, as set out in the Council's Reserves Policy. The last review was reported to Council in February 2026.

Property, Plant and Equipment (PPE) and Right of Use Assets

Following HM Treasury's Thematic Review of Non-investment Asset Valuation for financial reporting, the Code mandates that from 2025-26 revaluations of PPE (land and buildings and surplus assets) and Right of Use assets (leased land and buildings) based on formal valuations are undertaken only once every five years supported by revaluations based on annual indexation in the intervening years.

Pensions

Liability

Under International Accounting Standard 19 (IAS19), the Council is required to show the total future costs of pension liabilities for the Local Government Pension Scheme. This is a notional figure, as the Council's budget is constructed on the basis of actual contributions payable.

The IAS19 notional cost of the LGPS scheme for 2025-26 is £46.448m and for Teachers Pensions is £2.025m. The actual contributions made for the year were £68.545m and £4.184m respectively, resulting in a net adjustment to the revenue position of £24.256m. In addition, there were actuarial gains on both schemes, amounting to £64.242m and £1.034m respectively. Overall, this would have resulted in an improvement of £89.532m in the Council's Balance Sheet position, from a total net pensions asset of £620.317m at 31 March 2025, to a total net pensions asset of £709.849m at 31 March 2026. However, Accounting Standards impose a limit on the maximum amount of surplus which can be recognised in the Balance Sheet, known as an asset ceiling restriction. The limit depends on factors unique to each employer and the Actuary has reflected this by carrying out additional calculations. The Actuary calculated an LGPS scheme asset ceiling restriction of £756.348m (31 March 2025: £677.303m restriction). After this adjustment, there is a total net pensions liability in the accounts, including Teachers Pensions, of £46.499m.

There were gains arising from changes to the demographic and financial assumptions used to measure LGPS scheme liabilities in the actuarial valuation as at 31 March 2025, in addition to the return on LGPS scheme assets in 2025-26.

The overall net pensions position is offset by a matching unusable reserve, ensuring there is no impact on the level of Council Tax. There is currently a surplus between the benefits earned by past and current employees and the resources that the Council has set aside to meet them. The Funding Strategy adopted by the Pension Fund will ensure that an appropriate level of funding has been set aside by the time the benefits come to be paid.

Events After the Balance Sheet Date

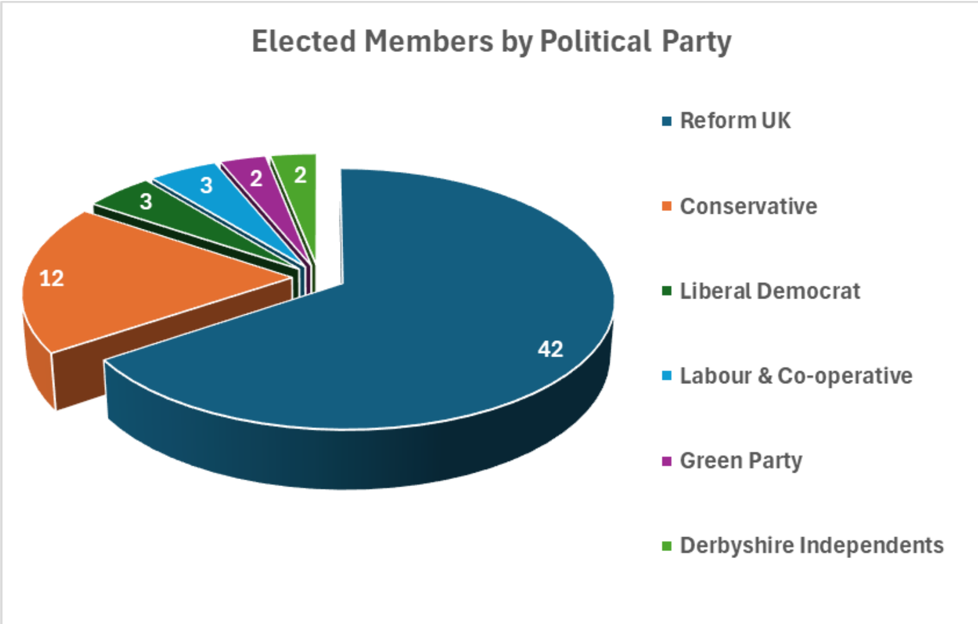
Derbyshire County Council and Derby City Council completed a procurement process in May 2026 to appoint a contractor to fix and operate the DDWTC. This process did not result in any bids being submitted. The councils have worked collaboratively to undertake an options appraisal to inform a future decision on the next steps in relation to the project and the DDWTC. The results of this options appraisal will be considered by council cabinets later in 2026.

Organisation and Governance

The Council is composed of 64 Elected Members who are democratically elected and accountable to the residents of their electoral division. Following the County Council elections in May 2025 the Reform Group took overall control of the Council winning 42 seats, with 5 other parties winning 22 seats in total (see diagram below).

All Members meet together to conduct the business of the Council. These Meetings are generally open for the public to attend, except where confidential matters are being discussed.

More information on the Council's Governance Framework is included in the Council's Annual Governance Statement, which is included at the end of these accounts.



Following the elections in May 2025 the new Leader of the Council set up a new Cabinet. The Cabinet is responsible for guiding the Council in the formulation of the Corporate Plan objectives and key priorities, (more details on these can be found in the section "Strategy and Resource Allocation", below. Within the policy framework, budgets and major plans are approved by full Council, and Cabinet has executive responsibility for the implementation of the Council's key goals and objectives.

The Cabinet consists of the Leader of the Council and nine Members. There are ten Portfolios with each Cabinet Member having responsibility for a Portfolio. The Portfolios (listed alphabetically) are:

- Adult Care
- Business Services
- Childrens and Families
- Council Efficiency (DOGE)
- Economic Development and Regeneration

- Health and Communities
- Net Zero and Environment
- Potholes, Highways and Transport
- SEND and Education
- Strategic Leadership

Members follow a Code of Conduct, to ensure high standards in the way they undertake their duties. The Governance, Ethics and Standards Committee promotes and maintains high standards, assists Members in observing the Code of Conduct and advises the Council on matters related to the Code of Conduct. The Council also operated four Scrutiny Committees during 2025-26, along with an Audit Committee, which support the work of the Cabinet and the Council as a whole.

East Midlands Combined County Authority (EMCCA)

The East Midlands Devolution Deal, which covers Derbyshire, Nottinghamshire, Derby and Nottingham, was signed in August 2022 with this Council being one of the constituent councils which form the Combined Authority. EMCCA has been operating since March 2024 with an elected Mayor. Devolution will result in the East Midlands receiving £1.14billion more funding over 30 years, to invest in the region. The Council will receive grant income to deliver schemes that will meet the objectives in the EMCCA’S Transport for City Regions Delivery Plan.

Local Enterprise Partnership

D2N2 was the Local Enterprise Partnership (LEP) for Derby, Derbyshire, Nottingham and Nottinghamshire. It played a central role in deciding local economic priorities and undertaking activities to drive economic growth and create local jobs. It was a locally owned partnership between the public and private sectors and in April 2019 became incorporated in line with new Government guidelines. It was managed by a Board made up of the constituent councils, including Derbyshire County Council and private sector representatives. From April 2019 the Council became the single accountable body for all D2N2 LEP funds. As Accountable Body, the Council was responsible for overseeing the proper administration of financial affairs within the LEP with regard to public funds.

The LEP’s activity was transferred into EMCCA during 2024-25 and the company will be closed with Companies House at the end of 2025-26.

Vertas (Derbyshire) Ltd, Concertus (Derbyshire) Ltd and PSP (Derbyshire) LLP

Vertas (Derbyshire) Limited (VDL) and Concertus (Derbyshire) Limited (CDL) are private limited companies that provide cleaning and caretaking services and property design and consultancy, respectively. VDL and CDL are run as Joint Venture companies, in which the Council has a 49% stake. The other shareholders are part of Suffolk Group Holdings Limited, whose ultimate parent undertaking and controlling party is Suffolk County Council.

During 2025-26, income receivable from VDL was £0.047m (2024-25: £0.062m), of which £0.001m was outstanding at 31 March 2026 (31 March 2025: £0.015m).

During 2025-26, CDL income receivable was £0.091m (2024-25: £0.094m), of which £0.020m was outstanding at 31 March 2026 (31 March 2025: £0.031m).

During 2025-26, expenditure payable to VDL and Vertas (Derbyshire) Traded Limited (its wholly owned subsidiary) was £2.717m, (2024-25: £10.756m), of which £0.489m was outstanding at 31 March 2026 (31 March 2025: £0.614m).

During 2025-26, expenditure payable to CDL and Concertus Derbyshire Traded Limited, its wholly owned subsidiary was £0.900m (2024-25: £4.517m), of which none was outstanding at 31 March 2026 (31 March 2025: £0.005m).

PSP (Derbyshire) LLP (PSPD) is a limited liability partnership (LLP) formed between the Council and PSP Facilitating Limited (PSPF), under the provisions of the Limited Liability Partnership Act 2000. The purpose of PSPD is to help the Council unlock value from its land and property. There were no transactions with the company during 2025-26 (2024-25: £nil).

Strategy and Resource Allocation

Performance Overview

The Council Plan 2025-26 identified three focused priorities to direct effort and resource:

- People: Empowered communities where people live safe, happy, healthy and independent lives
- Place: Prosperous, green and sustainable places with opportunities for all
- The Council: A resident focused, efficient and effective organisation delivering value for money

For each priority 'Strategic Objectives' and actions were identified, setting out what the Council aimed to achieve over the year, these were supported by key measures which enabled the Council to monitor the progress made and detailed in the Council Plan 2026-29 Delivery Framework.

To ensure effective monitoring, and to facilitate appropriate actions, performance was reported in context, with accompanying financial information, on a quarterly basis. Reports were made publicly available on the Council's website, following submission to Cabinet.

The following illustrates the progress against the Strategic Objectives at the end of 2025-26 financial year with "Review" and "Action" Strategic Objectives listed below:

Of the 25 Strategic Objectives in the Council Plan, 20 showed good progress, 4 'required review' and 1 'required action as follows:

SO-02	Deliver improved outcomes for those with special educational needs and disabilities through timely analysis of need and support services in collaboration with stakeholders
SO-12	Deliver a safe, effective, efficient and innovative highways service including the completion of the full transformation of the Highways Service itself
SO-18	Improve Derbyshire County Council's customer experience and journeys through our ways of working and community engagement leading to transformational change and continuous improvement of our services
SO-20	Deliver our four-year budget savings programme to achieve financial sustainability with a focus on delivering £37.5m savings in 2025-26 (year 1 to be refreshed annually)
SO-21	Build a skilled, resilient and flexible workforce that can support the delivery of the Council's strategic objectives and priorities

Our strategic objective to deliver improved outcomes for those with special educational needs and disabilities (SO-02) is rated as "Requiring Action". The Special Educational Needs and Disabilities (SEND) Improvement and Assurance Board continues to ensure robust governance of this critical area of partnership improvement work. The SEND Financial Recovery Plan includes the application of £1.3m investment provided by the Council at the end of 2025 to support improved adherence to statutory timeframes and reduce backlogs. Additional Educational Psychologist locums continue to be onboarded, and it is planned that the backlog of Educational Psychologist advice will be removed by the end of this academic year.

This has impacted delivery due to the increased demand for Education Health and Care Plans (EHCP's) with the number of new EHCP assessments in progress increasing from 998 plans at the end of Quarter 1 to 1,449 plans at the end of Quarter 4. The overall proportion of EHCPs issued within timescale remains below target at 5.7% with 87 final plans issued within 20 weeks during this financial year. Timeliness has however improved throughout the year, and more assessments have been finalised during Quarter 4 than all previous quarters. For EHCP assessments in progress at the end of Quarter 4, the average time ongoing was 26 weeks, a marked improvement on previous quarters. This strategic objective will continue to be a key improvement priority for the Council and partners in 2026-27.

The Council Plan successfully delivered a wide range of services throughout 2025-26, with the following being a selection of key achievements:

Outcome 1 – People: Empowered communities where people live safe, happy, healthy and independent lives

- The Stronger Families Team has successfully supported families to stay together or reunite where safe, helping prevent children entering care and saving over £3m in the last financial year.
- Derbyshire's children's residential provision continues to perform strongly providing safe and stable environments for our children in care. 11 of Derbyshire's 12 children's homes have been inspected by Ofsted with 9 judged good or better.
- The Council has expanded its fostering capacity, with 16 new foster carers approved, bringing the total to 203 active fostering households.
- The Families First Partnership is transforming how services support children, young people and families, with a stronger focus on early help, prevention and more joined-up working.
- A new primary school in South Derbyshire will open in September, increasing local school capacity and supporting growing communities.
- Through employment support, the Council has helped more than 130 young people into apprenticeships or employment, improving life chances and supporting independence.
- Our Disability Employment Service has helped over 280 people to achieve their employment objectives and 88 people have been supported into paid employment.
- Through our Household Support Fund, we have delivered over 33,300 grocery vouchers to families with children in receipt of Free School Meals, low-income families with children in nursery, care leavers living independently and foster carers to help with the cost of living.
- We provided vital support through the Derbyshire Discretionary Fund, awarding 14,957 payments to Derbyshire residents in crisis, totalling £1,997,320.
- Through Live Life Better Derbyshire (LLBD), we exceeded expectations by completing health and wellbeing MOTs for over 9,900 people.
- We supported a record number of residents to quit smoking, with over 3,700 quit dates set through the LLBD programme.
- We supported over 5,000 people through our short-term home care offer, helping them to regain stability, independence and control.
- Over 7,100 carers accessed support through Derbyshire Carers Association (DCA). In 2025, DCA were awarded the nationally recognised Carers Trust Excellence for Carers Quality Standard in 2025.
- This year, we supported 8 colleagues to complete their Social Work Apprenticeship. Following completion and qualification, all of these colleagues have now registered with Social Work England and been appointed to qualified Social Worker roles

within Adult Social Care. This has reduced the number of vacancies in registered social work posts and has contributed to reduced expenditure on agency workers.
- We started the roll out of Recap, this is a co-designed digital tool to support our Social Care workforce have quality conversations with Derbyshire residents and reduce the administrative burden of note taking.

Outcome 2 - Place: Prosperous, green and sustainable places with opportunities for all

- The Council is investing more capital than ever in maintaining and improving the highways network. In 2025-26, total investment was £61.5m, a 62% increase on the previous year and the largest single investment ever. This has enabled additional investment in carriageway maintenance, retaining walls, and landslip repairs, as well as feasibility work to develop future programmes.
- Derbyshire continues to work with EMCCA and has secured £72.9m in grant funding to support growth in the county. A part of the funding secured has enabled significant business support activity in 2025–26, supporting 475 entrepreneurs; more than double the original target; facilitating the creation of 60 new businesses against a target of 40, and delivering 112 jobs, exceeding the initial target of 30.
- More than 130 young people have been supported to move into apprenticeships or employment as part of the Youth Employment Support (YES) Derbyshire programme.
- The Invest in Derbyshire campaign has been launched to attract inward investment and promote a pipeline of development opportunities worth billions of pounds.
- The Council has continued to tackle high street criminality by seizing £40,000 of illegal tobacco and vapes and has worked with landlords to close four shops selling illegal goods.
- The natural environment has been enhanced through:
  - Approximately 80,000 trees planted across 47 sites as part of the Heartwood Community Forest.
  - Publication of the Council's first Biodiversity Report, Forest Plan and Local Nature Recovery Strategy.
- A £3.81m programme to tackle ash dieback disease has been delivered, helping to protect road users and landscapes across Derbyshire.
- Communities benefited from cultural investment through the delivery of around 100 events across six towns as part of the Derbyshire Makes festival, while businesses were supported to grow through targeted initiatives, including the Derbyshire Makes Advanced Manufacturing Support Programme.

Outcome 3 - The Council: A resident focused, efficient and effective organisation delivering value for money

- The Council has delivered £35.172m of savings in 2025-26 (93.8% of the target).
- The 2026-27 budget has been set without reliance on reserves, with reserves strengthened to £35m, an improvement from £25m the previous year.
- Financial performance has improved significantly, with a revenue underspend of £2m, compared to significant overspends in previous years.

- A major transformation programme is underway to redesign the Council's operating model, improve efficiency and reduce costs, with forecast savings of £19.2m to £42.7m by 2028 and beyond.
- A proposal has been submitted for local government reorganisation, setting out plans for a single unitary council to achieve efficiency, accountability and value for residents.

Outlook and Risks

Funding

For the seventh year in a row there was another single-year Local Government Finance Settlement for 2025-26 which set out allocations for one year only at a local authority level. These reduce the flexibility to balance budgets across the medium term. The local government sector has implored the Government to reintroduce multi-year settlements as they provide local authorities with some certainty, supporting medium-term financial planning and financial sustainability. The Council will continue to lobby Government by responding to appropriate consultations in support of both a fair funding and multi-year settlement for the Council.

The Council's Medium Term Financial Plan (MTFP) is reviewed and updated at least annually. It was last formally updated as part of the annual budget setting process for 2025-26, in February 2025. A number of risks regarding the assumptions made in developing the MTFP were highlighted in the Revenue Budget Report, these being:

- **Achievement of Savings –** There is a reliance on the achievement of a programme of budget savings. If the planned savings are not delivered alternative savings will need to be delivered.
- **Service Pressures –** There is a commitment to support budget growth where necessary, and in particular within Adult Social Care. However, if current trends continue regarding placements and NHS discharges, and without the adequate funding to support this, there will be further pressures on budgets in later years. Analysis is underway to consider how to mitigate the demand pressures, and thus reduce some of the financial pressures, but any mitigations will take time to take effect. Demographic growth continues to affect Adult Social Care costs. Predictions show that the Council will experience further annual growth, with substantial additional annual costs estimated over the life of the MTFP.

  Children's Services continue to experience budget pressures largely due to continuing significant increases in the number of children with Education, Health and Care Plans (EHCP's) and the need to support children's education. Demand for services needs to be managed to protect the Council's financial standing.
- **Pay –** The pay award increase for 2025-26 included in the MTFP is bottom-loaded as in recent previous years due to the same fixed amount increases being awarded to all grades (for 2024-25 this was £1,290 on all NJC pay points 2-43). This gave an overall average increase of 4.55% on the overall pay budget for the basic pay award and allowances increases. The increases from 2026-27 onwards are also bottom-loaded but with the increase reducing from 2027-28 onwards as the current

expectation is that inflation will slowly decrease and that National Living Wage increases will drive up the bottom pay point on the Local Government pay scale. The Council, along with other local authorities, has asked for Government support to address the serious issue of substantial increases in the pay award. The Council must fund the nationally agreed pay awards. The estimate for the 2025-26 pay award included in the MTFP cost the Council around £15m.

- **Economic Climate –** Annual UK headline consumer price inflation (CPI) was volatile between April 2024 and April 2025, with annual rates easing through late 2024 before rising again in April 2025 to 3.5% (with the Monthly CPI rose by 1.2% between March and April in 2025, driven by increasing energy and water costs.
- **Borrowing Costs** - Temporary borrowing costs for 2025-26 were estimated based on interest rate forecasts from the Council's Treasury Management advisors and other industry experts in November and December 2024. These forecasts assume that the Bank of England base rate would reduce slowly over 2025 to an estimated 3.75% by the end of the 2025-26 financial year. Current market conditions are being impacted by the conflict in the Middle East. The late 2025/early 2026 forecast was for the base rates to fall throughout 2026. However, the latest forecast are that there will be no immediate cuts in the base rate with possible rate rises instead to curb inflation, or at best cuts delayed until late 2026 or early 2027. This may expose the Council to additional borrowing costs in excess of the budget estimates.
- **Spending Reviews –** The 2025-26 Local Government Finance Settlement was the seventh one-year settlement in a row at local authority funding levels. This hinders Councils in undertaking any medium-term planning for future service delivery as there is no guarantee of the funding they will receive in future years. The local government sector has implored Government for a multi-year settlement, and the Government has finally introduced a multiyear settlement n for 2026-27 onwards. A multi-year settlement will provide local authorities with some certainty, supporting medium-term financial and service planning.
- **Fair Funding and Business Rates Reviews –** Both of these reviews were delayed for several years, and the planned implementation was again postponed in 2025-26 and finally introduced from April 2026. A transparent, fair funding system is required, which reflects need and ability to fund services locally. The Council, along with other Councils, has lobbied the Government to urgently review the local government funding system to ensure that it reflects fairly the needs of local councils. The system introduced in April 2026 mainly benefitted urban metropolitan areas with county councils in the main missing out on additional funding that reflected the genuine needs of organisations to deliver services to local residents..
- **Public Health Grant –** the Council's allocation for 2025-26 was published alongside the Final Settlement. At some point it is expected that the funding for Public Health will form part of revised funding mechanisms for local authorities following funding reviews.
- **East Midlands Combined County Authority (EMCCA) –** As stated earlier EMCCA has been operational since March 2024. Devolution will result in the East Midlands receiving £1.14 billion more funding over 30 years, to invest in the region. The

Council will deliver some services on behalf of EMCCA and will receive a payment for these.

Expenditure

The MTFP approved in February 2025 included an estimated ongoing savings requirement by the end of 2029-30 of £96.699m, of which £46.602m have been identified. The Council introduced a programme management approach to the delivery of savings in 2024-25. This has improved the delivery and monitoring of savings proposals across the organisation.

The MTFP position has worsened since the one reported in the Revenue Budget Report 2024-25, when budget savings (of £66.612m) had been identified to meet the whole budget gap over the period of the MTFP. This is due to the substantial increase in demand and inflationary service and corporate pressures despite additional identified annual budget savings across the period of the MTFP. To maintain the Council's financial position, it is vital that these savings proposals, if approved, are delivered. If the savings proposals are not approved and delivered, alternative savings will have to be found in 2025-26 and future years.

The variables used as part of the budget-setting process for 2025-26 were based on what was known at this time. Without a multi-year Settlement, the medium to longer-term outlook remains unclear, with local authorities in the UK forced to face another period of substantial uncertainty. The Government's Local Government Department Expenditure Limit (DEL) is unprotected and so could have been subject to cuts. However, it was increased by 1.1% for 2025-26 along with the introduction of a reformed approach to allocating funding through the Local Government Finance Settlement. This was started with a targeted approach to allocating additional funding in 2025-26, ahead of a broader redistribution of funding through a multi-year settlement from 2026-27. This was to ensure that it reflected an up-to-date assessment of need and local revenues. Without knowing what the individual funding allocations are likely to be beyond 2025-26, particularly following the announcement about the planned Funding Reform, the MTFP has been prepared on the assumption that there will be no significant change to the Government funding from 2025-26 across the period of the MTFP.

Significant consultation, equality impact assessments and planning timeframes are required to achieve many of the savings. No assumptions have been made as to the outcome of these consultations or the outcome of final decisions which have yet to be made. Where savings proposals have not yet been considered by Cabinet, the necessary consultation exercises will be undertaken, and any equality implications will be assessed before final decisions are made. Throughout the process it will be essential to ensure that the Council continues to meet its statutory and contractual obligations.

Delays in agreeing proposals could result in departmental overspends, which in turn would reduce the General Reserve balance held by the Council, decreasing its ability to meet short term, unforeseeable expenditure. The Council cannot afford to find itself in this position and would require compensating savings to be found if the proposed savings are not delivered or are determined to be unachievable in full or in part.

Reserves

When the 2025-26 budget was approved by Council in February 2025, the recommended optimal level of the General Reserve was £25m. The Council's General Reserve was £36.990m on 31 March 2026. This follows two years (2022-23 and 2023-24) when the draw down of over £113m from reserves was required to meet overspends. A further £19m was drawn from Earmarked Reserves in 2024-25. In 2025-26 the Council underspend was £1.964m, after the use of £14m of General and Earmarked Reserves. The Council's 2026-27 Revenue Budget does not include the planned use of any reserves.

Whilst the Council now maintains an adequate level of General Reserve, any overspends and failure to achieve the level of budget savings required to balance the budget would see a reduction in the balance of the General Reserve and could lead to financial sustainability issues that would require urgent, radical savings rather than the planned process that minimises the impacts of reductions as far as possible. In 2024-25 and again in 2025-26 expenditure has been tightly controlled, which has minimised the need to draw down amounts from Reserves thus maintaining the Council's financial position.

Budget Pressures

The Council's significant budget pressures are considered further below:

Children's Social Care

As an upper tier authority, the Council is responsible for providing children's social care services. These services include child protection and safeguarding, care for looked after children and aftercare, support for vulnerable children and their families.

Nationally the number of children in care has risen significantly over the past decade, creating unprecedented demand pressures on children's services. The national picture is being reflected in Derbyshire. During 2025-26 the position in Derbyshire began to improve, with an average of 1,026 children in care, slightly below the previous year, largely due to reductions seen in the final three months of the year.

The costs of caring for looked after children has, however, continued to rise during 2025-26. Average placement costs for children in the Council's care have rose by 15% between 2024-25 and 2025-26.

Residential care is the most expensive form of care. Locally and nationally, the proportion of children in residential care has increased, largely due to councils struggling to source suitable alternatives such as foster care.

These pressures, exacerbated by the impact of high inflation and cost of living increases on placement costs, are expected to continue for the foreseeable future. In response to these national challenges, the Government has introduced additional funding through the Families First Partnership programme to strengthen prevention and early intervention services alongside investment in fostering initiatives designed to support local authority foster carer recruitment and retention. Whilst these initiatives are welcome, they are unlikely to deliver a significant reduction in placement demand or costs in the short term, and it will take time for their full benefits to be realised.

Dedicated Schools Grant (DSG Deficit)

The Council has a net cumulative deficit on the DSG of £93.390m at 31 March 2026. The main pressures for the Council, as with most local authorities, continues to be in respect of High Needs Block budgets.

The DSG income and expenditure does not form part of the Council's general fund revenue budget, but any surplus or deficit on the DSG funding held by the Council forms part of the Council's reserves. Whilst previously any deficit on these balances was funded by the Council, temporary regulations introduced in 2020 require that these balances are held separately. These regulations are now due to expire on 31 March 2028, at which point any deficit on the DSG balances would have to be funded by the Council.

The Government announced in its 2025 Autumn Budget that from March 2028 onwards the full cost of SEND Provision would be met from Departmental Expenditure Limits (DELs). However, there was no information on what the Government's expectations were to the deficits accumulated prior to that. The Final Local Government Finance Settlement for 2026-27 to 2028-29 published on 9 February 2026 announced that it intended to resolve 90% of local authorities' DSG High Needs deficits accrued to the end of 2025-26. All local authorities with a SEND deficit will be eligible to receive grant funding subject to submitting and securing the Department for Education's approval of a local SEND reform plan.

The Government announced that support will be offered in phases:

Phase 1 – addresses historic deficits up to the end of 2025-26: In 2026-27 all local authorities with a SEND Deficit will be eligible to receive a High Needs Stability Grant covering 90% of their DSG deficit accrued up until March 2026.

Phase 2 – the Government will confirm the detail on further support for deficits arising in 2026-27 and 2027-28 before the end of the statutory override (March 2028).

Phase 3 – From 2028-29 onwards SEND spending will be covered by the Government's DEL budget. Local authorities will not fund future SEND costs.

Deficit balances that exist at the point at which a school becomes an academy may be left with the Council to fund. This is the case for 'sponsored' academies which are academies where the conversion is because of intervention, or where the school is not considered to be strong enough without the aid of a sponsor.

Schools and Learning

Whilst expenditure on school-related activity would normally be expected to be met from within the allocated DSG, there are some statutory duties relating to education which are funded from the Council's revenue funding.

These include Special Educational Needs and Disabilities (SEND) and Educational Psychology (EP) Services and Home to School Transport (HST). SEND and EP Services have seen a significant rise in demand, resulting in increases in assessments and Education Health Care Plans (EHCPs), of more than 60% in the last three years. The rise in demand has resulted in significant expenditure pressures. Transport cost increases and growing numbers of pupils eligible for Council-funded transport have led to significant increases in spend on HST, particularly SEND HST. Net costs have risen by 87% in the last five years and these budgets continue to be under pressure.

Adult Social Care

Demographic growth continues to affect Adult Social Care (ASC) costs. Growth predictions using national data on population changes and the prevalence of dementia show that the Council is subject to approximate annual increases of up to £5m in relation to older people demography, with a further £4m for working age adults including children transitioning to adulthood with significant care needs and resettlement of working age people with complex learning disability and mental health conditions from hospitals. These combined additional costs of up to £9m each year are predicted to continue for at least the next five years.

During the last few years, the National Living Wage has increased annually by between 2% and 10%. For 2024-25 the increase was 9.8%, and for 2025-26, the increase was 6.7%. The central estimate for 2026-27 is an uplift of 3.7% This directly impacts on the contract fees the Council pays to care providers. If this level of increase is to continue it will cost the Council up to an additional £11m-£13m each year over the medium term, net of charges to customers and health.

There are growing pressures around supporting timely hospital discharge from the NHS to assist with system flow. The need to assist with moving people swiftly has resulted in increased placements into residential homes rather than into care at home, with the risk of associated long term cost implications for the likely significant number of individuals who are not able to regain their independence and return home. Action is being taken on a system level to better understand these challenges and transformation has taken place with associated planned efficiencies which also improve outcomes for people whilst supporting hospital flow.

Waste Disposal - Derby and Derbyshire Waste Treatment Facility (DDWTC)

Derbyshire County Council and Derby City Council completed a procurement process in May 2026 to appoint a contractor to fix and operate the DDWTC. This process did not result in any bids being submitted. The councils have worked collaboratively to undertake an options appraisal to inform a future decision on the next steps in relation to the project and the DDWTC. The results of this options appraisal will be considered by council as appropriate.

Extreme and Adverse Weather

The impacts of extreme and adverse weather carry a high risk of financial uncertainty over the long term and will require coordinated effort by all public bodies, including the Government. The Council, and Derbyshire’s communities, are already being impacted by more frequent and intense extreme weather events such as heatwaves, heavy rainfall, storms and wind events, and long periods without rainfall or with high levels of rainfall. In

2025-26 these impacts included flooding of the highway network (with an increased rate of road damage than colder years), overheating in offices, care homes and schools (the warmest summer on record with four heatwave periods), highways trees falling due to storm winds (necessitating a rapid acceleration of the ash dieback management programme), and damage to habitats and biodiversity from drought and wildfires. A wet start to 2026 has caused concern for farmers and UK food production.

The severity and frequency of these impacts is predicted to increase, worsening current vulnerability and risk and introducing new areas of risk and associated costs within Council service areas. Work is underway to reduce these risks through activities such as changing asset management procedures, adapting Public Health approaches during extreme weather, and building resilience through nature-based solutions such as tree planting.

To build further resilience to the impacts, coordinated action is needed across service areas and sufficient funding is needed to implement the necessary adaptation measures. The corporate risk register now contains an updated risk relating to extreme and adverse weather, and specific risks have been cascaded to relevant departments and service areas. Adaptation and resilience are being discussed with EMCCA and district and borough councils.

Mark Kenyon BA(Hons) FCPFA
Director of Finance (Section 151 Officer)

STATEMENT OF RESPONSIBILITIES

The Council's Responsibilities

The Council is required to:

- make arrangements for the proper administration of its financial affairs and to ensure that one of its Officers is responsible for the administration of those affairs. In this Council, that Officer is the Director of Finance, as Section 151 Officer;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Statement of Accounts.

The Section 151 Officer's Responsibilities

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts, in accordance with the appropriate CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code). In preparing this Statement of Accounts, the Section 151 Officer has:

- selected suitable accounting policies and applied them consistently;
- made judgments and estimates that were reasonable and prudent;
- complied with the Code, the Update and the Regulations;
- kept proper accounting records which were up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities;
- ensured that events after the balance sheet date have been considered;
- assessed the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- used the going concern basis of accounting on the assumption that the functions of the Council will continue in operational existence for the foreseeable future; and
- maintained such internal control as determined necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUTHORISATION OF ACCOUNTS FOR ISSUE

Certificate of Section 151 Officer

I certify that the accounts give a true and fair view of the financial position of the Council at 31 March 2026 and of its income and expenditure for the year then ended.

Mark Kenyon BA(Hons) FCPFA
Director of Finance (Section 151 Officer)
14 August 2026

[redacted]

The Statement of Accounts will be approved by the Audit Committee following audit.

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

	Note	2024-25			2025-26		
		Gross Exp £m	Gross Inc £m	Net Exp £m	Gross Exp £m	Gross Inc £m	Net Exp £m
Adult Care		564.399	(210.824)	353.575	606.773	(210.006)	396.767
Business Services		62.284	(27.599)	34.685	52.028	(27.754)	24.274
Children's Services, Safeguarding and Education		831.749	(558.889)	272.860	876.410	(584.461)	291.949
Council Efficiency		3.820	(3.781)	0.039	3.348	(3.937)	(0.589)
Economic Development and Regeneration		6.033	(3.319)	2.714	4.974	(3.052)	1.922
Health and Communities		78.584	(60.655)	17.929	85.331	(68.952)	16.379
Net Zero and Environment		66.064	(7.973)	58.091	72.783	(21.901)	50.882
Potholes, Highways and Transport		92.985	(14.633)	78.352	98.006	(15.280)	82.726
Net Cost of Services		**1,705.918**	**(887.673)**	**818.245**	**1,799.653**	**(935.343)**	**864.310**
Exceptional Items				0.000			0.000
Other Operating Expenditure	5			29.817			33.763
Financing and Investment Income and Expenditure	6			18.256			21.459
Taxation and Non-Specific Grants	7			(805.818)			(899.455)
Deficit on Provision of Services				**60.500**			**20.077**

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Items that will not be Reclassified to Deficit on Provision of Services			
Gain on Revaluation of Non-Current Assets	12 13	(32.783)	(30.145)
Loss on Revaluation of Non-Current Assets	12 13	23.356	26.923
Remeasurement of Net Pension Liability/ (Asset)	46	(2.626)	13.769
Other Comprehensive Expenditure/ (Income)		**(12.053)**	**10.547**
Total Comprehensive Expenditure/ (Income)		**48.447**	**30.624**

The accompanying notes form an integral part of the financial statements.

BALANCE SHEET

31 Mar 2025 £m			31 Mar 2026 £m
1,408.541	Property Plant & Equipment	12	1,384.196
23.190	Heritage Assets	13	23.167
41.218	Right-of-Use Assets	16	44.080
6.974	Intangible Assets	17	5.584
55.461	Non-Current Investments	20	46.212
1.297	Non-Current Debtors	19	1.233
1,536.681	**Total Non-Current Assets**		**1,504.472**
0.000	Current Investments	20	0.013
6.485	Assets Held for Sale	18	6.224
2.162	Inventories		1.689
122.529	Current Debtors	21	112.978
72.843	Cash and Cash Equivalents	22	94.176
204.019	**Total Current Assets**		**215.080**
(151.955)	Current Loans and Borrowing	20	(140.331)
(164.705)	Current Creditors	23	(186.831)
(2.014)	Current Provisions	24	(4.569)
(318.674)	**Total Current Liabilities**		**(331.731)**
(232.830)	Non-Current Borrowing	20	(246.025)
(11.102)	Non-Current Provisions	24	(11.322)
(56.986)	Non-Current Net Pension Liability	25	(46.499)
(66.917)	Other Non-Current Liabilities	25	(60.409)
(367.835)	**Total Non-Current Liabilities**		**(364.255)**
1,054.191	**NET ASSETS**		**1,023.566**
389.054	Usable Reserves	11	434.720
665.137	Unusable Reserves	28	588.846
1,054.191	**TOTAL RESERVES**		**1,023.566**

The accompanying notes form an integral part of the financial statements.

I certify that the Balance Sheet position gives a true and fair view of the financial position of Derbyshire County Council as at 31 March 2026.

[redacted]

Mark Kenyon BA(Hons) FCPFA
Director of Finance (Section 151 Officer)

14 August 2026

CASH FLOW STATEMENT

2024-25 £m			2025-26 £m
(60.500)	**Net Surplus or (Deficit) on the Provision of Services**		**(20.077)**
65.521	Adjustments for non cash movements	41	73.628
(21.453)	Adjustments for investing activities	41	(67.737)
	Net cashflow from:		
(16.432)	**Operating Activities**	**40**	**(14.186)**
50.854	Investing Activities	38	44.535
(39.898)	Financing Activities	39	(9.016)
(5.476)	**Movement in Cash & Cash Equivalents**		**21.333**
78.319	Cash & Cash Equivalents at the start of the year	22	72.843
72.843	**Cash & Cash Equivalents at the end of the year**	**22**	**94.176**

The accompanying notes form an integral part of the financial statements.

MOVEMENT IN RESERVES STATEMENT

	Note	General Reserve	Earmarked Reserves	Unapplied Capital Grants	Capital Receipts Reserve	TOTAL USABLE RESERVES	UNUSABLE RESERVES	TOTAL COUNCIL RESERVES
		£m	£m	£m	£m	£m	£m	£m
2025-26								
Balance at 31 March 2025		**(39.566)**	**(192.814)**	**(133.990)**	**(22.683)**	**(389.053)**	**(665.137)**	**(1,054.190)**
Movement in reserves during 2025-26								
Total Comprehensive Income and Expenditure	CIES	**20.077**	**0.000**	**0.000**	**0.000**	**20.077**	**10.547**	**30.624**
Adjustments between accounting basis and funding basis under regulations	11	(7.867)	0.000	(21.999)	(35.878)	(65.744)	65.744	0.000
Net Transfer to Reserves	27	(9.634)	9.634	0.000	0.000	0.000	0.000	0.000
(Increase)/Decrease in 2025-26		2.576	9.634	(21.999)	(35.878)	(45.667)	76.291	30.624
Balance at 31 March 2026 carried forward		**(36.990)**	**(183.180)**	**(155.989)**	**(58.561)**	**(434.720)**	**(588.846)**	**(1,023.566)**
2024-25								
Balance at 31 March 2024		**(40.181)**	**(205.167)**	**(123.757)**	**(16.747)**	**(385.852)**	**(728.795)**	**(1,114.647)**
IFRS 16 Application Adjustment		0.000	0.000	0.000	0.000	0.000	12.010	12.010
Balance at 1 Apr 2024		**(40.181)**	**(205.167)**	**(123.757)**	**(16.747)**	**(385.852)**	**(716.785)**	**(1,102.637)**
Movement in reserves during 2024-25								
Total Comprehensive Income and Expenditure	CIES	**60.500**	**0.000**	**0.000**	**0.000**	**60.500**	**(12.053)**	**48.447**
Adjustments between accounting basis and funding basis under regulations	11	(47.532)	0.000	(10.233)	(5.936)	(63.701)	63.701	0.000
Net Transfer to Reserves	27	(12.353)	12.353	0.000	0.000	0.000	0.000	0.000
(Increase)/Decrease in 2024-25		0.615	12.353	(10.233)	(5.936)	(3.201)	51.648	48.447
Balance at 31 March 2025 carried forward		**(39.566)**	**(192.814)**	**(133.990)**	**(22.683)**	**(389.053)**	**(665.137)**	**(1,054.190)**

The accompanying notes form an integral part of the financial statements.

It should be noted that the values held within the following Notes to the Accounts may vary slightly when compared to the main Statements or other notes. This is due to amounts being rounded. It is not expected that a difference would be in excess of £10,000 in any single case.

1. ACCOUNTING POLICIES

The Accounting Policies for the Council have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting (the Code). Where there is no specific guidance in the Code or the Update, the Council has developed its own Accounting Policy which is aimed at creating information which is:

- relevant to the decision-making needs of users; and
- reliable, in that the financial statements:
  - represent fairly the financial position, financial performance and cash flows of the Council;
  - reflect the economic substance of transactions, other events and conditions and not merely the legal form;
  - are neutral i.e. free from bias;
  - are prudent; and
  - are complete in all material respects.

The Policies outline how the Council will account for all income, expenditure, assets and liabilities held and incurred during the 2025-26 financial year.

The Accounting Policies of the Council are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the Council's accounts.

The Accounting Policies of the Council, as far as possible, have been developed to ensure that the accounts of the Council are

- understandable,
- relevant,
- free from material error or misstatement,
- reliable and
- comparable.

2. CRITICAL JUDGEMENTS WHEN APPLYING THE ACCOUNTING STANDARDS

Derby & Derbyshire Waste Treatment Centre (DDWTC)

The Council has considered the accounting treatment for the DDWTC and has determined that it will be recognised on the balance sheet at 31 March 2026 as an Asset under Construction due to the asset not yet having been brought into service. The Council has incurred capital expenditure of £1.027m during 25/26 (£0.936m during 24/25) securing, managing and preserving the site.

School Non-Current Assets

The Council has applied judgement regarding the extent of control exercised over the schools that are discussed in the paragraph below, run under various arrangements, to determine whether associated non-current assets are included on the Council's Balance Sheet.

Where non-current school assets are either interpreted as controlled directly by the Council (Community Schools) or indirectly, via the school's governing body (Foundation Schools), then these assets are included on the Council's Balance Sheet. However, non-current school assets in respect of Voluntary Aided and Voluntary Controlled schools are only included on the Council's Balance Sheet where the Council owns or retains substantive rights over the assets and the future economic benefits/service potential of school assets flows to the Council.

3. ACCOUNTING STANDARDS ISSUED AND NOT YET APPLIED

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

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024. The main aim of the change is better guidance and disclosures.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024 Amendments to IAS 12 International Tax Reform: Pillar Two Model Rules – introducing a temporary mandatory exception from accounting for deferred taxes. Narrow scope of changes focussing on clarifying classification and derecognition.
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024. This was minor change to tidy up inconsistencies within the standards.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024. The main change here is to address energy contracts. None of these amendments are anticipated to have a material impact on the Council's financial performance and financial position.

The Council has concluded that these amendments have a limited application and will not impact on the Council's accounts in the year in which they are adopted.

4. ASSUMPTIONS MADE AND OTHER ESTIMATION UNCERTAINTY

Property Plant and Equipment Valuation
The gross book value of Property, Plant and Equipment assets, excluding infrastructure assets, at 31 March 2026 is £941.415m (2025 £1,012.097m), as disclosed in Note 12. When determining current value for the measurement and disclosure requirements in relation to the Council's Property, Plant and Equipment assets, the Council makes assumptions and estimations. Where direct observable market data is unavailable, judgement is required in order to determine a fair value and the Council uses relevant experts to ensure that appropriate valuation techniques are used. Typically, judgements include considerations such as uncertainty and risk where there is volatility in the property and construction industry following macro-economic influences such as the invasion of Ukraine, supply and demand imbalances and inflation increases.

For the Council's portfolio of schools is the method of valuation used to value the assets is the Depreciated Replacement Cost method, using a Modern Equivalent Asset (MEA). Where the build requirement is greater than the actual asset, the valuation is restricted to the actual size of the current asset.

Land and Buildings assets that are measured at current value are revalued on a five-year rolling programme basis by the Council's internal team of valuers. Each property is assessed on its own merits, and the valuation is determined with due regard to any change or uncertainties which may affect the specific property. It is estimated that a theoretical 1% market drop applied across all properties valued in 2025-26 would equate to a valuation decrease of £3.454m, of which £0.242m would be expensed through the surplus/deficit on the provision of services, whilst a 1% increase would equate to a rise in valuations of £3.454m to the revaluation reserve.

The Council has continued to review its 20% rolling programme asset base at 31 March 2026, instead of 1 April 2025, updating land values and gross replacement costs.

Pension Scheme Liabilities
The gross Local Government Pension Scheme (LGPS) pension liability at 31 March 2026 is £2,226.369m (2025, £2,104.888m), as disclosed in Note 25. Estimation of the liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on Pension Fund investments. The Council has engaged Hymans Robertson LLP as its Consulting Actuary to provide expert advice about the assumptions to be applied.

The effect of changes in these estimates on the pension liability impacting on the net asset/liability of the Council are reviewed on an ongoing basis. Variations in the key assumptions will have the following impact on the liability:

- A 0.1% decrease in the real discount rate will increase the pension liability by £35.861m (2% increase in liability).
- A one-year increase in Fund Member life expectancy will increase the pension liability by £84.196m (4% increase in liability).

- A 0.1% increase in the assumed level of salary increases will increase the pension liability by £1.797m (0% (rounded) increase in liability).
- A 0.1% increase in the assumed level of pension increases will increase the pension liability by £35.052m (2% increase in liability).

Financial Instruments Fair Value Estimates
The Council's Financial Instruments are disclosed in Note 21. The fair value of the Council's other long-term loans (former Lender Option Borrower Option (LOBO) loans) of £8.709m (£10.000m nominal) at 31 March 2026 has been determined incorporating option pricing from Bloomberg. The fair value of all short-term investments (under one year) has been assumed to be their nominal value.

The impact of a 1% interest rate rise on the fair value of the Council's borrowing and investments at 31 March 2026 is a reduction of £18.000m in the net financial liability.

5. OTHER OPERATING EXPENDITURE

2024-25 £m		2025-26 £m
(0.877)	Trading Operations	(0.373)
0.383	Levies and Precepts	3.917
30.302	Loss on Disposal of Non-Current Assets	30.219
0.010	Other Income and Expenditure	0.000
29.818		**33.763**

The surplus for the year from commercial trading operations was achieved with a gross expenditure of £0.723m (2024-25: £0.859m) offset against income of £1.096m (2024-25: £1.736m).

Loss on disposal of non-current assets has decreased in 2025-26. The main reasons for loss on disposal in 2025-26 are the asset value of schools that converted to academies during the year and the transfer of some public transport infrastructure assets to the East Midlands Combined County Authority (EMCCA).

Movements on non-current assets, including disposals, are shown in Note 12.

6. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

2024-25 £m		2025-26 £m
29.156	Interest Payable	26.797
(10.171)	Interest Receivable	(8.238)
(3.640)	Dividends Receivable	(2.696)
(1.806)	Financial Asset Fair Value Losses/(Gains)	(0.603)
1.588	Financial Asset Impairment Losses/(Gains)	3.562
0.135	Brokerage Fees	0.132
2.994	Net Pension Costs	2.505
18.256		**21.459**

Movements in the fair value of the Council's investments in pooled investment funds are recognised and measured at Fair Value through Profit or Loss (FVPL) in accordance with IFRS 9 Financial Instruments. However, as the Ministry of Housing, Communities and Local Government (MHCLG) introduced a statutory temporary override for existing investments at 1 April 2024 which requires that any gains or losses should be reversed out to the Pooled Investments Adjustment Account, these gains or losses are reversed out. This applies to the Council's investments in pooled investment vehicles. The statutory override continues up to 1 April 2029.

CIPFA guidance considers that conceptually debtors are a credit facility. Therefore, impairment losses relating to debtors and investments held at amortised cost are a loss of principal and recognition in FIIE is therefore the default treatment. Interest payable has been itemised in the table below.

2024-25 £m		2025-26 £m
12.866	Interest Payable on Capital Borrowing	14.077
4.914	Interest Payable on PFI	4.442
0.845	Interest Payable on Lessee Leases	0.856
10.531	Interest Payable on Other Items	7.422
29.156		**26.797**

Interest receivable has been itemised in the table below.

2024-25 £m		2025-26 £m
(9.982)	Interest Receivable on Investments	(7.811)
(0.003)	Interest Receivable on Transferred Debt	(0.018)
(0.072)	Interest Receivable on Finance Leases	(0.071)
(0.113)	Interest Receivable on Cash & Bank Balances	(0.133)
(0.001)	Interest Receivable on Other Items	(0.205)
(10.171)		**(8.238)**

7. TAXATION AND NON-SPECIFIC GRANT INCOME

2024-25 £m		2025-26 £m
(411.568)	Council Tax	(438.035)
(16.755)	Revenue Support Grant	(19.164)
(24.510)	Business Rates	(25.228)
(102.132)	Business Rates Top-up	(102.945)
(29.524)	Business Rates Relief Grant	(30.000)
(10.504)	Private Finance Initiative Grant	(10.504)
(0.843)	New Homes Bonus	(0.823)
(133.919)	Other General Revenue Grants	(151.909)
(76.063)	Capital Grants	(118.465)
0.000	Donated Asset Income	(2.382)
(805.818)		**(899.455)**

8. EXPENDITURE AND FUNDING ANALYSIS

The Expenditure and Funding Analysis demonstrates how the funding available to the Council (i.e. government grants, council tax and business rates) for the year has been used in providing services compared to those resources consumed or earned in accordance with generally accepted accounting practices (GAAP). It also shows how expenditure is allocated for decision making purposes between the Council’s portfolios. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2024-25				2025-26		
Expenditure/ (Income) chargeable to General Reserve Balance £m	**Adjustments between funding and Accounting Basis £m**	**Net Expenditure in the CIES £m**		**Expenditure/ (Income) chargeable to General Reserve Balance £m**	**Adjustments between funding and Accounting Basis £m**	**Net Expenditure in the CIES £m**
351.085	(2.490)	353.575	Adult Care	380.840	(15.927)	396.767
24.243	(10.442)	34.685	Business Services	22.693	(1.581)	24.274
250.290	(22.570)	272.860	Education	286.799	(5.150)	291.949
0.242	0.203	0.039	Council Efficiency	0.386	0.975	(0.589)
2.205	(0.509)	2.714	Economic Development and Regeneration	2.137	0.215	1.922
17.082	(0.847)	17.929	Health and Communities	16.362	(0.017)	16.379
57.219	(0.872)	58.091	Net Zero and Environment	50.508	(0.374)	50.882
58.967	(19.385)	78.352	Potholes, Highways and Transport	64.387	(18.339)	82.726
761.333	**(56.912)**	**818.245**	**Net Cost of Services**	**824.112**	**(40.198)**	**864.310**
(0.485)	(30.302)	29.817	Other operating expenditure	3.544	(30.219)	33.763
8.451	(9.805)	18.256	Financing and investment income and expenditure	18.944	(2.515)	21.459
(768.684)	37.134	(805.818)	Taxation and non-specific grant income and expenditure	(844.024)	55.431	(899.455)
0.615	**(59.885)**	**60.500**	**Deficit/(Surplus) on Provision of Services**	**2.576**	**(17.501)**	**20.077**
40.181			**Opening General Reserve Balance at 1 April**	**39.566**		
(0.615)			Add/(less) Surplus/(Deficit) on General Reserve	(2.576)		
39.566			**Closing General Reserve Balance at 31 March**	**36.990**		

Note to the Expenditure and Funding Analysis

2024-25					2025-26			
Adjustments for capital purposes (Note a) £m	Net Change for the Pensions Adjustments (Note b) £m	Other Differences (Note c) £m	Total Adjustments £m		Adjustments for capital purposes (Note a) £m	Net Change for the Pensions Adjustments (Note b) £m	Other Differences (Note c) £m	Total Adjustments £m
(3.454)	0.964	0.000	(2.490)	Adult Care	(21.839)	5.912	0.000	(15.927)
(10.076)	(0.366)	0.000	(10.442)	Business Services	(5.030)	3.449	0.000	(1.581)
(24.971)	2.401	0.000	(22.570)	Children's Services and Safeguarding and Education	(16.160)	11.010	0.000	(5.150)
0.000	0.203	0.000	0.203	Council Efficiency	0.000	0.975	0.000	0.975
(0.523)	0.014	0.000	(0.509)	Economic Development and Regeneration	(0.081)	0.296	0.000	0.215
(0.835)	(0.012)	0.000	(0.847)	Health and Communities	(1.234)	1.217	0.000	(0.017)
(0.858)	(0.014)	0.000	(0.872)	Net Zero and Environment	(0.702)	0.328	0.000	(0.374)
(19.660)	0.275	0.000	(19.385)	Potholes, Highways and Transport	(19.710)	1.371	0.000	(18.339)
(60.377)	**3.465**	**0.000**	**(56.912)**	**Net Cost of Services**	**(64.756)**	**24.558**	**0.000**	**(40.198)**
(30.302)	0.000	0.000	(30.302)	Other Operating Expenditure	(30.219)	0.000	0.000	(30.219)
(10.478)	0.000	0.673	(9.805)	Financing and investment income and expenditure	(4.485)	0.000	1.970	(2.515)
76.063	0.000	(38.929)	37.134	Taxation and non-specific grant income and expenditure	118.465	0.000	(63.034)	55.431
(25.094)	**3.465**	**(38.256)**	**(59.885)**	**Deficit/(Surplus) on Provision of Services**	**19.005**	**24.558**	**(61.064)**	**(17.501)**

Note A – Adjustments for Capital Funding and Expenditure Purposes

These are the adjustment made to the General Reserve Balance to meet the requirements of generally accepted accounting practices. This column adds in depreciation and impairment and revaluation gains and losses in the service lines and for:

- Other Operating Expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.
- Financing and Investment Income and Expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from financing and investment income and expenditure as these are not chargeable under generally accepted accounting practices.
- Taxation and Non-Specific Grant Income and Expenditure – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants in the year without conditions or for which conditions are satisfied in the year.

Note B – Net Change for the Removal of Pension Contributions and the Addition of Pension IAS19 Related Expenditure and Income

This is the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits Pension Related Expenditure and Income:

- For services, this represents the removal of the employer pension contributions made by the authority as permitted by statute, which are then replaced with current service costs and past service costs.
- For Financing and Investment Income and Expenditure the net interest on the defined benefit liability is charged to the CIES.

Note C – Other Differences

These are the other differences between amounts debited or credited to the Comprehensive Income and Expenditure Statement and the amounts payable or receivable which are to be recognised under statute:

- For Financing and Investment Income and Expenditure the other differences column recognises adjustments to General Reserve for the timing differences for premiums and discounts and gains/losses on pooled funds measured at Fair Value through Profit or Loss (FVPL).
- For the charge under Taxation and Non-Specific Grant Income and Expenditure this represents the difference between what is chargeable under statutory regulations for Council Tax and Business Rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the district/borough council Collection Funds. It also represents the movement in the Earmarked Reserve balances.

9. EXPENDITURE AND INCOME ANALYSED BY NATURE

	2024-25 £m	2025-26 £m
Expenditure		
Employee expenses	608.898	606.324
Premises	38.426	35.177
Transport	40.652	43.652
Supplies and services	933.263	1,028.809
Capital depreciation, amortisation, impairment	84.687	85.691
Interest payments, brokerage fees, loan modification, financial asset impairment and fair value changes	32.068	32.393
Precepts and levies	0.383	3.917
Trading operations	(0.877)	(0.373)
Loss on disposal of assets	30.302	30.219
Total Expenditure	**1,767.802**	**1,865.809**
Income		
Fees, charges and other service income	(262.534)	(270.575)
Interest and investment income	(13.811)	(10.934)
Income from Council Tax, business rates	(538.210)	(566.209)
Business rates relief grant	(29.524)	(30.000)
Government grants and contributions	(863.223)	(968.014)
Total Income	**(1,707.302)**	**(1,845.732)**
Deficit on the Provision of Services	**(60.500)**	**(20.077)**

10. RELATED PARTY TRANSACTIONS

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

County Council Controlled Companies
MEGZ Limited is a private company limited by 9,751 ordinary shares, all of which are held by the Council. There are three directors of the company who are Members of the Council; all have been appointed by the Council. There were no transactions with the company during the financial year (2024-25: £nil).

Joint Venture Companies and Partnerships
Scape Group Limited is a private limited company. The Council holds 75,000 of its £1 ordinary shares (17% share). During 2025-26 the Council received dividends of £0.550m from Scape Group Limited (2024-25: £0.500m).

Vertas (Derbyshire) Limited (VDL) and Concertus (Derbyshire) Limited (CDL) are private limited companies in which the Council has a 49% stake, with the aim of providing cleaning and caretaking services and property design and consultancy, respectively. VDL and CDL are run as Joint Venture companies with the other shareholders being part of Suffolk Group Holdings Limited, whose ultimate parent undertaking and controlling party is Suffolk County Council. The Council has Board representation at VDL and CDL with one director on the board of each company. Vertas Group Limited (Vertas) and Concertus Design and Property Consultants Limited (Concertus), subsidiary undertakings of Suffolk Group Holdings Limited, have day to day financial control of VDL and CDL, respectively. Financial Governance is maintained via the production of monthly Management Accounts information, which is supplied to Board members and to Finance Officers of the Council. VDL and CDL are assessable to Corporation Tax and VAT in accordance with current legislation. All taxation related matters of VDL and CDL, including Corporation Tax, VAT and Income Tax are managed by Vertas and Concertus. During 2025-26, income of £0.047m was receivable from VDL (2024-25: £0.062m), of which £0.001m was outstanding at 31 March 2026 (31 March 2025: £0.015m). During 2025-26, CDL income receivable was £0.091m (2024-25: £0.094m), of which £0.020m was outstanding at 31 March 2026 (31 March 2025: £0.031m). During 2025-26, expenditure of £2.717m was payable to VDL and Vertas (Derbyshire) Traded Limited, its wholly owned subsidiary (2024-25: £10.756m), of which £0.489m was outstanding at 31 March 2026 (31 March 2025 £0.614m). During 2025-26, expenditure of £0.900m was payable to CDL and Concertus Derbyshire Traded Limited, its wholly owned subsidiary (2024-25: £4.517m), of which £nil was outstanding at 31 March 2026 (31 March 2025: £0.005m).

PSP (Derbyshire) LLP (PSPD) is a limited liability partnership (LLP) formed between the Council and PSP Facilitating Limited (PSPF), under the provisions of the Limited Liability Partnership Act 2000. The purpose of PSPD is to help the Council unlock value from its land and property. Decision making, ownership and profit share are 50/50 between the Council and PSPF. Financial Governance is maintained via a Members Agreement and a Procedure Agreement. All financial activities of PSPD are conducted by PSPF, including statutory compliance, audit, bank account management, VAT and other taxation matters, and all liaison with HMRC and other Government bodies. There were no transactions with the company during 2025-26 (2024-25: £nil).

Derbyco Project SPV Limited is a dormant private limited company with an issued share capital of 100 £0.01 ordinary shares, which was formed in respect of the treatment and disposal of non-hazardous waste. The shareholding is split 50/50 between the Council and Derby City Council. The Council has one director on the company board. There were no transactions with the company during the financial year (2024-25: £nil).

Physical Activity Partnership is a partnership agreement between the Council and Active Partners Trust for the period from April 2024 to March 2029. In 2025-26, the Council provided the second of five years of annual funding to Active Partners Trust from core funding and the Public Health Grant, which comprised £0.144m (2024-25 £0.144m) for running costs and £0.506m (2024-25 £0.499m) to be allocated to delivery partners. The partnership is required to be compliant with the Council’s Financial Regulations. Intellectual Property is to be shared jointly between the partners. The Council provides all the funding. Losses relating to the partnership are shared in accordance with budget percentages. Decisions must be reached by consensus of partnership members. Reporting is required to the Council's Senior Management Team.

Other Companies
The Derbyshire Environmental Trust Limited is a company limited by guarantee with no share capital. One of the directors of the Trust is a Member who was appointed by the Council. Income transactions with this organisation in the year totalled £0.094m (2024-25: £0.090m). There were no expenditure transactions during the year (2024-25: £nil).

Derbyshire Learning and Community Partnerships Ltd is a private company limited by 16,000 ordinary shares. The Council has a 10% shareholding, with the other shareholders being Building Schools for the Future LLP (10%) and Equitix Derbyshire Limited (80%). The Council received no payments from the company in respect of its shareholding and stake in a subordinated loan from the Council to the company during 2025-26 (2024-25: £nil).

Central Government has significant influence over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other organisations. Grants received from Government departments are set out in the subjective analysis in Note 9. Grant receipts are also disclosed in Note 7 and Note 37.

Typical transactions with Central Government bodies include, but are not restricted to, investments, National Insurance contributions paid and pension contributions paid. During 2025-26, income transactions excluding grants totalled £20.696m (2024-25: £24.107m), of these, £18.206m were with academy schools (2024-25: £23.621m). During 2024-25, expenditure transactions and financing transactions totalled £898.566m (2024-25: £810.960m) and included the following significant transactions:

Inland Revenue	£120.130m	(2024-25: £104.615m)
Debt Management Office	£642.500m	(2024-25: £580.000m)
Teachers' Pensions	£50.028m	(2024-25: £48.666m)
Public Works Loan Board	£10.501m	(2024-25: £13.325m)

Other Local Authorities – typical transactions include, but are not restricted to, investments, borrowing, repayment of transferred debt, re-imbursement of joint project costs and supplies of goods and services. During 2025-26, income transactions totalled £41.829m (2024-25: £43.215m) and included significant transactions with Derby City Council totalling £19.482m (2024-25: £20.774m). During 2025-26, expenditure transactions totalled £41.382m. This excludes short term lending and repayment of borrowing with other local authorities (2024-25: £52.750m).

In addition to these transactions, there were significant grant receipts from East Midlands County Combined Authority (EMCCA) which are detailed later in this Note.

Health Bodies – typical transactions include, but are not restricted to, re-imbursement of joint project costs and supplies of goods and services. During 2025-26, income transactions with health bodies in the year totalled £103.305m (2024-25: £98.389m) and included significant transactions with NHS Derby and Derbyshire ICB of £101.716m (2024-25: £96.619m). Expenditure transactions totalled £38.757m (2024-25: £39.342m) and included transactions with Derbyshire Community Health Services NHS Foundation Trust of £23.871m (2024-25: £24.190m).

Members and Senior Officers – Council Members and Senior Officers have direct control over the Council's financial and operating policies. The total of Members' allowances paid in 2025-26 is shown in Note 30.

During 2025-26, there was a change in the Council's administration when the new Members took office on the 1 May 2025. Under the previous administration Members had an interest in transactions totalling £0.201m in payments and totalled £0.492m in income. This was for the period 1 April 2025 until 30 April 2025.

When the Council's new administration was implemented from the 1 May 2025, Members and Senior Officers had an interest totalling £0.138m in received income. In 2024-25 received income totalled £100.177m, of which £96.619m was in respect of NHS Derby and Derbyshire ICB, which had the Council's Director of Public Health on its Governing Body as a local authority representative. During 2025-26, works and services to the value of £7.571m (2024-25: £21.621m), of which £2.716m is in respect of VDL and Vertas (Derbyshire) Traded Limited (2024-25: £10.756m) and £0.900m is in respect of CDL and Concertus Derbyshire Traded Limited (2024-25: £4.517m), were commissioned from companies in which Members and Senior Officers had an interest on behalf of the Council. There was £0.020m outstanding at 31 March 2026 (31 March 2025: £0.005m). Contracts were entered into in full compliance with the Council's Standing Orders.

A Member was elected and served as Derbyshire's Police and Crime Commissioner during April 2025. During 2025-26, twelve Members (2024-25: twelve Members) served as Council-appointed members of the Derbyshire Combined Fire Authority. During 2025-26 and 2024-25, four Members served as Council-appointed members of the Peak District National Park Authority. The D2N2 LEP transitioned into EMCCA throughout 2024-25 and closed as a company on 2 April 2025. During 2025-26, no Members served as the Council's representative to Belper Leisure Centre Limited (2024-25: two Members), a charitable company limited by guarantee.

Derbyshire Pension Fund – the Council is the administering authority for the Derbyshire Pension Fund (the Fund) under the Local Government Pension Scheme Regulations 2013.

Included in management expenses in 2025-26 are charges from the Council of £3.522m (2024-25: £3.350m), for expenses incurred in respect of oversight and governance of the Fund, for Fund administration and for the management of the Fund's in-house investments. At 31 March 2026 the Fund owed the Council £0.320m (31 March 2025: the Council owed the Fund £3.748m).

It has not been possible to apportion, on a reasonable basis, the costs and benefits of key management personnel between the Council and the Fund. However, Members' Allowances and Officers' Remuneration are disclosed in Notes 30 and 31.

LGPS Central Limited – LGPS Central Limited (LGPSC) has been established to manage investment assets on behalf of eight LGPS funds across the Midlands. It is jointly owned in equal shares by the eight administering authorities participating in the LGPSC Pool. The Fund is one of the shareholders.

The Council's Section 151 Officer, or their nominee, represents the Council on the LGPS Central Shareholders' Forum, with delegated authority to make decisions on any matters which require a decision by the shareholders of LGPS Central Limited. All decisions made by the Section 151 Officer or their nominee, using delegated powers, are reported to the Pensions and Investments Committee.

There were no transactions between the Council and LGPS Central in 2024-25 or 2025-26. There was no amount due at either 31 March 2025 or 31 March 2026.

East Midlands Combined County Authority (EMCCA) – Two of the Council's elected Members are appointed to be a member of EMCCA. During 2025-26, £83.457m of grant income was receivable (2024-25: £23.986m) from EMCCA, no interest was paid to EMCCA in respect of the cash and investments the Council held on EMCCA's behalf (2024-25: £3.174m), and £0.650m of other income was receivable from EMCCA (2024-25: £0.108m), of which £0.271m was outstanding at 31 March 2026 (31 March 2025: £0.092m).

D2N2 Local Enterprise Partnership (LEP) – The D2N2 LEP transitioned into EMCCA throughout 2024-25 and closed as a company on 2 April 2025, with all staff transferred and all contracts novated. The Council was the Accountable Body for the D2N2 LEP during 2024-25. The Council's role as Accountable Body has now ended. During 2024-25, the Council received £0.114m from the D2N2 LEP, which was all non-grant income. At 31 March 2025, no amounts were outstanding. During 2024-25, the Council did not commission any Works and Services from the D2N2 LEP and no contributions were made. No amounts were outstanding at 31 March 2025.

11. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS

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

		Usable reserves					
Narrative	Note	General Reserve £m	Earmarked Revenue Reserves £m	Unapplied Capital Grants £m	Capital Receipts Reserve £m	Total Unusable Reserves £m	Total Council Reserves £m
BALANCE AT 31 MARCH 2025		**(39.566)**	**(192.814)**	**(133.990)**	**(22.683)**	**(665.137)**	**(1,054.190)**
Comprehensive Income & Expenditure		20.077	**0.000**	**0.000**	**0.000**	**10.547**	**30.624**
Adjustments between accounting basis and funding basis							
Depreciation of Non-Current Assets	12,13 16,17	(39.463)	0.000	0.000	0.000	39.463	0.000
Revaluation Losses and Impairment of Non-Current Assets	12,13 16,17	(25.720)	0.000	0.000	0.000	25.720	0.000
Capital Grants credited to the CIES	37	118.465	0.000	(118.465)	0.000	0.000	0.000
Disposal of Non-Current Assets	12,13 16,17	(30.219)	0.000	0.000	(30.000)	60.219	0.000
Revenue Expenditure Funded from Capital Under Statute		(20.508)	0.000	0.000	0.000	20.508	0.000
Donated Asset Income credited to the CIES		2.382	0.000	0.000	0.000	(2.382)	0.000
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		0.302	0.000	0.000	0.000	(0.302)	0.000
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements		(4.858)	0.000	0.000	0.000	4.858	0.000

Reversal of items relating to retirement benefits debited or credited to the CIES	46	(48.473)	0.000	0.000	0.000	48.473	0.000
Statutory provision for the financing of capital investment		13.632	0.000	0.000	0.000	(13.632)	0.000
Principal repayments of transferred debt		0.009	0.000	0.000	0.000	(0.009)	0.000
Capital expenditure charged in the year to the General Reserve		0.000	0.000	0.000	0.000	0.000	0.000
Reversal of gains/losses on pooled investment funds measured at FVPL charged to the CIES	20	0.603	0.000	0.000	0.000	(0.603)	0.000
Amount by which finance costs (proportion of previous years' premiums and interest rates) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		0.228	0.000	0.000	0.000	(0.228)	0.000
Amount by which finance costs (capital loan impairments) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	20	1.139	0.000	0.000	0.000	(1.139)	0.000
Unused capitalised dilapidations provision credited to the CIES		0.428	0.000	0.000	0.000	(0.428)	0.000
Employer's pension contributions and direct payments to pensioners payable in the year	46	72.729	0.000	0.000	0.000	(72.729)	0.000
Deferred Capital Receipts becoming usable		0.000	0.000	0.000	(0.033)	0.033	0.000
Dedicated Schools Grant (DSG) deficit movement	36	(48.543)	0.000	0.000	0.000	48.543	0.000
Financing of capital expenditure	15	0.000	0.000	96.466	(5.845)	(90.621)	0.000
Adjustments between accounting basis and funding basis		**(7.867)**	**0.000**	**(21.999)**	**(35.878)**	**65.744**	**0.000**
Reserves movements							
Transfer to Earmarked Reserves	27	30.289	(30.289)	0.000	0.000	0.000	0.000
Transfer from Earmarked Reserves	27	(39.923)	39.923	0.000	0.000	0.000	0.000
Total movements		**(17.501)**	**9.634**	**(21.999)**	**(35.878)**	**65.744**	**0.000**
BALANCE AT 31 MARCH 2026		**(36.990)**	**(183.180)**	**(155.989)**	**(58.561)**	**(588.846)**	**(1,023.566)**

		Usable reserves					
Narrative	Note	General Reserve £m	Earmarked Revenue Reserves £m	Unapplied Capital Grants £m	Capital Receipts Reserve £m	Total Unusable Reserves £m	Total Council Reserves £m
BALANCE AT 31 MARCH 2024		**(40.181)**	**(205.167)**	**(123.757)**	**(16.747)**	**(728.795)**	**(1,114.647)**
IFRS 16 Application Adjustment		0.000	0.000	0.000	0.000	12.010	12.010
BALANCE AS AT 1 APRIL 2024		**(40.181)**	**(205.167)**	**(123.757)**	**(16.747)**	**(716.785)**	**(1,102.637)**
Comprehensive Income & Expenditure		**60.500**	**0.000**	**0.000**	**0.000**	**(12.053)**	**48.447**
Adjustments between accounting basis and funding basis							
Depreciation of Non-Current Assets	12,13 16,17	(39.980)	0.000	0.000	0.000	39.980	0.000
Revaluation Losses and Impairment of Non-Current Assets	12,13 16,17	(20.402)	0.000	0.000	0.000	20.402	0.000
Capital Grants credited to the CIES	37	76.063	0.000	(76.063)	0.000	0.000	0.000
Disposal of Non-Current Assets	12,13 16,17	(30.302)	0.000	0.000	(14.413)	44.715	0.000
Revenue Expenditure Funded from Capital Under Statute		(24.308)	0.000	0.000	0.000	24.308	0.000
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(1.923)	0.000	0.000	0.000	1.923	0.000
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements		1.329	0.000	0.000	0.000	(1.329)	0.000

Reversal of items relating to retirement benefits debited or credited to the CIES	46	(61.152)	0.000	0.000	0.000	61.152	0.000
Statutory provision for the financing of capital investment		13.823	0.000	0.000	0.000	(13.823)	0.000
Principal repayments of transferred debt		0.008	0.000	0.000	0.000	(0.008)	0.000
Capital expenditure charged in the year to the General Reserve		0.000	0.000	0.000	0.000	0.000	0.000
Reversal of gains/losses on pooled investment funds measured at FVPL charged to the CIES	20	0.394	0.000	0.000	0.000	(0.394)	0.000
Amount by which finance costs (proportion of previous years' premiums and interest rates) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		0.279	0.000	0.000	0.000	(0.279)	0.000
Amount by which finance costs (capital loan impairments) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	20	0.000	0.000	0.000	0.000	0.000	0.000
Employer's pension contributions and direct payments to pensioners payable in the year	46	66.541	0.000	0.000	0.000	(66.541)	0.000
Deferred Capital Receipts becoming usable		0.000	0.000	0.000	(0.031)	0.031	0.000
Dedicated Schools Grant (DSG) deficit movement	36	(27.902)	0.000	0.000	0.000	27.902	0.000
Financing of capital expenditure	15	0.000	0.000	65.830	8.508	(74.338)	0.000
Adjustments between accounting basis and funding basis		(47.532)	0.000	(10.233)	(5.936)	**63.701**	**0.000**
Reserves movements							
Transfer to Earmarked Reserves	27	32.468	(32.468)	0.000	0.000	0.000	0.000
Transfer from Earmarked Reserves	27	(44.821)	44.821	0.000	0.000	0.000	0.000
Total movements		**(59.885)**	**12.353**	**(10.233)**	**(5.936)**	**63.701**	**0.000**
BALANCE AT 31 MARCH 2025		**(39.566)**	**(192.814)**	**(133.990)**	**(22.683)**	**(665.137)**	**(1,054.190)**

12. PROPERTY, PLANT AND EQUIPMENT

The value of Property, Plant and Equipment (PPE) assets in the Balance Sheet are shown at their carrying valuation, less accumulated depreciation charges.

The table below shows the movement in PPE assets during the year:

	Note/ Statement	Land & Buildings £m	Vehicles, Plant & Equipment £m	Infrastructure Assets £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Property Plant & Equipment £m
COST OR VALUATION								
At 1 April 2025		**807.047**	**67.626**		**6.998**	**16.755**	**113.671**	
Additions		11.078	1.447	60.013	0.057	0.298	20.794	**93.687**
Disposals		(51.271)	(2.539)	(4.576)	0.000	(0.085)	0.000	**(58.471)**
Disposals derecognition		0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Revaluation Gains to RR*	CIES	5.789	0.000	0.000	0.000	0.505	0.000	**6.294**
Revaluation Losses to RR	CIES	(25.030)	0.000	0.000	0.000	(0.764)	0.000	**(25.794)**
Revaluation Losses to CIES		(24.042)	0.000	0.000	0.000	(0.290)	0.000	**(24.332)**
Transfers within PPE		3.147	0.001	0.548	(0.178)	0.119	(3.637)	**0.000**
Transfers to Intangible		0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Transfers to ROU		(0.736)	0.000	0.000	0.000	0.000	0.000	**(0.736)**
Transfers to Held for Sale		(4.210)	0.000	0.000	(0.013)	(1.122)	0.000	**(5.345)**
At 31 March 2026		**721.772**	**66.535**		**6.864**	**15.416**	**130.828**	
DEPRECIATION								
At 1 April 2025		**(8.490)**	**(52.740)**		**(0.091)**	**(1.545)**	**0.000**	
Charge for year		(13.718)	(3.450)	(18.181)	(0.004)	0.000	0.000	**(35.353)**
Revaluations to RR	CIES	21.006	0.000	0.000	0.000	0.000	0.000	**21.006**
Impairment to CIES		(0.369)	0.000	0.000	0.000	0.000	0.000	**(0.369)**
Disposals		1.171	2.494	1.385	0.000	0.000	0.000	**5.050**
Disposals derecognition		0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Transfers within PPE		0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Transfers from Heritage		0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Transfers to ROU		0.018	0.000	0.000	0.000	0.000	0.000	**0.018**
Transfers to Held for Sale		0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
At 31 March 2026		**(0.382)**	**(53.696)**		**(0.095)**	**(1.545)**	**0.000**	
OPENING VALUE AT 1 APRIL 2025		798.557	14.886	459.310	6.907	15.210	113.671	1,408.541
CLOSING VALUE		**721.390**	**12.839**	**498.499**	**6.769**	**13.871**	**130.828**	**1,384.196**
NATURE OF ASSET HOLDING								
Purchased / Built		690.021	12.839	498.499	6.769	13.871	130.828	**1,352.827**
Leased		0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Donated		2.751	0.000	0.000	0.000	0.000	0.000	**2.751**
Private Finance Initiative		28.618	0.000	0.000	0.000	0.000	0.000	**28.618**
		721.390	**12.839**	**498.499**	**6.769**	**13.871**	**130.828**	**1,384.196**

*RR – Revaluation Reserve

The 2024-25 position was:

	Note/ Statement	Land & Buildings £m	Vehicles, Plant & Equipment £m	Infrastructure Assets £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Property Plant & Equipment £m
COST OR VALUATION								
At 31 March 2024		**854.003**	**64.333**		**6.038**	**24.990**	**121.117**	
Transfers to ROU (IFRS 16)		(23.803)	0.000	0.000	0.000	0.000	0.000	**(23.803)**
PFI Indexation (IFRS 16)		2.154	0.000	0.000	0.000	0.000	0.000	**2.154**
At 1 April 2024		**832.354**	**64.333**		**6.038**	**24.990**	**121.117**	
Additions		20.934	6.031	37.541	0.260	0.071	8.256	**73.093**
Disposals		(23.990)	(2.885)	0.000	(0.002)	(4.489)	0.000	**(31.366)**
Disposals derecognition		(6.568)	0.000	0.000	(0.522)	0.000	0.000	**(7.090)**
Revaluation Gains to RR*	CIES	23.669	0.000	0.000	0.000	1.089	0.000	**24.758**
Revaluation Losses to RR	CIES	(19.045)	0.000	0.000	0.000	(6.453)	0.000	**(25.498)**
Revaluation Losses to CIES		(20.355)	0.000	0.000	0.000	(0.008)	0.000	**(20.363)**
Transfers within PPE		5.403	0.147	6.414	1.224	2.514	(15.702)	**0.000**
Transfers to Held for Sale		(5.355)	0.000	0.000	0.000	(0.959)	0.000	**(6.314)**
At 31 March 2025		**807.047**	**67.626**		**6.998**	**16.755**	**113.671**	
DEPRECIATION								
At 31 March 2024		**(1.647)**	**(51.888)**		**(0.086)**	**(1.576)**	**0.000**	
Transfers to ROU (IFRS 16)		0.313	0.000	0.000	0.000	0.000	0.000	**0.313**
At 1 April 2024		**(1.334)**	**(51.888)**		**(0.086)**	**(1.576)**	**0.000**	
Charge for year		(14.674)	(3.688)	(16.949)	(0.005)	(0.036)	0.000	**(35.352)**
Revaluations to RR	CIES	7.006	0.000	0.000	0.000	0.018	0.000	**7.024**
Impairment to CIES		(0.012)	0.000	0.000	0.000	0.000	0.000	**(0.012)**
Disposals		0.350	2.836	0.000	0.000	0.053	0.000	**3.239**
Disposals derecognition		0.170	0.000	0.000	0.000	0.000	0.000	**0.170**
Transfers within PPE		0.004	0.000	0.000	0.000	(0.004)	0.000	**0.000**
At 31 March 2025		**(8.490)**	**(52.740)**		**(0.091)**	**(1.545)**	**0.000**	
OPENING VALUE AT 1 APRIL 2024		828.866	12.445	432.304	5.952	23.414	121.117	1,424.098
CLOSING VALUE		**798.557**	**14.886**	**459.310**	**6.907**	**15.210**	**113.671**	**1,408.541**
NATURE OF ASSET HOLDING								
Purchased / Built		765.363	14.886	459.310	6.907	15.210	113.671	**1,375.347**
Leased		0.008	0.000	0.000	0.000	0.000	0.000	**0.008**
Donated		4.063	0.000	0.000	0.000	0.000	0.000	**4.063**
Private Finance Initiative		29.123	0.000	0.000	0.000	0.000	0.000	**29.123**
		798.557	**14.886**	**459.310**	**6.907**	**15.210**	**113.671**	**1,408.541**

*RR – Revaluation Reserve

The fair value measurement of the Council's Surplus Assets is analysed below, with net book value being categorised as fair value Level 1, Level 2 or Level 3. Refer to Accounting Policy 1.14 for more information about these Levels.

	Net Book Value (NBV)			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Land	0.000	0.000	13.871	13.871
	0.000	**0.000**	**13.871**	**13.871**

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

Under IFRS13, the Council is required to provide a summary of the fair value measurement for Surplus Assets. The 2024-25 position was:

	Net Book Value (NBV)			
	Level 1	Level 2	Level 3	Total
	£m	£m	£m	£m
Land	0.000	0.000	15.210	15.210
	0.000	**0.000**	**15.210**	**15.210**

A summary of the Council's Property, Plant and Equipment is included below, giving information as to the proportion of the closing value at 31 March 2026 which relates to assets held at historic cost and the proportion which relates to assets which have been revalued, and if so, the year of that revaluation under the Council's five year rolling programme of physical revaluation. In addition to this physical formal revaluation programme, £395.695m (restated) of school assets were revalued at the 31 March 2024 year end based on a desk top review.

From 2025-26 revaluations of Land and Buildings and Surplus Assets based on formal valuations are undertaken only once every five years supported by revaluations based on annual indexation in the intervening years.

	Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Property Plant & Equipment
	£m	£m	£m	£m	£m	£m	£m
VALUATION							
At 31 March 2026	117.285	0.000	0.000	0.000	13.871	0.000	131.156
At 31 March 2025	270.574	0.000	0.000	0.000	0.000	0.000	270.574
At 31 March 2024	307.472	0.000	0.000	0.000	0.000	0.000	307.472
At 31 March 2023	7.533	0.000	0.000	0.000	0.000	0.000	7.533
At 31 March 2022	5.329	0.000	0.000	0.000	0.000	0.000	5.329
At 31 March 2021	0.251	0.000	0.000	0.000	0.000	0.000	0.251
	708.444	**0.000**	**0.000**	**0.000**	**13.871**	**0.000**	**722.315**
Indexation applied to Valuations above	**7.947**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**7.947**
HISTORIC COST	**4.999**	**12.839**	**498.499**	**6.769**	**0.000**	**130.828**	**653.934**
CLOSING VALUE							
At 31 March 2025	**721.390**	**12.839**	**498.499**	**6.769**	**13.871**	**130.828**	**1,384.196**

The 2024-25 position was:

	Land & Buildings	Vehicles, Plant & Equipment	Infrastructure Assets	Community Assets	Surplus Assets	Assets Under Construction	Property Plant & Equipment
	£m	£m	£m	£m	£m	£m	£m
VALUATION							
At 31 March 2025	324.129	0.000	0.000	0.000	15.210	0.000	339.339
At 31 March 2024	441.975	0.000	0.000	0.000	0.000	0.000	441.975
At 31 March 2023	20.772	0.000	0.000	0.000	0.000	0.000	20.772
At 31 March 2022	7.073	0.000	0.000	0.000	0.000	0.000	7.073
At 31 March 2021	4.189	0.000	0.000	0.000	0.000	0.000	4.189
	798.138	**0.000**	**0.000**	**0.000**	**15.210**	**0.000**	**813.348**
HISTORIC COST	**0.419**	**14.886**	**459.311**	**6.907**	**0.000**	**113.670**	**595.193**
CLOSING VALUE							
At 31 March 2025	**798.557**	**14.886**	**459.311**	**6.907**	**15.210**	**113.670**	**1,408.541**

At 31 March 2026, the Council had Capital Commitments of £6.632m (31 March 2025: £11.465m).

13. NATURE AND SCALE OF HERITAGE ASSETS

The table below shows the movement in Heritage Assets during the year:

	Monuments, Statues and Historic Buildings £m	County Buildings £m	Archives and Local Studies Collection £m	Museum Collection and Artefacts £m	Heritage Assets £m
COST OR VALUATION					
At 1 April 2025	**12.719**	**0.034**	**6.000**	**4.439**	**23.192**
Additions	0.040	0.000	0.000	0.000	**0.040**
Disposals	0.000	0.000	0.000	0.000	**0.000**
Impairment Losses/(Reversals) through I&E	0.000	0.000	0.000	0.000	**0.000**
Revaluation Gains to Revaluation Reserve	0.000	0.000	0.000	0.001	**0.001**
Revaluation Losses to Revaluation Reserve	(0.066)	0.000	0.000	0.000	**(0.066)**
Transfers to/(from) Heritage Assets	0.000	0.000	0.000	0.000	**0.000**
Derecognition	0.000	0.000	0.000	0.000	**0.000**
At 31 March 2026	**12.693**	**0.034**	**6.000**	**4.440**	**23.167**
DEPRECIATION					
At 1 April 2025	**(0.002)**	**0.000**	**0.000**	**0.000**	**(0.002)**
Depreciation Charge	(0.002)	0.000	0.000	0.000	**(0.002)**
Revaluations to Revaluation Reserve	0.004	0.000	0.000	0.000	**0.004**
Disposals	0.000	0.000	0.000	0.000	**0.000**
At 31 March 2026	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
OPENING VALUE	12.717	0.034	6.000	4.439	23.190
CLOSING VALUE	**12.693**	**0.034**	**6.000**	**4.440**	**23.167**
NATURE OF CLOSING VALUE					
Cost	0.000	0.000	0.000	0.000	0.000
Valuation	12.693	0.034	6.000	4.440	23.167
	12.693	**0.034**	**6.000**	**4.440**	**23.167**
NATURE OF ASSET HOLDING					
Purchased / Built	12.602	0.034	6.000	3.774	22.410
Donated	0.091	0.000	0.000	0.666	0.757
	12.693	**0.034**	**6.000**	**4.440**	**23.167**

The 2024-25 position was:

	Restated Monuments, Statues and Historic Buildings £m	County Buildings £m	Archives and Local Studies Collection £m	Museum Collection and Artefacts £m	Restated Heritage Assets £m
COST OR VALUATION					
At 1 April 2024	**12.624**	**0.033**	**5.000**	**4.439**	**22.096**
Additions	0.211	0.000	0.000	0.000	**0.211**
Disposals	0.000	0.000	0.000	0.000	**0.000**
Impairment Losses/(Reversals) through I&E	(0.024)	0.000	0.000	0.000	**(0.024)**
Revaluation Gains to Revaluation Reserve	0.000	0.001	1.000	0.000	**1.001**
Revaluation Losses to Revaluation Reserve	(0.012)	0.000	0.000	0.000	**(0.012)**
Transfers to/(from) Heritage Assets	0.000	0.000	0.000	0.000	**0.000**
Derecognition	(0.080)	0.000	0.000	0.000	**(0.080)**
At 31 March 2025	**12.719**	**0.034**	**6.000**	**4.439**	**23.192**
DEPRECIATION					
At 1 April 2024	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Depreciation Charge	(0.002)	0.000	0.000	0.000	**(0.002)**
Disposals	0.000	0.000	0.000	0.000	**0.000**
At 31 March 2025	**(0.002)**	**0.000**	**0.000**	**0.000**	**(0.002)**
OPENING VALUE	12.624	0.033	5.000	4.439	22.096
CLOSING VALUE	**12.717**	**0.034**	**6.000**	**4.439**	**23.190**
NATURE OF CLOSING VALUE					
Cost	0.000	0.000	0.000	0.000	0.000
Valuation	12.717	0.034	6.000	4.439	23.190
	12.717	**0.034**	**6.000**	**4.439**	**23.190**
NATURE OF ASSET HOLDING					
Purchased / Built	12.628	0.034	6.000	3.773	22.435
Donated	0.089	0.000	0.000	0.666	0.755
	12.717	**0.034**	**6.000**	**4.439**	**23.190**

The Council's Heritage Assets are categorised as follows:

Monuments, Statues and Historic Buildings – the Council owns various historic buildings. The most significant is Elvaston Castle, which is held at a valuation of £11.558m at 31 March 2026 (31 March 2025 £11.538m). Of this valuation at 31 March 2026, £10.274m is categorised within Heritage Assets (31 March 2025 £10.301m) and £1.284m is categorised within Property Plant and Equipment (31 March 2025 £1.237m), as it relates to operational buildings. The castle was designed by James Wyatt, in the gothic revival style, in the early 1800s. The castle is situated in approximately 321 acres of open parkland, woodland and historical gardens.

County Buildings – various heritage assets are held at County Buildings. These include pieces of silverware from the former Judges' lodgings and railway nameplates.

Archives and Local Studies Collection – this collection is proportioned approximately 80% archives and 20% local studies. A large photographic collection is held at the

Derbyshire Records Office along with records of the magistrates' court, county court, coroner's court, hospitals and NHS Trust. This is Derbyshire's only place of deposit.

Museum Collection and Artefacts – Since the closure and subsequent sale of Buxton Museum in March 2025, the main body of the collection is being held in external storage, whilst a small display is being temporarily exhibited at Buxton Library. The core collections cover Peak District archaeology, geology, art and local history. The collections include a recreated study of the work of archaeologist Sir William Boyd Dawkins, together with a fine art collection of mostly 19th and 20th century works in watercolours, oils and prints, including works by Brangwyn, Chagall, Chahine and their contemporaries. There is also a mineral collection including Blue John, local specimens and cave deposits, along with a collection of Ice Age material and finds from Creswell Crags on the Derbyshire border. A number of Hans Coper vases are also held.

14. HERITAGE ASSETS NOT REPORTABLE IN THE BALANCE SHEET

Where the Council is unable to place a reliable fair value on Heritage Assets because of their nature, it is required to disclose them in accordance with the Code of Practice on Local Authority Accounting. Details of these Heritage Assets are set out below:

- Colliery Bridge, Shipley Country Park
- Paul's Arm Bridge, Shipley Country Park
- Leawood River Aqueduct
- Northern Retaining Walls and Loading Bay, Cromford Wharf
- Side Walls and Curbs to Canal Basin, Cromford Wharf
- Railway Embankment and Road Bridge, Steeple Grange, Wirksworth
- Grindlow Tower, Solomon's Temple, Poole's Cavern Country Park, Buxton
- Workshops, Offices and Terminus at Cromford and High Peak Junction
- Brittain Colliery Headstocks, Ripley
- Brittain Colliery Engine House, Ripley

15. CAPITAL EXPENDITURE AND CAPITAL FINANCING

2024-25 £m		2025-26 £m
664.461	**Opening Capital Financing Requirement (CFR)**	**717.656**
	IFRS 16 Application Adjustments	
23.332	PPE/REFCUS - IFRS 16 application (PFI indexation)	0.000
1.972	ROU Assets - IFRS 16 application (lease dilapidations)	0.000
9.428	ROU Assets - IFRS 16 application (lease liabilities)	0.000
34.732		**0.000**
	Capital Investment	
73.304	Property, Plant and Equipment and Heritage Assets	93.725
8.519	Intangible Assets	0.399
24.308	Revenue Expenditure Funded from Capital under Statute (REFCUS)	20.508
0.499	Right-of-Use Assets	4.933
106.630		**119.565**
	Sources of Finance	
(8.507)	Capital Receipts	(5.544)
(65.830)	Government Grants and other Contributions	(96.467)
(13.822)	Statutory Minimum Revenue Provision	(13.633)
0.000	Donated Asset Income	(2.382)
(0.008)	Principal Repayments of Transferred Debt	(0.009)
(88.167)		**(118.035)**
	Other Adjustments	
0.000	Lease Liabilities De-Recognised	(0.030)
0.000	Gain on De-Recognition of Lease Dilapidations Provision	(0.428)
0.000	Rounding Adjustment	(0.003)
0.000		**(0.461)**
717.656	**Closing Capital Financing Requirement (CFR)**	**718.725**
53.195	**Movement in Year**	**1.069**
	Increase/(Decrease) in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	

2024-25 £m		2025-26 £m
34.732	**IFRS 16 Application Adjustment**	**0.000**
82.322	Capital Additions	99.057
24.308	Revenue Expenditure Funded from Capital Under Statute	20.508
106.630	**Capital Expenditure**	**119.565**
	Capital Financing	
67.025	Loans	15.172
8.507	Capital Receipts	5.544
65.830	Grants and Contributions	96.467
0.000	Donated Asset Income	2.382
141.362	**Capital Financing**	**119.565**

16. RIGHT-OF-USE ASSETS

This table shows the change in the value of Right-of-Use Assets held under leases by the Council:

	Land & Buildings £m	Vehicles, Plant & Equipment £m	Total Right of Use Assets £m
COST OR VALUATION			
At 1 April 2025	**44.014**	**0.151**	**44.165**
Additions	4.914	0.019	**4.933**
Impairment Losses/(Reversals) through I&E	(1.015)	0.000	**(1.015)**
Revaluations	(0.596)	0.000	**(0.596)**
Disposals	(2.568)	0.000	**(2.568)**
Transfers from PPE	0.735	0.000	**0.735**
At 31 March 2026	**45.484**	**0.170**	**45.654**
DEPRECIATION			
At 1 April 2025	**(2.919)**	**(0.028)**	**(2.947)**
Charge for year	(2.283)	(0.037)	**(2.320)**
Revaluations	2.369	0.000	**2.369**
Impairment to CIES	0.000	0.000	**0.000**
Disposals	1.342	0.000	**1.342**
Transfers from PPE	(0.018)	0.000	**(0.018)**
At 31 March 2026	**(1.509)**	**(0.065)**	**(1.574)**
OPENING VALUE AT 1 APRIL 2025	41.095	0.123	41.218
CLOSING VALUE AT 31 MARCH 2026	**43.975**	**0.105**	**44.080**

The 2024-25 position was:

	Land & Buildings £m	Vehicles, Plant & Equipment £m	Total Right of Use Assets £m
COST OR VALUATION			
At 1 April 2024	**46.494**	**0.059**	**46.553**
Additions	0.407	0.092	**0.499**
Disposals	(2.887)	0.000	**(2.887)**
At 31 March 2025	**44.014**	**0.151**	**44.165**
DEPRECIATION			
At 1 April 2024	**(0.068)**	**0.000**	**(0.068)**
Charge for year	(2.866)	(0.028)	**(2.894)**
Disposals	0.015	0.000	**0.015**
At 31 March 2025	**(2.919)**	**(0.028)**	**(2.947)**
OPENING VALUE AT 1 APRIL 2024	46.426	0.059	46.485
CLOSING VALUE AT 31 MARCH 2025	**41.095**	**0.123**	**41.218**

17. INTANGIBLE ASSETS

Intangible assets relate to the purchase of software licences:

	2024-25 £m	2025-26 £m
COST OR VALUATION		
At 1st April	**8.947**	**17.466**
Additions	8.519	0.399
Disposals	0.000	0.000
At 31st March	**17.466**	**17.865**
DEPRECIATION		
At 1st April	**(8.757)**	**(10.492)**
Charge for year	(1.735)	(1.789)
At 31st March	**(10.492)**	**(12.281)**
OPENING VALUE	0.190	6.974
CLOSING VALUE	**6.974**	**5.584**

18. ASSETS HELD FOR SALE

2024-25			2025-26	
Carrying Value	Revaluation Reserve		Carrying Value	Revaluation Reserve
£m	£m		£m	£m
7.165	**6.253**	**At 1 April**	**6.485**	**5.372**
(6.716)	(6.026)	Sales	(5.603)	(4.625)
6.036	5.145	Transfers	5.342	4.754
6.485	**5.372**	**At 31 March**	**6.224**	**5.501**

Assets must meet stringent criteria to be classified as Held for Sale rather than Surplus.

19. NON-CURRENT DEBTORS

31 Mar 2025 £m		Note	31 Mar 2026 £m
0.030	Non-Current Transferred Debt	21	0.000
1.267	Other Non-Current Debtors	21	1.233
1.297	**Total Non-Current Debtors**		**1.233**

20. FINANCIAL INSTRUMENTS

Financial Assets comprise loans to other bodies, cash and short-term deposits, investments in equity funds and receivables.

Current Financial Assets

	Carrying Value		Fair Value	
	31 Mar 2025	31 Mar 2026	31 Mar 2025	31 Mar 2026
	£m	£m	£m	£m
Current Investments	0.000	0.013	0.000	0.013
Cash and Cash Equivalents	72.843	94.176	72.843	94.176
Trade Debtors	28.794	47.056	28.794	47.056
Current Financial Assets	**101.637**	**141.245**	**101.637**	**141.245**

Non-Current Financial Assets

	Note	Fair Value Level	Carrying Value 31 Mar 2025 £m	Carrying Value 31 Mar 2026 £m	Fair Value 31 Mar 2025 £m	Fair Value 31 Mar 2026 £m
Pooled Investment Funds		1	44.852	45.873	44.852	45.873
Loan to Buxton Crescent Ltd		3	10.251	0.000	15.117	0.000
Loan to Chesterfield FC Community Trust		3	0.358	0.339	0.397	0.378
Non-Current Investments			**55.461**	**46.212**	**60.366**	**46.251**
Non-Current Transferred Debt	20	2	0.030	0.000	0.030	0.000
Other Non-Current Debtors	20	*	1.267	1.233	1.267	1.233
Non-Current Financial Assets			**56.758**	**47.445**	**61.663**	**47.484**

* Fair value disclosure not required

Financial Assets by Measurement Classification

	Carrying Value 31 Mar 2025 £m	Carrying Value 31 Mar 2026 £m	Fair Value 31 Mar 2025 £m	Fair Value 31 Mar 2026 £m
Amortised Costs	113.543	142.818	118.448	142.857
Fair Value through Profit or Loss	44.852	45.872	44.852	45.872
Total Financial Assets	**158.395**	**188.690**	**163.300**	**188.729**

At 31 March 2026 there was one non-current investment in the balance sheet with a carrying value in excess of £15.000m:

- CCLA Mutual Investment Trust Property Fund, with a carrying value equal to fair value at 31 March 2026 of £22.466m (original investment £25.000m). This investment is open ended but can be realised with 90 days' notice.

Non-Current Transferred Debt and Other Non-Current Debtors are not quoted on active markets meaning that fair value cannot be accurately calculated. As such they have been reported at carrying value.

The fair values of the Council's deposits and the loans it has are determined with reference to the principal, term, rate and timing of the interest and the borrower's credit rating.

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

The following financial assets are pooled investment funds which the Council has measured at FVPL. The Council's pooled investment funds are traded on active markets, for which the Council can access the measurement data. The fair values of these funds are determined by the closing bid prices and any unpaid dividends at 31 March 2026.

It is the Council's intention to hold these assets for the medium to long term to earn investment income and for capital appreciation.

Financial Assets measured at FVPL	Carrying Value		Fair Value	
	31 Mar 2025 £m	31 Mar 2026 £m	31 Mar 2025 £m	31 Mar 2026 £m
Aegon - Diversified Income Fund	9.263	10.076	9.263	10.076
CCLA - LA Property Fund	22.192	22.466	22.192	22.466
CCLA - Better World Cautious Fund	4.640	4.401	4.640	4.401
Ninety One Diversified Income Fund	8.757	8.929	8.757	8.929
Total	**44.852**	**45.872**	**44.852**	**45.872**

The Council holds 75,000 £1 ordinary shares (17% share) in the Local Authority controlled Scape Group (Ltd). The value of this holding is small and there are conditions on the shares that prevent them from being traded on the open market. The Council does not consider the value to be material and therefore no value is carried on the Council's Balance Sheet.

The following financial assets measured at FVPL were derecognised in the year ended 31 March 2025:

- M&G – Optimal Income Fund
- M&G – Global Dividend Fund
- Schroder – Income Maximiser Fund

Dividend Income

Dividend income from the Council's investments in equity instruments and pooled investment funds has been recognised as follows:

	2024-25 £m	2025-26 £m
M&G - Optimal Income Fund	0.117	0.000
M&G - Global Dividend Fund	0.135	0.000
Schroder - Income Maximiser Fund	0.506	0.000
From Investments Derecognised	**0.758**	**0.000**
Aegon - Diversified Income Fund	0.516	0.547
CCLA - LA Property Fund	1.125	1.033
CCLA - Better World Cautious Fund	0.152	0.140
Ninety One Diversified Income Fund	0.439	0.426
Scape Group Limited shares	0.500	0.550
Vertas (Derbyshire) Limited shares	0.150	0.000
From Investments Held at Year End	**2.882**	**2.696**
Total Dividends Received	**3.640**	**2.696**

Financial Instrument Liabilities comprise loans and borrowings, PFI liabilities, lessee lease liabilities and other liabilities at contract amounts.

Current Financial Liabilities

	Carrying Value		Fair Value	
	31 Mar 2025 £m	31 Mar 2026 £m	31 Mar 2025 £m	31 Mar 2026 £m
Transferred Debt	(0.009)	(0.010)	(0.009)	(0.010)
Public Works Loan Board	0.000	(8.485)	0.000	(8.485)
Temporary Loans	(145.000)	(124.500)	(145.000)	(124.500)
Accrued Interest	(6.946)	(7.336)	(6.946)	(7.336)
Current Loans and Borrowing	**(151.955)**	**(140.331)**	**(151.955)**	**(140.331)**
Trade Creditors	(107.642)	(97.815)	(107.642)	(97.815)
PFI liability	(7.154)	(7.522)	(7.154)	(7.522)
Lessee lease liability	(1.137)	(1.036)	(1.137)	(1.036)
Current Financial Liabilities	**(267.888)**	**(246.704)**	**(267.888)**	**(246.704)**

Non-Current Financial Liabilities

	Note	Fair Value Level	Carrying Value		Fair Value	
			31 Mar 2025 £m	31 Mar 2026 £m	31 Mar 2025 £m	31 Mar 2026 £m
Transferred Debt		2	(0.116)	(0.106)	(0.116)	(0.106)
Public Works Loan Board		2	(217.206)	(210.424)	(215.857)	(206.873)
Other Long-Term Loans		2	(15.508)	(35.495)	(13.892)	(34.028)
Non-Current Borrowing			**(232.830)**	**(246.025)**	**(229.865)**	**(241.007)**
PFI liability	27	*	(56.458)	(49.311)	(56.458)	(49.311)
Lessee lease liability	27	*	(10.458)	(11.097)	(10.458)	(11.097)
Non-Current Financial Liabilities			**(299.746)**	**(306.433)**	**(296.781)**	**(301.415)**

* Fair value disclosure not required

Financial Liabilities by Measurement Classification

	Carrying Value		Fair Value	
	31 Mar 2025 £m	31 Mar 2026 £m	31 Mar 2025 £m	31 Mar 2026 £m
Amortised Costs	(567.634)	(553.137)	(564.669)	(548.119)
Fair Value through Profit or Loss	0.000	0.000	0.000	0.000
Total Financial Liabilities	**(567.634)**	**(553.137)**	**(564.669)**	**(548.119)**

The Council has 45 loans with the Public Works Loan Board (PWLB) at 31 March 2026. The oldest of these loans was taken in August 1999, with a maturity date of 28 July 2059 (a period of 60 years). The newest loan was taken in November 2007, for a period of 30 years. There were no PWLB loans repaid during the year. The average loan rate across the loans is 4.36%. The average discount rate is 5.64%.

At 31 March 2026 the Council held two other long-term loans, which were LOBOs with Barclays. Barclays waived their LOBO options in June 2016:

- £5.000m Barclays loan commencing in October 2003, for 40 years, with an introductory rate of 3.2% for four years, then 4.875% thereafter. The carrying value of the loan at 31 March 2026 is £5.310m (31 March 2025: £5.317m) and the fair value is £4.531m (31 March 2025: £4.543m), using a discount rate of 5.971% (31 March 2025: 5.910%).
- £5.000m Barclays loan, commencing in February 2005, for 40 years, with an introductory interest rate of 3.7% for four years, then 4.5% thereafter. A discount of £0.103m was applied when the loan began. The carrying value of the loan at 31 March 2026 is £5.186m (31 March 2025: £5.191m) and the fair value is £4.178m (31 March 2025: £4.190m), using a discount rate of 6.005% (31 March 2025: 5.935%).

PFI and Lessee Lease Liabilities are not quoted on active markets. The discounted cash flow method has been used to calculate the fair value of PFI liabilities. Refer to Note 44 for further details. The average interest rate across the Council's 106 lessee leases, which aren't covered by short-term or low-value exemptions, is 6.41%. Refer to Note 43 for further details.

Interest Income and Expenditure

The following income and expenditure have been recognised in the CIES in relation to interest on financial instruments:

	Income/(Expense)	
	2024-25 £m	**2025-26 £m**
Interest Income	10.171	8.238
Interest Expense	(29.156)	(26.797)
Net Interest Income/(Expense)	**(18.985)**	**(18.559)**

Financial Instrument Gains/Losses

The following gains and losses have been recognised in the CIES in relation to the carrying value of the Council's financial assets:

Financial Assets	**Net (Losses)/Gains**	
	2024-25 £m	**2025-26 £m**
Amortised Costs	(1.588)	(3.562)
Fair Value through Profit or Loss	1.806	0.603
Total (Losses)/Gains	**0.218**	**(2.959)**

Losses arising from financial assets measured at amortised cost relate to impairment of these assets, including write-off of irrecoverable trade debt and movement in the allowances for loss due to default on these assets.

The following gains have been recognised in the CIES from Financial Assets measured at amortised costs that were de-recognised in the year:

	2024-25		2025-26	
	Gains £m	**(Losses) £m**	**Gains £m**	**(Losses) £m**
Loan to Buxton Crescent Ltd	0.000	0.000	1.282	0.000
Gains/(Losses) on Derecognition	**0.000**	**0.000**	**1.282**	**0.000**

The loan advances to Buxton Crescent Ltd (formerly Buxton Crescent Hotel and Thermal Spa Company Ltd) meet the definition of capital expenditure under statutory provisions, therefore the movement in the loss allowance for default provided for these advances has been reversed out to the Capital Adjustment Account. The hotel was sold by the hotel operators on 5 December 2025 and the sale proceeds were used to repay the loan advances by the Council. A £1.282m gain was recognised in the CIES on de-recognition of the loan, however £1.139m of this gain was reversed under statutory provisions which means the credit to the General Reserve was £0.143m.

Gains from financial assets measured at Fair Value through Profit or Loss (FVPL) relate to movements in the fair value of the Council's investments in pooled investment funds. These gains other than those relating to the sale of the Council's investment, have been reversed out to the Pooled Investments Adjustment Account as required by the statutory temporary override MHCLG has issued. The override which was originally effective for financial years 2018-19 to 2022-23, was extended to 2024-25 and, for investments already in place at 1 April 2024, which applies to the Council's investments in pooled investment vehicles, was further extended up to and including 2028-29.

The Council sold its investments in three pooled investment funds on 17 January 2025. These financial assets were derecognised in the year ended 31 March 2025. The gains and losses arising from derecognition of these assets was as follows:

FVPL Financial Assets Derecognised	**Original Investment £m**	**Net Gain/ (Loss) to 31 March 2024 £m**	**Net Gain/ (Loss) in 2024-25 £m**	**Carrying Value at Derecognition £m**	**Total Net Gain/ (Loss) £m**
M&G - Optimal Income Fund	**5.000**	(0.327)	(0.027)	**4.646**	(0.354)
M&G - Global Dividend Fund	**5.000**	1.842	1.225	**8.067**	3.067
Schroder - Income Maximiser Fund	**10.000**	(1.852)	0.551	**8.699**	(1.301)
Total	**20.000**	**(0.337)**	**1.749**	**21.412**	1.412

FVPL Financial Assets Derecognised	Net Gain/ (Loss) in 2024-25 £m	Release of Pooled Investments Adjustment Account balance £m	Credit/ (Charge) to the General Reserve in 2024-25 £m
M&G - Optimal Income Fund	(0.027)	(0.327)	**(0.354)**
M&G - Global Dividend Fund	1.225	1.842	**3.067**
Schroder - Income Maximiser Fund	0.551	(1.852)	**(1.301)**
Total	**1.749**	**(0.337)**	**1.412**

There were no gains or losses from financial assets measured at Fair Value through Other Comprehensive Income (FVOCI) in 2025-26 (2024-25: nil).

There have been no gains or losses recognised in the CIES in relation to the carrying value of the Council's financial liabilities in 2025-26 (2024-25: nil).

Fee Income and Expenses

	Income/(Expense)	
	2024-25 £m	2025-26 £m
Fees From Instruments not at FVPL	(0.136)	(0.132)
Fees From Investing Activities on Behalf of Other Parties	0.035	0.034
Net Fee Income/(Expense)	**(0.101)**	**(0.098)**

The Council incurred £0.132m in brokerage fees to execute transactions relating to new loans the Council took out in 2025-26 (2024-25: £0.136m). £0.034m of income was earned from banking and treasury management services provided to the Derbyshire Pension Fund (2024-25: £0.035m).

Financial Instruments – Fair Values

Financial assets which do not give rise to cash flows which are solely payments of principal and interest, or where it is not the Council's intention to hold those assets to collect the contractual cash flows, are carried in the Balance Sheet at fair value. For most assets, including bonds, treasury bills and shares in money market funds and other pooled funds, the fair value is taken from the market price. The fair values of other instruments have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2026, using the following methods and assumptions:

- Certificates of deposit and forward loan contracts have been discounted at market interest rates for instruments of similar credit quality and remaining term to maturity.

Financial assets classified as loans and receivables and all non-derivative financial liabilities are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31 March 2026, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- The value of the LOBO loan has been increased by the value of the embedded options, where a value exists. The lender's options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. The Council's contingent options to accept the increased rate or repay the loan have been valued at zero, on the assumption that the lender will only exercise their option when market rates have risen above the contractual loan rate.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31 March.
- The fair values of lessee lease liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount.

Fair values are split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 – fair value is determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness.

21. CURRENT DEBTORS

The current debtor balance can be analysed into the following categories:

31 Mar 2025 £m		31 Mar 2026 £m
11.483	From Other Local Authorities	13.295
6.374	From NHS Bodies	10.936
23.350	From Government Departments	17.271
0.000	From Derbyshire Pension Fund	0.320
68.093	From Other Sundry Debtors	68.811
109.300	**Amounts Owed to the Council**	**110.633**
0.038	To Other Local Authorities	0.062
0.026	To NHS Bodies	0.045
0.000	To Government Departments	0.047
17.050	To Other Sundry Debtors	10.440
17.114	**Expenditure Paid in Advance by the Council**	**10.594**
126.414	**Total Current Debtors**	**121.227**
(3.885)	Less Allowance for Expected Credit Losses	(8.249)
122.529	**Carrying Value of Current Debtors**	**112.978**

22. CASH AND CASH EQUIVALENTS

31 Mar 2025 £m		31 Mar 2026 £m
8.523	County Fund Bank Account Balance	1.497
8.523	**Cash Book for County Fund Account**	**1.497**
1.399	Schools Cash Income Account Balance	0.839
1.399	**Cash Book for Schools Cash Account**	**0.839**
9.922	**Total Cash Book Balance**	**2.336**
0.862	Amounts held by Bank Account Schools	0.776
0.470	Amounts held in Petty Cash Accounts	0.503
0.324	Amounts held in Imprest Bank Accounts	0.286
(0.006)	Amounts held in Other Bank Accounts	(0.011)
11.572	**Total Cash Balance**	**3.890**
1.042	Bank Instant-Access Deposit Accounts	10.003
60.231	Money Market Funds	80.287
0.000	Short-Term Deposits	0.000
(0.002)	Cash Investment Loss Allowance	(0.004)
72.843	**Total Cash and Cash Equivalents**	**94.176**

23. CREDITORS

The creditor balance can be analysed into the following categories:

31 Mar 2025 £m		31 Mar 2026 £m
(10.302)	To Other Local Authorities	(15.890)
(2.479)	To NHS Bodies	(2.838)
(14.318)	To Government Departments	(15.665)
(3.748)	To Derbyshire Pension Fund	0.000
(117.750)	To Other Sundry Creditors	(125.744)
(148.597)	**Amounts Owed by the Council**	**(160.137)**
(0.961)	From Other Local Authorities	(5.366)
(1.484)	From NHS Bodies	(0.573)
(5.817)	From Government Departments	(11.436)
(7.846)	From Other Sundry Creditors	(9.319)
(16.108)	**Income Received in Advance by the Council**	**(26.694)**
(164.705)	**Carrying Value of Creditors**	**(186.831)**

24. PROVISIONS

Total Provisions

	Insurance Fund £m	Exit Packages £m	Lease Dilapidations £m	Other £m	Total £m
31 March 2024	**8.689**	**0.914**	**0.000**	**0.772**	**10.375**
IFRS 16 Leases Adjustment*	0.000	0.000	1.972	0.000	1.972
1 April 2024	**8.689**	**0.914**	**1.972**	**0.772**	**12.347**
New Provisions	6.599	0.883	0.118	0.115	7.715
Utilisation of Provision	(5.208)	(0.964)	0.000	(0.767)	(6.939)
Reversal of Provision	0.000	0.000	(0.002)	(0.005)	(0.007)
31 March 2025	**10.080**	**0.833**	**2.088**	**0.115**	**13.116**
New Provisions	5.566	3.064	1.670	0.200	10.500
Utilisation of Provision	(5.867)	(0.875)	0.000	(0.115)	(6.857)
Reversal of Provision	0.000	0.000	(0.868)	0.000	(0.868)
31 March 2026	**9.779**	**3.022**	**2.890**	**0.200**	**15.891**

*In 2024-25, the Council applied IFRS 16 Leases, as adopted by the CIPFA Code of Accounting Practice (Note 43). IFRS 16 was applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that the lease dilapidations provision was calculated as if IFRS 16 had always applied but was recognised in 2024-25 and not by adjusting prior year figures.

Maturity Profile of Provisions

	Insurance Fund £m	Exit Packages £m	Lease Dilapidations £m	Other £m	Total £m
Current Provisions	0.000	0.833	1.066	0.115	2.014
Non-Current Provisions	10.080	0.000	1.022	0.000	11.102
31 March 2025	**10.080**	**0.833**	**2.088**	**0.115**	**13.116**
Current Provisions	0.000	3.022	1.381	0.165	4.569
Non-Current Provisions	9.779	0.000	1.508	0.035	11.322
31 March 2026	**9.779**	**3.022**	**2.889**	**0.200**	**15.891**

Provision for Exit Packages

The provision has been created to meet the estimated costs associated with future redundancies. It is based on an estimate of the number of posts expected to be affected by plans the Council has already started implementing or announced. There is uncertainty around which employees will leave the Council and at what time, which will determine the true cost.

Cash outflows are expected to be £3.180m in 2026-27. There are expected to be no cash outflows in 2027-28 and 2028-29.

Insurance Fund Provision

The Insurance Fund meets the estimated ‘excess’ of the Council’s insurance policies, with amounts held in either the insurance provision or the insurance reserve. The total Insurance Fund balance is £15.870m (31 March 2025: £18.667m). The provision of £9.779m (31 March 2025: £10.080m) represents obligations as at 31 March as a result of past claims. The reserve balance of £6.091m (31 March 2025: £8.587m) represents the Council’s self-insurance risk premium.

Cash outflows are expected to average just over £3.000m each year for the next three to four years.

Lease Dilapidations Provision

This provision is to meet dismantling, removal and restoration costs associated with leases, where the Council as lessee has an obligation to remedy any damage or to rectify any alterations before a leased property is handed back. The provision has been created based on estimates informed by surveys of leased properties, or previous costs to restore similar leased properties. There is uncertainty around the actual costs that will be required to reinstate the leased property. Also, the timing of any payments may be deferred if another lease is entered into at the end of the current term.

Cash outflows are expected to be £1.381m in 2026-27, £nil in 2027-28 and £0.294m in 2028-29.

Other Provisions

At 31 March 2026 the other provisions balance of £0.200m (31 March 2025: £0.115m) comprises £0.045m (31 March 2025: £0.115m) expected to be payable for outstanding post-16 payments to colleges, £0.035 (31 March 2025: £nil) expected to be payable for outstanding payments to early years providers. The timing and value of the payments in respect of these provisions are not yet known. A further £0.071m is expected to be payable for the clawback of grant funding from Derbyshire's Adult Community Education Service, which will be determined at the end of the academic year and £0.047m (31 March 2025: £nil) for the clawback of grant funding from East Midlands Combined County Authority which will be determined after the programme end date of 31 May 2026.

Apart from the payments to early years providers, the timing of the cash outflows is not expected to be later than one year from 31 March 2026.

25. NON-CURRENT TOTAL PENSION LIABILITY AND OTHER NON-CURRENT LIABILITIES

Non-Current Total Pension Liability

31 Mar 2025 £m		31 Mar 2026 £m
(20.017)	Net Pension (Liability) - LGPS	(12.723)
(36.969)	Net Pension (Liability) - Teachers	(33.776)
(56.986)	**Total Net Pension (Liability)**	**(46.499)**

Other Non-Current Liabilities

31 Mar 2025 £m		31 Mar 2026 £m
(9.721)	PFI Phase 1	(6.864)
(18.131)	PFI Phase 2	(15.651)
(28.607)	PFI - BSF	(26.796)
(10.458)	Lessee Leases	(11.098)
(66.917)		**(60.409)**

Further information about the leases, PFI scheme and net pension liability/asset can be found in Notes 43 to 46.

26. USABLE RESERVES

Usable reserves relate to cash backed reserves that are available to finance future services or capital expenditure. Below are details of the Council's usable reserves and their purpose:

- **General Reserve** – this reserve is available for future service delivery.
- **Revenue Earmarked Reserves** – these revenue reserves are available for future service delivery. The use of these has already be determined as each reserve is set aside for a specific purpose.
- **Usable Capital Receipts Reserve** – this reserve holds the proceeds from the sale of Property, Plant and Equipment which are available to finance future capital expenditure and for a limited time (up to 2030) are available to fund revenue expenditure that will result in ongoing, continuous revenue savings or transform service delivery to reduce costs or demand.
- **Capital Grants Unapplied Reserve** – this reserve holds unused grant receipts that can be used to fund capital expenditure.

Details of the Council's usable reserves can be found in the Movement in Reserves Statement and Notes 11 and 27.

27. TRANSFERS TO / FROM EARMARKED RESERVES

	1 Apr 2024 £m	Transfers In £m	Transfers Out £m	31 Mar 2025 £m	Transfers In £m	Transfers Out £m	31 Mar 2026 £m
Adult Care							
Older People's Housing Strategy	(2.254)	0.000	0.119	(2.135)	0.000	0.666	(1.469)
Section 75 Reablement Grant	0.000	0.000	0.000	0.000	(0.270)	0.000	(0.270)
Other reserves	(0.028)	0.000	0.000	(0.028)	(0.049)	0.000	(0.077)
Sub Total	**(2.282)**	**0.000**	**0.119**	**(2.163)**	**(0.319)**	**0.666**	**(1.816)**
Business Services							
Property Insurance Maintenance Pool	(3.298)	(1.404)	1.454	(3.248)	(3.925)	3.390	(3.783)
Feasibility Assessment	(0.721)	(0.119)	0.701	(0.139)	(1.132)	0.011	(1.260)
Planned Building Maintenance	(1.648)	(0.003)	0.352	(1.299)	0.000	0.068	(1.231)
Derbyshire Property Package	(0.454)	(0.110)	0.000	(0.564)	(0.242)	0.003	(0.803)
Demolition of Buildings	(0.965)	0.000	0.052	(0.913)	0.000	0.211	(0.702)
Decommissioning Dilapidations & Relocations	(0.325)	(0.331)	0.000	(0.656)	0.000	0.221	(0.435)
Prior Year Underspends	(0.264)	(0.509)	0.223	(0.550)	(0.433)	0.554	(0.429)
Other reserves	(2.207)	(0.778)	2.031	(0.954)	(0.511)	0.571	(0.894)
Sub Total	**(9.882)**	**(3.254)**	**4.813**	**(8.323)**	**(6.243)**	**5.029**	**(9.537)**
Children and Families							
Virtual School Grants	(0.634)	(3.205)	2.667	(1.172)	(0.295)	1.172	(0.295)
Foster Carer Adaptations	0.000	(0.106)	0.000	(0.106)	0.000	0.000	(0.106)
Other reserves	(0.018)	0.000	0.000	(0.018)	0.000	0.000	(0.018)
Sub Total	**(0.652)**	**(3.311)**	**2.667**	**(1.296)**	**(0.295)**	**1.172**	**(0.419)**
Council Efficiency							
Revenue Contributions to Capital	(63.294)	(6.293)	12.015	(57.572)	(4.712)	5.610	(56.674)
Loan Modification Gains	(21.910)	0.000	1.282	(20.628)	0.000	1.414	(19.214)
Budget Management	(4.633)	(4.347)	4.633	(4.347)	(4.335)	0.000	(8.682)
Insurance and Risk Management	(13.161)	0.000	4.574	(8.587)	0.000	2.496	(6.091)
Cyber Security	(4.000)	0.000	0.000	(4.000)	0.000	0.000	(4.000)
Investment Losses Contingency	(2.500)	(1.411)	0.000	(3.911)	0.000	0.000	(3.911)
PFI Reserves	(2.140)	(0.831)	0.708	(2.263)	(0.692)	0.508	(2.447)
2024-25 Outturn Commitments	0.000	0.000	0.000	0.000	(3.319)	1.601	(1.718)
Exchequer	(0.892)	0.000	0.072	(0.820)	(0.239)	0.000	(1.059)
Other reserves	(0.932)	(0.071)	0.136	(0.867)	(0.258)	0.178	(0.947)
Sub Total	**(113.462)**	**(12.953)**	**23.420**	**(102.995)**	**(13.555)**	**11.807**	**(104.743)**
Economic Development and Regeneration							
Regeneration Kick-Start Feasibility Fund	(1.119)	(0.210)	0.168	(1.161)	(0.380)	0.581	(0.960)
Skills Training	(0.607)	0.000	0.380	(0.227)	0.000	0.000	(0.227)
Other reserves	(0.208)	0.000	0.043	(0.165)	0.000	0.165	0.000
Sub Total	**(1.934)**	**(0.210)**	**0.591**	**(1.553)**	**(0.380)**	**0.746**	**(1.187)**

	1 Apr 2024 £m	Transfers In £m	Transfers Out £m	31 Mar 2025 £m	Transfers In £m	Transfers Out £m	31 Mar 2026 £m
Health and Communities							
Homes for Ukraine Grant	(10.608)	0.000	0.235	(10.373)	0.000	0.895	(9.478)
Public Health Grant	(7.493)	0.000	0.208	(7.285)	(0.323)	0.000	(7.608)
Domestic Abuse Contract Support	(1.358)	0.000	0.017	(1.341)	0.000	0.339	(1.002)
Domestic Abuse Grants	(0.588)	0.000	0.214	(0.374)	(0.155)	0.000	(0.529)
Community Managed Libraries	(0.241)	(0.439)	0.000	(0.680)	0.000	0.217	(0.463)
Cultural Recovery Fund	(0.500)	0.000	0.116	(0.384)	0.000	0.059	(0.325)
Other reserves	(2.335)	(0.173)	1.341	(1.167)	(0.123)	0.138	(1.152)
Sub Total	**(23.123)**	**(0.612)**	**2.131**	**(21.604)**	**(0.601)**	**1.648**	**(20.557)**
Net Zero and Environment							
Digital Growth	(2.702)	(0.371)	0.973	(2.100)	(0.049)	0.451	(1.698)
Waste Recycling Initiatives	(0.568)	0.000	0.000	(0.568)	(2.207)	0.001	(2.774)
Heartwood Tree Planting Grants	0.000	0.000	0.000	0.000	(0.821)	0.000	(0.821)
Climate Change	(1.234)	0.000	0.749	(0.485)	0.000	0.042	(0.443)
Ash Dieback Action Plan	(0.193)	(0.273)	0.000	(0.466)	0.000	0.110	(0.356)
Elvaston Maintenance	(0.204)	(0.097)	0.000	(0.301)	(0.095)	0.000	(0.396)
Other reserves	(1.015)	(0.075)	0.664	(0.426)	(0.006)	0.093	(0.339)
Sub Total	**(5.916)**	**(0.816)**	**2.386**	**(4.346)**	**(3.178)**	**0.697**	**(6.827)**
Potholes, Highways and Transport							
Bus Services Improvement Plan Grant	(12.615)	(1.197)	0.000	(13.812)	0.000	6.266	(7.546)
Commuted Sums - Maintenance	0.000	(0.497)	0.000	(0.497)	(0.388)	0.000	(0.885)
Prior Year Underspends	(1.130)	(0.277)	0.513	(0.894)	0.000	0.634	(0.260)
Other reserves	(1.748)	0.000	0.366	(1.382)	0.000	0.711	(0.671)
Sub Total	**(15.493)**	**(1.971)**	**0.879**	**(16.585)**	**(0.388)**	**7.611**	**(9.362)**
SEND and Education							
Schools Balances	(31.096)	(5.092)	6.704	(29.484)	(4.349)	7.968	(25.865)
Early Years Grant	(0.324)	(3.452)	0.047	(3.729)	0.000	1.250	(2.479)
Teacher Pooled Premiums	(0.370)	(0.441)	0.424	(0.387)	(0.388)	0.387	(0.388)
Dedicated Schools Grant (DSG)	0.000	(0.356)	0.356	0.000	(0.593)	0.593	0.000
Other reserves	(0.634)	0.000	0.285	(0.349)	0.000	0.349	0.000
Sub Total	**(32.424)**	**(9.341)**	**7.816**	**(33.949)**	**(5.330)**	**10.547**	**(28.732)**
Strategic Leadership							
Other reserves	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Sub Total	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**
Overall Totals	**(205.168)**	**(32.468)**	**44.822**	**(192.814)**	**(30.289)**	**39.923**	**(183.180)**

The Council’s detailed Reserves Policy for 2026 explains the nature and purpose of these reserves. This was approved by Council at its meeting on 11 February 2026.

28. UNUSABLE RESERVES

The balance of unusable reserves is made up of a number of adjustment accounts, none of which are available to finance future spending. The reserves that make up the balance are detailed below.

31 Mar 2025 £m		31 Mar 2026 £m
439.345	Revaluation Reserve	396.517
339.658	Capital Adjustment Account	348.009
(4.142)	Financial Instruments Adjustment Account	(3.914)
(5.148)	Pooled Investments Adjustment Account	(4.545)
1.675	Deferred Capital Receipts Reserve	1.642
(56.986)	Pensions Reserve	(46.499)
4.393	Collection Fund Adjustment Account	(0.465)
(44.847)	DSG Adjustment Account	(93.390)
(8.811)	Accumulated Absences Account	(8.509)
665.137	**Balance at 31 March**	**588.846**

The movements in unusable reserves in 2025-26 are detailed below.

		Unusable reserves									
Narrative	Note	Deferred Capital Receipts £m	Revaluation Reserve £m	Capital Adjustment Account £m	Pooled Investments Adjustment Account £m	Financial Instruments Adjustment Account £m	Accumulated Absences Account £m	Collection Fund Adjustment Account £m	DSG Adjustment Account £m	Pensions Reserve £m	Total Unusable Reserves £m
BALANCE AT 31 MARCH 2025		**(1.675)**	**(439.345)**	**(339.658)**	**5.148**	**4.142**	**8.811**	**(4.393)**	**44.847**	**56.986**	**(665.137)**
Correction of immaterial prior year error		0.000	1.732	(1.732)	0.000	0.000	0.000	0.000	0.000	0.000	0.000
BALANCE AS AT 1 APRIL 2025		**(1.675)**	**(437.613)**	**(341.390)**	**5.148**	**4.142**	**8.811**	**(4.393)**	**44.847**	**56.986**	**(665.137)**
Comprehensive Income & Expenditure		**0.000**	**(3.222)**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**13.769**	**10.547**
Adjustments between accounting basis and funding basis											
Depreciation of Non-Current Assets	12,13 16,17	0.000	6.324	33.139	0.000	0.000	0.000	0.000	0.000	0.000	39.463
Revaluation Losses and Impairment of Non-Current Assets	12,13 16,17	0.000	0.000	25.720	0.000	0.000	0.000	0.000	0.000	0.000	25.720
Capital Grants credited to the CIES	37	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Disposal of Non-Current Assets	12,13 16,17	0.000	37.994	22.225	0.000	0.000	0.000	0.000	0.000	0.000	60.219
Revenue Expenditure Funded from Capital Under Statute		0.000	0.000	20.508	0.000	0.000	0.000	0.000	0.000	0.000	20.508
Donated Asset Income credited to the CIES		0.000	0.000	(2.382)	0.000	0.000	0.000	0.000	0.000	0.000	(2.382)
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	0.000	(0.302)	0.000	0.000	0.000	(0.302)
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	0.000	0.000	4.858	0.000	0.000	4.858

Reversal of items relating to retirement benefits debited or credited to the CIES	46	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	48.473	48.473
Statutory provision for the financing of capital investment		0.000	0.000	(13.632)	0.000	0.000	0.000	0.000	0.000	0.000	(13.632)
Principal repayments of transferred debt		0.000	0.000	(0.009)	0.000	0.000	0.000	0.000	0.000	0.000	(0.009)
Capital expenditure charged in the year to the General Reserve		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reversal of gains/losses on pooled investment funds measured at FVPL charged to the CIES	20	0.000	0.000	0.000	(0.603)	0.000	0.000	0.000	0.000	0.000	(0.603)
Amount by which finance costs (proportion of previous years' premiums and interest rates) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	(0.228)	0.000	0.000	0.000	0.000	(0.228)
Amount by which finance costs (capital loan impairments) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	20	0.000	0.000	(1.139)	0.000	0.000	0.000	0.000	0.000	0.000	(1.139)
Unused capitalised dilapidations provision credited to the CIES		0.000	0.000	(0.428)	0.000	0.000	0.000	0.000	0.000	0.000	(0.428)
Employer's pension contributions and direct payments to pensioners payable in the year	46	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(72.729)	(72.729)
Deferred Capital Receipts becoming usable		0.033	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.033
Dedicated Schools Grant (DSG) deficit movement	36	0.000	0.000	0.000	0.000	0.000	0.000	0.000	48.543	0.000	48.543
Financing of capital expenditure	15	0.000	0.000	(90.621)	0.000	0.000	0.000	0.000	0.000	0.000	(90.621)
Adjustments between accounting basis and funding basis		**0.033**	**44.318**	**(6.619)**	**(0.603)**	**(0.228)**	**(0.302)**	**4.858**	**48.543**	**(24.256)**	**65.744**
Reserves movements											
Transfer to Earmarked Reserves	27	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transfer from Earmarked Reserves	27	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total movements		**0.033**	**44.318**	**(6.619)**	**(0.603)**	**(0.228)**	**(0.302)**	**4.858**	**48.543**	**(24.256)**	**65.744**
BALANCE AT 31 MARCH 2026		**(1.642)**	**(396.517)**	**(348.009)**	**4.545**	**3.914**	**8.509**	**0.465**	**93.390**	**46.499**	**(588.846)**

After the Council upgraded its financial systems in the year ended 31 March 2024, there were movements in the non-current assets subledger which were not reflected in the general ledger. The amount £1.732m is not deemed to be material and has been corrected in the 2025-26 opening balances of the Capital Adjustment Account and the Revaluation Reserve.

The movements in unusable reserves in 2024-25 are detailed below.

Narrative	Note	Deferred Capital Receipts £m	Revaluation Reserve £m	Capital Adjustment Account £m	Pooled Investments Adjustment Account £m	Financial Instruments Adjustment Account £m	Accumulated Absences Account £m	Collection Fund Adjustment Account £m	DSG Adjustment Account £m	Pensions Reserve £m	Total Unusable Reserves £m
		Unusable reserves									
BALANCE AT 31 MARCH 2024		**(1.706)**	**(448.182)**	**(374.640)**	**5.542**	**4.421**	**6.888**	**(3.064)**	**16.945**	**65.001**	**(728.795)**
IFRS 16 Application Adjustment		0.000	(12.461)	24.471	0.000	0.000	0.000	0.000	0.000	0.000	12.010
BALANCE AS AT 1 APRIL 2024		**(1.706)**	**(460.643)**	**(350.169)**	**5.542**	**4.421**	**6.888**	**(3.064)**	**16.945**	**65.001**	**(716.785)**
Comprehensive Income & Expenditure		**0.000**	**(9.427)**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**(2.626)**	**(12.053)**
Adjustments between accounting basis and funding basis											
Depreciation of Non-Current Assets	12,13 16,17	0.000	6.865	33.115	0.000	0.000	0.000	0.000	0.000	0.000	39.980
Revaluation Losses and Impairment of Non-Current Assets	12,13 16,17	0.000	0.000	20.402	0.000	0.000	0.000	0.000	0.000	0.000	20.402
Capital Grants credited to the CIES	37	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Disposal of Non-Current Assets	12,13 16,17	0.000	23.860	20.855	0.000	0.000	0.000	0.000	0.000	0.000	44.715
Revenue Expenditure Funded from Capital Under Statute		0.000	0.000	24.308	0.000	0.000	0.000	0.000	0.000	0.000	24.308
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	0.000	1.923	0.000	0.000	0.000	1.923
Amount by which Council Tax and Business Rates income credited to the CIES is different from Council Tax and Business Rates income calculated for the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	0.000	0.000	(1.329)	0.000	0.000	(1.329)

Reversal of items relating to retirement benefits debited or credited to the CIES	46	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	61.152	61.152
Statutory provision for the financing of capital investment		0.000	0.000	(13.823)	0.000	0.000	0.000	0.000	0.000	0.000	(13.823)
Principal repayments of transferred debt		0.000	0.000	(0.008)	0.000	0.000	0.000	0.000	0.000	0.000	(0.008)
Capital expenditure charged in the year to the General Reserve		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Reversal of gains/losses on pooled investment funds measured at FVPL charged to the CIES	20	0.000	0.000	0.000	(0.394)	0.000	0.000	0.000	0.000	0.000	(0.394)
Amount by which finance costs (proportion of previous years' premiums and interest rates) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements		0.000	0.000	0.000	0.000	(0.279)	0.000	0.000	0.000	0.000	(0.279)
Amount by which finance costs (capital loan impairments) charged to the CIES are different from finance costs chargeable in the year in accordance with statutory requirements	20	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Employer's pension contributions and direct payments to pensioners payable in the year	46	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(66.541)	(66.541)
Deferred Capital Receipts becoming usable		0.031	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.031
Dedicated Schools Grant (DSG) deficit movement	36	0.000	0.000	0.000	0.000	0.000	0.000	0.000	27.902	0.000	27.902
Financing of capital expenditure	15	0.000	0.000	(74.338)	0.000	0.000	0.000	0.000	0.000	0.000	(74.338)
Adjustments between accounting basis and funding basis		**0.031**	**30.725**	**10.511**	**(0.394)**	**(0.279)**	**1.923**	**(1.329)**	**27.902**	**(5.389)**	**63.701**
Reserves movements											
Transfer to Earmarked Reserves	27	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Transfer from Earmarked Reserves	27	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total movements		**0.031**	**30.725**	**10.511**	**(0.394)**	**(0.279)**	**1.923**	**(1.329)**	**27.902**	**(5.389)**	**63.701**
BALANCE AT 31 MARCH 2025		**(1.675)**	**(439.345)**	**(339.658)**	**5.148**	**4.142**	**8.811**	**(4.393)**	**44.847**	**56.986**	**(665.137)**

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

	Revaluation Reserve
	£m
31 March 2026	
Property, Plant and Equipment	348.621
Right of Use Assets	24.005
Heritage Assets	18.439
Assets Held for Sale	5.452
	396.517
31 March 2025	
Property, Plant and Equipment	392.368
Right of Use Assets	23.105
Heritage Assets	18.502
Assets Held for Sale	5.370
	439.345

Capital Adjustment Account
This reserve includes timing differences arising between the financing of purchasing new or enhancing Council assets and the utilising of those assets in the Council's accounts (known as depreciation). It is not available for future spending.

Financial Instruments Adjustment Account
The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council uses the account to manage premiums paid and discounts received on early redemption of loans. Premiums are debited and discounts are credited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of General Reserve to the account in the Movement in Reserves Statement. Over time, the expense is posted back to General Reserve in accordance with statutory arrangements for spreading the burden on Council Tax. In the Council's case, the balance on the Account at 31 March will be charged to the General Reserves over the next 40 years.

Pooled Investments Adjustment Account
The Pooled Investments Adjustment Account contains the cumulative gains and losses relating to the valuation of financial assets held at Fair Value through Profit or Loss in

accordance with the temporary statutory override MHCLG has issued. The override was originally effective for financial years 2018-19 to 2022-23, was extended to 2024-25 and, for investments already in place at 1 April 2024, which applies to the Council's investments in pooled investment vehicles, was further extended up to and including 2028-29.

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

Pensions Reserve

The Pensions Reserve absorbs the timing differences from the different arrangements for accounting for post-employment benefits and funding benefits in accordance with statute. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as benefits are earned by employees, updating the liabilities to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require a benefit earned to be financed as the Council makes employer's contributions or pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve at 31 March 2026 (and 31 March 2025) shows a deficit between the benefits earned by past and current employees and the resources that the Council has set aside to meet them. The Funding Strategy adopted by the Pension Fund will ensure that an appropriate level of funding will have been set aside by the time the benefits come to be paid.

Collection Fund Adjustment Account

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

Dedicated Schools Grant (DSG) Adjustment Account

The Dedicated Schools Grant adjustment account holds accumulated deficits relating to the schools budget. Where the authority has incurred a deficit on its schools budget in years beginning 1 April 2020 ending 31 March 2026, the Local Authorities (Capital Finance and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account.

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Reserve 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 Reserve Balance is neutralised by transfers to or from the account.

29. EXTERNAL AUDIT COSTS

Revised 2024-25 £m		2025-26 £m
0.469	External Audit Fees	0.361
0.008	Other Fees Payable to the External Auditor	0.008
0.477		**0.369**

The 2024-25 External Audit Fee has been revised to reflect the scale fee including estimated 2024-25 fee variations.

The 2025-26 External Audit Fee is the scale fee. This is subject to fee variations which are determined at a later date.

30. MEMBERS' ALLOWANCES

Payments made to the Council's elected Members during the year were:

2024-25 £m		2025-26 £m
1.319	Allowances	1.224
0.020	Expenses	0.022
1.339		**1.246**

31. OFFICERS' REMUNERATION

The definition of a Senior Officer is:

- An officer whose salary is £150,000 or more.
- A statutory chief officer as per section 2(6) of the Local Government and Housing Act 1989.
- A non-statutory chief officer as per section 2(7) of the Local Government and Housing Act 1989.
- An officer reporting to the Head of Paid Service.

The following notes and changes in respect of the Council's Senior Officers which occurred during 2024-25 and 2025-26 are relevant to the table of remuneration paid to the Council's Senior Officers below:

[1] The Executive Director of Adult Social Care and Health was appointed as Interim Chief Executive on 27 October 2025 and returned to their substantive post on 22 December 2025.

[2] The Director of Adult Social Care was appointed as Interim Executive Director of Adult Social Care and Health on 27 October 2025 and returned to their substantive post on 22 December 2025.

[3] The Executive Director of Children' Services commenced absence from the workplace on 6 August 2024 and left the Council on 31 October 2025.

[4] The Director of Early Help and Safeguarding was appointed on 13 August 2024 and was acting Director of Children's Services from 13 August 2024 to 4 November 2024.

[5] The Temporary Executive Director of Children's Services (Director of Children's Services) was appointed on 5 November 2024.

[6] The Managing Director was Emma Alexander who left the Council on 26 October 2025.

[7] The Chief Executive is Neil Crittenden who was appointed on 19 January 2026.

[8] The officer held the role of Executive Director of Place until 30 March 2026, was appointed Interim Head of Paid Service from 22 December 2025 to 18 January 2026 and was appointed Executive Director of Corporate Services & Transformation from 16 March 2026. From 16 March 2026 to 30 March 2026, the officer held the roles of Executive Director of Place and Executive Director of Corporate Services & Transformation concurrently.

[9] The Interim Executive Director of Place was appointed on 31 March 2026.

[10] The Executive Director of Corporate Services & Transformation left the Council on 15 March 2026.

[11] Compensation for Loss of Employment – there were no compensation payments made to officers for loss of employment in 2024-25.

Remuneration								
Salary	Employer's Pension Contri-butions	Total 2024-25		Salary	Non-Cash Benefits	Employer's Pension Contri-butions	[11] Compen-sation for Loss of Employment	Total 2025-26
£	£	£		£	£	£	£	£
131,465	27,345	**158,810**	Executive Director of Adult Social Care and Health / Interim Chief Executive[1]	145,286	0	30,219	0	**175,505**
0	0	**0**	Interim Executive Director of Adult Social Care and Health[2]	112,260	0	23,350	0	**135,610**
141,653	29,464	**171,117**	Executive Director of Children's Services[3]	132,938	0	17,737	0	**150,676**
91,871	19,109	**110,980**	Acting Director of Children's Services[4]	0	0	0	0	**0**
79,728	3,771	**83,499**	Temporary Executive Director of Children's Services[5]	110,488	0	0	0	**110,488**
187,728	39,047	**226,775**	Managing Director[6]	112,615	0	23,424	0	**136,039**
0	0	**0**	Chief Executive[7]	36,496	0	7,591	0	**44,087**
141,653	29,464	**171,117**	Executive Director of Place/Interim Head of Paid Service/ Executive Director of Corporate Services & Transformation[8]	140,538	5,648	29,001	0	**175,187**
0	0	**0**	Interim Executive Director of Place[9]	114,341	0	23,783	0	**138,124**
111,491	23,190	**134,681**	Director of Finance	115,059	0	23,932	0	**138,991**
141,653	29,464	**171,117**	Executive Director of Corporate Services & Transformation[10]	146,186	0	30,407	0	**176,593**
105,485	21,814	**127,300**	Director of Public Health	112,478	0	26,747	0	**139,255**
109,793	22,837	**132,630**	Director of Legal and Democratic Services	115,059	0	23,932	0	**138,991**

The amounts disclosed are the total remuneration receivable in the financial year by persons who were Senior Officers at any time during that year.

Employer’s Pension Contributions in the Council’s Senior Officers’ Remuneration table only include the future service cost, which is the primary employer’s pension contribution rate multiplied by the Senior Officer’s pensionable pay.

The Council’s employees earning above £50,000 during the year have been paid the following amounts:

2024-25					2025-26			
No of Employees					No of Employees			
School Staff	Senior Officers	Other	Total	Remuneration Between:	School Staff	Senior Officers	Other	Total
266	0	273	**539**	£50,000 and £54,999	454	0	213	**667**
129	0	122	**251**	£55,000 and £59,999	163	0	126	**289**
77	0	53	**130**	£60,000 and £64,999	104	0	87	**191**
60	0	60	**120**	£65,000 and £69,999	74	0	52	**126**
58	0	18	**76**	£70,000 and £74,999	57	0	15	**72**
54	0	13	**67**	£75,000 and £79,999	51	0	22	**73**
23	0	0	**23**	£80,000 and £84,999	39	0	3	**42**
14	0	1	**15**	£85,000 and £89,999	25	0	2	**27**
3	1	3	**7**	£90,000 and £94,999	7	0	1	**8**
5	0	5	**10**	£95,000 and £99,999	5	0	5	**10**
1	0	1	**2**	£100,000 and £104,999	3	0	1	**4**
0	2	5	**7**	£105,000 and £109,999	2	0	2	**4**
1	1	1	**3**	£110,000 and £114,999	1	4	3	**8**
0	0	0	**0**	£115,000 and £119,999	0	2	0	**2**
2	0	0	**2**	£120,000 and £124,999	1	0	0	**1**
0	1	0	**1**	£130,000 and £134,999	1	1	0	**2**
1	0	0	**1**	£135,000 and £139,999	0	0	0	**0**
0	3	0	**3**	£140,000 and £144,999	1	0	0	**1**
0	0	0	**0**	£145,000 and £149,999	0	3	0	**3**
0	1	0	**1**	£185,000 and £189,999	0	0	0	**0**
694	**9**	**555**	**1,258**		**988**	**10**	**532**	**1,530**

Where the total annual salary received by employees that have held Senior Officers' roles at any point during the year exceeds £50,000, they have also been included in the table above, in addition to the Senior Officers' Remuneration table.

Remuneration includes gross income and compensation for loss of employment.

32. TERMINATION BENEFITS

The Council has terminated the contracts of a number of employees in 2025-26, incurring liabilities of £5.047m (2024-25: £3.159m, updated from the disclosure in the 2024-25 accounts of £2.963m for variances from accrued amounts and additional pension strain payments, subsequently paid in 2025-26). The termination benefits are split by banding below:

	Number of compulsory redundancies		Number of other agreed departures		Total number of exit packages by cost band		Total cost of exit packages in each band	
	Revised 2024-25	2025-26	Revised 2024-25	2025-26	Revised 2024-25	2025-26	Revised 2024-25	2025-26
	Number	Number	Number	Number	Number	Number	£m	£m
£0-£20k	45	105	48	28	93	133	0.755	1.091
£20k-£40k	11	13	7	5	18	18	0.520	0.494
£40k-£60k	5	8	2	0	7	8	0.350	0.410
£60k-£80k	2	8	3	0	5	8	0.332	0.569
£80k-£100k	1	3	1	0	2	3	0.185	0.267
£100k-£150k	3	8	0	2	3	10	0.368	1.182
£150k-£300k	3	6	0	0	3	6	0.649	1.034
	70	**151**	**61**	**35**	**131**	**186**	**3.159**	**5.047**

33. POOLED BUDGETS

The Council has two pooled budget arrangements, details of which are set out below.

Better Care Fund

On 1 April 2015 the Derbyshire Better Care Fund (BCF) became operational. The Council was a partner to the fund along with the local Clinical Commissioning Groups that were NHS Northern Derbyshire, NHS Southern Derbyshire, NHS Hardwick, NHS Erewash and NHS Tameside and Glossop at the time. There have been a number of changes to the structure of the Council's NHS partners in the BCF since then.

The operation of the pool is ultimately managed by the Derbyshire Health and Wellbeing Board represented by members from each of the partners. The Fund operates as a Section 75 pooled budget and total agreed contributions to the pool are £138.192m (2024-25, £136.707m). Derbyshire County Council's contribution towards the pool is £55.183m, which represents 39.93% of the total contributions (2024-25, £55.345m, 40.48%).

The BCF aims to improve the provision of health and social care. All partners contribute to a pooled fund and the overarching objective of the fund is to support the integration of health and social care and align commissioning as agreed between the partners.

Under the agreement, the BCF Plan for Derbyshire is split into two areas:

- Contributions to a pooled fund by all partners and commissioned by Derbyshire County Council who are host and lead commissioner.
- Commissioning of existing funded schemes directly by each partner.

2024-25 £m	Pool Share %	Income	2025-26 £m	Pool Share %
55.345	40.48	Derbyshire County Council	55.183	39.93
81.362	59.52	NHS Derby and Derbyshire ICB	83.009	60.07
136.707	**100.00**		**138.192**	**100.00**

2024-25 £m	Expenditure	2025-26 £m
33.360	ICB schemes for community health services	33.591
9.800	Disabled Facilities Grant	10.489
7.790	Equipment	7.576
29.729	Reablement	29.537
4.105	Joint working	4.272
0.135	Administration	0.136
2.718	Care Bill	2.825
2.604	Carers	2.706
2.021	Mental health	2.608
0.363	Support for people to remain out of hospital	0.370
35.733	Improved Better Care Fund	35.733
8.349	Local Authority Discharge Grant	8.349
136.707	**Total Expenditure**	**138.192**
0.000	**Net position for Pool**	**0.000**

Children with Complex Needs pooled budget arrangement

The Children with Complex Needs pooled budget arrangement is jointly operated with the NHS Derby and Derbyshire ICB. The NHS Derby and Derbyshire ICB contributes 33% and the remainder is funded by the Council. Any surplus or deficit carries forward to offset the following year’s contributions, as required by the partnership agreement. Any unspent amounts are transferred to an Earmarked Reserve set up for this purpose.

31 Mar 2025 £m		31 Mar 2026 £m
	Funding provided to the pooled budget:	
(7.875)	Derbyshire County Council	(10.869)
(3.879)	NHS Derby and Derbyshire ICB	(5.353)
	Expenditure met by the pooled budget:	
11.754	Derbyshire County Council	16.222
0.000	NHS Derby and Derbyshire ICB	0.000
0.000	**Net Position of the Pool (Surplus)/Deficit**	**0.000**
0.000	The Council's Share of the (Surplus)/Deficit	0.000

34. TRUST FUNDS AND OTHER FUNDS

Trust Funds are made up of donations or bequests made to the Council. Other Funds, at 31 March 2026, are £4.946m held for residents in the Council's residential care homes (31 March 2025: £4.840m). There were no amounts held on behalf of the East Midlands Combined County Authority (EMCCA) at 31 March 2025 or 31 March 2026 (31 March 2024: £30.799m). These Trust Funds and Other Funds are not part of the Council's Accounts.

2024-25				2025-26		
Trust Funds £m	**Other Funds £m**	**Total £m**		**Trust Funds £m**	**Other Funds £m**	**Total £m**
0.320	35.417	35.737	Opening Balance	0.301	4.840	5.141
0.431	80.145	80.576	Add Income	0.026	0.131	0.157
(0.450)	(110.722)	(111.172)	Less Expenditure	(0.001)	(0.025)	(0.026)
0.301	**4.840**	**5.141**	**Closing Balance**	**0.326**	**4.946**	**5.272**
			The funds are represented by:			
0.024	0.000	0.024	Investments	0.028	0.000	0.028
0.277	4.840	5.117	Cash & temporary loans	0.298	4.946	5.244
0.301	**4.840**	**5.141**	**Total Assets**	**0.326**	**4.946**	**5.272**
9	7	16	No of Funds (actual not £m)	9	7	16

Cabinet approved the transfer of 47 educational charitable Trust Funds, for which the Council is the sole Trustee, to Foundation Derbyshire on 23 April 2020. At 31 March 2025 all but one Trust Fund had been transferred to Foundation Derbyshire. At 31 March 2026 the total value of the remaining funds to be transferred was £0.036m (31 March 2025: £0.030m).

35. INCOME FROM CONTRACTS WITH SERVICE RECIPIENTS

A service recipient is a party that has contracted with the Council to obtain goods or services which are the output of the Council's normal operating activities. Such a contract may be in writing, be made orally or be in accordance with customary business practice. The table below identifies income amounts in the CIES arising from contracts with service recipients.

	Income	
Type of Goods/Service	**2024-25 £m**	**2025-26 £m**
Adult Care		
Residential Care Homes	40.603	40.929
Co-funding Charge	18.035	19.210
Nursing Homes	13.810	13.735
Direct Care Trading	0.643	0.766
Shared Lives	0.592	0.592
Other	0.154	0.621
Sub Total	**73.837**	**75.853**
Childrens Services and Safeguarding and Education		
Catering	12.552	11.127
School Food and Meals	5.055	4.873
Extended School Services	2.403	2.508
Sport/Outdoor Education	1.453	2.100
Other	2.942	2.152
Sub Total	**24.405**	**22.760**
Business Services		
PFI Services to Academies	7.712	7.899
Registrar Services	2.221	2.292
Property Sales Administration	0.430	0.843
IT Support	0.164	0.805
Property Repairs, Maintenance, Cleaning and Facilities Management	0.590	0.756
Human Resource Services	0.416	0.471
Recruitment and Payroll Services	0.476	0.428
Legal Services	0.344	0.230
Utilities Charges to Academies	1.226	0.060
Other	0.409	0.699
Sub Total	**13.988**	**14.483**
Council Efficiency		
Pension Fund Administration	2.913	3.101
Financial Management	0.863	0.719
Sub Total	**3.776**	**3.820**

	Income	
Type of Goods/Service	**2024-25 £m**	**2025-26 £m**
Economic Development and Regeneration		
Facilities Charge	0.217	0.231
Other	0.174	0.015
Sub Total	**0.391**	**0.246**
Health and Communities		
Community Safety Services	0.550	0.428
Other (incl Strategic LCT and Climate change)	0.259	0.333
Sub Total	**0.809**	**0.761**
Potholes, Highways and Transport		
Vehicle Maintenance	2.377	2.309
New Roads and Street Works Act Fees	1.625	1.510
Pay and Display Parking	1.142	1.041
Cross Boundary Bus Services	0.419	0.507
Developer Income	0.548	0.488
Licence Fees (e.g. skip/scaffold permits)	0.482	0.382
Bus Passes and Tickets	0.029	0.237
Other	0.396	0.317
Sub Total	**7.018**	**6.791**
Net Zero and Environment		
Commercial Waste Disposal	2.290	2.106
Inspection Fees (S38/S278 Highways Act)	1.556	1.400
Countryside Shop Merchandise	1.057	1.050
Land Searches	0.411	0.416
Other	0.291	0.223
Sub Total	**5.605**	**5.195**
Overall Total	**129.829**	**129.909**

Amounts included in the Balance Sheet for contracts with service recipients:

31 Mar 2025 £m		**31 Mar 2026 £m**
20.142	Receivables	25.086
0.610	Contract Assets	0.533
(1.065)	Contract Liabilities	(2.100)
19.687	**Total Included in Net Assets**	**23.519**

Receivables and Contract Assets are included within Amounts Owed to the Council in the Debtors analysis (Note 21). Contract Liabilities are included within Income in Advance to the Council in the Creditors analysis (Note 23).

Changes in the Contract Assets and Contract Liabilities balances during the year are as follows:

2024-25			2025-26	
Contract Assets £m	**Contract Liabilities £m**		**Contract Assets £m**	**Contract Liabilities £m**
0.000	(1.065)	Cash received before obligations fulfilled	0.000	(2.100)
0.000	1.065	Obligations relating to contract liabilities at the start of the year fulfilled	0.000	1.065
0.610	0.000	Obligations fulfilled before payment is due	0.533	0.000
(0.610)	0.000	Transfers from Contract Assets to Receivables as payment became due	(0.610)	0.000
0.000	**0.000**	**Movement in Contract Assets and Liabilities**	**(0.077)**	**(1.035)**
0.610	(1.065)	Contract Assets and Liabilities at the start of the year	0.610	(1.065)
0.610	**(1.065)**	**Contract Assets and Liabilities at the end of the year**	**0.533**	**(2.100)**

The value of the Contract Liabilities presented at the end of the year represents the value of income that is expected to be recognised in the future, relating to obligations that are unsatisfied (or partially unsatisfied) at the end of the year. All amounts are expected to be realised no later than one year from the year ended 31 March 2026.

The Council only recognises income at an amount that corresponds directly with the value to the service recipients of the Council's performance to the end of the year.

Performance obligations are deemed to be satisfied over time, as opposed to at a point in time, in respect of the following significant income streams:

- Residential Care, Nursing Home and Co-funding charges
- PFI Services to Academies
- Pension Fund Administration
- Vehicle Maintenance – fixed priced annual contracts
- Utilities Charges to Academies – standing charges

This is a faithful depiction as these services are delivered to and the benefits consumed by the service recipients simultaneously. The Council has a right to receive fixed payments from service users for each day of service provided, therefore it recognises income equal to the amount that it has the right to invoice according to the duration of the service provision.

Performance obligations are also deemed to be satisfied over time, as opposed to at a point in time, in respect of the following significant income streams:

- Property Repairs, Maintenance, Cleaning and Facilities Management

This is a faithful depiction as the Council has an enforceable right to receive income for performance completed to date. The Council recognises income based on the costs incurred to satisfy the performance obligations.

Performance obligations are also deemed to be satisfied over time, as opposed to at a point in time, in respect of the following significant income stream:

- Commercial Waste Disposal

This is a faithful depiction as the Council has an enforceable right to receive income for performance completed to date. The Council recognises income based on the volume of waste processed which fulfils the terms of these contracts.

Performance obligations are deemed to be satisfied at a point in time, in respect of the following significant income streams:

- Inspections under Section 38 and 278 of the Highways Act
- New Roads and Street Works Act Fees
- Catering and School Food and Meals
- Extended School Services
- Sport/Outdoor Education
- Registrar Services
- Vehicle Maintenance – specific jobs
- Pay and Display Parking
- Countryside Shop Merchandise
- Utilities Charges to Academies - consumption

In respect of these services, income is only recognised when the contracted work has been completed.

36. DEDICATED SCHOOLS GRANT (DSG)

The Council’s expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools’ Budget as defined in The School and Early Years Finance (England) Regulations 2024.

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 local authority school. An in-year adjustment has been made to reflect a reduction to the 2025-26 grant receipts for Early Years provision. This adjustment will reduce the Dedicated Schools Grant (DSG) received in 2026–27.

Actual central expenditure includes commitments that remain unspent as at the end of the financial year. These commitments have been transferred to an earmarked reserve and form part of the DSG balance.

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

	Central Expenditure £m	Individual Schools Budget £m	Total £m
Final DSG for 2025-26 before academy and high needs recoupment			876.610
Academy and high needs figure recouped for 2025-26			(393.485)
Total DSG after academy and high needs recoupment for 2025-26			**483.125**
Agreed initial budgeted distribution in 2025-26	**136.213**	**346.912**	**483.125**
In-year adjustments	0.000	(1.419)	(1.419)
Final budget distribution for 2025-26	**136.213**	**345.493**	**481.706**
Less: Actual central expenditure	186.340		186.340
Less: Actual ISB deployed to schools		343.909	343.909
In-year carry-forward to 2026-27	**(50.127)**	**1.584**	**(48.543)**
DSG unusable reserve at the end of 2024-25			(44.847)
Addition to DSG unusable reserve at the end of 2025-26			(48.543)
Total of DSG unusable reserve at 31 March 2026			**(93.390)**
Net DSG position at 31 March 2026			**(93.390)**

The School and Early Years Finance (England) Regulations 2020 and Regulation 30L of The Local Authorities (Capital Finance and Accounting) require that the Council's closing deficit balance of DSG Reserves at 31 March 2025 is held within a statutorily ring-fenced unusable reserve – the DSG Adjustment Account. For further details refer to Note 28.

DSG grant income of £482.287m in Note 37 below is the sum of the £483.125m 'Total DSG after Academy and High Needs Recoupment for 2025-26' less £0.838m of adjustments and accruals.

	Central Expenditure £m	Individual Schools Budget £m	Total £m
Final DSG for 2024-25 before academy and high needs recoupment			791.014
Academy and high needs figure recouped for 2024-25			(357.040)
Total DSG after academy and high needs recoupment for 2024-25			**433.974**
Agreed initial budgeted distribution in 2024-25	**106.209**	**327.765**	**433.974**
In-year adjustments	0.000	0.109	0.109
Final budget distribution for 2024-25	**106.209**	**327.874**	**434.083**
Less: Actual central expenditure	(136.766)		(136.766)
Less: Actual ISB deployed to schools		(325.219)	(325.219)
In-year carry-forward to 2025-26	**(30.557)**	**2.655**	**(27.902)**
DSG unusable reserve at 1 April 2024			(16.945)
Addition to DSG unusable reserve at 31 March 2025			(27.902)
Total of DSG unusable reserve at 31 March 2025			**(44.847)**
Net DSG position at 31 March 2025			**(44.847)**

DSG grant income of £434.083m in Note 38 below is the sum of the £433.974m ‘Total DSG after Academy and High Needs Recoupment for 2024-25 plus the £0.109m ‘In-year adjustments’ in the table above.

37. GRANT INCOME

Revenue Grants		Income 2024-25 £m	Income 2025-26 £m
Dedicated Schools Grant (DSG)	ESFA	434.083	482.287
Public Health Grant	DHSC	47.364	50.253
Pupil Premium Grant	ESFA	20.653	19.754
Market Sustainability & Improvement Fund	MHCLG	15.869	15.869
Extended Producer Responsibility	PackUK	0.000	11.765
Disabled Facilities Grant	MHCLG	9.800	10.489
Household Support Fund	DWP	10.636	9.374
Core Schools Budget Grant (CSBG)	ESFA	6.425	8.848
Unaccompanied Asylum-Seeking Children (UASC)	HO	7.139	6.255
Universal Free School Meals for Infant Pupils	ESFA	5.267	4.981
National Insurance Contributions Grant	DfE	0.000	4.571
Post 16 Funding	DfE	3.963	4.154
PE and Sport Premium Grant	ESFA	4.156	3.616
Childrens Social Care Prevention Grant	MHCLG	0.000	3.472
Adult Skills and Tailored Learning Fund Formula Funded Allocation *	EMCCA	0.000	2.976
Holiday activities and food programme Grant	DfE	2.908	2.706
Drug and Alcohol Treatment, Recovery and Improvement Grant (DATRIG)	DHSC	2.568	2.591
Supporting Families & Families First	MHCLG	2.869	1.481
Music	Arts Council	1.287	1.425
Chesterfield Staveley Regeneration Route Feasibility Studies	DfT/EMCCA	0.000	1.419
Homes for Ukraine - Thank You Payment Grant	MHCLG	1.556	1.176
Multiply	ESFA	1.288	0.005
Discharge Fund Grant	MHCLG	8.349	0.000
Teachers’ Pension Grant	ESFA	6.482	0.000
Teachers' Pay Additional Grant	ESFA	4.825	0.000
DACES AEB **	ESFA	4.696	0.000
Contain Outbreak Management Fund	DHSC	4.198	0.000
Wraparound Childcare programme	DfE	4.127	0.000
Supported Accommodation Reforms	DfE	1.457	0.000
Other Grants	Various	13.174	15.300
Total Departmental Income		**625.139**	**664.767**

* This comprises eight grants from East Midlands Combined County Authority (EMCCA) which partly replaced the DACES AEB grant

** In 2025-26 the DACES AEB grant was replaced by grants received from EMCCA and the Department for Education (DfE)

Revenue Grants		Income	
		2024-25	2025-26
		£m	£m
Adult Social Care Grant	MHCLG	80.227	94.719
Improved Better Care Fund	MHCLG	35.732	44.083
Business Rates Relief Grant	MHCLG	29.524	30.000
Revenue Support Grant	MHCLG	16.755	19.164
Private Finance Initiative	ESFA	10.504	10.504
Employer National Insurance Contributions Grant	MHCLG	0.000	5.694
Bus Service Improvement Plan	DfT	10.624	3.621
Domestic Abuse Safe Accommodation	MHCLG	0.000	1.910
Homes for Ukraine -Tariff	MHCLG	1.164	0.962
New Homes Bonus	MHCLG	0.843	0.823
Domestic Abuse Duties	MHCLG	1.533	0.000
Service Grant	MHCLG	0.788	0.000
Other Grants	Various	3.851	0.920
Total Corporate Income		**191.545**	**212.400**
Total Grants		**816.684**	**877.167**

Other Departmental Revenue Grants in 2025-26 include the following amounts which are required to be separately disclosed under specific grant conditions in the respective grant agreements:

- £0.909m Youth Justice Grant from the Youth Justice Board to fund activities which improve the outcomes of children in the youth justice system (2024-25: £0.895m).
- £0.133m Commissioner's Community Safety Grant, to assist in the funding of the work of the Derbyshire Youth Offending Service (2024-25: £0.133m).
- £0.148m Turnaround Grant from the Ministry of Justice for a Turnaround Programme, which is a voluntary youth early intervention programme (2024-25: £0.239m).

Capital Grants		Income 2024-25 £m	Income 2025-26 £m
Highways Maintenance	DfT	15.799	37.502
East Midlands City Region Sustainable Transport Settlement	EMCCA	0.000	18.452
Special Provision Capital Fund	DfE	4.205	12.609
School Condition Allowance	DfE	9.106	10.268
Bus Service Improvement Plan	DfT	3.971	7.750
Safer Roads	DfT	0.000	7.660
Levelling Up Fund- Ashbourne Reborn	MHCLG	2.546	4.895
Integrated Transport	DfT	3.672	3.672
Investment Fund- South Derbyshire Growth Zone	EMCCA	0.000	1.500
Staveley Waterside	MHCLG	1.944	1.362
Devolved Formula Capital	DfE	1.245	1.310
Basic Need	DfE	4.449	0.576
Pothole Action Fund	DfT	7.900	0.000
Zebra Standard	DfT	5.097	0.000
Additional Highways Maintenance	DfT	3.014	0.000
Local Electric Vehicle Infrastructure Grant	DfT	0.660	0.000
Levelling Up Fund- South Derbyshire Growth Zone	MHCLG	0.267	0.000
Active Travel	ATE	0.000	0.000
Other Capital Grants	Various	12.188	10.912
		76.063	**118.468**

38. CASH FLOW – INVESTING ACTIVITIES

2024-25 £m		2025-26 £m
(109.872)	Purchase of Non-Current Assets	(116.565)
(580.288)	Purchase of New Investments	(641.801)
14.398	Proceeds from Sale of Non-Current Assets	29.985
76.157	Capital Grants Received	117.597
650.459	Investments Redeemed	655.319
50.854	**Net Cashflow from Investing Activities**	**44.535**

39. CASH FLOW – FINANCING ACTIVITIES

2024-25 £m		2025-26 £m
(99.245)	Repay Amounts Borrowed	(118.000)
(8.052)	Principal Repayment on PFI and Leases	(8.516)
0.000	New Long Term Loans	5.000
98.000	New Short Term Loans	112.500
(30.601)	Net (Payments)/Income on behalf of East Midlands Combined County Authority (EMCCA)	0.000
(39.898)	**Net Cashflow from Financing Activities**	**(9.016)**

40. CASH FLOW – OPERATING ACTIVITIES

2024-25 £m		2025-26 £m
(619.853)	Payments to and on behalf of employees	(634.626)
(1,021.754)	Other Operating Payments	(1,099.736)
410.113	Council Tax	441.442
30.301	Business Rates	26.646
16.755	Revenue Support Grant	19.164
775.129	Other Revenue Grants	839.909
405.684	Other Income	404.992
(3.625)	**Operating Costs of Providing Services**	**(2.209)**
(21.202)	External Interest Paid	(19.407)
(5.759)	Interest on PFI and Leases	(5.298)
10.156	Interest Received	9.627
3.998	Dividends Received	3.101
(16.432)	**Net Cashflow from Operating Activities**	**(14.186)**

41. RECONCILIATION OF NET SURPLUS/(DEFICIT) ON THE CIES TO THE OPERATING ACTIVITIES NET CASH FLOW

2024-25 £m			2025-26 £m
(60.500)	**Surplus/(Deficit) on the Provision of Services**		**(20.077)**
	Non Cash Transactions:		
39.980	Depreciation	12,13 16,17	39.463
20.402	Impairment	12,13 16,17	25.720
(5.389)	Movement in Pension Liability	46	(24.256)
(1.329)	Adjustment for Collection Fund		4.858
(1.806)	Investments Fair Value Movements		(0.603)
9.242	Movement in Revenue Debtors		4.896
0.222	Movement in Loss Allowances		(0.502)
3.433	Movement in Revenue Creditors		20.804
(0.004)	Movement in Inventories		0.473
0.770	Movement in Provisions	24	2.775
65.521	**Total Non Cash Transactions**		**73.628**
	Items Classified Elsewhere		
30.302	Net charge for Disposal of Non-Current Assets	5	30.220
24.308	Revenue Expenditure Funded from Capital Under Statute	15	20.508
(76.063)	Capital Grants	37	(118.465)
(16.432)	**Net Cashflow from Operating Activities**		**(14.186)**

42. RECONCILIATION OF CASH FLOWS AND LIABILITIES ARISING FROM FINANCING ACTIVITIES

	31 Mar 2025 £m	Cash Flows £m	Non-Cash Changes £m	31 Mar 2026 £m
Current Borrowing	151.955	(5.110)	(6.514)	140.331
Non Current Borrowing	232.830	4.610	8.585	246.025
PFI and Lease Liabilities	66.917	(8.516)	2.008	60.409
	451.702	**(9.016)**	**4.079**	**446.765**

Non-cash changes to the Council's liabilities include an increase of £13.495m in the carrying value of current borrowing and an equal decrease in the carrying value of non-current borrowing to recognise amounts falling due within twelve months of the balance sheet date. £20.000m of existing loans were extended for more than twelve months which resulted in an increase in non-current borrowing and an equal decrease in current borrowing. Interest of £2.080m was accrued in the year which increased the carrying value of liabilities. PFI and lessee lease liabilities were adjusted by £2.162m for factors such as recognition of new contracts and changes in variable payments. The remaining non-cash transactions represent a reduction in carrying value of £0.163m because of a movement between these liabilities and short-term creditors and debtors.

	31 Mar 2024 £m	IFRS 16 Application Adjustment £m	1 Apr 2024 £m	Cash Flows £m	Non-Cash Changes £m	31 Mar 2025 £m
Current Borrowing	147.827		147.827	4.127	0.001	151.955
Non Current Borrowing	236.284		236.284	(5.371)	1.917	232.830
PFI and Lease Liabilities	44.689	29.973	74.662	(8.052)	0.307	66.917
	428.800	**29.973**	**458.773**	**(9.295)**	**2.224**	**451.702**

43. LEASES

COUNCIL AS LESSEE

The Council has acquired the right to use a number of property assets and a small number of vehicles under leases for:

- Delivery of local education.
- Youth information and clubs.
- Community and environmental purposes.
- Miscellaneous use, including office accommodation.

All assets are carried as Right-of-Use Assets on the Balance Sheet.

Right-of-Use Assets

For the change in the value of Right-of-Use Assets held under leases by the Council see Note 16.

Transactions under Leases

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

	2024-25 £m	2025-26 £m
Comprehensive Income and Expenditure Statement:		
Interest expense on lease liabilities	0.845	0.856
Expense relating to short-term leases	0.016	0.009
Expense relating to exempt leases of low-value items	0.624	0.606
Cash Flow Statement:		
Total cash outflow for leases	2.766	2.721

The majority of the expenses relating to exempt leases of low value items relate to spending by schools. In respect of these leases, non-lease components such as service elements of these contracts have been included within the reported amounts.

There was no significant subletting in 2024-25 or 2025-26.

Maturity Analysis of Lease Liabilities

The Council's lease liabilities are due to be settled over the following periods (the lease payments are the undiscounted amounts of the expected cash payments):

	2024-25 £m			2025-26 £m		
	Interest	Liability	**Lease Payments**	Interest	Liability	**Lease Payments**
Within 1 year	**0.755**	**1.137**	**1.892**	**0.783**	**1.036**	**1.819**
1 to 5 years	2.360	3.846	6.206	2.424	4.449	6.873
More than 5 years	1.960	6.613	8.573	2.929	6.648	9.577
Total Non-Current	**4.320**	**10.459**	**14.779**	**5.353**	**11.097**	**16.450**
Total	**5.075**	**11.596**	**16.671**	**6.136**	**12.133**	**18.269**

Lease liabilities are included on the Balance Sheet within Other Non-Current Liabilities and Current Creditors.

COUNCIL AS LESSOR

Where the Council is the lessor, the reported lease income does not contain rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

Finance Leases

The Council has eight properties that have been leased out upon receipt of a premium. With respect to these leases, there is no further lease income to be received and therefore there is no debtor held in the accounts. Details of the properties currently leased out are:

- Grassmoor Golf Centre to Grassmoor Golf Ltd on a 1,000-year lease, which commenced in 2002 for a one-off payment of £0.230m.
- Unit C1 Holmewood Business Park to SBK Property Limited on a 99-year lease, which commenced in 2015 for a one-off payment of £0.300m.
- Land at Welbeck Road to Old Bolsover Town Council on a 99-year lease, which commenced in 2020 for a one-off payment of £0.010m.
- ‘The Gardens’, Shipley Country Park to a private individual on a 999-year lease, which commenced in 2022 for a one-off payment of £0.344m.
- Land at The Dales, Askew Grove, Repton to Trent and Dove Housing on a 999-year lease, which commenced in 2023 for a one-off payment of £0.675m.
- Land at High Street, Clay Cross to Robinson & Day Properties Limited on a 999-year lease, which commenced in 2023 for a one-off payment of £0.010m.
- Land at Cross London Street, Chesterfield to private individuals on a 999-year lease, which commenced in 2023 for a one-off payment of £0.045m.
- Nottingham Lodge, Shipley Park, Heanor to a private individual on a 999-year lease, which commenced in 2025 for a one-off payment of £0.220m.

The Council also leases out:

- First-floor offices of Ripley Library to Derbyshire Healthcare NHS Foundation Trust on a 15-year lease, which commenced in 2014 for £0.014m each year.
- Nursery School on Windermere Road, Newbold to Kidz Planet Limited on a 10-year lease, which commenced in 2021 for £0.012m each year.
- Belper Community Hall to Belper Community Hall Steering Group on a 25-year lease, which commenced in 2020 for £0.001m each year.
- Unit 5 Cobnar Wood Industrial Estate, Chesterfield to Serrations Limited on a 15-year lease, which commenced in 2022 for £0.010m each year.
- The Donut Creative Arts Studio, Chesterfield to Fairplay on an 86-year lease, which commenced in 2022 for £0.015m each year.
- Units 1 & 2 Stonebroom Industrial Estate, Alfreton to MNS Mouldings Limited on a 15-year lease, which commenced in 2023 for £0.060m each year.

Operating Leases

The Council leases out a number of land and building assets under operating leases, including leases for:

- Economic development to provide suitable affordable accommodation for local businesses.
- Youth information and clubs.
- Community and environmental purposes.
- Siting electricity substations.

Transactions under Leases

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

	2024-25 £m	2025-26 £m
Finance Leases		
Finance income on the net investment in the lease	0.072	0.071
Operating Leases		
Lease income	1.927	2.079

Net Investment in Finance Leases

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

	2024-25 £m	2025-26 £m
Net investment at 1 April	**1.331**	**1.300**
New Leases entered into	0.000	0.000
Payments by lessees	(0.031)	(0.033)
Net investment at 31 March	**1.300**	**1.267**

Maturity Analysis of Finance Lease Receivables

The rental income and the unguaranteed residual value of the asset, which relates to the estimated value of the property at the end of the lease (i.e. an estimated sale value), will be received over the following periods (the undiscounted lease receivables are the amounts of the expected cash receipts):

Finance Leases								
2024-25 £m					2025-26 £m			
Undiscounted Lease Receivables	Unearned Finance Income	Discounted Unguaranteed Residual Values	Net Investment in Leases		Undiscounted Lease Receivables	Unearned Finance Income	Discounted Unguaranteed Residual Values	Net Investment in Leases
0.103	(0.071)	0.000	**0.032**	Within 1 year	0.103	(0.069)	0.000	**0.034**
0.103	(0.069)	0.000	**0.034**	1 to 2 years	0.103	(0.067)	0.000	**0.036**
0.103	(0.067)	0.000	**0.036**	2 to 3 years	0.103	(0.065)	0.062	**0.100**
0.103	(0.065)	0.062	**0.100**	3 to 4 years	0.089	(0.060)	0.000	**0.029**
0.089	(0.060)	0.000	**0.029**	4 to 5 years	0.089	(0.058)	0.057	**0.088**
1.333	(1.000)	0.736	**1.069**	More than 5 years	1.245	(0.944)	0.679	**0.980**
1.834	**(1.332)**	**0.798**	**1.300**		**1.732**	**(1.263)**	**0.798**	**1.267**

Maturity Analysis of Operating Leases

The rental income due to be collected under leases in future years is:

2024-25 £m Land & Building		2025-26 £m Land & Building
1.944	Within 1 year	1.803
1.764	1 to 2 years	1.548
1.525	2 to 3 years	1.279
1.222	3 to 4 years	0.749
0.679	4 to 5 years	0.461
5.237	More than 5 years	5.015
12.371		**10.855**

44. PRIVATE FINANCE INITIATIVE (PFI) AND SIMILAR CONTRACTS

There are three PFI schemes in which private sector providers have built and now maintain accommodation for use by the Council:

- Phase 1 – in 2001 the Council signed a contract for two secondary schools at Tupton and Chapel-en-le Frith. They were completed and occupied in April 2003 under a 26-year contract. Tupton Hall School became an Academy on 1 October 2019.
- Phase 2 – during 2004-05 the Council signed a contract for two further secondary schools at Newbold and Long Eaton which became operational in February 2006 under a 26-year contract. Long Eaton School became an Academy on 1 April 2011. Newbold School became an Academy, known as Outwood Academy Newbold, on 1 January 2015.
- Phase 3 – Schools provided under the Building Schools for the Future (BSF) programme opened in November 2010 at Bolsover and Springwell (Staveley).

These were designed and built as PFI schools and will be operated on a 25-year contract. Bolsover School became an Academy on 1 October 2012. Springwell Community School became an Academy on 1 March 2020.

Payments

The Council makes an agreed payment each year (the unitary charge) which is increased by inflation and can be reduced if the contractor fails to meet availability and performance standards.

Although the payments that are made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed.

During 2017-18, the Council undertook a refinancing exercise of the BSF PFI debt, which reduced the interest charge on the long-term debt. This resulted in a one-off financial benefit of approximately £2.100m for the Council. The term of the loan and service level elements of the agreement all remain the same.

The liability outstanding to pay the contractor for capital expenditure incurred is shown below.

	2024-25			2025-26		
	Phase 1 £m	Phase 2 £m	BSF £m	Phase 1 £m	Phase 2 £m	BSF £m
Unitary Charge Paid						
Delivery of services	2.249	2.198	2.197	2.323	2.278	2.336
Interest Payment	1.080	1.344	2.490	0.884	1.208	2.350
Reduction to Liability	2.480	2.300	1.990	2.707	2.469	2.092
Unitary Charge Paid	**5.809**	**5.842**	**6.677**	**5.914**	**5.955**	**6.778**
Loan Liability Brought Fwd	(14.827)	(22.741)	(32.339)	(12.446)	(20.621)	(30.546)
Reduction to Liability	2.480	2.300	1.990	2.707	2.469	2.092
Liability Remeasurement	(0.099)	(0.180)	(0.197)	(0.100)	(0.171)	(0.217)
Loan Liability Carried Fwd	**(12.446)**	**(20.621)**	**(30.546)**	**(9.839)**	**(18.323)**	**(28.671)**
Liability in Creditors	(2.725)	(2.490)	(1.939)	(2.975)	(2.672)	(1.875)
Non-Current Liabilities	(9.721)	(18.131)	(28.607)	(6.864)	(15.651)	(26.796)
Loan Liability Carried Fwd	**(12.446)**	**(20.621)**	**(30.546)**	**(9.839)**	**(18.323)**	**(28.671)**

Payments remaining to be made under the PFI contract at 31 March are as follows:

	2024-25			2025-26		
	Phase 1 £m	Phase 2 £m	BSF £m	Phase 1 £m	Phase 2 £m	BSF £m
Within one year:						
Service charge	2.323	2.267	2.336	2.417	2.352	2.682
Interest element	0.884	1.206	2.350	0.670	1.059	2.194
Repayment of liability	2.725	2.490	1.939	2.975	2.673	1.875
Two to five years:						
Service charge	7.264	9.067	10.445	5.136	9.407	10.692
Interest element	1.256	3.152	7.752	0.599	2.441	7.083
Repayment of liability	9.721	11.511	9.069	6.864	12.356	9.974
Six to ten years:						
Service charge	0.000	4.345	12.284	0.000	2.156	11.425
Interest element	0.000	0.417	4.722	0.000	0.103	3.371
Repayment of liability	0.000	6.620	16.884	0.000	3.294	16.822
Eleven to fifteen years:						
Service charge	0.000	0.000	1.224	0.000	0.000	0.000
Interest element	0.000	0.000	0.071	0.000	0.000	0.000
Repayment of liability	0.000	0.000	2.654	0.000	0.000	0.000

All of the PFI schools will be handed back to the Council (or the Governors of the School for Academies) when the relevant contract expires. In the case of the Phase 1 schools this will be on 28 April 2029, for the Phase 2 schools it will be 12 February 2032 and for the BSF schools on 31 October 2035.

Under the terms of the agreements, the Council is able to terminate the agreements at any time. If this were due to a contractor default the Council is entitled to re-tender the contract, otherwise the contractors would be entitled to compensation. The Council has step in rights, if action needs to be taken in connection with the services provided by any of the contractors because of a serious risk to the health or safety of persons or to discharge a statutory duty; and/or because an emergency has arisen.

Property, Plant and Equipment

The schools are recognised on the Council’s Balance Sheet, unless they are Academies (which are not recognised on the Council’s Balance Sheet). Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12.

45. DEFINED CONTRIBUTION PENSION SCHEMES

Teachers' Pension Scheme

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

The Scheme is a defined benefit scheme which is unfunded and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2025-26 the Council paid £50.028m to Teachers' Pensions (2024-25: £48.675m) in respect of teachers' retirement benefits. During 2025-26 the Employer's Contribution rate for the Teachers' Pension Scheme was 28.68% (2024-25: 28.68%).

It is expected that the Council will pay £49m to the Teachers' Pensions Scheme in the year to 31 March 2027, of which employer contributions are estimated to be around £37m.

NHS Pension Scheme

Former NHS employees working in the Sure Start and Public Health fields that moved to the Council in 2008 and 2013, respectively, and some Public Health staff employed since then, are members of the NHS Pension Scheme, administered by the Department of Health and Social Care. The Scheme provides these employees with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme which is unfunded, and the Department of Health and Social Care uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme, which is consistent with the NHS method of accounting.

In 2025-26 the Council paid £0.497m to the NHS Pension Scheme (2024-25: £0.498m) in respect of the retirement benefits of these Council employees. The Employer's Contribution rate during 2025-26 for the NHS Pension Scheme was 23.78%, with 14.38% continuing to be collected through the Council's payroll, an additional 2.5% collected from the Council through invoicing and the remaining 6.9% being funded by the Department of Health and Social Care (2024-25: 20.68%, with 14.38% collected through the Council's payroll, 2.5% collected from the Council through invoicing and 3.8% being funded by the Department of Health and Social Care).

No further disclosures are required because of the immateriality of the information.

46. DEFINED BENEFIT SCHEME

The Council makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- The Local Government Pension Scheme (LGPS), administered by Derbyshire County Council – this is a funded defined benefit final salary scheme, meaning the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.
- Arrangements for the award of discretionary post-retirement benefits upon early retirement – this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

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

The Derbyshire Pension Fund is operated under the regulatory framework for the LGPS, and the governance of the scheme is the responsibility of the Pensions and Investments Committee of Derbyshire County Council. The Fund is managed and administered in accordance with the Local Government Pension Scheme Regulations 2013.

The principal risks to the Council of the LGPS 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 statutory requirements which determine the amount charged to the General Reserve.

Defined Benefit Transactions

The following defined benefit scheme transactions have occurred during the year:

	Notes/ Statement	LGPS		Teachers	
		2024-25 £m	2025-26 £m	2024-25 £m	2025-26 £m
Current service cost		57.551	43.319	0.000	0.000
Net interest cost	7	1.072	0.480	1.922	2.025
Past service costs & curtailments		2.200	3.616	0.000	0.000
Settlements		(1.593)	(0.967)	0.000	0.000
Benefits charged to the CIES		**59.230**	**46.448**	**1.922**	**2.025**
Remeasurement (gain)/loss		(0.256)	14.803	(2.370)	(1.034)
Total (Gain)/Loss		**58.974**	**61.251**	**(0.448)**	**0.991**
Movements in Reserves Statement:					
Reversal of charges made	30	(59.230)	(46.448)	(1.922)	(2.025)
Contributions - unfunded benefits	30	2.326	2.224	0.000	0.000
Employer's contributions payable	30	59.841	66.321	4.374	4.184

Assets and Liabilities in Relation to Post-Employment Benefits

Reconciliation of the present value of defined benefit plan liabilities (the defined benefit obligation) of the Council, from the start to the end of the year:

	Funded liabilities: LGPS		Unfunded liabilities: Discretionary Benefits	
	2024-25 £m	2025-26 £m	2024-25 £m	2025-26 £m
Opening balance at 1 April	**2,402.630**	**2,104.888**	**41.791**	**36.969**
Current service cost	57.551	43.319	0.000	0.000
Interest cost	115.851	120.948	1.922	2.025
Contributions by participants	18.316	18.341	0.000	0.000
Remeasurement (gains)/losses	(388.690)	39.025	(2.370)	(1.034)
Benefits paid	(94.808)	(96.620)	0.000	0.000
Unfunded benefits paid	(2.326)	(2.224)	(4.374)	(4.184)
Effect of settlements	(5.836)	(4.924)	0.000	0.000
Past service costs	2.200	3.616	0.000	0.000
Closing balance at 31 March	**2,104.888**	**2,226.369**	**36.969**	**33.776**

The expected return on assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Reconciliation of the fair value of defined benefit plan Fund assets of the Council, from the start to the end of the year:

	LGPS	
	2024-25 £m	**2025-26 £m**
Opening balance at 1 April	**(2,684.679)**	**(2,762.174)**
Interest income	(129.584)	(159.724)
Other remeasurement loss/(gain)	31.195	(64.011)
Employer contributions	(59.841)	(66.321)
Contributions by participants	(18.316)	(18.341)
Benefits paid	94.808	96.620
Effect of settlements	4.243	3.957
Closing balance at 31 March	**(2,762.174)**	**(2,969.994)**

Scheme History

Prior to 2022-23, net pension liabilities have had a substantial impact on the net worth of the Council as recorded in the Balance Sheet, shown in the table below. These net liabilities are an estimate of the ultimate cost to the Council of the post-employment (retirement) plan benefits that employees have earned, having allowed for the value of scheme assets. Statutory arrangements for funding any deficit mean that the financial position of the Council remains healthy:

- the deficit on the LGPS will be made good by increased contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the Fund Actuary;
- finance is only required to be raised to cover discretionary benefits when the pensions are actually paid.

However, since then surpluses have been reported by the Actuary. At 31 March 2026, there was a total net Local Government Pension Scheme (LGPS) surplus reported by the Actuary of £743.625m (31 March 2025: £657.286m surplus). The increase in LGPS surplus at 31 March 2026 has arisen mainly because of the return on LGPS scheme assets in 2025-26. The 31 March 2026 figures are the first to be based on the 2025 triennial funding valuation.

Accounting Standard IAS19 imposes a limit on the net surplus which can be recognised in the Balance Sheet, known as an asset ceiling restriction. The limit depends on factors unique to each employer and the Actuary has reflected this by carrying out additional calculations.

The effect of the asset ceiling has been determined by the Actuary based on the limitation on the Council’s ability to recover the full economic benefit of its assets through reductions in employer’s future service contributions because of the minimum funding obligations of the LGPS at 31 March 2026. The Actuary has assessed the Council’s estimated future service costs less the estimated future service contributions to establish the economic benefit that is available to the Council. The net pensions asset has therefore been adjusted by this effect of the asset ceiling.

The Actuary calculated an LGPS scheme asset ceiling restriction of £756.348m at 31 March 2026 (31 March 2025: £677.303m restriction), as shown in the table below. After this adjustment, the LGPS net liability in the accounts is £12.723m (31 March 2025: £20.017m LGPS net liability) and there is a total net pensions liability, including Teachers Pensions, of £46.499m (31 March 2025: £56.986m total net pensions liability).

	Present value of liabilities		**Present value of assets**	**(Surplus)/deficit in the Scheme**		**Asset ceiling restriction**	**Liability/ (asset)**
	LGPS £m	Discretionary Benefits £m	LGPS £m	LGPS £m	Discretionary Benefits £m	LGPS £m	**Total £m**
2021-22	3,320.908	52.653	(2,561.678)	759.230	52.653	0.000	**811.883**
2022-23	2,394.091	44.056	(2,479.902)	(85.811)	44.056	12.432	**(29.323)**
2023-24	2,402.630	41.791	(2,684.679)	(282.049)	41.791	305.259	**65.001**
2024-25	2,104.888	36.969	(2,762.174)	(657.286)	36.969	677.303	**56.986**
2025-26	2,226.369	33.776	(2,969.994)	(743.625)	33.776	756.348	**46.499**

	Reconciliation of asset ceiling: LGPS	
	2024-25 £m	**2025-26 £m**
Opening impact at 1 April	**305.259**	**677.303**
Interest on asset ceiling	14.805	39.256
Change in effect of the asset ceiling	357.239	39.789
Closing balance at 31 March	**677.303**	**756.348**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, and an estimate of the pensions that will be payable in future years, dependant on assumptions including mortality rates and salary levels. Both the LGPS and Discretionary Benefits liabilities have been assessed by the Fund Actuary, with estimates for the Council’s share of the Fund being based on the latest full valuation of the scheme as at 31 March 2025.

The principal assumptions used by the Fund Actuary have been:

	2024-25	2025-26
Mortality Assumptions:		
Longevity at 65 (current pensioners):		
-Men	20.8	21.3
-Women	23.8	24.2
Longevity at 65 (future pensioners):		
-Men	21.5	22.1
-Women	25.3	25.5
Inflation Rates:		
Increase in salaries (LGPS only)	3.75%	4.00%
Increase in pensions (CPI)	2.75%	3.00%
Discounting scheme liabilities	5.80%	6.20%

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below, showing the impact of a change:

At 31 March 2026:

	Local Government	
	Approximate increase to employer liability %	Approximate monetary amount £m
0.1% decrease in real discount rate	1%	33.046
1 year increase in Member life expectancy	4%	89.055
0.1% increase in salary increase rate	0%	1.430
0.1% increase in pension increase rate (CPI)	1%	31.585

At 31 March 2025:

	Local Government	
	Approximate increase to employer liability %	Approximate monetary amount £m
0.1% decrease in real discount rate	2%	35.861
1 year increase in Member life expectancy	4%	84.196
0.1% increase in salary increase rate	0%	1.797
0.1% increase in pension increase rate (CPI)	2%	35.052

The Fund Actuary has noted that in order to quantify the impact of a change in the financial assumptions used, the value of the scheme liabilities at 31 March 2026 has been calculated and compared on varying bases. The approach taken is consistent with that adopted to derive the IAS19 figures provided by the Fund Actuary for the accounts.

To quantify the uncertainty around life expectancy, the Fund Actuary has calculated the difference in cost to the Council, as a Fund employer, of a one-year increase in life expectancy. For sensitivity purposes, this is assumed to be an increase in the cost of benefits of around 4%. In practice the actual cost of a one-year increase in life expectancy will depend on the structure of the revised assumption (i.e. if improvements to survival rates predominantly apply at younger or older ages).

These figures have been derived based on the membership profile of the Council, as a Fund Employer, as at the date of the most recent actuarial valuation.
The return on the Fund in market value terms for the period to 31 March 2026 is based on actual Fund returns as provided by the Administering Authority. The actual total return for the period from 1 April 2025 to 31 March 2026 is a gain of 10.1% (2024-25: 3.7% gain).

The Discretionary Benefits arrangements have no assets to cover their liabilities. The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

	2024-25 %	2025-26 %
Equity investments	56.4	55.5
Debt instruments:		
Government bonds	11.2	13.5
Other bonds	15.9	14.6
Property	7.0	7.3
Cash and cash equivalents	4.3	4.2
Other assets	5.2	4.9
Total	**100.0**	**100.0**

The Scheme's assets comprise assets that have both a quoted market price and those that do not, across these categories, as follows:

	2024-25			2025-26		
	Quoted £m	Unquoted £m	Total £m	Quoted £m	Unquoted £m	Total £m
Equity investments	525.569	1,030.329	1,555.898	1,368.604	277.923	1,646.526
Debt instruments:						
Government bonds	310.155	0.000	310.155	401.928	0.000	401.928
Other bonds	208.530	231.097	439.627	189.119	245.825	434.944
Property	5.800	187.891	193.691	5.714	211.489	217.202
Cash and cash equivalents	0.000	119.555	119.555	0.000	124.114	124.114
Other assets	46.299	96.949	143.248	41.637	103.643	145.280
Total	1,096.353	1,665.821	2,762.174	2,007.001	962.993	2,969.994

Funding Arrangements
The Fund has a contribution plan and investment strategy in place that will enable it to pay members' benefits as they fall due. The funding strategy is informed by an actuarial valuation of the Fund performed every three years. The employer contribution rates required are determined using a "risk based" approach. The Council's future contribution rate may vary to give an appropriate likelihood of meeting its funding target, within the agreed timeframe. The Fund's Funding Strategy Statement is available on the Council's website at Derbyshire Pension Funding-Strategy

Impact on the Council's Cash Flows
The objectives of the LGPS are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the Scheme's actuary to achieve a funding level of 100% over the next 18 years. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2028.

The Fund 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 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits to certain public servants.

The total contributions expected to be made to the LGPS by the Council in the year to 31 March 2027 is £54.528m.

47. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Overall Procedures for Managing Risk
The Council's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The annual Treasury Management Strategy outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is also reported annually to Members. Detailed information can be found in the annual Capital Programme Approvals, Treasury Management and Capital Strategies for 2026-27 which is available on the Council's Derbyshire Democracy website under the Council meeting on 11 February 2026:
Capital Programme Approvals, Treasury Management and Capital Strategies for 2026-27

Credit risk

Credit risk is the potential for the Council to suffer loss due to another party defaulting on its financial obligations.

The Council's maximum exposure to credit risk is deemed to be the gross carrying amount of the financial assets held.

The Council defines default as a customer or borrower's failure to pay amounts owed to it. A counterparty is likely to be considered in default if:

- It is in administration, insolvency or winding up proceedings.
- It has entered into a scheme of arrangement with its creditors.
- It is in default on similar financial assets.

This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The financial institutions' credit ratings are monitored throughout the year and significant changes are reported to Cabinet. The Annual Investment Strategy also imposes a maximum sum to be invested and a maximum duration of each loan for counterparties.

It is the Council's policy to write-off any debt where all reasonable measures have been taken to recover the debt or after the Chief Financial Officer and the Director of Legal Services have established that the debt is irrecoverable due to bankruptcy or insolvency.

The Council's maximum exposure to credit risk in relation to its cash deposits, investments in banks and building societies and money market funds is £140.444m (31 March 2025: £133.211m), all of which is deposited in the UK, except for £23.407m (31 March 2025: £22.660m) in global pooled funds. A risk of non-recovery applies to all of the Council's deposits, but there was no evidence at 31 March 2026 that this was likely to crystallise (31 March 2025: no evidence).

The Council's potential maximum exposure to credit risk on other financial assets, based on experience of default, adjusted to reflect current market conditions is £56.550m (31 March 2025: £33.977m). These financial assets include trade debtors (£54.750m, 31 March 2025: £32.037m), transferred debt (£nil, 31 March 2025: £0.030m), contract assets (£0.533m, 31 March 2025: £0.610m) and lease receivables (£1.267m, 31 March 2025: £1.300m). The Council recognised an allowance for credit losses which reduced the carrying amount of these financial assets by £8.249m (31 March 2025: £3.885m). Customers for goods and services are vetted, taking into account their financial position, past experience and other factors. The Council does not generally allow credit for its trade debtors.

To determine whether there has been a significant increase in the credit risk of an investment, cash or cash equivalent the Council considers a range of factors, including whether its credit rating has fallen below investment grade (BBB-), declining financial performance, a fall in the value of collateral or the quality of guarantees given and any adverse business or economic conditions impacting on the investment.

The profile of these assets by credit rating (AAA is the strongest credit rating) is as follows:

	AAA or equivalent £m	AA or equivalent £m	A or equivalent £m	Rated below A or equivalent £m	Not Rated £m	Trade Debtors and Transferred Debt £m	Total £m
Cash and cash equivalents	0.000	0.000	94.176	0.000	0.000	0.000	94.176
Investments	0.000	0.000	0.000	0.000	46.225	0.000	46.225
Trade Debtors and Transferred Debt	0.000	0.000	0.000	0.000	0.000	48.289	48.289
Total Net Carrying Amount	**0.000**	**0.000**	**94.176**	**0.000**	**46.225**	**48.289**	**188.690**

At 31 March 2025 the position was:

	AAA or equivalent £m	AA or equivalent £m	A or equivalent £m	Rated below A or equivalent £m	Not Rated £m	Trade Debtors and Transferred Debt £m	Total £m
Cash and cash equivalents	0.000	0.000	72.843	0.000	0.000	0.000	72.843
Investments	0.000	0.000	0.000	0.000	55.461	0.000	55.461
Trade Debtors and Transferred Debt	0.000	0.000	0.000	0.000	0.000	30.091	30.091
Total Net Carrying Amount	**0.000**	**0.000**	**72.843**	**0.000**	**55.461**	**30.091**	**158.395**

	AAA or equivalent £m	AA or equivalent £m	A or equivalent £m	Rated below A or equivalent £m	Not Rated £m	Trade Debtors and Transferred Debt £m	Total £m
Loss Allowance is measured at 12-month expected credit losses because:							
There has been no significant increase in credit risk since initial recognition	0.000	0.000	94.180	0.000	0.000	0.000	**94.180**
Loss Allowance is measured at lifetime expected credit losses because:							
Credit risk has increased significantly since initial recognition	0.000	0.000	0.000	0.000	0.391	0.000	**0.391**
Financial assets have become credit impaired	0.000	0.000	0.000	0.000	0.000	0.000	**0.000**
Allowed under the simplified approach, i.e. Trade Debtors	0.000	0.000	0.000	0.000	0.000	44.398	**44.398**
No Loss Allowance as relevant statutory provisions prevent default:							
Counterparty is Central Government or another local authority	0.000	0.000	0.000	0.000	0.000	12.140	**12.140**
No Loss Allowance, Other:							
Financial assets measured at Fair Value	0.000	0.000	0.000	0.000	45.873	0.000	**45.873**
Total Gross Carrying	**0.000**	**0.000**	**94.180**	**0.000**	**46.264**	**56.538**	**196.982**
Loss Allowances	0.000	0.000	(0.004)	0.000	(0.039)	(8.249)	**(8.292)**
Total Net Carrying Amount	**0.000**	**0.000**	**94.176**	**0.000**	**46.225**	**48.289**	**188.690**

At 31 March 2025 the position was:

	AAA or equivalent £m	AA or equivalent £m	A or equivalent £m	Rated below A or equivalent £m	Not Rated £m	Trade Debtors and Transferred Debt £m	Total £m
Loss Allowance is measured at 12-month expected credit losses because:							
There has been no significant increase in credit risk since initial recognition	0.000	0.000	72.845	0.000	0.000	0.000	**72.845**
Loss Allowance is measured at lifetime expected credit losses because:							
Credit risk has increased significantly since initial recognition	0.000	0.000	0.000	0.000	0.397	0.000	**0.397**
Financial assets have become credit impaired	0.000	0.000	0.000	0.000	15.117	0.001	**15.118**
Allowed under the simplified approach, i.e. Trade Debtors	0.000	0.000	0.000	0.000	0.000	31.598	**31.598**
No Loss Allowance as relevant statutory provisions prevent default:							
Counterparty is Central Government or another local authority	0.000	0.000	0.000	0.000	0.000	2.377	**2.377**
No Loss Allowance, Other:							
Financial assets measured at Fair Value	0.000	0.000	0.000	0.000	44.852	0.000	**44.852**
Total Gross Carrying Amount	**0.000**	**0.000**	**72.845**	**0.000**	**60.366**	**33.976**	**167.187**
Loss Allowances	0.000	0.000	(0.002)	0.000	(4.905)	(3.885)	**(8.792)**
Total Net Carrying Amount	**0.000**	**0.000**	**72.843**	**0.000**	**55.461**	**30.091**	**158.395**

The past due amount for invoiced trade debtors can be analysed by age as follows:

	31 Mar 2025 £m	31 Mar 2026 £m
Less than three months	15.229	18.872
Three to six months	4.533	5.096
Six months to one year	4.073	4.327
More than one year	8.202	9.133
Total	**32.037**	**37.428**

The gross value of trade debtors, excluding other local authorities and central government departments and agencies, is analysed as follows:

	Gross Value of Trade Debtors 31 Mar 2026 £m
Finance Lease Receivables	1.267
Contract Assets	0.533
Debtors Accruals	7.500
Invoiced Debt: 0 - 30 Days	7.159
Invoiced Debt: Over 30 Days	27.939
Debtors Excluding Other Local Authorities and Government	**44.398**

At 31 March 2025 the position was:

	Gross Value of Trade Debtors 31 Mar 2025 £m
Finance Lease Receivables	1.299
Contract Assets	0.610
0 - 30 Days	9.974
Over 30 Days	19.715
Debtors Excluding Other Local Authorities and Government	**31.598**

A loss allowance for these financial assets is recognised based on the gross value of invoiced debtors which are more than 30 days past due and which have been or are expected to be referred for review by the Council's Legal Services department or under the Care Act (2014). A non-recovery rate based on the historical success rate of recovering such debt, once referred, along with a factor to reflect the prevailing economic conditions, is applied to the gross value of referred debt to determine the amount of the loss allowance. The factor for current market conditions was derived by comparing the expected default rate for 2026 with the historic default rate based on information collated by rating agency Moody's. Macroeconomic conditions are forecast to deteriorate in 2026 compared to 2025. The expected default rate for 2026 is higher than the historic default rate, therefore the adjustment for current market conditions has resulted in a higher allowance for losses compared to the raw calculation based on the profile of debt, as at 31 March 2026, and the historical rate of debt recovery alone.

Department / Debt Category	**Trade Debtors Over 30 Days £m**	**Referred Debt * £m**	**Expected Non-Recovery Rate %**	**Factor for Current Economic Conditions %**	**General Loss Allowance ** £m**	**Specific Loss Allowance: Non- Local Authority/ Government Debt £m**	**Specific Loss Allowance: Local Authority/ Government Debt**	**Total Loss Allowance £m**
Adult Care - Secured Over Property	7.730	0.000	0%	110%	0.000	0.000	0.000	**0.000**
Adult Care Other - Over 1 Year	6.885	6.885	59%	110%	4.447	0.000	0.000	**4.447**
Adult Care Other - 1 Year or Under	7.273	7.273	40%	110%	3.186	0.000	0.000	**3.186**
Other	6.051	0.136	40%	110%	0.060	0.557	0.000	**0.617**
Total	**27.939**	**14.294**			**7.693**	**0.557**	**0.000**	**8.250**

* Referred debt has been, or is expected to be, referred to Legal Services or reviewed under the Care Act (2014)
** The General Loss Allowance is restricted in order that the loss allowance does not exceed 100% of the value of the debt

At 31 March 2025 the position was:

Department / Debt Category	Trade Debtors Over 30 Days £m	Referred Debt * £m	Expected Non-Recovery Rate %	Factor for Current Economic Conditions %	General Loss Allowance ** £m	Specific Loss Allowance: Non- Local Authority/ Government Debt £m	Specific Loss Allowance: Local Authority/ Government Debt	Total Loss Allowance £m
Adult Care - Secured Over Property	1.570	0.000	0%	52%	0.000	0.000	0.000	**0.000**
Adult Care Other - Over 1 Year	4.360	4.360	59%	52%	1.351	0.000	0.000	**1.351**
Adult Care Other - 1 Year or Under	7.100	7.100	37%	52%	1.377	0.000	0.000	**1.377**
Other	6.685	2.953	37%	52%	0.573	0.584	0.001	**1.158**
Total	**19.715**	**14.413**			**3.301**	**0.584**	**0.001**	**3.886**

* Referred debt has been, or is expected to be, referred to Legal Services or reviewed under the Care Act (2014)
** The General Loss Allowance is restricted in order that the loss allowance does not exceed 100% of the value of the debt.

Whilst expected credit losses relating to trade debtors are measured on a collective basis, those relating to other financial assets are determined on a case-by-case basis.

Reconciliation of Credit Loss Allowances

A reconciliation of the opening and closing balances of the allowances recognised for potential credit losses on the Council's financial assets for the year ended 31 March 2026 is provided as follows:

	Balance at start of year £m	Increase due to recognition of new Financial Assets £m	Decrease due to de-recognition of Financial Assets £m	Change due to modification of cash flows of the Financial Assets £m	Due to change in Average Default Rates £m	Due to change in significance of credit risk £m	Balance at end of year £m
Measured at 12-month expected credit losses where:							
There has been no significant increase in credit risk since initial recognition	**0.002**	0.004	(0.002)	0.000	0.000	0.000	**0.004**
Measured at lifetime expected credit losses where:							
Credit risk has increased significantly since initial recognition	**0.040**	0.000	(0.001)	0.000	0.000	0.000	**0.039**
Financial assets have become credit impaired	**4.866**	0.000	(4.866)	0.000	0.000	0.000	**0.000**
Allowed under the simplified approach i.e. Debtors	**3.884**	1.364	0.000	0.000	3.001	0.000	**8.249**
Total Loss Allowance	**8.792**	**1.368**	**(4.869)**	**0.000**	**3.001**	**0.000**	**8.292**

At 31 March 2025 the position was:

	Balance at start of year £m	Increase due to recognition of new Financial Assets £m	Decrease due to de-recognition of Financial Assets £m	Change due to modification of cash flows of the Financial Assets £m	Due to change in Average Default Rates £m	Due to change in significance of credit risk £m	Balance at end of year £m
Measured at 12-month expected credit losses where:							
There has been no significant increase in credit risk since initial recognition	**0.015**	0.000	(0.007)	0.000	(0.006)	0.000	**0.002**
Measured at lifetime expected credit losses where:							
Credit risk has increased significantly since initial recognition	**0.046**	0.000	(0.006)	0.000	0.000	0.000	**0.040**
Financial assets have become credit impaired	**4.592**	0.361	(0.847)	0.000	0.759	0.001	**4.866**
Allowed under the simplified approach i.e. Debtors	**3.931**	0.847	0.000	0.000	(0.894)	0.000	**3.884**
Total Loss Allowance	**8.584**	**1.208**	**(0.860)**	**0.000**	**(0.141)**	**0.001**	**8.792**

In March 2023, the Council received correspondence from one of the joint controlling interests of Buxton Crescent Limited, which indicated that the company may not meet the loan covenant tests or be able to commence loan payments, at the expected maturity date due to the hotel's weaker than anticipated revenues and high cost of energy. Loan payments were due to commence in October 2023, but were not made as of 31 March 2024. As this was a default according to the terms of the loan, the Council considered the loan to be a credit-impaired financial asset at 31 March 2024. Similarly, during 2024-25 no further expected loan repayments were made and the Council's assessment remained that the financial asset was credit impaired at 31 March 2025. The allowance for expected credit losses (ECLs) on the loan was recognised at all of the accumulated interest on the loan, in addition to 10% of the original loan advanced, which gave a lifetime allowance for ECLs of £4.866m. The hotel was sold by the hotel operators on 5 December 2025 and the sale proceeds were used to repay the loan advances by the Council, therefore the outstanding loan and ECLs balance was de-recognised in 2025-26.

There were no modifications to the cash flows of the Council's financial assets during the year (2024-25: no modifications).

12-month expected credit losses are based on the following inputs and assumptions:

- The value of the principal on maturity.
- The coupon interest rate of the loan receivable.
- The average probability of default in the next 12 months for that grade of investment, as determined by the major ratings agencies. This has been adjusted for current market conditions based on the ratio of the expected default rate for 2026 compared to the historic rate of default collated by rating agency Moody's.
- The expected loss, given default, is assumed to be 62% (Moody's unsecured).

- In the event of default, the recoverable amount is expected to be received two years later than the due date.

Lifetime expected credit losses are based on the following inputs and assumptions:
- The gross carrying amount.
- The probability of default for that grade of investment, and the expected loss given default.

Forward-looking information is incorporated into the determination of expected credit losses:
- For specific investments – by reference to the investment grade provided by the rating agency Moody's and by considering the forecast default rates for the year compared to historical rates of default.
- For trade debtors – by considering the value of additional debt that is likely to be referred in addition to that already referred for review and by considering the forecast default rates for the year compared to historical rates of default.

The Council does not hold any collateral as security or any other credit enhancements against the loans it has issued.

Liquidity risk
The Council manages a comprehensive cash flow management system. This seeks to ensure that cash is available when it is needed. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The contractual maturity for short term and long-term borrowing is as follows:

	31 Mar 2026 £m
Less than one year	(132.995)
Between one and two years	(8.178)
Between two and five years	(47.534)
Between five and ten years	(50.245)
More than ten years	(140.068)
	(379.020)

At 31 March 2025 the position was:

	31 Mar 2025 £m
Less than one year	(145.009)
Between one and two years	(13.178)
Between two and five years	(25.592)
Between five and ten years	(49.680)
More than ten years	(144.380)
	(377.839)

Interest rate risk

Within the Annual Treasury Management Strategy maximum limits are set for fixed and variable interest rate exposure. The interest rate profile of financial assets and liabilities, excluding finance lease debtors and creditors and PFI creditors, is as follows:

	Total £m	Non-interest bearing £m	Variable or Fixed <1 year £m	Fixed > 1 year £m	Fixed rate Weighted average int rate (%)	Fixed rate Weighted average period (years)
Financial assets	**140.401**	2.394	138.007	0.000	4.03	0
Financial liabilities	**(379.020)**	0.000	(132.995)	(246.025)	4.41	8

At 31 March 2025 the position was:

	Total £m	Non-interest bearing £m	Variable or Fixed <1 year £m	Fixed > 1 year £m	Fixed rate Weighted average int rate (%)	Fixed rate Weighted average period (years)
Financial assets	**128.334**	4.049	124.285	0.000	4.91	4
Financial liabilities	**(377.839)**	0.000	(145.009)	(232.830)	4.63	11

A 1% change in interest rates would have the following impact:

	Impact on provision of services £m	Impact on net worth £m
Increase by 1% (100 basis points)	0.165	17.392
Decrease by 1% (100 basis points)	(0.165)	(17.392)

At 31 March 2025 the position was:

	Impact on provision of services £m	Impact on net worth £m
Increase by 1% (100 basis points)	0.203	18.057
Decrease by 1% (100 basis points)	(0.203)	(18.057)

48. CONTINGENT LIABILITIES

Thurrock Council and APSE Dispute

In November 2024, Thurrock Council issued legal proceedings against 23 member councils of the Association for Public Service Excellence (APSE), as representative defendants in a matter of dispute between themselves and APSE. The Council is not a representative defendant in the proceedings, meaning it is not party to any issued claim. However, the Council may be affected by any judgment or settlement obtained against the representative defendants.

In February 2025, the Council was informed by APSE that agreement has been reached to ‘stay’ proceedings between the 23 representative defendant councils and Thurrock Council. This means the legal proceedings are suspended and allows Thurrock Council to reach the final determination of the related legal proceedings it has taken against an individual. Although this ‘stay’ withdraws the immediacy of the litigation risk against other APSE member councils, it does not remove it. Therefore uncertainty remains over whether there will be any cost to the Council in relation to this matter and the timing of any payment.

49. SUBSEQUENT EVENTS

There were no significant events between the balance sheet date and the approval of these financial statements which would require further disclosure or adjustment of the statements.

ACCOUNTING POLICIES

INTRODUCTION

The Accounting Policies for Derbyshire County Council (the Council) have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code for Local Authority Accounting (the Code). Where there is no specific guidance in the Code or the Update, the Council has developed its own accounting policy which is aimed at creating information which is:

- Relevant to the decision-making needs of users; and
- Reliable, in that the financial statements:
  - Represent fairly the financial position, financial performance and cash flows of the entity;
  - Reflect the economic substance of transactions, other events and conditions and not merely the legal form;
  - Are neutral i.e. free from bias;
  - Are prudent; and
  - Are complete in all material respects.

This document outlines how the Council will account for all income, expenditure, assets and liabilities held and incurred during the financial year.

The Accounting Policies of the Council are updated annually to reflect any changes in IFRS, including changes in International Public Sector Accounting Standards (IPSAS), HM Treasury guidance, CIPFA guidance or any other change in statute, guidance or framework impacting on the authority's accounts.

The Accounting Policies of the Council as far as possible have been developed to ensure that the accounts of the Council are understandable, relevant, free from material error or misstatement, reliable and comparable. A Glossary of Terms can be found at the end of this document.

The document has been divided into four distinct categories which are Accounting Principles, Capital Accounting, Revenue Accounting and Treasury Management, with each policy being assigned a policy number.

ACCOUNTING PRINCIPLES

1.1. Going Concern

The Council prepares its accounts on the basis that it remains a going concern; that is that there is the assumption that the functions of the Council will continue in operational existence. In the case of a pending local government reorganisation, where assets and liabilities are due to be redistributed, the Council would still account on the basis of going concern as the provision of services would continue in another Council.

1.2. Accruals Concept

The Council accounts for income and expenditure in the period in which the provision of goods or service has taken place, rather than when cash payments are received or made.

Where income and expenditure has been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Equally, where cash has been received or paid which is not yet recognised as income or expenditure, a creditor (income in advance) or debtor (payment in advance) is recorded in the Balance Sheet.

1.3. Cost of Services

Internal support service costs (e.g. Human Resources) are apportioned across the core service areas to represent the total cost of delivering that service to the public, in accordance with the costing principles of the CIPFA Service Reporting Code of Practice (SerCOP).

Where possible the full cost of support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multi-functional, democratic organisation.
- Non-Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and any depreciation and impairment losses chargeable on non-operational properties, or any other operational cost that cannot be reasonably attributed to a specific service.

1.4. Value Added Tax

Income and expenditure treated as either capital or revenue, excludes any amounts related to VAT. All VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from the same. Any amounts outstanding (payment or receipt) at the year-end date is held as a creditor or debtor after netting off the amounts either due or owed.

1.5. Changes in Accounting Policy

Where there is a known future change in accounting policy required by the CIPFA Code or the Update, the Council will disclose the following in the notes to the accounts:

- The nature of the change in accounting policy;

- The reasons why applying the new accounting policy provides reliable and more relevant information;
- For both the current reporting period, and the previous year comparatives reported, the extent to which the change in accounting policy would have impacted on the financial statements if it had been adopted in that year;
- The amount of adjustment relating to years previous to those reported in the set of financial statements, had the proposed policy been adopted retrospectively;
- If retrospective application is impracticable for a particular period, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied.

The Council will also disclose information relating to an accounting standard which has been issued but not yet adopted.

1.6. Prior Year Adjustments

These typically arise from omissions and misstatements in the Council's financial statements for one or more prior periods. For the error to be a prior year adjustment, it would need to have arisen from a failure to use or misuse, reliable information that:

a) Was available when financial statements for those periods were authorised for issue; and
b) Could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, misunderstanding in applying accounting policies, oversights or misinterpretations of facts, and fraud.

They may also arise for reasons such as changes in Accounting Standards, which are required to be applied retrospectively.

Where required changes are thought to be significant, an adjustment will be entered into the financial statement's comparative year balances, and the columns headed 'restated'. In addition, full disclosure as to the nature, circumstance and value of the adjustment will be disclosed in the notes to the accounts.

Errors which are found and are not significant will not result in a prior year adjustment and will be corrected as a current year entry. In addition, errors as a result of information which was not known to the Council or could not have reasonably been obtained by the Council when the accounts were authorised for issue will also be treated as an in year adjustment.

1.7. Unidentified Income

All unidentified income received is initially coded to an income suspense account. Individual amounts below £10 are written off due to immateriality. Weekly updates of the content of the suspense accounts are circulated to finance departments, to ensure the balances are cleared quickly. Any items of income below £10,000 which remain unidentified for six months will be written off. Items above £10,000 will be written off after 12 months.

1.8. **Events after the Balance Sheet Date**

Where there is a material post balance sheet event before the date the accounts are authorised for issue, a disclosure in the notes to the accounts will be included. If this event provides additional evidence of conditions that existed at the Balance Sheet date, and materially affects the amounts to be included in the accounts; adjusting items will be shown in the accounts.

1.9. **Exceptional Items**

Exceptional items will have been disclosed separately on the face of the Comprehensive Income and Expenditure Statement and details will be disclosed in the notes to the accounts.

1.10. **Contingent Assets and Liabilities**

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

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 where it is probable that there will be an inflow of economic benefits or service potential.

CAPITAL ACCOUNTING

1.11. **Recognition of Capital Expenditure (de-minimis Policy)**

In accordance with International Accounting Standard 16 (IAS 16), the Council recognises non-current assets as:

- Assets where it is expected that future economic benefit or service potential will flow to the Council.
- Assets where the cost can be measured reliably.

and defines them as:-

- Assets held for use in the production or supply of goods or services, rental to others, or for administrative purposes.
- Assets expected to be used for more than one financial period.

The initial measurement of an asset is recognised to be:

- Purchase price, construction cost, minimum lease payments or equivalent including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.

- Costs associated with bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- Initial estimate of the costs of dismantling and removing the asset and restoring the site on which it is located, the obligation for which the Council incurred either when the asset was acquired or as a consequence of having used the asset during a particular period for purposes other than producing inventories during that period.

Subsequent expenditure are costs incurred to add to, replace part of, or service the asset, but do not include day-to-day repairs and maintenance and are treated as capital when

- The expenditure will substantially increase the market value of the asset.
- The expenditure will substantially increase the extent to which the Council can use the asset for the purpose, or in conjunction with the functions of the Council.

Where a component is replaced, the carrying amount of the old component shall be derecognised to avoid double counting and the new component reflected in the carrying amount, subject to the recognition principles as set out above.

The Council has determined in accordance with 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.

The Council has one level of de-minimis for recognition of capital expenditure, £10,000:

- £10,000 and below – all expenditure at this level is deemed to be non-enhancing unless funded by a Capital grant, and therefore is charged to revenue as it is incurred. This includes initial recognition of assets and subsequent asset expenditure.
- Any expenditure above £10,000 will be treated as capital expenditure as the amount is significant enough to increase the useful life of an asset.

Capital Assets are held on the balance sheet as non-current assets, unless otherwise stated.

The Council has assessed whether Voluntary Aided, Voluntary Controlled and Foundation Schools should be included within the balance sheet, based upon an assessment of ownership and control of the assets. Maintained schools are already held on the balance sheet as the Council controls these entities and therefore all transactions relating to maintained schools are recognised in these accounts. Other types of schools such as Voluntary Aided, Voluntary Controlled and Foundation schools are subject to a test of ownership. The Council recognises a school's assets on its balance sheet where it directly owns them and/or the Council retains substantive rights over the assets and the future economic benefits/service potential of school assets flow to the Council or rights to use the assets have been transferred from another entity.

1.12. **Donated Assets**

These are acquired at less than fair value or transferred for nil consideration. When the Council receives a donated non-current asset, the initial recognition of the asset will be at fair value.

Once any condition attached to the donation has been satisfied, the credit which is the difference between any cash payment and fair value will be treated as income in the Taxation and Non-Specific Grant Income and Expenditure line in the Comprehensive Income and Expenditure Statement. To ensure there is no impact on Council Tax this will then be reversed in the Movement in Reserves Statement and credited to the Capital Adjustment Account.

Until the condition has been satisfied the credit will be recognised in the Donated Assets account. If there is no condition, the recognition of the credit in the Comprehensive Income and Expenditure Statement will occur upon acquisition of the asset.

The fair value of an asset will be assessed upon acquisition; this will be provided by a RICS qualified valuer for property assets and another relevant valuation specialist for other types of asset. After initial recognition, donated assets are treated in the same way as similar owned assets.

1.13. **Non-Current Asset Classification**

The Council manages its assets in the following categories:

- **Intangible Assets**

  In line with International Accounting Standard 38 (IAS 38), the Council recognises intangible assets as non-monetary assets without physical substance, where that asset meets the capital expenditure criteria set out in Accounting Policy 1.11.

- **Property, Plant and Equipment Assets**

  Property Plant and Equipment Assets are subcategorised into Operational Assets: Land & Buildings, Community Assets, Vehicles Plant Furniture & Equipment, Infrastructure Assets, and Non-Operational Assets, these being Surplus Assets and Assets under Construction.

  - Land and/or Buildings Assets.

    These assets are recorded, valued and accounted for based on their significant components in line with IAS 16. The Council recognises a significant asset to be 25% of the total asset base within an asset class. A component would be recognised if its expenditure in a given financial year exceeds 25% of the total value of the significant asset and has a substantially different life to the overall asset:

    - Combined Group containing Flat Roof & Mechanical Engineering (Internal Works i.e. boiler system)
    - Land
    - Temporary Buildings (sheds / portacabins)

- Combined group containing permanent structure, external works (i.e. car park), pitched roof and components of less than 25% of the overall structure value
- Other unique features (e.g. a swimming pool)

- Community Assets
  These are assets that the Authority intends to hold in perpetuity, that have no determinable useful life and which may, in addition, have restrictions on their disposal. There is little prospect for sale or change of use.

  If the asset is used for a specific operational purpose, it does not qualify as a community asset and should be valued accordingly.

- Infrastructure Assets
  These include all tangible (physical) assets required within the Council's road networks. There is no prospect for sale or alternative use of infrastructure assets; expenditure is only recoverable through continued use of the asset.

- Vehicles, Plant Furniture and Equipment Assets
  These assets are also classified as Property Plant and Equipment.

Non-Operational Assets:

- Surplus Assets
  These are assets that are not being used to deliver services, and do not meet the criteria to be classified as either investment properties or held for sale. All surplus assets under IFRS13 which came into effect and were adopted by the Council from 1 April 2015 are to be valued at Fair Value and depreciated accordingly.

- Assets Under Construction
  These are assets which are in the process of being constructed and are not yet operational.

- **Investment Property Assets**

These are items of land and / or buildings held by the Council solely for the purpose of rental income generation or capital appreciation or both.

As such where there is a service of the Council being delivered from the property, this is not classified as Investment Property Assets. This includes where the intention of the asset is to generate economic growth to an area such as below market value rental.

Investment property that subsequently meets the criteria within the Code to be classified as held for sale shall continue to be accounted for as an investment property but may be reported separately as investment property held for sale.

Some Assets Under Construction may also be classified as Investment Properties where the intended eventual use is rental income generation or capital appreciation.

- **Heritage Assets**

Assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations are classified as Heritage Assets.

- **Assets Held for Sale**

The Council will classify Non-Current Assets as Held for Sale where all of the following criteria have been met:

- The asset must be available for immediate sale in its present condition. However, if a sale is dependent on planning permission being obtained, reclassification is suspended until that permission has been given.
- The asset's sale is highly probable.
- The asset must be actively marketed for sale.
- The completion of the sale is expected within 12 months from the date of classification.

In situations where it is not necessary to carry out active marketing, for example the Council is able to identify prospective purchases willing to pay a reasonable price without marketing or because the buyer initiates the transaction (such as a right-to-buy-sale) the actively marketed test is treated as 'not applicable', rather than failed.

Assets which become non-operational which do not meet all of the criteria set out as assets Held for Sale will be classified as surplus. If at a later point in time the asset no longer meets the criteria of Held for Sale, it is restored to its previous classification and all transactions which would have occurred shall be retrospectively applied as though the asset had never been held for sale.

Assets meeting the criteria as Held for Sale are held as current assets on the balance sheet as income is expected within 12 months. It is possible that assets meeting the criteria to be Held for Sale; may undergo a change in circumstance beyond the control of the Council resulting in the sale being delayed beyond 12 months. In these instances, the Council follows the policies outlined for assets held for sale; however disclosure of the value for these assets is within non-current assets. Due to the circumstances around the definition, it is expected that this will occur very rarely.

- **Right-of-Use Assets**
  Assets that represent the Council's right to use an underlying asset, such as a vehicle or building, for a period of time. Such rights are conveyed in a contract, or part of a contract.

1.14. Non-Current Asset Valuation Methodology

The various classifications of assets as outlined in Accounting Policy 1.13 are valued on a differing base. Where not explicitly stated otherwise, property revaluations are completed by a RICS qualified valuer (who is internal to the Council), over a 'short period', interpreted to mean on a five year rolling programme for each class of asset i.e. 20% of the Council's assets are revalued at 31 March for the financial year. In the intervening years an annual indexation will be applied to provide a reasonable estimate of the movement in value of the assets. In instances where there is no suitable index, or it cannot be obtained without undue cost, assets will receive a desktop valuation in year three.

Where there is an upward revaluation, the carrying value is increased and the associated credit charged directly to the Revaluation Reserve. This is then reflected in the Comprehensive Income and Expenditure Statement as a revaluation gain. Where there is a downward revaluation, the carrying amount of the asset is written down against any balance of previous revaluation gains for the asset in the Revaluation Reserve (up to the amount of the accumulated gains). Any further decrease is charged to revenue. This is then reversed through the Movement in Reserves Statement and charged to the Capital Adjustment Account.

The Council, as per the reporting standard, values its assets and liabilities in accordance with section 2.10 of the Code of Practice on Local Authority Accounting in the United Kingdom to reflect the adoption of IFRS13 Fair Value Measurement at each reporting date except where adaptations to fit the public sector are detailed in the Code. However, Section 4.1 of the Code adapts IAS 16 to require that items of Property, Plant and Equipment that are operational and therefore providing a service potential for the authority are measured for their service potential at existing use value, existing use value – social housing, (depreciated) historic cost or depreciated replacement cost and not at fair value. Surplus assets are measured at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants and the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

Fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Code requires Infrastructure Assets and Assets Under Construction (excluding Investment Property, see Section 4.4 of the Code) to be measured at historic cost. Community assets may either be valued in accordance with Section 4.10 of the Code, where the valuation option has been adopted, or measured at historic cost. The Council measures Community Assets at historic cost.

Heritage Assets will be valued in accordance with Section 4.10 of the Code.

The Code requires all other assets to be measured at Current Value and the basis of valuation will be determined using the following criteria:

- Depreciated replacement cost – specialised assets
- Existing use value – non-specialised assets
- Existing use value – social housing
- Fair value for the following assets:
  - Investment assets
  - Surplus assets
  - Assets Held for Sale (less costs to sell)

The Council uses valuation techniques, as required by the Code, which maximise the use of relevant observable inputs and minimise the use of unobservable inputs and that are appropriate in the circumstances and for which sufficient data is available.

Observable inputs are inputs that are developed using market data, such as publicly available information about actual events or transactions, and that reflect the assumptions that market participants would use when pricing the asset or liability.

Unobservable inputs are inputs for which market data is not available and that are developed using the best information available about the assumptions that market participants would use when pricing the asset or liability.

The Council follows the fair value hierarchy which categorises inputs to the valuation techniques in respect of assets and liabilities into three levels for which fair value is measured or disclosed in the Council’s financial statements, these include:

- Level 1 inputs – unadjusted quoted prices in active markets for identical assets or liabilities
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset or liability

Highest priority is given to Level 1 inputs (unadjusted) in active markets and lowest priority to Level 3.

Upon the revaluation of a Surplus Asset at the 31st March of the financial year, based on the inputs available at the date of valuation the valuer will establish the Code Valuation Input Level for the valuation and will compare this with the Code Valuation Input Level for the previous valuation. Where the Input Level is different from that of the previous valuation this will be specifically reported with the valuation together with a narrative description of the reasons and differing circumstances that have resulted in the change.

Valuations are completed under the Code as follows:

- **Intangible Assets –** the Council recognises Intangible Assets at cost.

- **Property Plant and Equipment (PPE) –** Property Assets are held at current value which is the amount that would be paid for the asset in its existing use. This requirement is met by providing a valuation on the basis of Existing Use Value (EUV) in accordance with United Kingdom Practice Statement (UKPS) 1.3 of the RICS Valuation Standards. Where no other valuation method can be used because of the specialist nature of the asset, current value is estimated using a Depreciated Replacement Cost (DRC) approach. Vehicles, Plant, Furniture and Equipment, IT Hardware, and Assets Under Construction within PPE are held at historic cost (not valued). Indexation will be applied in the intervening years; where a suitable index cannot be applied, a desktop valuation will be applied in year three.

- **Infrastructure Assets –** the Council recognises Infrastructure Assets at Depreciated Historical Cost.

- **Investment Property Assets –** Investment Properties are annually revalued at fair value which is interpreted as the amount that would be paid for the asset in its highest and best use, i.e. market value. An investment property under construction is measured at cost until such time as its fair value can be determined reliably or its construction us complete, whichever comes first. The fair value of Investment Property held under a lease is the lease interest.

- **Community Assets –** the Council recognises Community Assets at historic cost.

- **Heritage Assets –** where it is possible to determine a valuation for Heritage Assets, then the Council will recognise the asset in the Balance Sheet at that valuation. Where a valuation has been applied to this class of assets, other than a historic valuation, a range of valuation bases have been used which include external valuations, curatorial valuations and a limited number of cases of insurance valuations. Where a curatorial valuation has been applied the valuation is dependent upon the experience and knowledge of the Derbyshire Museums Manager. However, where it is not practicable to obtain a valuation the asset will be carried at historic cost. Where information on cost or value is not available all Heritage Assets will be disclosed in the notes to the accounts, even where they are not recognised in the Balance Sheet. Where there is evidence of impairment to Heritage Assets e.g. where an item has suffered a physical deterioration or breakage or new doubts arise as to its authenticity, any impairment is recognised and measured in accordance with the Council's general policies on impairment.

- **Assets Held for Sale –** Non-Current Assets Held for Sale are, at initial classification and at the end of each reporting year, valued at the lower of carrying amount and fair value less costs to sell and depreciation on these assets should cease.

- **Surplus Assets** - Surplus assets are valued at Fair Value in accordance with the Code.

- **Right-of-Use Assets –** these are initially recognised using the IFRS 16 Leases cost model (not valued) unless the lease payments are substantially below the market rate, in which case they will be valued.

  Where the underlying asset is land or buildings and a lease does not contain any provision for rent reviews to a market rate at periods of five years or less, then the Right-of-Use will be revalued at least every five years.

  For leases where the underlying asset is land or buildings:
  - Where the property is non-specialised, the Council values Right-of-Use Assets at a rental value, that reflects the terms and conditions of the lease, discounted by a market yield at the valuation date for the residual lease term. Otherwise:
  - The value of the Right-of-Use Asset will be determined with reference to the current value of the underlying land or buildings asset, the residual lease term and a yield that reflects the leasehold interest in the asset.

1.15. **Impairment of Non-Current Assets**

This accounting policy has been created in accordance with IAS 36.
Impairment is the amount to which the carrying value of an asset exceeds the recoverable amount.

At the end of each reporting period the Council assesses whether there is any indication that an asset may be impaired.

The Council recognises impairment as:
- A significant decline (i.e. more than expected as a result of the passage of time or normal use) in an asset's carrying amount during the period that is specific to the asset;
- Evidence of obsolescence or physical damage of an asset;
- A commitment by the Council to undertake a significant reorganisation; and

- A significant adverse change in the statutory or other regulatory environment in which the Council operates.

Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains). Any further impairment or if there has been no previous revaluation, the impairment is charged to revenue. This is then reversed through the Movement in Reserves Statement and charged to the Capital Adjustment Account.

1.16. **Disposal of Non-Current Assets**

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Sale proceeds in excess of £10,000 are categorised as Capital Receipts. Receipts are credited to the Capital Receipts Reserve, and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the Capital Financing Requirement). Receipts are transferred to the Reserve from the movement in reserves statement. The value of the asset is transferred to the Capital Adjustment Account via the Movement in Reserves Statement.
Sale proceeds of £10,000 and below are credited straight to the Comprehensive Income and Expenditure Statement.

1.17. **Depreciation / Amortisation Methodology**

In order to recognise the total cost of using fixed assets, the Council has a policy to depreciate assets on a straight line basis over their useful economic life, reducing the value of the asset, and charging the relevant revenue service expenditure. However, under statute, depreciation is not chargeable to the taxpayer, the Council removes this charge through the Movement in Reserves Statement and charges it to the Capital Adjustment Account.
The Council charges depreciation on a pro-rata basis during the year i.e. from the month of acquisition to the month of disposal.

The economic lives of assets are:

- **Intangible Assets –** 5 years.

- **Property Plant and Equipment**
    - Combined Group for Flat Roof and Mechanical Engineering – 20 years
    - Land – not depreciated
    - Temporary Buildings – 15 years
    - Modular Buildings – 25 years
    - Combined group for structure, external works, pitched roof and components of less than 25% of the overall structure value – 40 years

- Other unique features (i.e. a swimming pool) – as required
- Fixtures and Fittings – 10 years
- IT Hardware – 5 years
- Vehicles – 3 to 10 years

➢ **Infrastructure Assets**
- Carriageways – 40 years
- Footways and cycle tracks – 40 years
- Structures – 120 years
- Lighting – 40 years
- Traffic management – 30 years
- Street furniture – 40 years

➢ **Investment Property Assets –** not depreciated

➢ **Community Assets –** Community Assets are assets that an authority intends to hold to perpetuity which have no determinable useful lives and as such are not depreciated.

➢ **Assets Held for Sale –** are not depreciated

➢ **Assets Under Construction –** are not depreciated

➢ **Heritage Assets (with indefinite lives) –** are not depreciated

➢ **Right-of-Use Assets –** Right-of-Use Assets are depreciated to the earlier of the end of the lease term or the end of the underlying asset's useful life.

1.18. **Leases**

In line with IFRS 16 Leases, the Council recognises a lease to be any contract, or part of a contract, that conveys the right to use a specifically identifiable asset for a period of time.

A contract is any arrangement between two or more parties that creates enforceable rights and obligations.

The Council will only apply lease accounting to tangible assets.

1.19. **Lease Term**

The lease term is the period for which a lessee reasonably expects to have a right to use the underlying asset.

The Council assumes that this will be the contractual term including any periods covered by options to terminate the lease, unless there is evidence to suggest that options to extend the lease or terminate it early are reasonably certain to be exercised, in which case the term will be extended or reduced as appropriate.

Where the Council retains the use of an asset after the contractual period (i.e. is 'holding over'), the term of the lease will be based on the reasonable expectation of how long the Council will continue to use the asset.

1.20. **Short-Term Lease**

A short-term lease is a lease, which does not have a purchase option, with a term of 12 months or less at the commencement date.

An annually renewing, or rolling, lease which has not been terminated after 12 months from the commencement date will be deemed to be a 'holding over' lease. Such a lease will not be treated as a short-term lease.

1.21. **Low Value Assets**

The Council deems the following to be low value assets:

- Personal computers and tablets
- Printers and photocopiers
- Telephones
- Other small office equipment
- Desks, chairs and cabinets
- Other small office furniture
- Sanitary units and equipment

Land, buildings and vehicles are never deemed to be low value.

Any other asset is classified as low value if its cost, when purchased new, would be £10,000 or less.

1.22. **Lessee Accounting**

Except for short term leases or where a lease is for a low value asset, the Council will recognise an asset which represents its right to use an underlying asset for the lease term. The initial recognition of the right-of-use asset is comprised of:

- The initial measurement of the lease liability or, where the lease payments are substantially below the market rate, the value of the Right-of-Use asset as assessed by a RICS qualified valuer
- Any lease payments made at or before the commencement date, less any incentives received
- Any direct costs incurred
- The initial estimate of any provision to remove, dismantle or restore the underlying asset or the site on which it is located to the condition required by the terms and conditions in the lease

At the commencement date, the Council will recognise a lease liability at the present value of the lease payments to be made. The lease payments will be discounted at the interest rate implicit in the lease, or if this is not determinable then the Public Works Loan Board annuity rate of interest, prevailing at the commencement date and for a period consistent with the term of the lease, adjusted for the type of underlying asset and whether it is a commercial or non-commercial lessor. Over the term of the lease the liability is increased by interest charges and reduced by the lease payments made. The liability is also adjusted for any change to the lease payments, for example for a change in rental rate following a rent review.

On initial recognition, any difference between the value of the Right-of-Use asset and the lease liability will be treated as income in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement. To ensure there is no impact on Council Tax this will then be reversed in the Movement in Reserves Statement and credited to the Capital Adjustment Account.

Where the underlying asset is land or buildings and a lease does not contain any provision for rent reviews to a market rate at periods of five years or less, then the Right-of-Use will be revalued at least every five years. The value of the Right-of-Use asset will be assessed by a RICS qualified valuer.

1.23. **Defining a Finance Lease**

The Council as lessor will classify a lease as a finance lease where substantially all of the risks and rewards relating to ownership of an underlying asset transfer to the lessee.

Tests to give an indication of the transfer of risk and reward are:

- If the lessee will gain ownership of the asset at the end of the lease term (e.g. hire purchase)
- If the lessee has an option to purchase the asset at a sufficiently favourable price that it is reasonably certain, at the inception of the lease, that it will be exercised
- If the lease term is for the major part of the economic life of the asset even if the title is not transferred. Measures to identify this are:
  - The economic life of the asset is deemed to be that which is consistent with the class of asset in the depreciation policy.
  - The Council recognises ‘major part’ to be 75% of the life of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- At the inception of the lease, the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Measures to identify this are:
  - Fair value of the leased asset is assessed by a RICS qualified valuer.
  - The present value of the minimum lease payments is calculated by discounting at the rate inherent in the lease.
  - If this rate cannot be determined the incremental borrowing rate applicable for that year is used.

    - The Council recognises ‘substantially all’ to be 75% of the value of the asset, unless on an individual case basis this would not give a true representation of the substance of the transaction.
- The leased assets are of such a specialised nature that only the lessee can use them without major modifications.
- If the lessee cancels the lease, the losses of the lessor, associated with the cancellation are borne by the lessee.
- Gains or losses from the fluctuation in the fair value of the residual accrue to the lessee (e.g. in the form of a rent rebate equalling most of the sales proceeds at the end of the lease).
- The lessee has the ability to continue the lease for a secondary period at a rent that is substantially lower than market rent.

If the Council is subletting an underlying asset it will perform these tests with reference to the right-of-use asset created by the head lease rather than the underlying asset.

A suitably experienced accountant, with assistance from qualified valuers, will make a judgement based on the level of risk and reward held by the Council as to whether a lease is operating or finance.

1.24. **Defining an Operating Lease**

The Council as lessor will classify a lease as an operating lease if it does not transfer substantially all of the risks and rewards relating to ownership of an underlying asset to the lessee.

If a head lease is accounted for as a short-term lease, the sublease will be classified as an operating lease.

1.25. **Lessor Accounting for a Finance Lease**

Where the Council is the lessor for a finance lease, the asset is not recognised in the asset register; however, a long term debtor at the present value of minimum lease payments is recognised. Income received is split between capital - credited against the debtor, and finance income – credited to the Comprehensive Income and Expenditure Statement as interest receivable.

1.26. **Lessor Accounting for an Operating Lease**

Where the Council is the lessor for an operating lease, it will retain the property as either an item of Property Plant and Equipment or as an Investment Property on the Balance Sheet. Any rental income is credited to the relevant service income.

1.27. **Service Concession Agreements (Private Finance Initiative (PFI) and other similar contracts)**

These are agreements or contracts where the contractor uses a fixed asset to provide a public service on behalf of the Council for a specified period of time and the contractor receives payments from the Council for the period of the arrangement. The asset may be provided, constructed or enhanced by either the contractor or Council.

The arrangement is assessed against control tests to determine whether the risks and rewards incidental to ownership of the asset lie with the Council. Where the control tests are met, the Council recognises a capital asset in the Balance Sheet. Once recognised this asset is treated in line with all capital assets. A corresponding long-term liability is also recognised at the construction value.

The total unitary payments made during the life of the contract are separated into the service charge, finance costs and capital costs. Determining the split of payments is calculated at the inception of the contract and is based on the inherent interest rate within the original agreement.

The service element, which compensates the contractor for the public services it is providing, is chargeable to the relevant revenue service expenditure as incurred. Finance costs are chargeable to the Comprehensive Income and Expenditure Statement as Interest payable. Capital Costs reduce the level of liability in the Balance Sheet. The liability is also adjusted for any change to the payments not associated with the service charge, for example a change resulting from a change in index. Pre-payments or Dowry payments reduce the level of liability at the start of the contract.

PFI Credits are treated as general revenue Government grants.

1.28. **Capital Grants and Contributions**

The Council recognises capital grants and contributions as being related to capital assets and uses them to fund capital expenditure on those assets. Grants, contributions and donations are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received.

Any grant received before these recognition criteria were satisfied would be held as a creditor. Any grant which had met the recognition criteria but had not been received would be shown as a debtor. This is in line with the Accruals Concept Policy.

Once the recognition criteria above have been satisfied, capital grants are recognised as income in the Comprehensive Income and Expenditure Statement.

In order to not impact on the level of Council Tax, the Council removes the credit from the General Reserves through the Movement in Reserves Statement and makes a credit to the Capital Grants Unapplied Reserve.

Once expenditure has been incurred on the related asset, the credit is removed from the Capital Grants Unapplied Reserve and credited to the Capital Adjustment Account.

1.29. **Revenue Expenditure Funded from Capital Under Statute (REFCUS)**

Expenditure incurred that either may be capitalised under statutory provisions or is capital in nature but does not result in the creation of a fixed asset that is owned by the

Council. REFCUS is charged as expenditure to the Comprehensive Income and Expenditure Statement in the year, however, is financed from existing capital resources or by borrowing. A transfer between the Capital Adjustment Account and the Movement in Reserves Statement then reverses out the impact on the general fund balance.

1.30. **Minimum Revenue Provision (MRP)**

The Council is not required to raise Council Tax to cover depreciation, impairment losses or amortisations. However, it is required to make an annual provision (MRP) from revenue to contribute towards the reduction in its overall borrowing requirement.

An Annual MRP Statement is approved each year in a report to Council setting out the Capital Programme Approvals, Treasury Management and Capital Strategies. This Statement sets out the Council's MRP Policy, with the detail of how it will calculate its annual provision.

MRP is calculated by reference to the Council's capital financing requirement (CFR) which is the total amount of past capital expenditure which has yet to be permanently financed, noting that debt must be repaid so can only be a temporary source of funding.

For capital expenditure incurred before 1 April 2024, the Council will calculate MRP using the annuity method, based on a weighted average asset life of 40 years and a fixed annuity rate of 5.22%, unless expenditure relates to PFI assets or to short-life assets with a life of less than 20 years. For PFI assets, MRP will be calculated using the annuity method based on the PFI asset life from the start of the contract. MRP on PFI assets and short-life assets will be calculated using an annuity method on an asset life basis with an annuity rate equal to the PWLB annuity certainty rate for the period equivalent to the asset life at 31 March 2024.

For capital expenditure incurred after 1 April 2024, the Council will calculate MRP using the annuity method on an asset life basis with an annuity rate equal to the PWLB annuity certainty rate prevailing at 31 March of the financial year in which the expenditure was incurred.

MRP will commence in the year following the year in which the capital expenditure financed from borrowing was incurred.

The Council has adopted the policy of charging MRP for Leased Assets at the value of the associated loan liability repayment each year, thus mitigating the impact to the General Reserve.

1.31. **Capital Reserves**

The Council holds Capital Reserves for the purpose of financing capital expenditure. Reserves will be disclosed as either usable (available to fund capital expenditure) or unusable (reserves held as a result of timing differences associated with recognition of capital expenditure and related financing).

Movements in capital reserves are accounted through the Movement in Reserves Statement.

REVENUE ACCOUNTING

1.32. **Recognition of Revenue Expenditure**

The Council recognises revenue expenditure as expenditure which is not capital.

1.33. **Employee Costs**

In accordance with IAS 19, the Council accounts for the total benefit earned by employees during the financial year.

Employee Costs are split into 3 categories; short term benefits, termination benefits and pensions costs.

Short Term Employee Benefits

- **Salaries and Wages –** The total salary and wages earned by employees during the financial year are charged to the Comprehensive Income and Expenditure Statement. Where the amount accrued exceeds the amount paid at the 31 March, a creditor will be reflected in the accounts.

- **Leave Owed, Accumulating Absences –** The Council allows employees to earn time off in one period with the resulting cost to the Council in a later period when that time is either taken off or paid to the employee. Examples of this accumulating leave are annual leave, flexi-time and time off in lieu.

  If an employee were to leave the Council, cash payment would be made for entitlements such as annual leave; this leave is termed vesting. Where no cash payment would be due, the leave is termed non-vesting.

  In order to correctly reflect the cost of time owed to staff, a charge has been made to the Comprehensive Income and Expenditure Statement and a creditor accrual has been reflected in the Balance Sheet. This charge is reflective of the estimated time cost value of all accumulating leave owed to employees. Vesting leave will be charged in full; however non-vesting leave has been adjusted to reflect the turnover of staff.

- **Easter Bank Holiday –** When Good Friday and/or Easter Monday fall in April, the preceding financial year only accounts for 6 or 7 bank holidays rather than the statutory 8. When this occurs, a charge is made to the Comprehensive Income and Expenditure Statement and a creditor accrual is reflected in the Balance Sheet.

- **Non-accumulating Absences –** are periods of leave that cannot be carried forward for use in future periods. Examples include Maternity Leave, Special Leave, Sick Leave and Jury Service. The Council does not recognise non-accumulating compensated absences until the time that the absence occurs.

- **Non-monetary Benefits –** Where employees have non-monetary benefits (e.g. retirement benefits or life insurance), the associated cost of providing that benefit has been charged to the Comprehensive Income and Expenditure Statement.

Termination Benefits

- **Redundancy Costs –** The obligation to pay redundancy costs occurs when there is a formal plan to create redundancies. The plan would include the location, function and approximate number of employees affected; the termination benefits offered; and the time of implementation. When these recognition criteria have been met the Council recognises the costs associated with this in the service revenue expenditure and creates a creditor in the Balance Sheet. Where the payable amount is due in more than 12 months from the year end date, the costs are discounted at the rate determined by reference to market yields. In the case of an offer to encourage voluntary redundancy, the Council has recognised the estimated cost based on the expected number of employees taking the offer.

The Council will disclose details of exit packages within the notes to the accounts.

Pensions Costs

- **Teachers' Pension Scheme –** is a defined benefit scheme administered by the Department for Education. The assets and liabilities of the Teachers' Pension Scheme are not attributable to the Council, therefore the Council accounts for the scheme as if it were a defined contribution scheme. This means that the Children and Education Services line in the Comprehensive Income and Expenditure Statement will only include the Council's contributions payable to the scheme.
- **Local Government Pension Scheme –** is a defined benefit scheme. The liabilities of the scheme 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 such as mortality rates and employee turnover rates, and projections of earnings for current employees.

  Pension liabilities are measured using the projected unit method, discounted using the rate on high quality corporate bonds of equivalent term to the liabilities. The discount rate is the weighted average of "spot yields" on AA rated corporate bonds.

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

- Current Service Cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement within the relevant service area dependant on staff employed at the

Council. The current service cost includes an allowance for administration expenses

- Past Service Cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs
- Gains/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 – debited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs
- Interest Cost – the expected increase in the present value of liabilities during the year as they move one year closer to being paid – debited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement
- Interest Income on Plan Assets – the annual investment return on the fund assets attributable to the Council, based on an average of the expected long-term return – credited to Net Operating Expenditure in the Comprehensive Income and Expenditure Statement
- Actuarial Gains and Losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Movement in Reserves Statement.
- Employer Contributions – cash paid by the Council to the Pension Fund.

In relation to retirement benefits, statutory provisions require the General Reserve to be charged with the amount payable by the Council to the Pension Fund in the year, not the amount calculated according to the relevant accounting standards. Adjustments are therefore made in the Movement in Reserves Statement.

- **Early Retirement, Discretionary Payments –** the Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies which are applied to the Local Government Pension Scheme.

1.34. Lessee Accounting for a Short Term Lease

Costs associated with short term leases where the Council is the lessee are charged to the Comprehensive Income and Expenditure Statement within the Net Cost of Services on an accruals basis over the lease term.

1.35. Lessee Accounting for Leases of Low Value Assets

Costs associated with the lease of low value assets where the Council is the lessee are charged to the Comprehensive Income and Expenditure Statement within the Net Cost of Services on an accruals basis over the lease term.

1.36. **Revenue Grants and Contributions**

Grants, contributions and donations (referred to as grants for the purposes of this policy) are recognised as income at the date that the Council has satisfied the conditions of entitlement, and there is reasonable assurance that the monies will be received. Any grant received before these recognition criteria were satisfied would be held as a creditor (income in advance). Any grant which had met the recognition criteria but had not been received would be shown as a debtor.

Revenue grants will either be received to be used only for a specific purpose or can be used for general purpose. Those for a specific purpose are recognised in the Comprehensive Income and Expenditure Statement within the Net Cost of Services. Those which are for general purpose are shown within Other Operating (Income) and Expenditure in the Comprehensive Expenditure and Income Statement.

1.37. **Income from Service Recipients**

Income from service recipients is defined as consideration that a party, which has contracted with the Council, has given in exchange for goods or services that are the output of the Council's normal operating activities. Such a contract may be in writing, orally or in accordance with customary business practices. These may include:

- Charges for service provided by the Council.
- Sale of goods provided by the Council.
- Fees and charges for services under statutory requirements where there is an exchange of assets or services, such as the issuing of a licence or processing of an application.

In such cases the Council recognises income when it has satisfied the performance obligation by transferring the promised goods or services to the service recipient. The point of transfer is when the service recipient takes control of the goods or benefits from the service.

The Council deems performance obligations to be satisfied over time, rather than at a point in time if any of the following criteria are met:

- The service recipient simultaneously receives and consumes the benefits of a service.
- The Council's performance enhances an asset that the service recipient controls.
- The Council has an enforceable right to payment for performance completed to date and that performance does not create an asset for which it has an alternative use.

Such income is recognised in the Comprehensive Income and Expenditure Statement within the Net Cost of Services.

1.38. **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, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate service revenue account in the year that the Council recognises an obligation, based on the best estimate of the likely settlement. When payments are eventually made, it is charged to the provision. Where payment is not expected for more than 365 days after the balance sheet date, the provision has been discounted using the rate of a high quality corporate bond.

Estimated settlements are reviewed at the end of each financial year and adjustments with the Comprehensive Income and Expenditure Statement are made as required.
Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received if the obligation is settled.

The Council does not hold any general provisions.

1.39. **Revenue Reserves**

The Council holds usable revenue reserves for the purpose of funding future expenditure. The General Reserve represents the balance of reserves to meet short term, unforeseeable expenditure and to enable significant changes in resources or expenditure to be properly managed over the period of the Five Year Financial Plan. Earmarked Reserves represent balances where approval has been received to use the reserve for a specific purpose.

Unusable revenue reserves represent timing differences such as those associated with the recognition of retirement benefits, Council tax income and financial instruments.
Movement in reserves are accounted through the Movement in Reserves Statement.

The Council publishes a separate Reserves Policy document, which is reviewed by Cabinet at least annually.

1.40. **Research Costs**

Research costs should be treated as revenue expenditure at the point in which they are incurred and charged to the Comprehensive Income and Expenditure Statement.

1.41. **Members' Allowances**

The Council in exercise of the powers and duties conferred by the Local Authorities (Members' Allowances) (England) Regulations 2003, has established a Members Allowance Scheme, outlining the allowances payable to Members of the Council.
Members are reminded of the need to keep detailed supporting information, such as a diary, about every attendance for which they claim. This information should be available for scrutiny by the Council's Auditors or other relevant persons as and when

required. The scheme is updated annually, and full details are available on the Council's website.

The total amount paid in terms of Members Allowances is disclosed in the notes to the accounts.

1.42. **Council Tax and Business Rates Recognition**

Council Tax and Business Rates income included in the Comprehensive Income and Expenditure Statement includes the Council's share of accrued income recognised by billing authorities in the production of the Collection Fund Statements.

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 Reserve is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

1.43. **Inventories and Work in Progress**

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. Inventory is recorded in terms of average cost, with the exception of fleet parts where the cost is recorded on a first in, first out basis.

Work in progress is subject to an interim valuation at the year-end and recorded in the Balance Sheet at cost plus any profit reasonably attributable to the works.

1.44. **Loss Allowance for Expected Credit Losses**

The Council maintains a loss allowance for any amounts it is due to receive from its debtors or investments which might become uncollectable.

Credit risk is assessed based on the expectation of a debtor's or an investment issuer's ability to pay future cash flows due under the contractual terms. This risk is estimated, where possible, based on historical loss experience, the debtor's or investment issuer's credit rating and other impacting factors including forward-looking information.

The loss allowance for an investment is initially measured at an amount equal to the portion of the lifetime credit losses which might be expected from a default event within 12 months of the balance sheet date. If the Council considers that the risk of default on an investment has increased significantly since the investment was initially recognised it will measure the loss allowance at an amount equal to the total lifetime credit losses expected from a default event.

At each Balance Sheet date, the Council makes a two-stage assessment of significant increases in credit risk since initial recognition:

- Firstly, whether there is evidence of a significant increase for an individual debtor or investment that is significant, and
- Secondly, whether there is evidence of a significant increase for groups of similar debtors or investments.

The Council adopts the simplified approach of measuring the loss allowance for debtors at an amount equal to the total lifetime credit losses expected from a default event, from the time a debtor is initially recognised.

No loss allowance is recognised for expected credit losses where the debtor or investment issuer is central government or another local authority for which relevant statutory provisions prevent default.

Loss allowances are offset against the debtor or investment amount shown as an asset. The movement in the allowance is charged to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

TREASURY MANAGEMENT

1.45. **Definition of Treasury Management Activities**

The Council has adopted the following definition of Treasury Management activities:

The management of the Council's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council.

The Council acknowledges that effective treasury management will provide support towards the achievement of its service objectives. It is therefore committed to the principles of achieving best value in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.

1.46. **Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than 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 the value.

1.47. **Financial Liabilities**

Financial liabilities are initially measured at fair value and carried at their amortised cost.

Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable plus any interest accrued to 31 March and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Any premiums or discounts, incurred on the early repayment of loan debt, arising from 1 April 2007 are taken immediately to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement in the year of repayment. However, the amount is then credited or debited to the General Reserve and transferred to the Financial Instruments Adjustment Account via the Movement in Reserves Statement as required by statute.

The regulations allow that the premium or discount is amortised over periods specified in the statutory guidance. In accordance with the guidance the Council has a policy of spreading the premium or discount over the remaining term of the original loan, or a minimum of 10 years in the case of discounts. This amortisation is managed by a transfer from the Financial Instruments Adjustment Account to the General Reserve via the Movement in Reserves Statement.

Where a loan has been restructured, by a modification to the terms of the existing loan or by an exchange of debt instruments with the existing lender, and the terms are substantially different, the original financial liability is extinguished and a new financial liability is recognised. The difference between the carrying amount of the new and extinguished liability and any consideration transferred is recognised in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

Where the terms of a loan debt exchange or the modification to the terms of an existing loan are not substantial, the carrying amount of the liability is adjusted to the value of the remaining cash flows required by the new terms, including any premiums or discounts paid/received, discounted to present value at the original loan's effective interest rate. Any gain or loss on modification is credited and debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

A modification of terms is deemed to be substantially different if the present value of the cash flows under the new terms, including any premiums or discounts paid/received, is at least 10% different from the present value of the cash flows under the old terms. In both cases the present value is calculated by reference to original loan's effective interest rate.

1.48. **Financial Assets**

Financial assets are classified into three types according to the Council's business model for managing those assets and the characteristics of the cash flows of the asset:

1) **Financial Assets Measured at Amortised Cost** – assets where it is the Council's intention to hold the asset to collect the contractual cash flows and those cash flows consist solely of payments of principal and interest which arise on specified dates

Loans and receivables are initially measured at fair value and carried at their amortised cost. Annual credits to the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the loans that the Council has made, this means that the amount presented in the Balance Sheet is the outstanding principal receivable plus any interest accrued to 31 March and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement. However, the Council could make loans to organisations at less than market rates (soft loans).

When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the voluntary organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Reserves is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Reserves is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the derecognition of the asset are credited/debited to the Comprehensive Income and Expenditure Statement.

Investments are represented on the balance sheet depending on their remaining life at the Balance Sheet date:

- Investments entered into for 90 days or less - debited to the cash balance as cash equivalents and represented within the cash flow statement.
- Investments entered into for more than 90, with less than 365 days until maturity – debited to current asset investments
- Investments due to expire in more than 365 days – debited to non-current asset investments

2) **Financial Assets Measured at Fair Value Through Other Comprehensive Income** – assets where it is the Council's intention to hold the asset both to sell the asset and to collect the contractual cash flows and those cash flows consist solely of payments of principal and interest which arise on specified dates, or assets which are equity instruments which it is the Council's intention to hold for more than 12 months and which the Council has irrevocably elected to present changes to their fair value in Other Comprehensive Income and Expenditure

These assets are initially measured and carried at fair value. Where the asset has determinable payments of dividends or interest, these are credited to the Comprehensive Income and Expenditure Statement. Interest receivable is based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Dividends are recognised when the Council's right to receive the payment has been established and the amount can be measured reliably.

Values are based on the following principles:

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

Changes in fair value are balanced by an entry in the Financial Instrument Revaluation Reserve and the gain/loss is recognised in Other Comprehensive Income and Expenditure and the Movement in Reserves Statement. Impairment of these assets, due to expected credit losses, is charged to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement and credited to a loss allowance account which reduces the carrying value of the financial asset. Any gains and losses that arise on de-recognition of the asset are credited/debited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement, along with any accumulated gains/losses. Where fair value cannot be measured reliably, the instrument is carried at cost (less any impairment losses).

3) **Financial Assets Measured at Fair Value Through Profit or Loss** – assets which are neither measured at amortised cost nor where changes to fair value are presented in Other Comprehensive Income and Expenditure

These assets are initially measured and carried at fair value. Where the asset has determinable payments of dividends or interest, these are credited to the Comprehensive Income and Expenditure Statement. Interest receivable is based on the amortised cost of the asset multiplied by the effective rate of interest for the instrument. Dividends are recognised when the Council's right to receive the payment has been established and the amount can be measured reliably.

Values are based on the following principles:

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

Changes in fair value are balanced by an entry in Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement.

1.49. **Interests in Companies and Other Entities**

Where the Council has material interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures, it is required to prepare group accounts. The Council does not currently have any such material interests that require group accounts to be prepared. In the Council's own single-entity accounts, the interests in companies and other entities are recorded as investments, i.e. at cost, less any provision for losses.

Audit Opinion to be inserted

Pre-Audit
Statement of Accounts
Derbyshire Pension Fund
2025-26

PENSION FUND ACCOUNTS
EXPLANATORY FOREWORD

Derbyshire County Council administers the Local Government Pension Scheme (LGPS) for employees, pensioners and dependents of a variety of bodies in Derbyshire, including: councils; police and fire authorities (for civilian employees); the University of Derby, colleges and academies (non-teaching staff); charities; and some private companies providing services to local councils.

Derbyshire Pension Fund (the Pension Fund/Fund) has over 400 participating employers and over 110,000 membership records, relating to just over 98,000 members, either active contributors, pensioners or deferred pensioners who have stopped paying into the scheme but are not yet receiving a pension.

The benefits payable to members within the Fund are determined by regulations and are guaranteed. Assets in the Fund meet members' benefit payments when they fall due and are accumulated through a combination of contributions from employees and employers within the Fund and from investment returns (both income and capital). The profile of the Pension Fund is gradually maturing with benefit payments exceeded contribution payments during 2025-26, however, the Fund continues to be cashflow positive including investment income.

Following the local elections in May 2025, there was a substantial change to the composition of the Fund's Pensions and Investments Committee, with eight new members joining the committee; all new members have completed their induction training.

At the end of March 2026, the value of the Fund's investments assets had risen to just over £7.3bn, returning 10.1% over the year. The Fund has performed in line with its benchmark on a ten-year basis, returning 7.2% per annum and has delivered real returns ahead of inflation over that period despite recent relative underperformance.

Equity markets delivered positive returns in 2025-26 for the third year in a row, driven by particularly strong returns from US technology and artificial intelligence-related companies, despite weaker markets in the final quarter of 2025-26 as the conflict in the Middle East between the US and Iran weighed on investor sentiment. After the period end, markets have recovered with many regional equity markets now trading at, or close, to all-time highs. Returns from government bonds were also positive during 2025-26 as rate reductions by the major central banks flowed through to lower bond yields.

The Government's Fit for the Future reforms, implemented by new LGPS regulations from 30 June 2026, introduce new minimum standards for LGPS asset pooling and changes to LGPS fund governance. The new standards require the Pension Fund to delegate strategy implementation to, and take principal investment advice from, LGPS Central Limited (LGPSC), the Fund's asset pooling company. New governance obligations require the Fund to appoint a single named Senior LGPS Officer, who has overall delegated responsibility for the management, strategy and administration of the Pension Fund, and to appoint an Independent Person to support the both the Senior LGPS Officer and the Pensions and Investments Committee.

In anticipation of the new regulations, the Pension Fund entered into a Fiduciary Management Agreement with LGPS Central Limited in March 2026 and all of the Funds investment assets are now managed within LGPSC products or via discretionary management agreements with the LGPSC.

The LGPS Central Pool's governance documents were reviewed and updated in 2025-26 to reflect the new pooling environment and an expansion in the number of Pool partner funds from eight to fourteen with effect from 1 April 2026, which increased combined assets under management to over £100bn.

The triennial actuarial valuation of the Pension Fund on 31 March 2025 was carried out during 2025-26, with an improved funding level of 135% reported against a funding level of 100% at the last valuation in March 2022. The improvement in the funding level was largely due to a higher assumed future investment return at the March 2025 valuation.

The Fund successfully connected its main scheme information to the Pensions Dashboards Programme's eco-system in September 2025, via an integrated service provider; pensions dashboards will allow individuals to see their pensions information, including their State Pension, in one place online at a time of their choosing.

In January 2026, the Pension Fund went live with an upgraded member self-service platform, Engage, which includes additional security provided through multi-factor authentication. To maintain consistency with the previous system, the name 'My Pension Online' (MPO) was retained. By the end of March 2026, 21.1% of the Fund's active and deferred members had registered on the new platform.

A separate Annual Report is produced for the Fund which, in addition to the Fund's accounts, includes the governance arrangements for the Fund, detailed performance information and the Fund's approved policy statements. The Annual Report is available on Derbyshire Pension Fund's website:
https://www.derbyshirepensionfund.org.uk/publications/annual-report/annual-report.aspx

Membership Statistics

The Fund has almost 114,000 membership records, relating to just over 98,000 members, either active contributors, pensioners, or deferred pensioners:

	Actuals		
	31 Mar 2024	31 Mar 2025	31 Mar 2026
Contributors	37,503	37,455	37,087
Pensioners and Dependants	36,178	37,883	39,890
Deferred Pensioners	35,797	36,003	36,868

Employers' Contributions

Employers pay pension contributions into the Fund. The contribution rates payable (both primary and secondary rates) by the largest five employers in terms of active membership expressed as a percentage of pensionable payroll and fixed cash amounts are:

Council	2025-26	2026-27
Derbyshire County Council	20.8% plus £0.582m	18.0%
Derby City Council	20.3% plus £0.883m	18.0%
Derbyshire Constabulary	17.9%	14.9%
University of Derby	25.3%	18.2%
Chesterfield Borough Council	20.4% plus £0.726m	19.9%

The percentage rates that were determined by the Actuary in the valuation of the Fund at 31 March 2022, for 2023-24 to 2025-26, and in the valuation of the Fund at 31 March 2025, for 2026-27 to 2028-29, are intended to ensure that the Fund has sufficient assets to pay member benefits as they fall due.

Members' Contributions

For 2025-26 the contribution rates payable by members into the Fund are determined by The Local Government Pension Scheme 2013 Regulations. The rates are between 5.5% and 12.5% of members' pay, including non-contractual overtime, depending on their pay banding. There is no change to these rates for 2026-27.

Investment Policy

During 2025-26, responsibility for policy matters rested with a Pensions and Investments Committee, which was comprised of eight County Councillors, two Derby City Councillors and one non-voting Trade Union representative. The Pensions and Investments Committee received advice from the Council's Section 151 Officer and from one independent external adviser.

Day-to-day management of the Fund is delegated to the Council's Section 151 Officer and its in-house staff, operating within a policy framework laid down by the Committee. From 1 April 2026, the day-to-day implementation of the Fund's investment strategy will be delegated to LGPS Central Limited on a discretionary basis under a Fiduciary Management Agreement between Derbyshire County Council and LGPS Central Limited.

Policy is determined by reference to The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, which require that advice is taken at regular intervals and place an onus on administering authorities to determine the balance of their investments and take account of risk. As noted in Note 22, the Local

Government Pension Scheme (Pooling, Management and Investment of Fund) Regulations 2026, which come into force on 30 June 2026, will have a significant impact on how the Fund's investment assets are managed from 2026-27.

The Fund has a central (strategic) benchmark asset allocation which is designed to meet the performance requirements for the level of risk agreed by the Pensions and Investments Committee. The Fund's benchmark asset allocation was changed on 1 April 2024, following changes to the Fund's Investment Strategy Statement approved in March 2024. The changes to the asset allocation benchmark included a 5% switch from Growth Assets to Income Assets, together with a switch of some of the Fund's regional equity allocations into Global Sustainable Equities. Given the size of the changes the asset allocation benchmark, the transition was split into two phases, through an intermediate asset allocation benchmark, which came into effect on 1 April 2024, and a final asset allocation benchmark, which came into effect on 1 July 2025.

The Pensions and Investments Committee had a degree of flexibility in both 2024-25 and 2025-26 around the central benchmark allocation and decided on the specific allocations (weights) for each asset class at its quarterly meetings. In the table below, the column showing the benchmark return is what would have been achieved via neutrally weighted index returns, whereas the actual Fund returns are a function of both active asset allocation and active stock selection decisions.

The Pensions and Investments Committee approved an addendum to the Fund's Investment Strategy Statement in March 2026, effective from 1 April 2026, to reflect the asset allocation template set out in The Ministry of Housing, Communities and Local Governments draft guidance on preparing and maintaining as investment strategy statement. The guidance, which is expected to become effective in 2026-27, requires the Fund to allocate investment assets based on a set template which includes nine pre-defined asset class categories.

Investment Returns

The table below shows the Fund's returns over 1, 3, 5 and 10 years to 31 March 2026, compared to those of its strategic benchmark, as well as the impact of inflation on Fund returns.

	Return		Inflation	Derbyshire Pension Fund Real Return
Periods to 31 Mar 2026	Derbyshire Pension Fund	Benchmark	CPI	Versus CPI Inflation
	% pa	% pa	%	%
1 Year	10.1	12.3	3.3	6.8
3 Years	7.7	8.9	3.8	3.9
5 Years	5.4	6.0	5.1	0.3
10 Years	7.2	7.2	3.4	3.8

On a year-by-year basis, returns tend to fluctuate significantly according to economic and market conditions. Long-term returns are a more appropriate guide to the performance of the Fund.

The Fund performed in line with the benchmark on a ten-year basis, returning 7.2% per annum and has delivered real returns ahead of inflation over one, three, five and ten years despite recent relative underperformance. On a five-year basis, the Fund underperformed the benchmark by 60 basis points per annum, on a three-year basis by 110 basis points per annum, and in 2025-26 by 220 basis points, although the Fund achieved a strong absolute return of +10.1% in the year to 31 March 2026.

The underperformance was largely attributable to the Fund's active global sustainable equity managers, together with the Fund's private equity portfolio. The Fund's active global sustainable equity managers, in line with the majority of active managers, have typically held underweight positions in large-cap US stocks, in particular the Magnificent Seven (seven US large-cap stocks), reflecting concentration and valuation concerns, but these businesses have continued to deliver strong returns. Private equity returns, whilst positive, have been weaker than public market benchmarks, reflecting market wide valuation downgrades driven by higher interest rates and increased market uncertainty, together with a slow down in exits which have extended hold periods and reduced realisations.

Global inflation increased significantly in 2022-23, with UK inflation peaking at 11.1% in October 2022, reflecting rising energy costs and tight global supply chains following the Covid-19 pandemic, together with the ongoing impact of the Russian invasion of Ukraine. In response to rising inflation, the major central banks increased interest rates to slow down economic activity and reduce inflation. In the UK, the Bank of England raised interest rates from a record low of 0.10% in March 2020 to 5.25%, a sixteen-year high, by March 2024. UK inflation gradually fell from the end of 2022 through to September 2024, coming in at 3.3% in March 2026. As inflation fell, the Bank of England reduced interest rates, with the Base Rate falling to 3.75% by March 2026.

Equity markets reported positive gains in 2025-26, with the FTSE All World reporting a total return of 18.0% in Sterling terms, despite weaker markets in the final quarter of 2025-26 as the conflict in the Middle East between the US and Iran weighed on investor sentiment. A more favourable inflationary background, together with rate reductions by the major central banks, created a supportive backdrop for equity investors. Returns continued to be driven by strong returns from US large-cap stocks, in particular the technology and artificial intelligence (AI)-related companies. Markets also benefited from the agreement of a number of US trade deals and tariff delays, rebound from Q1-2025 weakness on fears that the US President's potential tariffs could usher in a period of stagnation.

By asset class, equity returns to Sterling investors in 2025-26 were positive across all regions, ranging from 15.7% in North America to 24.1% in Japan. UK equities returned 21.5%. The FTSE All World returned 18.0% in Sterling terms, rising to 20.5% in US dollar terms, as Sterling strengthened relative to the US dollar. Government bond returns were positive in 2025-26 as rate reductions by the major central banks flowed through to lower bond yields. UK Gilts returned 2.5% and UK Index-Linked bonds retuned 4.1%. UK Investment Grade Bonds returned 4.3%, whereas Global Investment Grade Bonds returned 4.4%. Property returns were also positive 5.4% in 2025-26, as the UK commercial property investment market continued its recovery from the downturn of 2023.

Actuarial Position of the Fund

Every three years an actuarial valuation of the Fund is undertaken, in accordance with the provisions of The Local Government Pension Scheme Regulations 2013. The purpose of the valuation is to review the funding strategy and ensure that the Fund has a contribution plan and investment strategy in place that will enable it to pay members' benefits as they fall due. A valuation of the Fund was most recently undertaken as at 31 March 2025 and set the level of contributions payable by each participating employer for the three years commencing 1 April 2026.

At 31 March 2025, the Net Assets of the Fund were £6.694bn and the Past Service Liabilities were £4.961bn. The Fund had a surplus of £1.733bn at that date. The Fund's Funding Strategy Statement is available on the Council's website at:
https://www.derbyshirepensionfund.org.uk/publications/policies-strategies-and-statements/funding-strategy.aspx

The funding level is the Fund's ratio of assets to liabilities at the valuation date. The funding level, which is the ratio of the Fund's assets to liabilities at the valuation date, was 135% at 31 March 2025 was 135%, up from 100% at 31 March 2022. This means that the Fund's assets were sufficient to meet over 135% of its liabilities (the present value of promised retirement benefits) accrued up to that date. For the purposes of reporting a funding level, an investment return of 5.8% was assumed (2022 valuation: 3.8% investment return assumed).

A market-related approach was taken to valuing the Fund liabilities, for consistency with the valuation of the Fund assets at their market value. The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership. An allowance was included at this valuation for the expected benefit change related to the McCloud remedy. No allowance was made for any benefit changes which might result from the 'Access and Fairness' reforms as they were not expected to be material.

On 25 July 2024, the Court of Appeal dismissed the appeal in the Virgin Media Limited vs NTL Pension Trustees case. The Pension Schemes Act 2026, which received Royal Assent in April 2026 (subsequent to the year-end), gave a pension scheme affected by the above Court of Appeal judgement the ability to retrospectively obtain written actuarial confirmation that the scheme would have continued to satisfy the statutory standard relevant to contracting-out following historic changes to the scheme's rules. This removes the uncertainty caused by the judgement.

A number of factors, both positive and negative, impacted on the overall funding level in the 2025 valuation, with an overall improvement in funding of £1.732bn to £1.733bn over the three years to 31 March 2025, an improvement of £2.649bn compared to the expected position, largely due to a higher assumed future investment return at the March 2025 valuation.

The actual investment return on the Fund's assets for the period 31 March 2022 to 31 March 2025 was lower than expected, reducing the market value of the Fund's assets, and lowering the funding position, by £0.124bn. However, following a rise in bond yields, future investment returns are now expected to improve the funding position by £1.881bn. Changes in the inflation outlook improved the funding position by £0.523bn, whereas an increase in benefits accruals reduced the funding position by £0.651bn to 31 March 2025.

Assumptions used in the March 2025 actuarial valuation:

	Assumption
Benefit Increases (Consumer Price Index (CPI) Inflation)	2.30%
Career Average Revalued Earnings (CARE) Revaluation (CPI Inflation)	2.30%
CPI Inflation	2.30%
Future Investment Return*/Discount Rate	5.80%
Life Expectancy for Current Pensioners - Women Age 65	24.1 years
Life Expectancy for Future Pensioners - Women Age 45	25.4 years
Life Expectancy for Current Pensioners - Men Age 65	21.1 years
Life Expectancy for Future Pensioners - Men Age 45	22.0 years
Salary Increases	3.30%

* 80% likelihood that the Fund's assets will return at least 5.8% over the 20 years following the 2025 actuarial valuation date. This is the same methodology used for the 2022 actuarial valuation (2022, 77% likelihood).

The employer contribution rates required have been determined using a “risk based” approach. The level of contribution rate to give an appropriate likelihood of meeting an employer’s funding target, within the agreed timeframe, is determined for each employer. The full rate of an employer’s contribution provides for the cost of year-by-year accrual of benefits in respect of current Fund members and the amount required to meet any shortfall in respect of the assets required for pensions in payment (including those payable to survivors of former members) and benefits accrued by other members, which will become payable in the future (known as a past service deficiency).

Since 31 March 2025, equity markets have generally been positive, albeit with periods of volatility and in 2025-26 government bond returns generally benefited major central bank interest rate reductions flowing through to lower bond yields.

As an open scheme, with a strong covenant, the Fund takes a long-term view when considering the funding impact of economic and political events. For employers who have a very short time horizon, recent volatility may be more immediately impactful, and the Fund has engaged with these employers as appropriate. No explicit allowance has been made for this volatility in the valuation results or contribution rates detailed in the Rates & Adjustments Certificate. The Fund will continue to monitor changes in the financial and demographic environment as part of its ongoing risk management approach. The next actuarial valuation will be carried out as at 31 March 2028. The Funding Strategy Statement will also be reviewed at that time.

Further Information

Derbyshire Pension Fund’s Investment Strategy Statement, Funding Strategy Statement, Actuarial Valuation Report, Governance Policy and Compliance Statement, Communications Policy and Annual Report are available on the Derbyshire Pension Fund’s website at http://www.derbyshirepensionfund.org.uk

FUND ACCOUNT

2024-25 £m		Note	2025-26 £m
	Dealings with Members, Employers and Others Directly Involved in the Fund		
234.619	Contributions	6,21	242.841
17.202	Transfers in from Other Pension Funds		20.990
251.821			**263.831**
(247.345)	Benefits	7,21	(258.130)
(24.284)	Payments to and on Account of Leavers	8	(28.761)
(271.629)			**(286.891)**
(19.808)	**Net (Withdrawals) from Dealings with Members, Employers and Others Directly Involved in the Fund**		**(23.060)**
(35.946)	Management Expenses	9	(36.801)
(55.754)	**Net (Withdrawals) Including Fund Management Expenses**		**(59.861)**
	Return on Investments		
96.980	Investment Income	10	97.520
0.001	Taxes on Income	11	(0.081)
186.324	Profits and (Losses) on Disposal of Investments and Changes in Value of Investments	12	615.316
283.305	**Return on Investments**		**712.755**
227.551	**Net Increase in the Net Assets Available for Benefits During the Year**		**652.894**
6,464.170	Opening Net Assets of the Fund		6,691.721
6,691.721	**Closing Net Assets of the Fund**		**7,344.615**

NET ASSETS STATEMENT

31 Mar 2025 £m		Note	31 Mar 2026 £m
6,670.480	Investment Assets	12-13	7,341.295
(0.930)	Investment Liabilities	12-13	(1.711)
32.340	Current Assets	15	15.566
(10.169)	Current Liabilities	16	(10.535)
6,691.721	**Net Assets of the Scheme Available to Fund Benefits at the Period End**		**7,344.615**

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Pensions and Investments Committee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial present value of promised retirement benefits is disclosed in Note 20 of these accounts.

NOTES TO THE PENSION FUND ACCOUNTS

Derbyshire Pension Fund ("the Fund") is administered by Derbyshire County Council and is governed by Local Government Pension Scheme Regulations and associated pension legislation. The Fund is administered in accordance with the following secondary legislation:

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

The Local Government Pension Scheme (LGPS) is a funded defined benefit scheme, administered locally by the Council on behalf of its own employees (except teachers, former NHS employees and new employees working in Public Health, for whom separate pension arrangements apply), Unitary and District Council employees within Derbyshire and employees of other bodies who are specifically authorised by the Regulations. On 1 April 2014, the LGPS, which had previously been a final salary scheme, became a Career Average Revalued Earnings (CARE) scheme.

1. Basis of preparation

The accounts have been prepared on a going concern basis, on the assumption that the functions of the authority will continue in operational existence for the foreseeable future, in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025-26 ("the Code"), which is based upon International Financial Reporting Standards (IFRS), which require the Fund's accounts to comply with IAS 26 Accounting and Reporting by Retirement Benefit Plans, subject to the interpretations and adaptations for the Public Sector detailed in the Code.

The accounts summarise the transactions of the Fund and deal with the net assets at the disposal of the Pensions and Investments Committee. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial present value of promised retirement benefits is disclosed in Note 20 of these accounts.

The amount of separately invested Additional Voluntary Contributions ("AVCs") paid by members during the year and their value at the net assets statement date are not included in the Pension Fund financial statements in accordance with Regulation 4 (1)(b) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016. Members' AVCs are disclosed in Note 14 of these accounts.

2. Accounting policies

Contributions
Employee contributions are accounted for when deducted from members' pay. Employers' normal contributions are accounted for in the period to which the corresponding pay relates. Other employers' contributions, such as deficit funding contributions, are accounted for in accordance with the agreement under which they are paid, or in the absence of an agreement, on a cash basis.

Benefits
Benefits and payments to leavers are accounted for in the period they fall due for payment. Where a member has a choice about the form of their benefit, the benefit is accounted for and the liability is recognised when the member notifies the Council of their decision as to what form of benefit they will take. Where a member has no choice about the form of benefit, the benefit is accounted for in the period of leaving/retirement/death, being the period in which the liability to pay the benefit arises.

Transfers
Where past service liabilities do not transfer between schemes until assets/liabilities have been transferred, transfers are accounted for on a cash basis. Where it has been agreed that past service liabilities will be accepted in advance of the transfer of funds, the transfer is accounted for in accordance with the terms of the agreement.

Management expenses
Management expenses are accounted for on an accruals basis. They are analysed in accordance with CIPFA Guidance "Accounting for Local Government Pension Scheme Management Costs (2016)".

Investment income
Dividends from quoted securities are accounted for when the securities are quoted ex-dividend. Rent is accounted for in accordance with the terms of the lease. Any lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease. Interest on cash and bonds is accrued on a daily basis. Distributions from pooled investment vehicles are recognised at the date of issue. Where the Fund holds accumulation units in pooled investment vehicles, no dividend or distribution is receivable by the Fund. All dividends and distributions are reinvested in the pooled investment vehicle and reflected in the unit price. Changes in the unit price are included in the change in market value of investments. Any investment income due but not received by the end of the reporting period is disclosed in the net assets statements as an investment asset.

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

Foreign currency transactions
Dividends, interest and purchases and sales of investments in foreign currencies are accounted for at the market exchange rate at the date of transaction. End of year market exchange rates are used to value overseas assets at the end of the accounting period.

Exchange gains and losses relating to the translation of investments are accounted for as part of change in market value included in the Fund Account.

Cash and cash equivalents
Cash comprises cash in hand and on-demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Basis of valuation

Financial assets and liabilities are included in the net assets statement on a fair value basis or at amortised cost as at the reporting date. A financial asset or liability is recognised in the net assets statement on the date the Fund becomes party to the contractual acquisition of the asset or liability. From this date any gains or losses arising from changes in the fair value of the asset or liability are recognised in the fund account.

The investment values as shown in the net assets statement have been determined at fair value in accordance with the requirements of the Code and IFRS13 (Note 13). The basis of valuation of each class of financial investment asset and liability is set out in Note 13.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the Fund actuary in accordance with the requirements of IAS19 and relevant actuarial standards, with an actuarial annual roll forward of the value carried out. As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits in Note 20 of these accounts.

3. Accounting Standards issued and not yet applied

At the balance sheet date, the following interpretations, new standards and amendments to existing standards have been published but not yet adopted by the Code:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage Assets) issued in March 2024.
- Amendments to the Classification and Measurement of Financial Instruments (Amendment to IFRS 9 and IFRS 7) issued in May 2024 [to check].
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

The Fund has concluded that these amendments have a limited application and will not impact on the Fund's accounts in the year in which they are adopted.

4. Critical judgements made in applying the accounting policies

In applying the accounting policies in Note 2, it has not been necessary to make any critical judgements.

5. Assumptions made and other estimation uncertainty

Valuation of investment assets

Basis of valuation
The Fund's basis of valuation for each class of financial investment is set out in greater detail in Note 13 to these accounts, and there have been no changes to the valuation techniques used in the year. A significant proportion of the Fund's financial investments relate to Level 1 assets, where there is a readily available daily bid market price and Level 2 assets, where the fair value can be determined based on other market data or market prices, and cash deposits.

The remainder of the Fund's financial investments relate to Level 3 assets, including unquoted private equity, infrastructure, private debt investments and indirect property assets. These assets are valued using the most recently reported net assets statement for that investment, adjusted for drawdowns and distributions to the final day of the accounting period, if the net assets statement is not produced to that date.

Level 3 assets also include the Fund's direct property portfolio, which is independently valued by the Fund's external property valuer, Savills, at market value on the final day of the accounting period, determined in accordance with the Royal Institution of Chartered Surveyors' Valuation Standards.

The value of the Fund's Level 3 assets at 31 March 2026 was £2,074.351m, accounting for 28.3% of total investment assets. The estimated impact of price risk in respect of Level 3 assets is ±6.0%, equating to £124.461m at 31 March 2026. Potential price changes are determined based on the observed historical volatility of asset class returns, for example, 'risker' assets such as equities display greater volatility than bonds. Note 13 provides further details, including a breakdown of the Level 3 assets, the nature of the assumptions that give rise to uncertainty, and a sensitivity analysis in respect of values at 31 March 2026.

The global economy continues to show growth, albeit this differs by country, and growth is muted in many developed nations. Inflation has fallen from its peak in 2022, allowing central banks to start reducing base rates, but with core inflation remaining persistent, the level of rate reductions has generally been lower than market expectations throughout 2025-26. Financial markets remain volatile, with market sentiment closely linked to expectations around the timing of future interest rate movements, together with the ongoing geopolitical uncertainties and tensions.

6. Contributions

	2024-25	2025-26
	£m	**£m**
Employers		
Normal	176.141	182.209
Deficit Funding	5.995	5.893
Members		
Normal	52.483	54.739
	234.619	**242.841**

Employers' contributions rates payable in 2024-25 and 2025-26 were set as part of the 2022 valuation which revealed an overall funding level of 100%.

An analysis of contributions by participating employer type is disclosed in Note 21 of these accounts.

7. Benefits

	2024-25	2025-26
	£m	**£m**
Pensions	193.726	202.636
Commutation of pensions and lump sum retirement benefits	46.960	49.239
Lump sum death benefits	6.659	6.255
	247.345	**258.130**

An analysis of benefits by participating employer type is disclosed in Note 21 of these accounts.

8. Payments to and on account of leavers

	2024-25	2025-26
	£m	**£m**
Refund of contributions to members leaving the Fund	0.696	0.498
Group transfers out to other pension funds	0	4.482
Individual transfers out to other pension funds	23.588	23.781
	24.284	**28.761**

9. Management expenses

Management expenses are analysed in accordance with CIPFA Guidance "Accounting for Local Government Pension Scheme Management Costs (2016)".

	2024-25	2025-26
	£m	£m
Investment management expenses	30.917	30.478
Administrative costs	3.100	3.555
Oversight and governance costs	1.929	2.768
	35.946	**36.801**

Oversight and governance costs include external audit fees of £0.110m (2024-25: £0.129m), which are comprised of a scale fee of £0.110m for the 2025-26 audit (2024-25: £0.121m). There are no additional audit variation fees included in 2025/26 (2024/25: £0.008m). From 2024-25 onwards, the statutory audit fee includes fees chargeable to the Fund for pension assurance work undertaken at the request of employer auditors.

10. Investment income

	2024-25	2025-26
	£m	£m
Income from equities	10.356	10.972
Income from bonds	13.962	12.792
Net rents from properties	16.277	20.491
Income from pooled investment vehicles	46.526	44.115
Interest on cash deposits	9.859	9.150
	96.980	**97.520**

Rents from properties are net of £1.274m of property expense (2024-25: net of £1.238m of property expense), which includes a £0.290m credit loss allowance expense adjustment for property rent debtors at the year-end (2024-25: £0.057m credit loss allowance income adjustment). The income or expense each year is the net of property management expenses recovered by service charges to tenants and irrecoverable property management expenses, for instance, rates on vacant properties, adjusted for the movement in credit loss allowance.

11. Taxes on income

	2024-25	2025-26
	£m	£m
Taxation payable	**(0.001)**	**0.081**

Taxes on income relate to withholding taxes in respect of overseas investment income, which are recoverable by the Fund.

12. Investment assets and liabilities

	Value at 31 Mar 2025	Purchases & hedging payments	Sales & hedging receipts	Profits & losses on disposal of investments & changes in value of investments	Value at 31 Mar 2026
	£m	£m	£m	£m	£m
Investment assets					
Equities	222.791	0	(8.015)	2.601	217.377
Bonds	594.066	964.145	(936.261)	6.551	628.501
Pooled investment vehicles	5,263.083	566.192	(605.664)	606.215	5,829.826
Properties	367.775	47.025	0	2.350	417.150
Currency hedging contracts	0.604	1,486.712	(1,484.896)	(2.401)	0.019
	6,448.319	*3,064.074*	*(3,034.836)*	*615.316*	*7,092.873*
Cash deposits & short term loans	197.909			0	241.389
Other investment balances	24.252			0	7.033
	6,670.480			**615.316**	**7,341.295**
Investment liabilities					
Other investment balances	(0.930)			0	(1.711)
	(0.930)			**0**	**(1.711)**
	6,669.550			**615.316**	**7,339.584**

Profits and losses on disposal of investments and changes in value of investment assets and investment liabilities has increased the Fund’s value by £615.316m during 2025-26 (2024-25: £186.324m increase). This total includes all increases and decreases in the market value of investments held at any time during the year and profits and losses realised on sales of investments during the year. All net gains and losses on financial instruments relate to financial assets held at fair value through profit and loss. In 2025-26, net gains on financial assets and financial liabilities measured at fair value are £612.966m (2024-25: £179.194m net gains). This differs to the total of profits and losses on disposal of investments and changes in value of investment assets and investment liabilities in the table as direct property investments are excluded from the total because they are not financial instruments.

At 31 March 2026 the Fund's investments accounting for more than 5% of the total value of the Fund's net assets available to fund benefits were:

- LGIM MSCI World Low Carbon Target Index Fund £1,040.850m, representing 14.2% (2025: £907.932m, 13.6%).
- LGIM UK Equity Index Fund £724.216m, representing 9.9% (2025: £724.404m, 10.8%).
- LGPS Central All World Equity Climate Multi Factor Fund £608.436m, representing 8.3% (2025: £468.828m, 7.0%).
- LGPS Central Global Active Corporate Bond Fund A (Acc) £467.860m, representing 6.4% (2025: £420.659m, 6.3%).

The 2024-25 position was:

	Value at 31 Mar 2024	Purchases & hedging payments	Sales & hedging receipts	Profits & losses on disposal of investments & changes in value of investments	Value at 31 Mar 2025
	£m	£m	£m	£m	£m
Investment assets					
Equities	236.500	0.562	(7.769)	(6.502)	222.791
Bonds	669.164	0	(39.185)	(35.913)	594.066
Pooled investment vehicles	5,036.668	779.696	(763.210)	209.929	5,263.083
Properties	321.300	39.345	0	7.130	367.775
Currency hedging contracts	0.009	1,541.750	(1,552.835)	11.680	0.604
	6,263.641	*2,361.353*	*(2,362.999)*	*186.324*	*6,448.319*
Cash deposits & short term loans	147.077			0	197.909
Other investment balances	37.315			0	24.252
	6,448.033			**186.324**	**6,670.480**
Investment liabilities					
Other investment balances	(1.199)			0	(0.930)
	(1.199)			**0**	**(0.930)**
	6,446.834			**186.324**	**6,669.550**

Currency hedging receipts and payments represent the transactions settled during the year on currency hedging contracts relating to sovereign fixed income holdings and the Fund's Infrastructure, Multi-Asset Credit and Indirect Property investments. The Fund's objective is to decrease risk in the portfolio, by entering into forward contracts to match a proportion of assets that are already held in the portfolio without disturbing the underlying assets.

At the year end, there were two currency hedging contracts, with less than six months to expiry, with a gross contract value of £316.014m (2025: two contracts, with less than six months to expiry, with a gross contract value of £403.444m).

Pooled investment vehicles are further analysed below:

	31 Mar 2025	31 Mar 2026
	£m	£m
Pooled Investment Vehicles		
Equities	3,023.214	3,271.381
Bonds	1,269.702	1,494.717
Property	101.619	120.001
Private Equity	237.565	256.398
Infrastructure	630.983	687.329
	5,263.083	**5,829.826**

The proportion of the market value of net investment assets managed in-house (including the selection of pooled products) and by each external manager at the year-end is set out below.

	31 Mar 2025		31 Mar 2026	
	£m	%	£m	%
In-house	2,868.227	43.0	2,517.872	34.3
Colliers Capital Holdings Ltd	371.308	5.6	421.261	5.7
Legal and General Investment Management	2,097.881	31.4	2,127.544	29.0
LGPS Central Ltd	1,332.134	20.0	2,272.857	31.0
	6,669.550	**100.0**	**7,339.534**	**100.0**

13. Basis of valuation

The basis of valuation of each class of financial investment asset and liability is set out below. There has been no change in the valuation techniques used during the year. All investment assets and liabilities held at fair value through profit or loss to the Fund Account have been valued using fair value techniques as follows:

- Market quoted investments, where there is a readily available market price, are valued at the bid market price on the final day of the accounting period.
- Quoted bonds are valued at net market value excluding accrued income.

- Pooled investment vehicles are included at closing bid price for funds with bid/offer spreads, or if single priced, at the closing price. For unquoted pooled investment vehicles this is at the price advised by the fund manager.
- Level 3 investments are valued at fair value; at the price, net asset value or the Fund’s share of net assets at the year-end using the latest financial information available from the respective fund managers, adjusted for drawdowns and distributions to the final day of the accounting period, if the latest financial information is not produced to that date.
- Fair value for investment property is calculated using the investment method of valuation, the premise of which is that all current and future income streams are capitalised at a rate or rates compared against yields achieved in market investment transactions and adjusted for individual characteristics of the subject property, based on valuer’s opinions, wholly derived from observable prices achieved in market transactions.
- Forward foreign exchange contracts are valued by determining the gain or loss that would arise from closing out the contract at the reporting date by entering into an equal and opposite contract on that date.

Property, which is a non-financial asset, is included at market value on the final day of the accounting period, 31 March 2026, determined in accordance with the Royal Institution of Chartered Surveyors’ Valuation Standards. The property portfolio was independently valued by Savills, Property Advisers.

Financial investment assets and liabilities valued using fair value techniques have been classified into the three levels of what is known as a fair value hierarchy. The hierarchy is ordered according to the quality and reliability of information used to determine recurring fair values, with Level 1 being of the highest quality and reliability.

- Level 1 – Assets and liabilities assigned to Level 1 in the fair value hierarchy are those derived from unadjusted quoted prices in active markets for identical assets or liabilities. The Fund’s investments classified as Level 1 are quoted UK and Overseas Equities and quoted UK and Overseas Bonds issued by governments.
- Level 2 – Assets and liabilities assigned to Level 2 in the fair value hierarchy are those where quoted market prices are not available, for example where the financial asset is traded in a market that is not considered to be active or valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data. The Fund’s investments classified as Level 2 are quoted Pooled Investment Vehicles, Currency Hedging Contracts and unquoted LGPSC Bonds and Equity Pooled Investment Vehicles.
- Level 3 – Assets and liabilities assigned to Level 3 in the fair value hierarchy are those where at least one input which could have a significant effect on an instrument’s valuation is not based on observable market data. The Fund’s

investments classified as Level 3 are unquoted Pooled Investment Vehicles and Properties (non-financial assets).

The Fund's fair value hierarchy of investment financial assets and financial liabilities held at fair value through profit or loss, additionally including investment financial assets held at amortised cost, to reconcile to total financial assets and financial liabilities, is as follows:

	31 Mar 2025	31 Mar 2026
	£m	£m
Financial Assets at Fair Value through Profit or Loss		
Level 1		
UK quoted equities	221.476	216.062
UK quoted bonds	511.103	627.817
Overseas quoted bonds	82.278	0.000
	814.857	**843.879**
Level 2		
Property - quoted pooled investment vehicles	14.030	14.130
Other quoted pooled investment vehicles	3,734.633	4,158.494
UK unquoted equities*	1.315	1.315
UK unquoted bonds	0.685	0.685
Currency hedging contracts	0.604	0.019
	3,751.267	**4,174.643**
Level 3		
Property – unquoted pooled investment vehicles	87.589	105.870
Other unquoted pooled investment vehicles	1,426.831	1,551.331
UK freehold properties (non-financial instruments)	317.075	350.500
UK leasehold properties (non-financial instruments)	50.700	66.650
	1,882.195	**2,074.351**
Financial Assets at Amortised Cost		
Sterling cash deposits	17.909	21.389
Money market funds	180.000	220.000
Other investment balances	24.252	7.033
	222.161	**248.422**
Other Assets - Current Assets	**32.340**	**15.566**
Financial Assets	**6,702.820**	**7,356.861**

	31 Mar 2025	31 Mar 2026
	£m	**£m**
Financial Liabilities at Amortised Cost		
Other investment balances	(0.930)	(1.711)
	(0.930)	**(1.711)**
Other Liabilities - Current Liablities	**(10.169)**	**(10.535)**
Financial Liabilities	**(11.099)**	**(12.246)**
	6,691.721	**7,344.615**

*The Fund had £1.315m invested in share capital and £0.685m in a loan to LGPSC at 31 March 2026 (31 March 2025: £1.315m and £0.685m, respectively). The fair value of this share capital investment in LGPSC is deemed to approximate to the cost.

Additional information in respect of the fair value measurement is provided below.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuation
UK quoted equities	Level 1	Bid market price	Not required	Not required
Overseas quoted equities	Level 1	Bid market price	Not required	Not required
UK quoted bonds	Level 1	Net market value excluding accrued income	Not required	Not required
Overseas quoted bonds	Level 1	Net market value excluding accrued income	Not required	Not required
Property quoted pooled investment vehicles	Level 2	Closing bid price where bid and offer prices are published, or closing single price where not	Net Asset Value (NAV) - based pricing	Not required
Other quoted pooled investment vehicles	Level 2	Closing bid price where bid and offer prices are published, or closing single price where not	Evaluated price feeds	Not required
UK unquoted equities	Level 2	Fair value based on price or net asset value advised by the fund manager	Evaluated price feeds	Not required
UK unquoted bonds	Level 2	Fair value based on price or net asset value advised by the fund manager	Evaluated price feeds	Not required
Currency hedging contracts	Level 2	Published exchange prices at the year-end date	Exchange rate risk	Not required

Property unquoted pooled investment vehicles	Level 3	Investment method whereby all current and future income streams are capitalised at the rate or rates compared against yields achieved in market investment transactions and adjusted for individual characteristics of the subject property, based on valuer's opinion, wholly derived from observable prices achieved in market transactions	Net Asset Value (NAV) - based principal	Valuations could be affected by material events occurring between the date of the financial statements provided and the year-end date, by changes to expected cash flows, and by any differences between audited and unaudited accounts
Other unquoted pooled investment vehicles (private equity; infrastructure; private debt)	Level 3	At the price or net asset value advised by the manager using the latest financial information available from the respective manager, adjusted for drawdowns and distributions to the final date of the accounting period, if the latest financial information is not produced to that date	Private Equity & Infrastructure: EBITDA; Revenue & EBITDA multiple; Discount for lack of marketability; Control premium; Discounted cash flows Private Debt: Comparable valuation of similar assets; Revenue & EBITDA; Discounted cash flows; Asset security; Enterprise value estimation	Valuations could be impacted by material events occurring between the date of the financial statements provided and the year-end date, by changes to expected cash flows, and any differences between the audited and unaudited accounts
UK freehold and leasehold properties (non-financial instruments)	Level 3	Determined in accordance with the RICS Valuation Standards	Existing lease term rentals; Independent market research; Covenant strength for existing tenants; Actual and assumed vacancy levels; Estimated rental growth; Discount rate	Significant changes in rental growth, vacancy levels or the discount rate could affect valuations as could more general changes in market prices

Below is a reconciliation of the movement in fair value measurements within Level 3 of the fair value hierarchy from the start to the end of 2025-26:

	Value at 31 Mar 2025	Purchases	Sales	Unrealised gains/ (losses)	Realised gains/ (losses)	Value at 31 Mar 2026
	£m	£m	£m	£m	£m	£m
Financial Assets						
Level 3						
Pooled investment vehicles						
Property – unquoted	87.589	0.118	(3.207)	21.301	0.069	105.870
Other unquoted	1,426.831	162.226	(100.327)	62.601	0	1,551.331
Properties						
UK freehold (non-financial instruments)	317.075	32.480	0	0.945	0	350.500
UK leasehold (non-financial instruments)	50.700	14.545	0	1.405	0	66.650
	1,882.195	**209.369**	**(103.534)**	**86.252**	**0.069**	**2,074.351**

Unrealised and realised gains and losses are recognised in the profit and losses on disposal of investments and changes in value of investments line of the fund account.

The 2024-25 position was:

	Value at 31 Mar 2024	Transfers to Level 2	Purchases	Sales	Unrealised gains/ (losses)	Realised gains/ (losses)	Value at 31 Mar 2025
	£m	£m	£m	£m	£m	£m	£m
Financial Assets							
Level 3							
Pooled investment vehicles							
Property – unquoted	108.989	0	4.890	(15.630)	(19.875)	9.215	87.589
Other unquoted	3,139.916	(1,906.072)	271.117	(115.583)	36.800	0.653	1,426.831
Properties							
UK freehold (non-financial instruments)	270.450	0	39.235	0	7.390	0	317.075
UK leasehold (non-financial instruments)	50.850	0	0.110	0	(0.260)	0	50.700
	3,570.205	**(1,906.072)**	**315.352**	**(131.213)**	**24.055**	**9.868**	**1,882.195**

The impact of current global economic conditions on investment values is considered in Note 5. Having analysed historical data and current market levels, the Fund has determined that the Level 3 values at 31 March 2026 above are likely to be accurate to within the ranges set out in the sensitivity analysis below:

	Value at 31 Mar 2026 £m	Assessed valuation range %	Value on increase £m	Value on decrease £m
Level 3 sensitivity				
Direct property (non-financial instruments)	417.150	10.0	458.865	375.435
Diversified multi-asset credit funds	449.351	5.0	471.819	426.883
Indirect property	105.870	15.0	121.751	89.990
Infrastructure	687.329	12.5	773.245	601.413
Private credit	158.253	10.0	174.078	142.428
Private equity	256.398	15.0	294.858	217.938
	2,074.351	**6.0**	**2,198.812**	**1,949.890**

The position at 31 March 2025 was:

	Value at 31 Mar 2025 £m	Assessed valuation range %	Value on increase £m	Value on decrease £m
Level 3 sensitivity				
Direct property (non-financial instruments)	367.775	10.0	404.553	330.998
Diversified multi-asset credit funds	378.361	5.0	397.279	359.443
Indirect property	87.589	15.0	100.727	74.451
Infrastructure	630.983	12.5	709.856	552.110
Private debt	179.921	10.0	197.913	161.929
Private equity	237.566	15.0	273.201	201.931
	1,882.195	**6.0**	**1,995.127**	**1,769.263**

14. Additional Voluntary Contributions

In accordance with Regulation 4(1)(b) of The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the Accounts do not include employees' Additional Voluntary Contributions ("AVCs"). Members may make AVCs which are invested separately from the Fund's assets. These investments are specifically allocated to the provision of additional benefits for those members. These are money purchase arrangements where the member uses the invested amount to provide an additional lump sum or to purchase an annuity or buy additional benefits in the Local Government Pension Scheme.

The amount of AVC contributions paid by members during 2025-26 was £5.124m (2024-25: £5.124m).

The total value of funds provided by separately invested AVC contributions at 31 March 2026 was £20.068m (31 March 2025: £20.068m).

15. Current assets

	31 Mar 2025	31 Mar 2026
	£m	£m
Employers' contributions due	11.985	9.234
Employees' contributions due	3.062	2.721
Amounts owed by Derbyshire County Council	3.748	0.000
Sundry debtors	1.260	1.071
Cash balance	12.285	2.540
	32.340	**15.566**

Employers' and employees' contributions due at 31 March 2026 have been received since the year-end.

16. Current liabilities

	31 Mar 2025	31 Mar 2026
	£m	£m
Unpaid benefits	1.742	3.931
Sundry creditors	8.427	6.284
Amounts owed to Derbyshire County Council	0.000	0.320
	10.169	**10.535**

17. Related party transactions

Derbyshire County Council

The Council is the administering authority for the purposes of the Fund under The Local Government Pension Scheme Regulations 2013.

Included in management expenses in 2025-26 are charges from the Council of £3.523m (2024-25: £3.350m), for expenses incurred in respect of oversight and governance of the Fund, for Fund administration and for the management of the Fund's in-house investments. At 31 March 2026, the Fund owed the Council £0.320m (31 March 2025: the Council owed the Fund £3.748m).

It has not been possible to apportion, on a reasonable basis, the costs and benefits of key management personnel between the Council and the Fund. However, Members' Allowances and Officers' Remuneration are disclosed in Notes 30 and 31 of the Council's Statement of Accounts.

LGPS Central Limited

LGPS Central Limited (LGPSC) was established in 2017 to manage investment assets on behalf of eight LGPS funds across the Midlands, including Derbyshire Pension Fund. On 31 March 2026 (and 31 March 2025), LGPSC was jointly owned in equal shares by the administering authorities of the eight pension funds participating in the LGPSC Pool at that time. As part of the Government's Fit for the Future reforms, a further six LGPS pension funds joined the LGPS Central Pool as equal shareholders, on 1 April 2026.

The Council's Section 151 Officer, or their nominee, represents the Council on the LGPS Central Shareholders' Forum, with delegated authority to make decisions on any matters which require a decision by the shareholders of LGPS Central Limited. All decisions made by the Section 151 Officer or their nominee, using delegated powers, are subsequently reported to the Pensions and Investments Committee.

The Fund had £1.315m invested in share capital and £0.685m in a loan to LGPSC at 31 March 2026 (31 March 2025: £1.315m and £0.685m, respectively) and was owed interest of £0.059m on the loan to LGPSC on the same date (2024-25: £0.065m).

The Fund incurred costs of £0.348m associated with LGPSC Investment Management and Monitoring Costs, of which £0.62m was payable to LGPSC at 31 March 2026 (31 March 2025: £0.070m). The charge excludes fees paid to the underlying investment managers of £4.798m in 2025-26 (2024-25: £4.203m), with the increase between 2024-25 and 2025-26 reflecting an increase in the level of investment assets managed through LGPSC products.

The Fund incurred £1.628m of Governance, Operator Running and Product Development costs in connection with LGPSC in 2025-26 (2024-25: £1.221m), of which £0.405m was payable to LGPSC at 31 March 2026 (31 March 2025: £0.275m).

The Fund also incurred Fit for the Future implementation costs of £0.147m in 2025-26 (2024-25: £nil), of which £0.147m was payable to LGPSC at 31 March 2026 (31 March 2025: £nil).

The Fund incurred Partner Fund Support Office costs of £0.039m in 2025-26 (2024-25: £0.025m). These costs were incurred by West Midlands Pension Fund (one of the LGPS pension funds comprising the LGPSC Pool) and were recharged to the Fund, of which £0.031m was payable to West Midlands Pension Fund at 31 March 2026 (31 March 2025: £0.006m).

From 29 March 2023, an amended guarantee was put in place to enable LGPSC to recognise an offsetting asset to the IAS19 liability on its balance sheet. The new agreement extends the definition of ‘Outstanding Liabilities’ to include the total IAS 19 defined benefit obligation. As the IAS 19 figure was previously used as a proxy to estimate the possible cost of cessation, this does not change the amount estimated under the guarantee. LGPSC is responsible for employer and employee contributions and pays these when due. At 31 March 2026, there was a total LGPSC surplus reported by its Actuary of £3.348m (31 March 2025: £1.728m surplus). Accounting Standard IAS19 imposes a limit on the net surplus which can be recognised in the Balance Sheet, known as an asset ceiling restriction. The limit depends on factors unique to each employer and the LGPSC Actuary has reflected this by carrying out additional calculations. At 31 March 2026, the LGPSC Actuary calculated a total asset ceiling restriction of £3.348m (31 March 2025: £2.157m) and there was a total net LGPSC IAS 19 pension liability of £nil (31 March 2025: £0.429m LGPSC IAS 19 pension liability) Derbyshire Pension Fund’s share of this LGPSC IAS19 net pension liability at 31 March 2026 was £nil (31 March 2025: pension liability £0.054m). LGPSC’s fourteen shareholders are jointly and severally liable for the guarantee.

Members of the Pensions and Investments Committee
At 31 March 2026 (and 31 March 2025), one Member on the Committee was also a director of one of the employers of the Fund, Derby Homes Ltd, whose employer contribution rates are determined by the Actuary in the valuation of the Fund.

At 31 March 2026, there were two Members on the Committee who were also cabinet members of one of the employers of the Fund, Derbyshire County Council, whose employer contribution rates are determined by the Actuary in the valuation of the Fund.

At 31 March 2026, one Member on the Committee was also on the Investment Committee at East Midlands Combined Authority, a potential source of local investment opportunities to the Fund under the new Fit for the Future reforms.

At 31 March 2026 (and 31 March 2025), there was the following related party where there were no transactions which are considered material to either party:
The Derbyshire Environmental Trust

At 31 March 2025, there was the following related partly where there were no transactions which were considered material to either party: G S Musson & Associates Limited.

18. Investment commitments

At the end of the financial year, investment commitments in respect of future payments were:

	31 Mar 2025	31 Mar 2026
	£m	£m
Unquoted investments	**544.209**	**471.636**

Unquoted investments commitments are commitments to invest in Multi-Asset Credit, Private Equity, Infrastructure and Property investments, not yet drawn down by the managers.

19. Financial instruments

Many requirements of the financial instruments standards (IAS 39, IAS 32, IFRS 7 and IFRS 9), which govern the recognition, measurement, presentation, and disclosure of financial instruments, are not applicable to the Fund's accounts, since all material financial instruments are carried in the net assets statement at fair value.

Nature and extent of risks arising from financial instruments

Certain financial risks are a necessary and appropriate component of the investment strategy of the Fund in order for it to achieve the targeted long-term rate of return assumed by the Fund Actuary. This rate of return is used in drawing up the Funding Strategy Statement and setting employer contribution rates.

The overall financial risk for the Fund is that its assets could be insufficient to meet its liabilities to pay benefits. At the financial instrument level, the Fund's key risks are:

- **Credit risk** – the risk of the Fund suffering loss due to another party defaulting on its financial obligations.
- **Liquidity risk** – the risk that funds might not be available to meet commitments because the Fund's assets are not readily marketable or easily turned into cash.
- **Market risk** – the risk that the Fund's financial instruments may suffer an adverse change in value, which is common to an entire class of assets or liabilities

Responsibility for Fund investments has been delegated to the Council's Pensions and Investments Committee (the Committee). Day to day responsibility for the management of the Fund is delegated to the Director of Finance; the investments are managed by a combination of internal and external investment managers and investment advice is provided by an independent investment advisor. The Fund's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks.

As required by the Fund's Investment Strategy Statement, the Fund is invested in accordance with the Strategic Asset Allocation guidelines, to maximise returns within appropriate levels of risk, taking into account the Fund's liabilities and projected cashflows.

These Strategic Asset Allocation guidelines were approved by the Pensions and Investments Committee.

Economic background, market returns, asset allocation, investment activity, investment strategy and investment performance are monitored and reviewed by the Committee on a quarterly basis.

Credit risk

The Fund is primarily exposed to credit risk through its daily treasury management activities and through its forward currency contracts, which address the currency risk on the Fund's overseas bonds, infrastructure and property investments. Credit risk on cash deposits and short-term loans arises from deposits with banks, financial institutions and UK government and local authorities. Credit risk on forward currency contracts arises from contracts with large banks.

There is also a credit risk in respect of income due at the year end from the Fund's direct property tenants. As at 31 March 2026, the Fund was owed rent and service charges totalling £0.836m (31 March 2025: £0.326m). Whilst the Fund's discretionary direct property manager is actively managing the collection of this rent, inflationary pressures and challenging economic conditions have had a significant impact on the trading and cash flows of some of the Fund's tenants. The Fund has provided a credit loss allowance of £0.396m (31 March 2025: £0.106m) against these rents and service charges in Note 15, Current Assets, calculated based on a tier risk rating system, using information provided by both the in-house investment management team and the discretionary direct property manager.

	Rental and Service Charge Income Debt £m	General Loss Allowance £m	Total Loss Allowance 31 Mar 2026 £m
Property Rental and Service Charge Income	**0.836**	**0.396**	**0.396**

A reconciliation of the opening and closing balances of the potential credit losses on the Fund's financial assets for the year ended 31 March 2026 is provided as follows:

	Value at 31 Mar 2025 £m	Change in average default risk rate £m	Value at 31 Mar 2026 £m
Credit Loss Allowance	**0.106**	**0.290**	**0.396**

Treasury activities – The Fund places security of capital and liquidity ahead of investment return. Credit risk on treasury activities is minimised through the Fund's annual Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poor's Ratings Services and are approved counterparties on this basis. Investments with local authorities, the Government's Debt Management Office, UK Treasury Bills and Certificates of Deposit are also permissible. The Fund has agreed maximum loan durations and joint limits for each counterparty.

The limits for financial institutions are based on the above credit assessment and are approved each year. The financial institutions' credit ratings and supplementary information are monitored throughout the year to ensure compliance with the policy.

The Fund's Treasury Management Strategy for 2025-26 was approved by the Pensions and Investments Committee on 5 March 2025.

The Fund's maximum exposure to credit risk in relation to its treasury/cash deposit investments and operating cash in banks, building societies, money market funds and UK local authorities of £243.929m (2025: £210.194m) cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare, generally, for such entities to be unable to meet their commitments; the approach to risk assessment taken by the Fund makes this remote.

A risk of non-recovery applies to all of the Fund's deposits, but there was no evidence at 31 March 2026 that this was likely to occur. No breaches of the Fund's counterparty criteria occurred during the reporting period. At 31 March 2026, the Fund had £2.540 (2025: £12.285m) in its operational account with Lloyds Bank.

Forward currency contracts – Credit risk from forward currency contracts is minimised by limiting the extent of these contracts to managing the US Dollar and Euro currency risk on sovereign fixed income holdings and the Fund's Infrastructure, Multi-Asset Credit and Property investment assets, the value of which comprise 4.3% (2025: 6.0%) of investment assets at the year end, and by selecting large banks as the counterparties. The two forward currency contracts at the year-end are with Bank of New York Mellon.

The maximum credit risk exposure on forward currency contracts is the full amount of the foreign currency which the Fund pays when settlement occurs, should the counterparty fail to pay the amount which it has committed to pay the Fund. At the year end, there were two currency hedging contracts, with less than six months to expiry, with a gross contract value of £316.014m (2025: two contracts, with less than six months to expiry, with a gross contract value of £403.444m). The Fund does not expect any losses from non-performance by any of its counterparties in relation to these contracts. The investment asset in Note 12 associated with these forward currency contracts, which is the difference between the Sterling value the Fund has contracted to receive on expiry of the contracts and is what would theoretically have been receivable based on the exchange rate at the year end, is £0.019m (31 March 2025: £0.604m investment asset).

Other financial assets – Bonds mainly include investments in UK and US Government securities and certain corporate bond funds. The Fund does not expect any losses from non-performance by any of its counterparties in relation to these financial assets.

Market prices generally incorporate credit assessments into valuations and risk of loss is implicitly provided for in the carrying value of the financial assets as they are marked to market. The market value of financial assets represents the Fund's exposure to credit risk in relation to those assets.

The selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur during settlement of transactions.

Liquidity risk

The Fund continues to be cash flow positive, with combined contributions and investment income exceeding benefit payments. There is, therefore, no present requirement to realise assets in order to meet liabilities to pay benefits, as these are more than covered by contributions and investment income, and there is net cash available for investment. The Fund does, however, sell investments from time to time as part of normal investment management activities.

The majority of the Fund's investments are readily marketable and may be easily realised, if required. Emphasis is placed on treasury deposits of up to six months' duration to ensure that longer term investment strategy is not compromised by lack of liquidity. Listed equities may also be liquidated at short notice, normally two working days. Holdings of investments which may be less easy to realise are limited. In 2024-25, Pensions and Investments Committee guidelines limited investments in Property to 12.5%, Multi Asset Credit to 8.5% (increased to 9.5% in December 2024), Infrastructure to 14.5% and Private Equity to 8.0%. On 1 July 2025, the limits were increased as follows: Property to 13.0%, Multi Asset Credit to 10.0%, Infrastructure to 16.0%. The limit in respect of Private Equity remained unchanged at 8.0%.

Sufficient funds are retained on instant access accounts to ensure that payment of benefits and the settlement of investment transactions can be made without the need to borrow.

The Fund manages its liquidity position using a comprehensive cash flow management system, as required by the CIPFA Code of Practice.

Maturity analysis for liabilities at the year-end:

- There were no financial liabilities within the portfolio at the year-end other than those that arose from the trading of investments. Such liabilities fall due within 12 months of the year end (2025: nil).
- There were no derivative financial liabilities held at the year-end in respect of the currency hedging contracts referred to above (2025: nil).

Market risk

The Fund is exposed to market risk because it is inherent in the investments the Fund makes. It can result from changes in such measures as interest and exchange rates and changes in prices due to factors other than these. This risk cannot be eliminated but it can be reduced. The sensitivity analysis for each of these risks are in the subsequent sections below.

The objective of market risk management is to manage and control market risk exposure to within acceptable parameters, whilst optimising the return on risk. Excessive volatility in market risk is managed through diversification. Risk reduction arises from the different investments not being perfectly correlated.

The Fund has applied diversification at various levels; that is, diversification between countries, asset classes, sectors and individual securities. Diversification reduces both the upside and downside potential and allows for more consistent performance under a wide range of economic conditions.

Risk of exposure to specific markets is limited by adhering to defined ranges within the asset allocation guidelines, which are monitored and reviewed by the Committee on a quarterly basis.

Interest rate risk – This risk primarily impacts on the valuation of the Fund's bond holdings, in particular the Fund's sovereign bond, non-Government investment grade bonds and diversified multi-asset credit portfolios. Interest rate sensitivity can be estimated by multiplying an assumed change in the prevailing market interest rate by the portfolio benchmark duration. The table below shows the estimated impact of a ±100 basis points (±100 bps) in the prevailing market interest rate for these assets:

	Value at 31 Mar 2026 £m	Benchmark duration Years	Change in prevailing market interest rate	Effect -100bps £m	Effect +100bps £m
Asset type					
Conventional gilts	510.255	7.46	±100bps	38.065	(38.065)
Index-linked bonds	483.133	13.73	±100bps	66.334	(66.334)
Non-Government investment grade bonds	467.680	6.28	±100bps	29.370	(29.370)
Short dated investment grade bonds	56.736	2.96	±100bps	1.679	(1.679)
Diversified multi-asset credit funds	449.351	1.53	±100bps	6.853	(6.853)
Total change in asset values	**1,967.155**			**142.301**	**(142.301)**

The position at 31 March 2025 was:

	Value at 31 Mar 2025 £m	Benchmark duration Years	Change in prevailing market interest rate	Effect -100bps £m	Effect +100bps £m
Asset type					
Conventional gilts	418.778	7.84	±100bps	32.832	(32.832)
Index-linked bonds	411.248	14.17	±100bps	58.274	(58.274)
Non-Government investment grade bonds	420.659	6.52	±100bps	27.427	(27.427)
Short dated investment grade bonds	54.115	2.73	±100bps	1.477	(1.477)
Diversified multi-asset credit funds	378.361	1.42	±100bps	5.354	(5.354)
Total change in asset values	**1,683.161**			**125.364**	**(125.364)**

A 100 basis points increase in the prevailing market interest rate would reduce the aggregate value of the identified assets by an estimated £142.301m (2025: £125.364m), whereas a 100 basis points reduction in the prevailing market interest rate would increase the aggregate value of the identified assets by a comparable amount.

It should also be noted that both non-Government investment grade bonds and diversified multi-asset credit funds are also sensitive to changes in the interest rate spread, which is the interest rate received relative to sovereign bonds, which can either increase (reducing asset values) or reduce (increasing asset values).

The duration in respect of the Fund's private debt assets, together with cash, is not significant.

The Fund has a number of strategies for managing interest rate risk. Interest rates and the durations of the bond portfolios are monitored during the year, by the Fund's in-house and external managers. Within the annual Treasury Management Strategy, maximum limits are set for fixed and variable interest rate exposure. 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, subject to liquidity requirements.

Other price risk – Other price risk originates from factors specific to the individual instrument or to its issuer, or from factors affecting all instruments in the market.

The Fund manages price risk by holding fixed interest bonds, index-linked stocks and property and by holding a diversified equity portfolio spread geographically, across market sectors and across investments. Contracts specify the level of risk to be taken by the external Fund managers investing in overseas equities. These external managers are monitored by in-house managers.

A Fund specific benchmark has been drawn up, which is designed to meet the Fund's performance requirements for the level of risk agreed by the Committee. Economic background, asset allocation, recent transactions, investment strategy and performance are monitored by the Committee on a quarterly basis.

The impact of current global economic conditions on investment values is considered in Note 5.

The table below quantifies the level of price risk that the Fund's investment assets and liabilities at 31 March 2026 are potentially exposed to. Potential price changes are determined based on the observed historical volatility of asset class returns, for example, 'riskier' assets such as equities display greater potential volatility than bonds. The potential volatilities are consistent with a one standard deviation movement in the change in value of the assets over the last three years. The volatility shown for total investment assets and liabilities in both tables below incorporates the impact of correlation across asset classes, which dampens volatility, therefore the value on increase/decrease figures of the asset classes will not sum to the total assets figure.

	Value at 31 Mar 2026 £m	Change %	Value on increase £m	Value on decrease £m
Underlying asset type				
Government bonds - Short Term	209.445	2.0	213.634	205.256
Government bonds - Medium Term	168.626	5.4	177.732	159.520
Government bonds - Long Term	129.695	6.5	138.125	121.265
Government index-linked bonds - Short Term	95.309	4.1	99.217	91.401
Government index-linked bonds - Medium Term	178.644	6.7	190.613	166.675
Government index-linked bonds - Long Term	208.794	7.7	224.871	192.717
Corporate bonds	525.101	6.3	558.182	492.020
UK equities	771.770	18.0	910.689	632.851
Overseas equities	2,523.532	18.6	2,992.909	2,054.155
Emerging market equities	-	26.9	0.000	0.000
Private equities	359.364	27.0	456.392	262.336
Infrastructure	777.838	14.6	891.402	664.274
Multi asset credit	607.604	6.1	644.668	570.540
Cash	241.389	0.3	242.113	240.665
Other investment balances	5.323	0.0	5.323	5.323
Properties (non-financial instruments)	537.150	15.9	622.557	451.743
Total investment assets and liabilities	**7,339.584**	**10.7**	**8,124.919**	**6,554.249**

The position at 31 March 2025 was:

	Value at 31 Mar 2025 £m	Change %	Value on increase £m	Value on decrease £m
Underlying asset type				
Government bonds - Short Term	150.493	2.0	153.503	147.483
Government bonds - Medium Term	161.678	5.5	170.570	152.786
Government bonds - Long Term	107.210	6.6	114.286	100.134
Government index-linked bonds - Short Term	77.143	4.1	80.306	73.980
Government index-linked bonds - Medium Term	87.877	6.7	93.765	81.989
Government index-linked bonds - Long Term	246.229	7.8	265.435	227.023
Corporate bonds	475.459	6.5	506.364	444.554
UK equities	775.160	16.3	901.511	648.809
Overseas equities	2,105.595	18.6	2,497.236	1,713.954
Emerging market equities	165.722	24.3	205.992	125.452
Private equities	349.554	26.6	442.535	256.573
Infrastructure	718.523	14.5	822.709	614.337
Multi asset credit	558.282	6.3	593.454	523.110
Cash	197.909	0.3	198.503	197.315
Other investment balances	23.322	0.0	23.322	23.322
Properties (non-financial instruments)	469.394	15.2	540.742	398.046
Total investment assets and liabilities	**6,669.550**	**10.6**	**7,376.522**	**5,962.578**

Currency risk – The Fund is exposed to currency risk through its unhedged overseas currency denominated investment assets. Except for overseas sovereign bonds, infrastructure, multi-asset credit and indirect property investments, the Fund's exposure to overseas currency risk is not hedged. If Sterling weakens, this currency exposure will make a positive contribution to the Fund's performance in Sterling terms.

The table below quantifies the level of currency risk that the Fund's overseas currency denominated investment assets at 31 March 2026 are potentially exposed to. For the categories of assets where there are investments denominated in overseas currencies, the potential aggregate currency exposure within the Fund at 31 March 2026 is determined using a currency "basket" based on that asset category's currency mix at that date. The weight of each currency multiplied by the change in its exchange rate relative to Sterling is summed to create the aggregate currency change of the basket.

As currency risk on the hedged assets is managed using forward currency contracts, the currency risk on these assets is nil, and this is shown as 0.0% below. The outcomes are then applied to all overseas currency denominated assets.

	Value at 31 Mar 2026 £m	Change %	Value on increase £m	Value on decrease £m
Underlying asset type				
Overseas equities	2,523.532	8.7	2,743.079	2,303.985
Overseas private equities	134.837	8.1	145.759	123.915
Overseas infrastructure	491.694	0.0	491.694	491.694
Overseas multi asset credit	32.265	0.0	32.265	32.265
Overseas properties (funds)	45.643	0.0	45.643	45.643
Overseas investment assets	**3,227.971**	**8.7**	**3,458.440**	**2,997.502**

The position at 31 March 2025 was:

	Value at 31 Mar 2025 £m	Change %	Value on increase £m	Value on decrease £m
Underlying asset type				
Overseas index-linked bonds	77.759	0.0	77.759	77.759
Overseas bonds	4.519	0.0	4.519	4.519
Overseas equities	2,105.595	9.1	2,297.204	1,913.986
Overseas private equities	119.121	8.4	129.127	109.115
Overseas infrastructure	447.045	0.0	447.045	447.045
Overseas multi asset credit	50.272	0.0	50.272	50.272
Overseas properties (funds)	43.904	0.0	43.904	43.904
Overseas investment assets	**2,848.215**	**9.1**	**3,049.830**	**2,646.600**

20. Actuarial Present Value of Promised Retirement Benefits

Below is an extract from the Report of the Actuary, showing the actuarial present value of the Fund's promised retirement benefits, required by the Code. If an actuarial valuation has not been prepared at the date of the financial statements, IAS 26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation is carried out using assumptions in line with IAS 19 and not the Fund's funding assumptions.

"The promised retirement benefits at 31 March 2026 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2025. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

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

	31 Mar 2025	31 Mar 2026
	£m	£m
Active members	2,240.000	2,059.000
Deferred members	827.000	938.000
Pensioners	2,081.000	2,550.000
Present Value of Promised Retirement Benefits	**5,148.000**	**5,547.000**

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

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2026 and 31 March 2025. I estimate that the impact of the change in financial assumptions to 31 March 2026 is to decrease the actuarial present value by £129m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £92m.

Financial assumptions

Year ended (% p.a.)	31 Mar 2025 %	31 Mar 2026 %
Pension Increase Rate (CPI)	2.75	3.00
Salary Increase Rate	3.75	4.00
Discount Rate	5.80	6.20

Demographic assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2025 model, with core parameterisation, initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current Pensioners	21.3 years	24.2 years
Future Pensioners*	22.1 years	25.5 years

**Future pensioners are assumed to be aged 45 at the latest funding valuation of the Fund. All other demographic assumptions have been updated since last year and are as per the latest funding valuation of the Fund.*

Sensitivity Analysis

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

Change in assumption at 31 March 2026	***Approximate increase to promised retirement benefits %***	***Approximate monetary amount £m***
0.1% p.a. decrease in the Discount Rate	*2%*	*92.000*
1 year increase in member life expectancy	*4%*	*222.000*
0.1% p.a. increase in the Salary Increase Rate	*0%*	*4.000*
0.1% p.a. increase in the Pension Increase Rate (CPI)	*2%*	*87.000*

Adrian Loughlin FFA C.Act
14 April 2026
For and on behalf of Hymans Robertson LLP

The actuarial present value of promised retirement benefits in the Report from the Actuary above is £5,547.000m at 31 March 2026 (31 March 2025: £5,148.000m), compared to the net assets available for benefits at that date of £7,344.615m (31 March 2025: £6,691.721m).

21. Participating Employers

The participating employers with active members in the Fund are Derbyshire County Council (which is also the Administering Authority), Derby City Council (Unitary Authority), District Councils (which are Scheduled Bodies) and further Scheduled Bodies and Admission Bodies.

Contributions and benefits, by participating employer type, in respect of the year, are as follows:

	2024-25		**2025-26**	
	Benefits	**Contribution**	**Benefits**	**Contribution**
	£m	**£m**	**£m**	**£m**
Derbyshire County Council	112.740	82.408	115.020	84.435
Scheduled Bodies	124.155	146.234	132.979	152.062
Admission Bodies	10.450	5.977	10.131	6.344
	247.345	**234.619**	**258.130**	**242.841**

22. Subsequent Events

Following a consultation in 2024-25, the Government confirmed its Fit for the Future proposals in respect of LGPS fund governance and LGPS investment pooling in 2025-26. The Government subsequently introduced a Pension Scheme Bill in June 2025 which included the proposed minimum standards for LGPS asset pooling and proposed changes to LGPS fund governance. The subsequent Pension Schemes Act 2026 received Royal Assent on 29 April 2026 with much of the detailed changes being brought into force by regulations and guidance.

The Local Government Pension Scheme (Pooling, Management and Investment of Fund) Regulations 2026 and the Local Government Pension Scheme (Amendment) (Governance) Regulations 2026, which come into force on 30 June 2026, will have a significant impact on how the Fund's investment assets are managed, together with an impact on the Fund's wider governance arrangements. Whilst the Fund will continue to set its investment strategy, strategy implementation must be delegated to LGPS Central Limited and the Pension Fund will be required to take to take principal investment advice from its pooling company and to set a target allocation for local investment. The Fund must also appoint a single named Senior LGPS Officer, who will have overall delegated responsibility for the management, strategy and administration of the Fund, and appoint an Independent Person to support the Fund's Pensions and Investments Committee and to advise on investment strategy, governance and administration; both appointments must be made by 31 December 2026. The Pension Fund will also be required to participate in an independent governance review by 31 March 2028, and thereafter, once every valuation period.

In anticipation of the new regulations, the Fund signed a Fiduciary Management Agreement with LGPSC in March 2026, delegating the implementation of the Fund's investment strategy to LGPSC and agreeing to take principal investment advice from LGPSC from 1 April 2026. The Fund's investment assets are now all managed within LGPSC products or via discretionary management agreements with LGPSC. However, in line with an LGPSC Phased Delivery Plan, which reflects the need for LGPSC to build the appropriate capacity and capability to deliver a number of products and services, the Fund is continuing to take investment advice from its independent investment adviser and to undertake day-to-day investment management activities in collaboration with LGPSC.

The LGPS Central Pool's governance documents, including the Shareholders' Agreement, which sets out the expectations of shareholders relating to the ownership and operations of LGPSC, were also reviewed and updated in 2025-26 to reflect the new pooling environment and the inclusion of a further six LGPS funds within the LGPS Central Pool. The fourteen LGPS funds now participating in the LGPS Central Pool have combined assets under management of around £100bn.

Audit Opinion to be inserted

AA rated corporate bonds
Financial indicator of very good quality, low risk debt securities. These are assigned by credit rating agencies such as Moody's, Standard & Poor's and Fitch Ratings to have letter designations (such as AAA, B, CC).

Account
A group of expenditure items or balances with similar qualities will be summated into an ‘account’ balance such as an individual reserve account, or revenue expenditure account.

Accounting Policies
The Councils document outlining how it will account for all of its operations.

Accounting Principles
Commonly accepted set of concepts or assumptions that have to be followed when producing financial statements.

Accounting Standard
Statutory guidelines which explain how to treat financial activities in the financial statements. See International Financial Reporting Standards (IFRS).

Accrual
The accruals concept requires that the cost or benefit of a transaction is shown in the period to which the goods or services are received or provided, rather than when the cash is paid or received.

Accruals Concept
Requires operations of the Council to be reported in the financial statements at the point which they took place, rather than when the cash was paid or received.

Accumulating Absences
Types of leave which employees are entitled to each year; which if untaken in one financial year will be added to the entitlement for the following year.

Acquired / Acquisition
Operations or assets which have become the responsibility of the Council, such as through purchase, a Government reorganisation, donation or merger.

Actuarial
The estimation technique applied when estimating the liabilities to be recognised for defined benefit pension schemes in the financial statements of an organisation.

Actuaries
An actuary is a professional who deals with the financial impact of risk and uncertainty. Actuaries provide assessments of financial systems and balances.

Amortisation
The term used to describe the charge made for the cost of using intangible fixed assets. The charge for the year will represent the amount of economic benefits consumed for example wear and tear.

Amortised Cost – Financial Instruments
The valuation of a financial asset or liability based on repayments of principal, interest accrued at a constant rate and the difference between the initial amount recognised and the maturity amount. For financial assets this is adjusted by any loss allowance.

Amortised Cost – Other Non-Current Assets
The cost of intangible assets reduced by the amount of amortisation charged to date.

Annual Leave
Yearly entitlement of paid time off for Council staff.

Asset Register
Listing of all property (for example land, buildings, furniture, infrastructure, software) owned by the Council. The register holds all financial information relating to the asset.

Assets
Right or other access to future economic benefits.

Assets Held For Sale
Non-Current Assets which meet the relevant criteria to be classified as held for sale.

Assets Under Construction
Assets which are in the process of being constructed and are not yet operational.

Associates
An entity (including partnerships) which is not a subsidiary or joint venture, where the Council has significant influence.

Authorised For Issue
The date which the financial statements have been certified by External Audit and signed the relevant Officers and Members of the Council.

Balance Sheet
Shows all balances including reserves, long-term debt, fixed and net current assets, together with summarised information on the fixed assets held.

Balance Sheet Date
The date at which the Council reports its financial statements. For Derbyshire County Council, this date is the 31 March.

Bias
Influence or direction.

Billing Authorities
Councils who are responsible for issuing Council Tax Invoices and collection of income from local residents. The relevant share of that income is then transferred to the Council**.**

Borrowing Requirement
The amount required to be loaned from Money Markets or other financial institutions or Councils in order to support capital expenditure.

Business Rates
Local property taxation issued to businesses, similar to Council Tax on residential properties. Also known as National Non-Domestic Rates (NNDR).

Cabinet
Sub-committee of elected Councillors representing the functions and portfolios of the Council.

Capital
Assets which have a long term value (more than one year) to the Council such as Buildings.

Capital Adjustment Account
Capital reserve largely comprising of resource applied to capital financing and is not available to the Council to support new investment.

Capital Appreciation
Increase in the worth of assets over time due to changes in market conditions or enhancements to the asset.

Capital Costs
Reflects the element of annual payment for PFI or Leased assets which is in relation to the reduction in the long term debt associated with the asset.

Capital Expenditure
Expenditure on the acquisition of, or enhancement to fixed assets. This cannot be merely to maintain the value of an existing asset.

Capital Financing Requirement
The Capital Financing Requirement measures the amount of capital spending that has not yet been financed by capital receipts, capital grants or contributions from revenue income. It is a measure of the underlying need to borrow for a capital purpose.

Capital Grant
Grant which is intended to fund capital expenditure.

Capital Grants Unapplied Reserve
Balance of capital grants received which is available to finance future capital expenditure.

Capital Receipts
Income received from the sale or utilisation of property, such as sale proceeds or rental income on finance leases.

Capital Reserves
Reserve balances held for capital purposes.

Carrying Value
The amount at which an asset is recognised after deducting any accumulated depreciation and impairment losses.

Cash Flow Statement
This consolidated statement summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.

Cash Flows
Monies received or paid either as cash or bank transactions. Cash inflow denotes money received; cash outflow denotes money paid.

Chartered Institute of Public Finance And Accountancy (CIPFA)
The main authority on accountancy and financial management for the public services in the UK.

CIPFA Code
A publication produced by the Chartered Institute of Public Finance and Accountancy (CIPFA) that provides comprehensive guidance on the content of a Council's Statement of Accounts.

Collection Fund
The fund maintained by authorities who have responsibility to bill Council Tax and Non-Domestic Rate payers (billing authorities).

Collection Fund Adjustment Account
Revenue reserve to represent the difference between the income received by a local authority in Council Tax and the amount attributable to them.

Collection Fund Statements
The statutory financial statements produced as part of the Statement of Accounts by authorities who have responsibility to bill Council Tax and Non-Domestic Rate payers (billing authorities).

Community Assets
Assets which are held for the benefit of the community where there is no determinable useful life.

Comparative Year
The previous year to that which is being reported.

Component Accounting
The concept that individual parts of an asset (such as land, building, roof, sheds) should be treated differently in the financial statements dependent on the expected useful life or value of those individual parts. The concept expects that some parts of an asset require repair or replacement sooner than others.

Comprehensive Income And Expenditure Statement
Financial Statement detailing the revenue operations of the Council. This represents the private sector equivalent of a Profit and Loss Statement.

Condition
A requirement which must be met for an asset or liability to be recognised by the Council. For example, a donation which can only be spent within a specific service area such as museums or to support children.

Contingent Assets And Liabilities
A possible asset or obligation that arises from past events whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Council.

Contract Asset
The Council's right to receive consideration in exchange for goods or services that it has transferred to a service recipient where that right is conditional on something other than the passage of time (such as the Council's future performance).

Contract Liability
The Council's obligation to deliver goods or services to a service recipient for which it has already received consideration.

Contributions
Income received by the Council, which is not a grant, donation, fine, or in direct exchange for goods or services.

Core Service Areas
The services provided by the Council externally, such as education, highway maintenance and adult social care.

Corporate And Democratic Core
Costs associated with maintaining a democratic representation and management within the Council. For example Members Allowances and administrative costs associated with supporting elected Members.

Council
The Council comprises all of the democratically elected Councillors who represent the various electoral divisions.

Council Tax
Council Tax is a local taxation that is levied on dwellings within the local Council area, and funds all Council services.

Credit
A credit represents income to a revenue account.

Credit Loss
The difference between contractual amounts due to the Council and the amounts it expects to receive.

Creditor
Represents the amount that the Council owes other parties.

Current
Less than 365 days from the balance sheet date.

Current Service Cost
The current service cost is the increase in the value of the pension schemes future pension liabilities arising from the employees on-going membership of the pension scheme.

Current Value
IFRS13 introduces the concept of current value and defines it as the measurements that reflect the economic environment prevailing for a service or function the asset is supporting at the reporting date. Current value can be fair value, existing use value, existing use value – Social Housing and depreciable replacement cost.

Current Year Entry
A transaction which has occurred in the financial year being reported.

Curtailments
Materially reducing the expected years of future services of current employees or eliminating for a significant number of employees the accrual of defined benefits for some or all of their future services.

Debit
A debit represents expenditure against a revenue account.

Debt Outstanding
The remaining principal balance owed on a loans or investments.

Debtors
Represents the amounts owed to the Council.

Defined Benefit Scheme
Also known as a Final Salary Scheme. Pension scheme arrangement where the benefits payable to the members are determined by the scheme rules. In most cases there is a compulsory members' contribution but over and above this all costs of meeting the quoted benefits are the responsibility of the employer.

Defined Contribution Scheme
Also known as a Money Purchase Scheme. Pension scheme arrangement where the employer's liability is restricted to the amount that they contribute. Benefits payable to the members depend on the performance of the invested contributions of the members and the employer, the level of contributions invested, the charges deducted by the product provider and the annuity rate at retirement.

De-Minimis
Minimum level required. For example, expenditure below the capital de-minimis is below the minimum level required to be treated as a capital expenditure item.

Department For Education
Central Government Department, responsible for education and children's services in England.

Depreciable Replacement Cost (DRC)
DRC is a method of valuation that provides the current cost of replacing an asset with its Modern Equivalent Asset less deductions for all physical deterioration and all relevant forms of obsolescence and optimisation.

Depreciation
The term used to describe the charge made for the cost of using tangible fixed assets. The charge for the year will represent the amount of economic benefits consumed by, for example, wear and tear.

Derecognition
The process whereby a component is replaced to avoid double counting when no future economic benefits or service potential are expected from its use or upon disposal.

Discount
An allowance received through the early repayment of debt.

Discounted
Reflecting the equivalent value today of a payment or income made or due in the past or future.

Discounted Cash Flow
A method of analysing future cash flows, by removing the impact time has on the value of money and producing an equivalent current value (present value).

Discretionary Benefits
Benefits given to employees which are not statutorily obliged.

Disposal
Operations or assets which have left the responsibility of the Council, such as through sale, a Government reorganisation, donation or merger.

Donated Assets
Assets which have been acquired at below market cost.

Dowry
One off payment made as donation, contribution or pre-payment of an obligation.

Earmarked Reserves
Reserve balances which have been set aside for future spending in a specific area.

Economic Life
The number of years the Council is expected to receive economic benefits to deliver services.

Effective Rate
The interest rate embedded within a contract or lease, allowing for regular annual payments and the time value of money.

Employee
A person who holds an office within the Council but does not include a person who is an elected Councillor.

Employee Benefits
Monetary or other awards to employees of the Council in exchange for services provided. For example, pay, holidays, and pensions.

Employee Costs
The costs directly associated with employees, including but not exhaustively salaries and wages, National Insurance contributions and pension’s costs.

Employer Contributions
The payments made to an employee’s pension scheme by the Council.

Enhancement Expenditure
Expenditure which increases the value of an asset.

Entity
Something with a legal status such as the Council, a company, or an individual.

Equity Instrument
A contract which evidences a residual interest in the assets of another entity after deducting all of its liabilities. Examples include shares and derivatives that give the Council the right to receive a fixed number of shares for a fixed amount of cash (or another financial asset) in an exchange which is expected to be favourable to the Council.

Events After The Balance Sheet Date
An event which occurs between 31 March and the date that the accounts are signed which would alter the conclusion reached by any reader of the accounts.

Exceptional Items
Material items that result from the ordinary activities of the Council, but to a value so significantly abnormal that is not expected to recur at that level.

Existing Use Value (EUV)
The value of an asset based on what it is currently being used for. For example, two identical buildings in construction and design may have different values where one is used as a school and another is used as offices.

Exit Packages
The payment made to an employee upon leaving the Council.

Expenditure
Payments made of goods or services.

Fair Value
The income that would be received on sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair Value Through Other Comprehensive Income (FVOCI)
Measurement of a financial asset at fair value where any gain or loss on revaluation is recognised in other comprehensive income and expenditure and taken to the Financial Instrument Revaluation Reserve.

Fair Value Through Profit or Loss
Measurement of a financial asset at fair value where any gain or loss on revaluation is recognised as a credit or charge to Surplus or Deficit on Provision of Services within the CIES.

Finance Income
Interest receipts.

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Financial Assets
A type of financial instrument which gives the Council the right to receive future economic benefits.

Financial Instruments
An umbrella term to describe all financial services and trading with which the Council may operate, including loans, borrowings, bank accounts and debtors.

Financial Instruments Adjustment Account
Revenue reserve which records the timing differences between the rate at which gains and losses are recognised and the rate at which debits and credits are required to be made against Council tax.

Financial Instruments Revaluation Reserve
This reserve contains the cumulative gains and losses relating to the valuation of financial assets held at fair value through other comprehensive income. When the underlying financial assets are de-recognised any gains or losses held in this reserve are credited or expensed to the Surplus or Deficit on Provision of Services.

Financial Liabilities
A type of financial instrument that confers an obligation on the Council to transfer economic benefits under its control.

Financial Statements
Published document, consisting of the Balance Sheet, Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Cash Flow Statement and Notes to the Accounts.

Financial Year
The current year being reported upon running from 1 April to 31 March.

Five Year Financial Plan
The Councils Medium Term Financial Plan, setting out the financial projection for the Council over the coming 5 years.

Fixed Assets
See Non-Current Assets.

Flexitime
Time owed to employees who have worked above the contracted hours.

Gain
Where income exceeds expenditure.

General Provisions
Money set aside in the Balance Sheet where its future use is not known.

General Reserve
The reserve held by the County Council for general purposes, i.e. against which there are no specific commitments.

General Revenue Government Grants
Grant income received from Central Government (or Government Department) which is not restricted in its use.

Going Concern
The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.

Goods Or Services
Supplies required by the Council to perform its operations. Examples of goods; paper, bricks or light bulbs, and services; electricity, petrol or agency staff.

Grants
Payment towards the cost of local authority services. These are either for particular purposes or services (specific grants) or in aid of local services generally (formula grant).

Group Accounts
Where a Council has a controlling interest in another organisation, group accounts have to be produced. These accounts report the financial position of all of the group entities.

Hire Purchase
A contract for the provision of an asset which becomes the property of the lessee at the end of the contract period.

Historic Cost
The cash paid in obtaining an asset in its current form. Inclusive of purchase price and enhancement expenditure.

HM Revenue & Customs
Her Majesty's Revenue and Customs is a non-ministerial department of the UK Government responsible for the collection of taxes, the payment of some forms of state support, and the administration of other regulatory regimes including the national minimum wage.

HM Treasury
Her Majesty's Treasury, sometimes referred to as the Exchequer, or more informally the Treasury, is the United Kingdom government department responsible for developing and executing the British government's public finance policy and economic policy.

IFRIC
International Financial Reporting Interpretation Committee.

Immateriality
Immateriality is an expression of the relative insignificance or unimportance of a particular matter in the context of the financial statements as a whole.

Impairment
Impairment is the amount by which the carrying amount of an asset exceeds its recoverable amount.

Inception
The point in time which something began such as a project, contract or lease.

Income
Cash flows into the Council.

Income From Service Recipients
Consideration a party, that has contracted with the Council, has given in exchange for goods or services that are the output of the Council's normal operating activities. Such a contract may be in writing, orally or in accordance with customary business practices.

Income In Advance
Income received before the point at which an obligation to receive it has occurred.

Infrastructure
A network and grouping of inalienable components, expenditure on which is only recoverable by continued use of the asset created i.e. there is no prospect of sale or alternative use. The inalienable components include carriageways, footways, cycle tracks, structures, street furniture, street lighting, traffic management systems and land.

Intangible Asset
Non-current assets which do not have physical form such as software.

Interest Accrued
Accrued interest is the interest on a bond or loan that has accumulated since the principal investment or since the previous coupon payment if there has been one already.

Interest Payable
The amount of interest due for payment within a financial year.

Interest Rate
The rate at which interest is calculated on a loan or investment.

Interest Receivable
The amount of interest due for receipt within a financial year.

International Accounting Standards (IAS)
Regulations outlining the method of accounting for activities, IASs are currently being replaced with International Financial Reporting Standards (IFRS's) issued by the International Accounting Standards Board.

International Financial Reporting Standards (IFRS)
Regulations outlining the method of accounting for activities, issued by the International Accounting Standards Board.

International Public Sector Accounting Standards (IPSAS)
Public Sector regulations outlining the method of accounting for activities.

Inventories
Goods purchased in advance of their use which are held in store.

Investment Property
Assets held solely for the purposes of rental generation or for increasing the value pre-sale (capital appreciation) or both.

Joint Venture
An organisation which the Council has partial control and ownership, but decisions require the consent of all participants.

Lease
Financial contract for the continuing use of an asset.

Lease Interest
The interest rate inherent within a lease allowing for regular rental payments and an adjustment for the time value of money.

Lease Payments
Regular payment made in exchange for the use of an asset.

Leases
A method of funding expenditure by payment over a defined period of time.

Lessee
The person or organisation that is using or occupying an asset under lease (tenant).

Lessor
The person or organisation that owns an asset under lease (landlord).

Liabilities
An obligation to transfer economic benefits. Current liabilities are payable within one year.

Loans And Receivables
Financial assets which are not quoted in an active market and have either a fixed or determinable payment.

Loan Modification
A change to the terms of an existing loan. Changes may include a reduction in the interest rate, an extension of the loan term, or a reduction in the principal balance.

Loan Modification Gain/Loss
An amount arising from adjusting the carrying value of a loan to reflect the cash flows under the renegotiated terms of the loan but accruing interest at the rate specified in the original loan terms.

Long Term Debtor
Income due in more than 365 days of the balance sheet date.

Long Term Liability
Payment due in more than 365 days of the balance sheet date.

Loss
Where expenditure exceeds income.

Loss Allowance
A reduction to the value of financial assets for the expected credit losses relating to those assets.

Materiality / Material
Materiality is an expression of the relative significance or importance of a particular matter in the context of the financial statements as a whole.

Maternity Leave
Statutory time off due to pregnant women and new mothers.

Members
Elected Councillors responsible for the democratic leadership of the Council.

Members Allowances
Allowances paid to members in association with their roles and responsibilities.

Minimum Lease Payments
The minimum which will be paid or received over the life of a lease agreement.

Minimum Revenue Provision (MRP)
A prudent amount of revenue set aside to contribute towards capital expenditure which has been financed by borrowing or credit arrangements.

Misstatement
An error whereby something was included in the accounts wrongly.

Modern Equivalent Asset (MEA)
The MEA should give the same service and performance as the existing asset but should use modern materials and technology.

Movement In Reserves Statement (MiRS)
The statement detailing the movement in the reserves of the Council.

Net Cost Of Services
The direct cost of delivering the Councils services after allowing for specific income received by those services.

Net Operating Expenditure
The cost of operational items which are not direct services, such as disposing of the Councils assets, after allowing for specific income received.

Net Realisable Value
The estimated selling price of an asset in the ordinary course of operations less any completion costs and costs to make the sale, exchange or distribution.

Non-Distributed Costs
The value of revenue operating expenditure that is not able to be apportioned to one of the authority's core service areas.

Non-Accumulating Absences
Types of leave an employee may take in a financial year, which if are not taken do not get added to the following year's entitlement. For example Sick Leave.

Non-Current Assets
Assets that yield benefits to the Council for a period of more than one year, examples include land, buildings and vehicles.

Non-Current Debtor
Income due in more than 365 days of the balance sheet date.

Non-Current Liability
Payment due in more than 365 days of the balance sheet date.

Non-Vesting
An obligation which cannot be settled by a monetary payment.

Notes To The Accounts
A set of supplementary comments, tables and information which further explains the main Financial Statements.

Obligation
The requirement to transfer economic benefits.

Operating Lease
A lease where an asset is used only for a small proportion of its economic life.

Operational
The normal activities of the Council.

Past Service Cost
Past service cost is the change in the present value of defined benefit obligations caused by employee service in prior periods.

Payment In Advance
A payment made which is before the point of any obligation.

Pension Liabilities
The cost, calculated by an Actuary, of providing the current members of a pension scheme with retirement benefits as set out in the pension scheme rules.

Pensions Costs
The benefits paid by the Council which are accrued during the period of employment and paid to ex-employees after retirement.

PFI
See Private Finance Initiative.

PFI Credits
The financial support provided to Local Authorities to part fund PFI capital projects.

Pooled Investment Funds Adjustment Account
This account is a mechanism that holds the fair value movements in those pooled investment funds specified by the regulations in relation to investments in place at 1 April 2024.

Premium
A payment made in association with the early repayment of debt.

Pre-Payments
See payment in advance.

Present Value
See Discounted.

Previous Year Adjustments
These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors.

Principal
The amount of repayment to a lender which relates to the reduction in the loan, rather than the interest paid on the loan.

Private Finance Initiative (PFI)
A Government initiative that enables, through the provision of financial support, Authorities to carry out capital projects through partnership with the private sector.

Projected Unit Method
This is a common actuarial funding method to value pension scheme liabilities.

Property, Plant And Equipment Assets (PPE)
Assets with a long-term value and physical substance such as buildings, land, IT equipment or vehicles.

Provisions
Potential costs that the Council may incur in the future because of something that happened in the past, which are likely or certain to be incurred, and a reliable estimate can be made to the costs.

Prudent
A cautious approach to present the Financial Statements without significant risk of failure to achieve the assets presented.

Quoted Market Prices
A method of determining the fair value of financial assets via prices quoted on an active market.

Recognition
The process upon which assets are deemed to belong to the Council ether by purchase, construction or other form of acquisition.

Receivable
The Council's unconditional right to receive consideration in exchange for goods or services that it has transferred to a service recipient.

Residual
The remaining value in an asset at the end of a contract or lease.

Retirement Benefits
Remuneration package received by employees after their retirement from the Council.

Retrospectively
Changes made to previous years accounts to alter the treatment which has previously been reported.

Revaluation Gain
The increase to the fair value of an asset following a valuation.

Revaluation Reserve
This reserve contains revaluation gains on assets recognised since 1 April 2007 only, the date of its formal implementation.

Revenue
The cost associated with providing Council services.

Revenue Expenditure
Expenditure which is not capital.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)
This is expenditure that is classified as capital although it does not result in the creation of a fixed asset.

Revenue Grant
Grant which is not capital.

Right-of-Use Asset
An asset representing the Council's right to use an underlying asset, such as a vehicle or building, for a period of time.

Risk
The chance of an asset not coming to fruition or a liability being greater than anticipated.

Royal Institute Or Chartered Surveyors (RICS)
An international organisation who represent everything professional and ethical in land, property and construction.

Salaries And Wages
Payments made to employees in exchange for service worked at the Council.

Service Concession Arrangements
Arrangements which involve the supply and maintenance of assets and service delivery.

Service Costs
Reflects the element of annual payment for PFI or Leased assets which is in relation to services provided within the contract.

Service Expenditure Reporting Code of Practice (SERCOP)
CIPFA guidelines on reporting revenue expenditure.

Service Level Agreements
Contract of service.

Short Term
Less than 365 days from the balance sheet date.

Short Term Benefits
Employee benefits earned and consumed during employment.

Significant
A measure of materiality where the value is deemed to be almost all of the total value in question.

Soft Loans
Low-interest rate loans.

Spot Yields
A calculation of the projected return on bonds if held to maturity.

Staff
See employee.

Statute
Set out in legislation.

Straight Line Basis
The method of calculation of depreciation to allocate an equal amount of depreciation each year over an asset's useful life.

Support Services
Indirect costs of providing Council services including HR, Finance, Legal and Property Maintenance.

Surplus
Arises when income exceeds expenditure or when expenditure is less than available budget.

Surplus Assets
Assets which are no longer in operation.

Tangible
Physical, can be touched.

Tenant
The person or organisation that is occupying an asset under lease.

Termination Benefits
Employee benefits paid upon termination of employment such as redundancy.

The Code
CIPFA guidelines on accounting within Local Government.

Transactions
Individual items of income or expenditure.

Treasury Management
Utilisation of cash flows through investments and loans.

Unidentified Income
Income received by the Council where the reason for the income is unknown.

Unusable
Balances which are not available to support future spending.

Usable
Balances which are available to support future spending.

Useful Life
The period with which an asset is expected to be useful to the Council in its current state.

Value Added Tax
National taxation charged on goods and services.

Vesting
Obligation due which can be paid in cash.

Work In Progress
The fair value of incomplete contracts for goods and services which are to be charged to external customers.

If you require any further assistance

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01629 533190

Annual Governance Statement 2025/26

DERBYSHIRE
County Council

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Action Plan 27

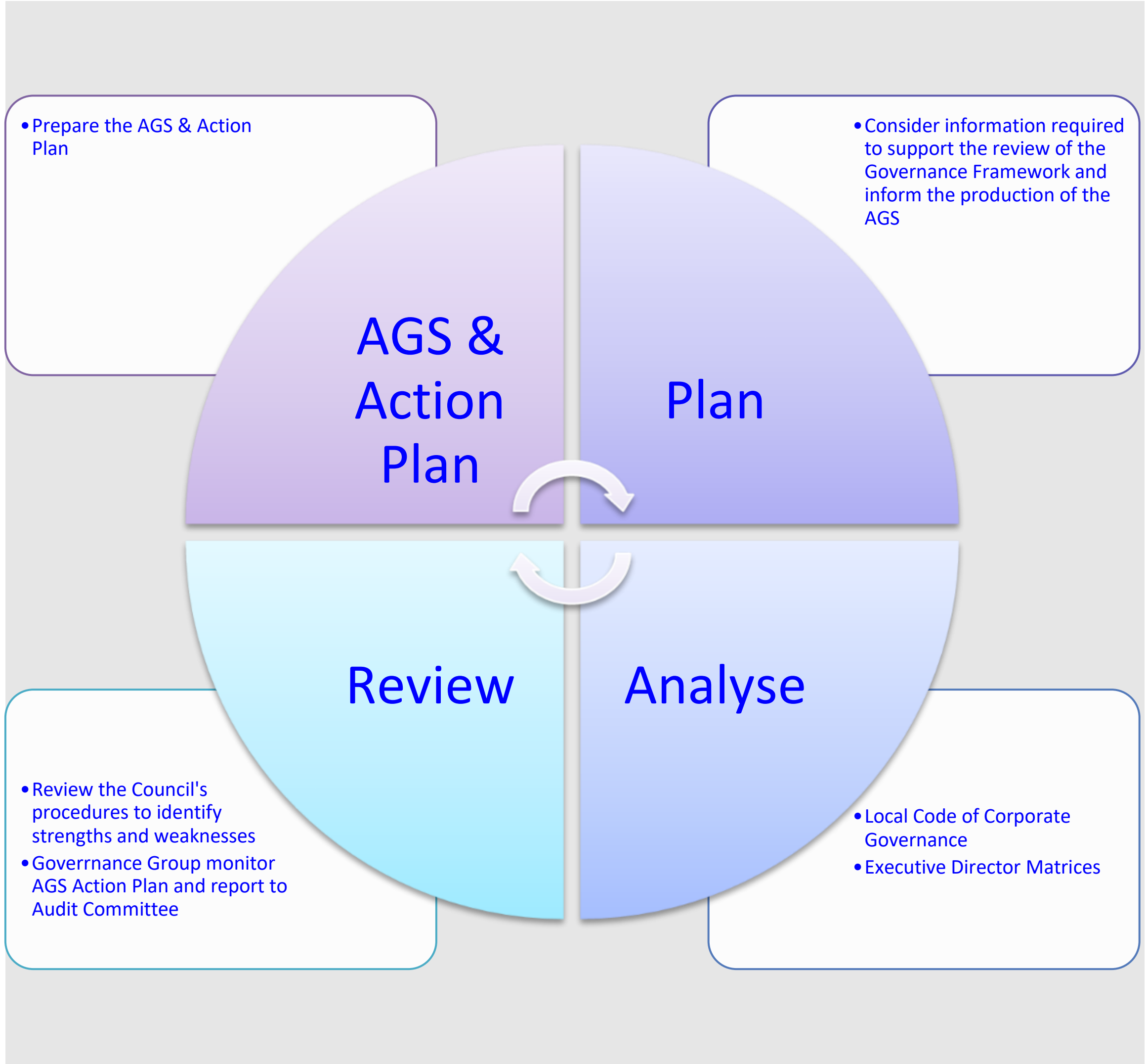
Introduction and the Purpose of the Governance Framework

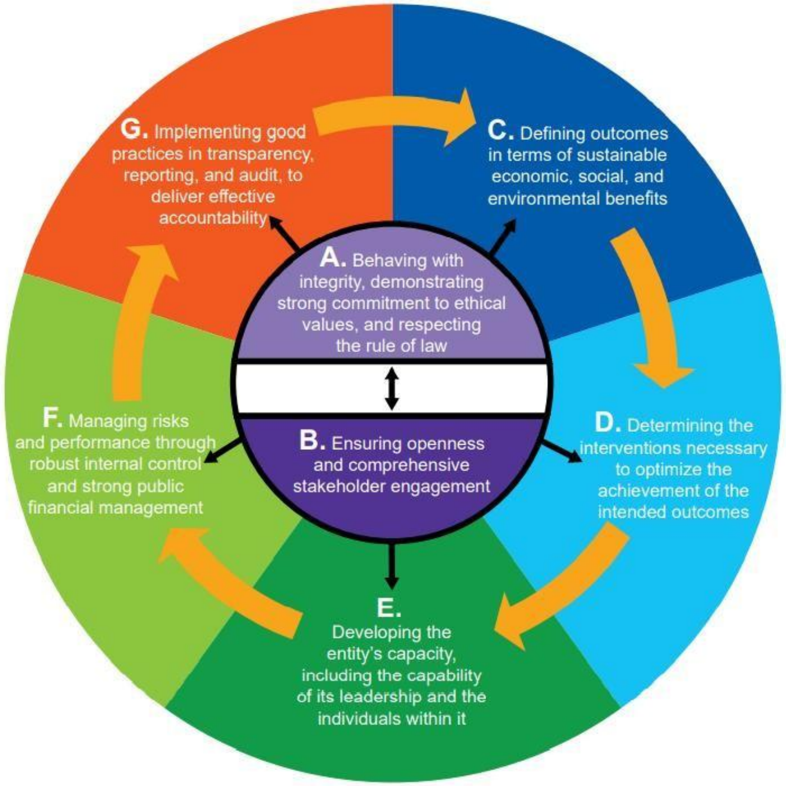
Defining Corporate Governance

Corporate governance includes the systems, processes, and values by which councils operate and through which they engage with, and are held accountable to, their communities and stakeholders. Good corporate governance underpins credibility and confidence in public services.

Derbyshire County Council is committed to effective corporate governance and has prepared the Annual Governance Statement by: -

- Reviewing the Council's Governance Arrangements against the CIPFA / SOLACE Delivering Good Governance in Local Government Framework;
- Assessed the effectiveness of the Governance Arrangements against the Local Code of Corporate Governance;
- Obtaining Executive Director Assurance Matrices;
- Considering the impact of External Assessments; and
- Monitoring the progress against the recommendations in the 2024-25 AGS Action Plan.





Scope of Responsibility

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised and is responsible for ensuring that its business is conducted in accordance with the law and relevant standards, that public money is safeguarded, properly accounted for and used economically, efficiently and effectively.

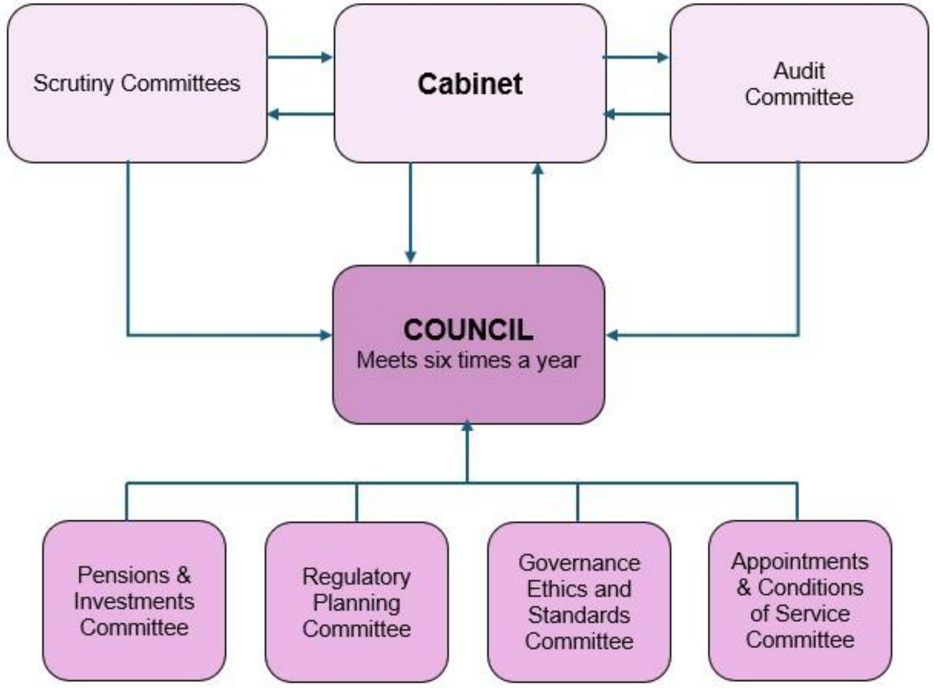
In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the effective exercise of its functions, including arrangements for the management of risk. The Council has developed an approach to corporate governance to ensure that it is consistent with the CIPFA/SOLACE Framework Delivering Good Governance in Local Government and demonstrates its commitment to corporate governance as "good corporate governance underpins credibility and confidence in our public services".

This Statement explains how the Council demonstrates Source: International Framework: Good Governance in the compliance with the Framework whilst meeting the Public Sector (CIPFA) requirements of Regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of an Annual Governance Statement.

Derbyshire County Council's Governance Framework and Structure

The governance framework comprises the systems, processes, and values by which the Council is directed and controlled and the activities through which it accounts to, engages with, and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently, and economically. The governance framework has been in place at the County Council for the year ended 31 March 2026 and up to the date of the Statement of Accounts being certified by the Director of Finance.



Council

- 64 Elected Members who are democratically accountable to residents of their electoral division
- Members follow a Code of Conduct to ensure high standards in the way they undertake their duties
- Meetings are generally open for the public to attend except where exempt or confidential matters are being discussed
- Decides the policy framework and sets the budget each year and major plans

Cabinet

- Consists of the Leader of the Council and nine Cabinet Members
- Responsible for guiding the Council in the formulation of its corporate plan of objectives and key priorities
- Has executive responsibility for the implementation of the Council’s key goals and objectives

Governance, Ethics and Standards Committee

- Promotes and maintains high standards
- Assists Members in observing the Code of Conduct
- Advises the Council on matters relating to the Code
- Receives regular reports on corporate complaints
- Advises on amendments to the Constitution
- Advises on matters relating to the Members' Allowances Scheme
- Responsible for overview of the Whistleblowing Policy

Appointments & Conditions of Service Committee

- Approves corporate employment policies
- Determines terms and conditions of service
- Specific role in the appointment and disciplinary procedure for certain senior officers

Scrutiny Committees

- Four Committees which support the work of the Cabinet and the Council as a whole
- Allow citizens to have a greater say in Council matters by holding inquiries in public into matters of local concern
- Lead to reports and recommendations which advise the Cabinet and the Council as a whole on its policies, budget and service delivery, and other public bodies
- Monitor the decisions of the Cabinet
- They can ‘call-in’ a decision which has been made by the Executive but not yet implemented

Audit Committee

- Independently contributes to the Council's process of ensuring internal control systems are maintained
- Responsible for approving and monitoring progress of the annual Audit Plan
- Considers matters referred to the Committee by the Council’s external auditor
- Approves the Annual Statement of Accounts and the Annual Governance Statement

The Annual Governance Statement 2025/26

Departmental Representatives attend the Governance Group and progress has been made to address the areas for improvement identified in the 2024/25 action plan. Where items have not been completed the Group seeks to assure itself that there is a plan to do so. The Audit Committee receives regular updates on the progress of delivering actions in the action plan.

The Group has reviewed its terms of reference and has defined its role in ensuring good governance across the Council, the Executive Director of Corporate Services and Transformation has continued to chair the meetings throughout 2025/26

To assist with compiling this Statement, Executive Directors have reviewed governance arrangements within their remit and produced assurance statements on the outcome of their reviews. Taken together, these statements indicate that governance frameworks are largely in place and operating, but that improvement activity is needed to strengthen consistency, visibility and assurance, particularly where reliance is placed on awareness, informal knowledge, or legacy arrangements. The suggested actions are predominantly enhancements to embedding, communication, documentation and monitoring, rather than fundamental control design issues.

During the year the Local Code of Corporate Governance has been reviewed by the Governance Group and will be submitted for approval by the Audit Committee and lessons learnt from other public bodies and public interest reports have been considered. In addition, the Council's constitution continues to be kept under review and is updated, as and when required, to strengthen the robustness and integrity of the governance framework.

The main changes in 2025-26 include:

- To ensure the Constitution reflects the new Cabinet portfolios agreed by the Leader and new Committee structures approved at the annual Council meeting
- Amended Council Procedure Rules to reflect the new combined Chair/Civic chair of Council role
- To reflect the recommendations in the Code of Good Practice on Corporate Governance for Statutory Officers
- Minor amendment to Appendix 1 – Responsibility for Functions to update the existing list of legislation for Trading Standards enforcement
- Simplified Standing Orders related to Contracts have been introduced

- Financial Regulations have been reviewed and will be brought forward for approval in 2026/27
- Inclusion of the revised terms of reference for the Strategic Leadership Board
- Council Procedure Rules have been reviewed and brought forward in 2026/27
- Members' Allowances Scheme for 2026/27 approved

The Council continued to review key governance documents during the year. The review of the scheme of delegation remains ongoing and will be finalised during 2026/27. Following the standardisation of the financial scheme of delegation in 2024/25, a further review of the document was completed during the year to ensure it reflects the Councils requirements.

A full and comprehensive review of the Standing Orders related to contracts was completed in the year and approved by the Council in December 2025. The review aligns the Standing Orders with the new Procurement Act 2023 and the provider selection regime. The new Standing Orders are designed to act as a catalyst for greater strategic procurement delivery in the Council whilst simplifying the contents to aid understanding across users.

There is a Head of Paid Service liaison meeting that takes place on a regular basis. The purpose of this meeting is to enable the three statutory officers (Head of Paid Service, Monitoring Officer and Section 151 officer) together with the Head of Internal Audit and Director of People and Organisational Change, to work together effectively to uphold the seven standards of the "Golden Triangle" as defined in the Code of Practice on Good Governance for Local Authority Statutory Officers. The focus of the meetings is on strategic rather than operational issues, although operational issues are discussed if they raise strategic concerns or are indicative of a cultural issue regarding the leadership of governance and/or a deeper-seated issue which needs review or resolution from a governance perspective. The liaison meeting has reviewed how the Council complies with the Code of Practice on Good Governance for Local Authority Statutory Officers. The Council is mainly compliant with the Code and an action plan was developed to enable improvements to be made against the Code, the majority of which has been completed in 2025/26.

The Council works with the Local Government and Social Care Ombudsman (LGSCO) to respond promptly and effectively to recommendations identifying areas for improvement.

The Annual Review Letter of the Local Government & Social Care Ombudsman 2024-25, which was reported to Cabinet on 16 October 2025 and Governance Ethics and Standards Committee on 30 September 2025, confirmed the Council complied with all the recommended remedies giving a compliance rate of 100%. In 2024-25 there were 197 complaints made to the LGSCO, compared to 158 complaints for the period 2023-24 (an increase of 24.68%). This continues the trend of a 61.39% increase the previous year. Of the 197 complaints made, 55 were upheld, but there were no findings of maladministration. Of the 55 upheld decisions the Ombudsman found the Council had provided a satisfactory remedy in 31% of the cases before the complaint reached the Ombudsman. This compares to an average of 10% in similar organisations and is a significant increase on the 6% of complaints the previous year. This demonstrates the Council has offered an appropriate remedy prior to the matter being raised with the Ombudsman.

The LGSCO has noted that during the year 2024-25 there were many occasions where responses to the LGSCO were delayed, however this is not a concern raised in the 2024-25 annual letter. 152 of the 197 complaints made to the LGSCO and 47 of the 55 complaints upheld related to Children's Services, particularly Special Educational Needs and Disabilities (SEND) and Educational Health and Care Plans. This is consistent with the position in 2023-24.

The Council recognises that it is on an improvement journey in relation to SEND, with robust governance arrangements in place to drive, challenge and sustain improvement. Progress is overseen through the SEND Improvement and Assurance Board, which provides strategic direction, monitors delivery of the SEND Improvement Plan, and scrutinises performance, risk and impact. Elected Members attend the Board, strengthening democratic oversight and ensuring alignment with the Council's wider priorities. The Board is chaired by an independent chair to provide objective challenge and rigour, and is further strengthened by regular attendance from the Department for Education and NHS England, who engage on a monthly basis. For additional oversight and assurance, the work of the Board and progress against the improvement programme are reported to the People Scrutiny Committee, providing transparency, further challenge and shared ownership of improvement outcomes for children and young people with SEND.

The internal audit annual opinion is a crucial element of the governance and assurance framework within the public sector. It represents the conclusion reached by the Chief Audit Executive (CAE) regarding the adequacy and effectiveness of the organisation's risk management, control, and governance processes for the reporting period. This opinion is essential for providing assurance to senior management and other stakeholders about the organisation's control environment and its capacity to achieve its objectives.

The Internal Audit Annual Opinion for 2025/26, has concluded a Limited level of assurance over the Council's framework of governance, risk management and control. Whilst this represents a continuation of the position reported in previous years, it is recognised that progress has been made during 2025/26, including improvements in the implementation of audit recommendations, enhanced visibility of control issues through Continuous Audit, and strengthening of core financial control processes. However, these improvements have not yet been sufficient to materially change the overall assurance position, with significant weaknesses continuing to exist in a number of higher-risk areas, alongside recurring themes relating to governance, risk management maturity, and the timely implementation of agreed actions.

This represents a disappointing position for the Council, particularly given the sustained focus on improvement in recent years. Whilst the challenging operating environment—including financial pressures, organisational change and preparation for Local Government Reorganisation—has impacted the pace of progress, this does not diminish the need for a step-change in the consistency and timeliness of improvement activity.

The Council remains committed to maintaining and accelerating the trajectory of improvement during 2026/27. A strengthened and targeted improvement plan, supported by the Corporate Management Team, will be implemented to address the key weaknesses identified within the Annual Audit Opinion. This will include a continued focus on embedding effective governance, enhancing risk management maturity, strengthening accountability for implementing audit recommendations, and improving performance in those areas of greatest risk exposure. The Council recognises that addressing these matters is essential not only to improving the level of assurance in future years, but also to ensuring that robust governance, risk management and control arrangements are firmly embedded as the organisation prepares for future structural changes.

The Council continues to monitor the views of employees through the employee survey and has developed wellbeing and engagement strategies to support our employees. However, as had been noted in previous statements, there remains pressures in terms of staffing levels and recruitment to certain jobs and roles. To a large extent this is a function of a national shortage of skilled workforce supply which is proving to be a challenge for some services and functions. The consequence of this workforce pressure will increase the strain on front line services and the Council’s financial position.

We are reviewing our approach to strategic planning to make it more engaging and accessible for residents and employees, while ensuring it remains fit for purpose in the context of the challenges we face. This includes balancing the delivery of core “business as usual” services, accelerating transformation to improve effectiveness and efficiency, and managing the transition required by local government reorganisation. While our approach will evolve, we will continue to ensure that strategic planning provides a clear sense of direction, prioritises what matters most, and aligns our ambitions with available budget and workforce capacity, so that we can drive sustainable improvement in outcomes for our communities

The Statement of Accounts for 2024-25 was signed in February 2026, the delay was a consequence of the very significant and complex work required to update capital valuations for current and prior years. The external auditors disclaimed to provide an audit opinion on the accounts, as they were unable to complete their work by the statutory backstop of 28th February 2026. Work is ongoing at pace to rebuild the assurance needed to complete the audit of the 2025/26 accounts.

Previous Annual Governance Statements have commented upon the challenging economic environment facing the Council. Whilst the local government settlement announced a multi-year settlement for the first time in a number of years, the surrounding economic challenges remain. The interest rate environment remains in flux as global events bear upon it, the Council remains significantly exposed to changes in interest rates and inflation, the latter through both primary and secondary impacts as increased costs work their way through supply chains

This remains particularly the case for social care services, given the significant proportion of the Council's spend which is allocated to social care (for both adults and children), increases in the demand for and cost of these services will and has place(d) material stress on the Council's finances. this has been seen for a number of years now, with Adult Social Care and Children's Social Care reporting significant budget variances

The Council noted the Government's intentions to fund a proportion of the carried deficit related to Special Educational Needs funding; the Council is working on the required plan and information required by Government as part of the requirements criteria for this funding.

During the year, the overall delivery of in-year planned savings was good, with 93.8% of the planned £37.499m savings rated as "achieved" or "on track" at the year end.

The improvements made to the budget setting process introduced in recent years were retained again for the 2025/26 budget. The budget preparation was undertaken through extensive engagement with all departments, and ongoing review and scrutiny of draft budget pressure bids and potential savings proposals by the Chief Executive', Director of Finance and Lead Members. In addition, a Medium-Term Financial Plan was prepared for the attention of Cabinet in advance of, rather than at the time of, approval of the budget. To achieve a balanced position in the revenue account over the period of the plan, additional savings of £68.545m will need to be developed and delivered, on top of the savings included within the existing approved budget.

Further work is ongoing to implement system to ensure the Medium Term Financial Plan is prepared on a regular and timely basis.

Budget savings and efficiency proposals are reported to Scrutiny Committee for comment prior to consideration by Cabinet, maintaining transparency and enabling budget savings to be reviewed comprehensively before budget decision-making processes commenced.

To reinforce financial control, Executive Directors will each be required to sign budget responsibility memorandums to reinforce their accountability for delivering services within the allocated budgets

A set of core deliverables is now actively being progressed to strengthen the Council's digital control environment. During 2025/26, this has included continued reviews and refinement of internal processes to improve efficiency and consistency, adherence to agreed architectural principles to support resilience and sustainability, and targeted activity to reduce technical debt across the estate. The approved transition towards cloud-based infrastructure is being progressed in a controlled and phased manner, supporting modernisation while reducing reliance on legacy on-premise technology. This shift is already strengthening cyber security resilience, improving scalability and recoverability, and enhancing the Council's overall ability to manage risk. Collectively, these activities support a more robust, secure, and future-proof Digital environment, providing increased assurance that technology risks are being effectively managed in line with organisational priorities.

The Council created 3 joint ventures with other organisations during 2020 to help deliver property services. In May 2020, PSP (Derbyshire) Limited was created to review, develop, and renew our property and land assets, subsequently changing its name to Develop Renew. In September 2020, Concertus Derbyshire Limited was created to provide design services for capital projects that the Council delivers. At the same time Vertas Derbyshire Limited was created to provide caretaking and cleaning services to schools and the Council's other buildings. In November 2020, Vertas also took over responsibility for the Council's grounds maintenance service. The DCC Trading Committee continues to exercise oversight of the JVs performance.

The Council continues to collaborate with neighbouring local authorities, East Midlands Combined County Authority (EMCCA) and partners in health and the police, to ensure we are best placed for local delivery of the regional growth agenda. Following formal commencement of EMCCA in March 2024 and subsequent election of the Mayor in May 2024, the Council has fully engaged in all aspects of EMCCA governance, including full DCC representation on all committees and boards and participation of Place officers in the technical working groups. Evidence of successful funding bids and inclusion of key Council priorities such as rural economy, northern growth zone and digital infrastructure in the Local Growth Plan demonstrate the level of influence the Council has been able to exert on EMCCA plans, policies and investment strategies through active engagement in governance structures.

Following the government's announcement of local government reorganisation (LGR) across England, ordering all 2-tier council areas to move to single-tier unitary authorities, the County Council submitted its response in November 2025. The Council's response proposed setting up one single tier authority covering all of Derbyshire. We expect to hear government's decision on the future structure of local government in Derbyshire in July 2026; although the Council has already begun working with the other councils across Derby and Derbyshire to prepare for the change in advance of the government's decision.

As previously stated, LGR will have a very significant impact on the operation of local government across Derbyshire, with reorganisation planned to be completed by April 2028.

Over the next 2 years, the Council will be preparing for local government reorganisation, while continuing to deliver day to day services and implement transformational change. The Council recognises that preparation for reorganisation presents significant governance, capacity, financial and assurance implications, alongside operational pressures, and potential change to our workforce, given the need to sustain service delivery, maintain statutory compliance and a balanced budget, and deliver improvement at pace during a period of organisational uncertainty. It is important that effective governance both internally and across the programme is in place, with clear prioritisation, programme management, strong corporate oversight and robust decision making, to ensure that preparation for reorganisation does not undermine service delivery.

The continuation of the programme management approach to Governance , facilitated by the Councils existing Programme Management Office, will be an important to the governance and success of LGR

The County Council elections held in May 2025 resulted in a change in political control and the election of a significant number of new councillors. This created a period of transition with potential governance implications, particularly in relation to decisionmaking arrangements, member understanding of statutory and constitutional responsibilities, and organisational continuity. These risks were successfully mitigated through a comprehensive member induction programme, alongside enhanced support from statutory officers, senior officers and Member Support.

Following the local elections in May 2025, a new Audit Committee was established with a completely new membership. An induction programme for Committee Members was delivered during 2025-26, supplemented by further external training during the year, including dedicated training on Treasury Management. Two Independent Members, appointed in December 2024, provided an important element of continuity and stability during the transition to the new Committee, supporting knowledge retention and effective challenge. Building on this, a further Audit Committee self-assessment exercise was commenced during 2025-26, with the intention that the outcomes will inform the development of a targeted training and development plan to support the ongoing effectiveness and skills development of the Committee.

The Annual Governance Statement for 2025-26 follows a similar format to those published in previous years, aligned with the CIPFA/Solace Delivering Good Governance in Local Government Framework.

The Effectiveness of the Council's Governance Arrangements

As part of this process, an assessment has been made of the Council's performance against each of the seven core principles using the following criteria:-

Category	Definition
Strong	The governance framework is effective and fit for purpose, although some minor weaknesses and improvements may have been identified.
Good	Whilst the governance arrangements are generally effective, there are gaps within the framework which need to be addressed. Should these issued remain unaddressed, there is an increased risk that the Council may be exposed to reputational risk.
Review	Significant weaknesses have been identified in the governance arrangements which expose the Council to reputational risk.
Action	The governance arrangements are considered to be deficient as weaknesses have been identified in a number of key areas rendering the overall framework ineffective and leaving the Council open to a high risk of error/abuse and significant reputational risk/damage.

Arising from this assessment of governance arrangements an Action Plan has been developed and is attached. Detailed actions and dates for completion will be determined to address each area for improvement which will be reported to the Audit Committee who will, in turn, monitor progress.

The Annual Governance Statement summarises the findings of the review of the Council's existing governance arrangements.

The review examined the Council's position against the CIPFA/SOLACE Framework Delivering Good Governance in Local Government which defines the seven core principles, each supported by sub-principles which underpin the governance framework of the Council.

What is working well and areas for improvement			
Core Principles of the Framework	Overall Assessment	Strengths	Areas for Improvement

Principle A Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law	**Review**	⭘ The Constitution sets out the roles of Cabinet, full Council, Committees, Executive Directors and Statutory Officers, alongside details of their decisionmaking powers; ⭘ Codes of Conduct are in place for Members and officers. The Code of Conduct for Employees has been refreshed and updated and communicated in October 2023 to all colleagues. The Members' Code of Conduct was reviewed in 2023 by a working group set up by the Governance, Ethics and Standards Committee and a revised version approved by Council on 27 March 2024; ⭘ Code of Conduct training was delivered to Members following the 2025 elections; ⭘ A process for dealing with Members' Code of Conduct complaints is embedded; ⭘ There is an electronic process for officers to make declarations of gifts and hospitality, this data is then reported on a quarterly basis to departmental management teams. Continued officer awareness of the gifts and hospitality process is provided by departmental reps to ensure the online process is effectively embedded; ⭘ Quarterly reminders are sent to Members by the Monitoring Officer to keep their register of interests up to date and report offers of gifts and hospitality; ⭘ The Authority operates a Fairness and Opportunity approach, to ensure that we continue to meet our responsibilities in line with our equality duty across the organisation ⭘ The Monitoring Officer is responsible for ensuring the lawfulness of decisions taken by Council, Cabinet, Committees and officers; ⭘ The organisational engagement cycle encourages open and honest feedback from employees on a range	⭘ Employees to be provided with ethical awareness training to embed high ethical standards, in accordance with the Nolan principles, an understanding of ethical risks and ability to make decisions with integrity and confidence. ⭘ Financial Regulations and Standing Orders require further embedding in the organisation. ⭘ The Council should ensure its policies regarding declaration of personal interests are embedded in the organisation. ⭘ The Council needs to ensure it continuously reinforces its Counter Fraud Strategy across the Council. ⭘ The role of the Governance Group needs to be refreshed. ⭘ The Corporate Complaints Policy is to be amended so that it includes specific provisions in relation to data protection complaints.

What is working well and areas for improvement

Core Principles of the Framework	Overall Assessment	Strengths	Areas for Improvement
		of issues with an annual employee engagement survey in place; ○ A process and timetable is in place for production of reports to ensure they are not presented to Council, Cabinet, Committees and Cabinet Members without being appropriately considered for legal and financial implications; ○ Financial Management Arrangements conform to the Financial Management Code, and a self-review of arrangements was considered by the Audit Committee in March 2025; ○ The Governance, Ethics and Standards Committee monitors and reviews the operation of the Constitution and has recommended a number of amendments during the year that have been agreed by Council; ○ Role profiles have been agreed for Members and the role profiles for the Chairman and Vice Chairman amended following the merger of the civic and chairman roles; ○ Clear channels of communication are in place for all sections of the community and stakeholders, including digital and social media, internal communications, publications and campaigns; ○ The Council's Corporate Governance Group is chaired by the Executive Director of Corporate Services & Transformation and attended by representatives from each Department, Internal Audit and the Section 151 and Monitoring Officers, as well as deputies for the statutory roles; ○ The Council reviews how it best protects its vulnerable residents and seeks to take on board learning from all relevant reviews whether they are Derbyshire focussed or not;	

What is working well and areas for improvement			
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**
		○ The Council's corporate complaints procedure has been reviewed to ensure alignment with the LGSCO complaints handling code; ○ An online learning introduction to equality, diversity and inclusion is available for current employees to complete and this is now part of the induction programme for all new starters. This is being updated in Quarter 1 2026 to reflect the Equality, Fairness and Opportunity approach adopted in the Council; ○ The Council has a Whistleblowing Policy which was refreshed and updated in 2025/26. An accessible form is available internally and externally now, with data available to monitor the compliance with the policy.	

Principle B Ensuring openness and comprehensive stakeholder engagement	**Review**	○ The Assistant Director of Finance (Audit) produces an Annual Report which is considered by Audit Committee, highlights both significant areas of good practice and those where improvements can be made. This Report includes the annual internal audit opinion which concludes on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control; ○ The Council has an established Consultation and Engagement Toolkit, with further refresh planned to align with the emerging Customer Experience Strategy. ○ The Council engages with the citizens of Derbyshire and consults stakeholders as part of the decisionmaking process where appropriate. Revised reporting has assisted in consistently ensuring openness and consideration of stakeholder consultation. Citizens, trade unions and business ratepayers are all engaged when setting the budget. This consultation sits within the wider context of the annual Your Council, Your Voice Survey which measures resident satisfaction with Council services as well as identifying residents' priorities;	○ It is proposed that a redesign of the Partnership Protocol and Toolkit is undertaken. The approach will commence with a review of existing partnerships which will provide the baseline for the wider redesign of tools and create a clearer picture of current arrangements and a mechanism for ongoing corporate oversight; ○ The Council should improve how the organisation interacts and delivers services with partners. This includes the risks of particular partnerships on the Council; ○ A new streamlined process for Officer decisions to be published through Mod.gov. requires roll out and embedding; ○ Improved use of the Joint Strategic needs Assessment in strategic Council decision making; ○ The Communications policy is currently being refreshed to reflect LGR and the Council's efficiency programme.

What is working well and areas for improvement			
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**

		O The Council has reinstated its Parish and Town Council Liaison Forum with six monthly meetings in place. These have been highly successful with increased attendance, greater involvement of Council Services and opportunities to undertake networking across the sector; O The Council undertakes a wider range of partnership and stakeholder activity to support the development of key programmes of work which enhance services, improve systems and increase investment into the county; O An annual Employee engagement cycle is in place with annual employee survey and feedback on outcomes and progress against the organisation action plan; O Decision making protocols are in place to ensure the Council complies with its legal obligations under the Equality Act including the use of Equality Impact assessments. O A Communications Strategy is in place; O The Council has an online Committee Management System (mod.gov) to improve access to councillors, decision making and democracy; O Decisions are published on the Council's Derbyshire Democracy Website; O The Forward Plan of forthcoming key decisions to be considered by Cabinet and Cabinet members is embedded, published online and reported to CMT and Cabinet; O The template report contains a specific paragraph heading to ensure consultation feedback, including comments from Scrutiny Committee where they have carried out pre-decision scrutiny, is clear and transparent.	

What is working well and areas for improvement

Core Principles of the Framework	Overall Assessment	Strengths	Areas for Improvement

Principle C Defining outcomes in terms of sustainable economic, social and environmental benefits	**Review**	⭘ The Council Plan 2026–2029 outlines the Authority's strategy and vision, defining key priorities, values and intended outcomes; ⭘ Departmental and Directorate Plans are developed which are consistent with the overarching Council Plan and incorporate a range of performance measures; ⭘ Progress against a range of targets is monitored. ⭘ Performance against financial and performance targets is formally monitored on a quarterly basis within the Performance Monitoring and Budget Monitoring / Forecast Outturn Report; ⭘ The Council has an established risk management framework, which is currently being updated, including a revised policy and strategy subject to Cabinet approval; ⭘ The existing customer charter was updated in the form of a set of Customer Commitments, which were co designed by cross-council working groups during 2024. The Customer Commitments were reviewed and slightly updated by the new administration and form part of the new Council Plan 2026-29; ⭘ Capital investment is structured and in line with the Investment Strategy; ⭘ The Asset Management Strategy provides the vision and strategy for the alignment of assets with Council goals and objectives; ⭘ Reporting templates prompt consideration of a longerterm view in the decision-making process, with more emphasis placed on measuring and monitoring outcomes as opposed to outputs. The templates also ensure that the decision maker is advised on the wider implications of the decision, including Health and Safety, Environmental Sustainability, Property and Asset Management, Risk Management and Safeguarding	⭘ The Council's updated complaints policy and process will be implemented; ⭘ The current guidance on risk assessments will be reviewed and updated if required; ⭘ Training related to health and safety will be reviewed and updated if required; ⭘ The Council should continue its focus on monitoring budgets to ensure any forecast overspends are managed effectively to maintain a balanced budget; ⭘ An Environmental Sustainability Strategy and Action Plan are in development and subject to adoption. ⭘ Decision report templates will be amended to ensure LGR implications are considered by the decision maker

What is working well and areas for improvement			
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**
Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	**Good**	⭘ Financial and Procurement Strategies are in place; ⭘ The Council has Scrutiny Committees in place; ⭘ The Council produces its plan through an Integrated Strategic Planning Cycle, which includes public engagement in developing the Council Plan; ⭘ The Council updates its Five-Year Financial Plan as part of the annual budget setting process, alongside a review of its reserves position; ⭘ The Council undertakes Equality Impact Assessments to support decision making and to demonstrate compliance with its legal obligations under the Equality Act.Work is underway to develop an electronic portal to ensure these are collated and opportunities for sharing best practice exploited; training is available to support consistency of approach when developing EIAs; ⭘ Briefings between officers and Cabinet members are embedded to ensure information needs to support decision making are met; ⭘ The Council upgraded its Enterprise Resource Planning (ERP) system, SAP to S4, which in turn has mitigated technical infrastructure risk; ⭘ The Council has reviewed the Code of Practice on good governance for Statutory officers and implemented the majority of the approved recommendations and actions flowing from that review, including strengthening the provisions regarding statutory officers in the Constitution.	⭘A consistent need to reinforce information governance awareness and capability, particularly around Freedom of Information handling, Records of Processing Activities (ROPA), A and data security responsibilities; ⭘The Council has reviewed the Code of Practice on good governance for Statutory officers and should implement the outstanding approved recommendations and actions flowing from that review; ⭘The People and Workforce Strategies will be finalised following confirmation of the Council Plan and Integrated Strategic Plan.

Principle E	**Review**	Members and officers work together to deliver a common purpose with clearly defined functions and roles;	Whilst departmental people plans are in place aligned to the People Strategy, the organisation would benefit from a strategic workforce plan to support future talent provision and workforce changes; work is underway to

What is working well and areas for improvement			
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**

Developing the entity's capacity, including the capability of its leadership and the individuals within it		⭘ Following the 2025 county council elections a comprehensive induction programme for Elected Members was delivered, including Code of Conduct training; ⭘ Employee development is supported through the provision of generic and specific learning interventions, including initiatives on DLO and supporting the maintenance of professional standards and qualification training. Improved awareness and utilisation of key talent pipelines, including apprenticeships, have been deployed, alongside the successful development and deployment of a graduate development scheme: Executive directors and statutory officers attend weekly Corporate Management Team (CMT) meetings to bring the Council together as a whole. Attendees are party to the development of policy from an early stage. Informal meetings are held between Cabinet and CMT on a monthly basis: ⭘ The Inspiring Leaders development programme has now completed phase 1. Mandatory development programme for all line managers and leaders at G12+, which aims to develop the leadership behaviours needed to lead change and inspire our people and teams to high performance. ; ⭘ The Council has implemented a revised employee performance management policy and has implemented the Performance and Development Review (PDR) across leadership cohorts, replacing the former MyPlan approach. Talent reviews have been held to consider the performance and potential of all leaders undertaking roles at grade 14 and above; ⭘ Employees are able to access training in new technology and IT systems to ensure effective use of systems;	validate workforce structural accuracy and develop a costed Strategic Workforce Plan; ⭘Awareness of the anti-fraud, anti-corruption and Whistleblowing policies needs to be reinforced across the Council; ⭘The Scheme of delegation is in the process of review. Executive Directors are progressing this review which should be completed in 2026: ⭘The number of senior roles held by interim appointments should be reduced; recruiting permanent staff to promote stability: ⭘Levels of induction training compliance need to be improved: ⭘The arrangements for Member training and development are still evolving and require finalising and embedding:, ⭘The levels of induction training completion should be increased.

What is working well and areas for improvement

Core Principles of the Framework	Overall Assessment	Strengths	Areas for Improvement
		○ The Constitution contains a clear statement of the roles and responsibilities of the Leader and Head of Paid Service; ○ The Member and Officer Relationships Protocol in the Constitution sets out the different roles of Members and Officers.	

Principle F Managing risks and performance through robust internal control and strong public financial management	**Review**	**O** The Audit Committee operates in accordance with prescribed terms of reference. The Committee receives, approves and monitors the Audit Plans for internal and external audit; **O** The Audit Committee monitors the effectiveness of the Authority's risk management arrangements. Executive Directors attend the Committee to discuss key risk within their department; **O** The effectiveness of the governance framework including the system of internal control is reviewed annually; **O** Internal Audit review the effectiveness of the Authority's internal controls; **O** The Strategic Risk Register is subject to regular review; **O** Horizon scanning activity is undertaken to identify new and emerging risks; **O** Embedded Financial Regulations were reviewed during 2025/26, with approval due in 2026/27. Amendments to Standing Orders were approved in 2025/26. **O** The Council has a Medium-Term Financial Plan and Budget Monitoring policies in place, endorsed by the LGA's Corporate Peer Review; **O** The Scrutiny Committees scrutinise decisions made, or actions taken in connection with the discharge of any of the Council's functions; **O** The standards of behaviour and conduct are detailed in the Member and Officer Relationships Protocol and Code of Conduct;	**⊖** The Cyber Security Strategy & Incident Management Process needs embedding; **⊖** There have been delays in revaluing property for insurance purposes; **⊖** A Data Management Strategy has not yet been introduced. This due to be introduced in 2026 **⊖** Develop the process for lessons learnt from internal incidents and external Public Interest Reports; **⊖** Access to financial information needs to be improved to build budget ownership and therefore improve financial management; **⊖** Improve and strengthen the Council's Business Continuity Planning Arrangements. Review all Business Continuity Plans and refresh where required; **⊖** Further embedding of Risk Management Strategy required alongside further embedding and increased understanding of risk management at an operational level; **⊖** Reinforce the importance of Information Governance across the Council; **⊖** Assurance is required over the quality of performance monitoring below divisional level; **⊖** The Council is currently reviewing the level of resource it assigns to answering Subject Access requests (SARs) to ensure they are dealt with in a timely manner; **⊖** The Council needs to further consider the impact of AI on its information governance processes and risk and implement mitigation strategies.

What is working well and areas for improvement			
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**

		○ Quarterly corporate performance and financial management reports are produced and presented to Cabinet. This supplements performance management arrangements operating within individual Departments; ○ The Audit Charter formalises procedures including the independence of Internal Audit and unrestricted access to all Members, officers and documentation as appropriate; ○ The Council has a designated Data Protection Officer, who provides an annual report to CMT.	
Principle G Implementing good practices in transparency, reporting and audit to deliver effective accountability	**Review**	○ The Constitution defines how the Council operates and the decision-making processes to ensure the Council is efficient, transparent and accountable to local people; ○ Two independent Members have been appointed to the Audit Committee ○ Resource has been made for an Internal Audit Service. Regular progress reports on audit findings are received by Audit Committee to provide assurance on the risk management, governance and internal control arrangements of the Council; ○ The Audit Plan determines how Audit resources will be focused, allowing formation of an annual internal opinion on the Council's framework of governance, risk management and control; ○ The Council's Audit function is subject to an external quality assessment; ○ Audit resources to be targeted on areas which add most value; ○ Council, Departmental and Service Plans set out objectives and include performance targets; ○ Council, Cabinet and Committee meetings are open to the public, unless exempt or confidential information is being considered, and minutes are published on the website to aid transparency;	○ The process to produce the AGS in a timely manner needs further embedding; ○ Plans are being developed to undertake a selfassessment of audit committee skills and experience; ○ The systems and protocols to support and monitor partnership working require review and improvement The Council is creating a comprehensive picture of all current partnership arrangements. The register is intended to bring oversight, governance and assurance to partnership activity so that risk can be appropriately managed; ○ The recent developments in scenario planning should be built upon to enhance the Council's compliance with the CIPFA financial management code; ○ The Council has recently reviewed its MTFS process to align with the Council plan but needs to further develop its medium-term financial planning, especially related to capital expenditure.

What is working well and areas for improvement			
Core Principles of the Framework	**Overall Assessment**	**Strengths**	**Areas for Improvement**
		○ Departmental Financial Schemes of Delegation supplement the Council's Financial Regulations and Standing Orders relating to Contracts; ○ The Assistant Director of Finance (Audit) produces their Annual Report which is considered by Audit Committee and highlights both significant areas of good practice and those where improvements can be made; ○ The Council routinely publishes data and meets requirements of Local Government Transparency Code; ○ A Forward Plan of 'key decisions' is now embedded that looks to the future for a period longer than the statutory requirement; ○ The Monitoring Officer reports the Annual Review Letter of the Local Government and Social Care Ombudsman to Governance Ethics and Standards Committee and Cabinet on an annual basis. Corporate complaints data is also reported to the Governance, Ethics and Standards Committee on an annual basis. ○ Recommendations made during Internal Audit reviews are recorded and progress monitored using the Recommendation tracking application. ○ In 2026, the Council produced its first Data Protection Annual Report. This contained agreed improvements within an action plan, which will be monitored by the Information Governance Group.	

The Annual Governance Statement & Opinion

We have been advised on the implications of the results of the review of the effectiveness of the governance framework by the Audit Committee. It is our opinion that whilst the Council's corporate governance framework is considered generally fit for purpose, there are areas that require improvement to enable it to be considered fully adequate. Where there is an area which requires improvement, the Council has a plan to address identified weaknesses and ensure continuous improvement of the system is in place. This plan is attached to this document.

We propose over the coming year to take steps to address those opportunities for improvement highlighted above to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements which were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

[redacted]

Councillor Alan Graves
Leader of the Council

25 June 2026

[redacted]

Neil Crittenden
Chief Executive

24 June 2026

For Derbyshire County Council