



STOCKPORT
METROPOLITAN BOROUGH COUNCIL

STOCKPORT METROPOLITAN BOROUGH COUNCIL STATEMENT OF ACCOUNTS SUBJECT TO AUDIT

2025/26



Ambitious Stockport, creating opportunities *for everyone*

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PART 1

STOCKPORT METROPOLITAN BOROUGH COUNCIL STATEMENT OF ACCOUNTS

DIRECTOR OF FINANCE - SECTION 151 OFFICER) NARRATIVE REPORT

I am pleased to present the council's 2025/26 Statement of Accounts.

The Statement of Accounts has been prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting in the United Kingdom. It forms a key element of the council's financial governance framework and provides assurance to Stockport residents, Members and other stakeholders on the council's financial performance and position. The Accounts support transparency and accountability by enabling readers to:

- understand the council's overall financial position and the 2025/26 revenue outturn, as monitored and reported throughout the year;
- have confidence that public resources have been properly managed and accounted for; and
- be assured of the robustness and sustainability of the council's financial standing.

Legislation requires councils to publish their draft annual statement of accounts for 2025/26 no later than 30 June. This deadline has been extended from 31 May for the financial years 2024/25 to 2027/28. Officers across the council have worked diligently to ensure the Accounts have been prepared accurately, transparently and on a timely basis, drawing on information reported through the council's regular budget monitoring and financial reporting processes during the year. The draft Statement of Accounts was published and made available to the council's External Auditors on 29 June 2026.

During the year, the council was named Local Authority of the Year, recognising the quality of its core services and the delivery of its transformation programme. Strong financial management has been central to this achievement, supporting the efficient and effective delivery of more than 800 local services to Stockport residents and businesses. The council's financial robustness and resilience continue to support service delivery in an increasingly challenging financial environment. Demand-led services supporting the most vulnerable residents, including social care for vulnerable children and an ageing population, services for children with special educational needs, and support for residents who are homeless and require temporary accommodation, continue to experience significant budget pressure. The council's 2025/26 year-end outturn deficit of £5.392m, before the use of budget resilience reserves to balance the position, and a 4% overspend on service budgets compared with the planned spend at the start of the financial year, reflect these challenges.

This position is not unique to Stockport. Councils across the country are experiencing similar budget pressures, with a concerning number warning of financial distress and the potential need for Exceptional Financial Support from government. Recognising the responsibility to use public funding efficiently and effectively to deliver local services, the finance team has worked with budget holders to address these pressures. Actions have focused on the strong in-year financial controls, cost avoidance, mitigations and the delivery of service recovery plans focused on prevention and intervention, supported by

regular budget monitoring. These measures have helped to limit budget pressures and avoid costs that would otherwise have adversely affected the year-end outturn position.

At the start of the year, the council faced a savings requirement of £20.945m to balance its 2026/27 Budget. In response, £8.037m of savings proposals were approved alongside other measures to achieve a balanced budget. These proposals required difficult decisions, focused on mitigating demand pressures, supporting longer-term transformation and ensuring efficient and effective service delivery. The Local Government Finance Settlement announced in February confirmed the first multi-year settlement in ten years, covering national funding allocations for the financial years 2026/27 to 2028/29. The settlement included the formal outcome of the government's fairer funding review and the redistribution of national funding across councils. This has had a detrimental impact on the council's medium-term financial position and presents a significantly challenging financial outlook. By 2028/29, the council's funding will increase by 7.53%, compared with an England average increase of 15.52%. Funding per resident by 2028/29 will be £1,206, compared with the England average of £1,424. This level of funding increase is insufficient and results in a savings requirement of over £23m by 2029/30, reflecting the rising cost of delivering local services.

This represents a significant financial challenge and will require difficult decisions in the years ahead about which services the council delivers and how they are delivered, to maintain a robust and resilient financial position. Investment in service budgets will help support the council's budget resilience in 2026/27. However, rising demand and increasing complexity of need continue to place pressure on the council's budget. This reinforces the importance of robust financial planning, disciplined decision-making and informed choices through the Medium-Term Financial Plan (MTFP). While recognising these challenges, the council must remain focused on the £380m net revenue budget available in 2026/27 and its responsibility to spend every pound wisely in delivering local services. To this end, the council remains focused on delivering transformational change to maintain financial sustainability and support the strategic priorities and ambitions set out in the Council Plan and the One Stockport Borough Plan.

The Finance Service continues to provide strong financial leadership across the council through its well-established business partnering approach. Its commitment to innovation, excellent financial leadership and effective financial management remains central to this approach. Alongside a commitment to continuous improvement, this ensures that financial management processes remain fit for the future, supporting transformation, service redesign and the council's long-term ambitions. Strong financial governance and comprehensive financial management arrangements, including budget monitoring, medium-term financial planning, the Capital Strategy, Treasury Management Strategy and a clearly defined Reserves Policy, provide a strong framework for the council's continuing financial robustness and resilience. Supporting informed decision-making, enabling the council to manage risk, smoothing the impact of unforeseen costs and allocating resources effectively in support of the council's long-term priorities and investment plans are more important than ever.

The dedication and hard work of Members, Officers and the Finance Service have fostered a strong culture of financial management and accountability, positioning the council to respond to the budget pressures ahead.

The following Narrative Report provides information about Stockport Metropolitan Borough Council. It highlights the key issues affecting the council and its Statement of Accounts and includes a summary of the council's financial position as at 31 March 2026.

Jonathan Davies
Director of Finance - Section 151 Officer

INTRODUCTION TO STOCKPORT

Stockport is a metropolitan borough located between the Peak District, the Cheshire Plain and the city of Manchester. Its mix of communities, local centres and employment areas, together with strong transport and economic links, continues to attract increasing numbers of people to live, work and spend their leisure time in the borough. While this supports economic activity and vibrancy, it also contributes to growing demand for public services.

The council's approach to service delivery, regeneration and financial management received national recognition during the year, with Stockport Council named "Local Authority of the Year" at the 2025 MJ Awards, reflecting the effective alignment of strategic ambition, investment and service delivery. This recognition provides independent validation of the council's governance and strategic direction.

National media coverage has highlighted the town's transformation from a period of decline to a more vibrant town centre, supported by sustained regeneration activity and a growing independent retail and food offer. BBC and other national reporting have pointed to Stockport's evolution from being perceived as a "ghost town" to a destination with increased footfall, a strengthened evening economy and regular community events such as Foodie Friday, reflecting changing perceptions of the town centre.

This progress has also been recognised independently through economic and urban-renewal analysis. In 2025, PwC featured Stockport in its 'Good Growth' work, identifying the borough as an example of large-scale town-centre regeneration delivered through strategic partnerships, including the Mayoral Development Corporation model. PwC highlighted Stockport's role within the Greater Manchester economy and its focus on inclusive, place-based growth as factors contributing to increased business interest and residential demand.

Stockport's location, transport connectivity and relative affordability have also contributed to its growing appeal. In 2025, Stockport was named among the UK's top commuter towns in independent research reported by the Manchester Evening News, reflecting short rail journey times to Manchester, housing affordability when compared with neighbouring areas, and overall quality-of-life indicators.

The borough's regeneration has been underpinned by major infrastructure investment. Stockport Interchange, a central component of the town centre regeneration programme, has received national recognition, including being named Major Project of the Year at the 2025 Highways Awards. The Interchange provides enhanced transport connectivity, new public realm including a rooftop park, and has become a key gateway to the town centre, supporting wider economic activity and accessibility.

More recently, Stockport has also been selected as a filming location for major UK television productions. During 2025, parts of the borough were used as filming locations for the Netflix series *House of Guinness*, reflecting the suitability of Stockport's historic streets and built environment for high-profile productions and adding to the borough's cultural and creative profile.

Together, these developments reflect the impact of long-term investment, regeneration and partnership working across the borough. While contributing to Stockport's growing attractiveness and profile, they also reinforce the need for carefully balanced financial planning, infrastructure provision and service delivery to manage the increased demand associated with growth.

KEY FACTS ABOUT STOCKPORT

Stockport is one of ten councils within the Greater Manchester region and provides more than 800 services that support and enhance the lives of residents, businesses, and visitors. Over the past year, the council has delivered a wide range of improvements, initiatives, and investments, including:

Some of the services we've delivered this year



Over 11,500 school applications supported



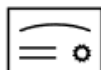
Acted as corporate parent for over 500 children in care



Over 600 new homes built in Stockport



More than 3,000 streetlight repairs completed



Registered more than 7,000 births and deaths



More than £17m additional income from benefits estimated to have been secured for residents



More than 14,500 children supported through household support vouchers



Council Tax collection rate of 97.25% during 2025/26



Over 14 million household bins emptied



More than 3,200 planning applications dealt with



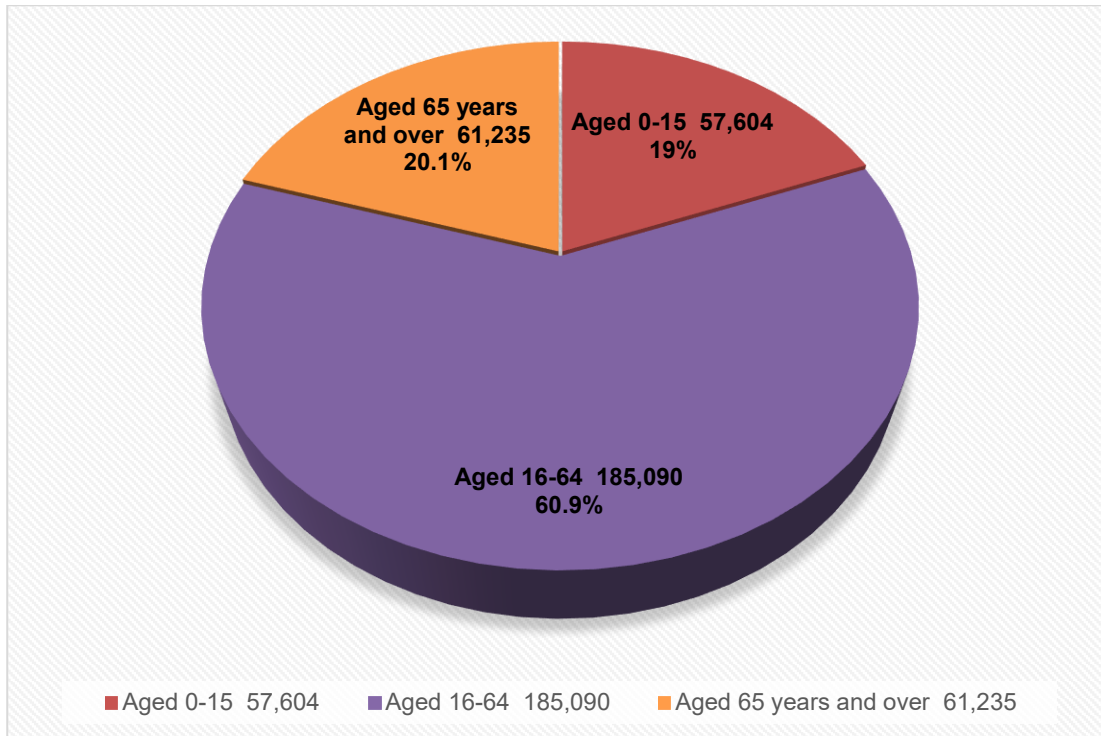
Adult Social Care dealt with over 12,000 requests for information, advice or support



Over 12,500 assessments undertaken by Adult Social Care

Population

The 2024 Mid-Year Population Estimates reports Stockport's total population as 303,929. The age profile of the population is shown below:



Stockport's age profile shows a slightly lower proportion of working-age residents (age 16-64 inclusive) 60.9% compared with regional and national averages. In contrast, residents aged 65 and over make up a higher share of the population 20.1%, and the number of people aged 85 and over continues to grow, contributing to increasing demand for health and social care. The proportion of children and young people aged 0–15 (18.9%) remains in line with both regional and England averages. Population growth over the medium term is expected to be driven largely by older age groups.

Local Economy

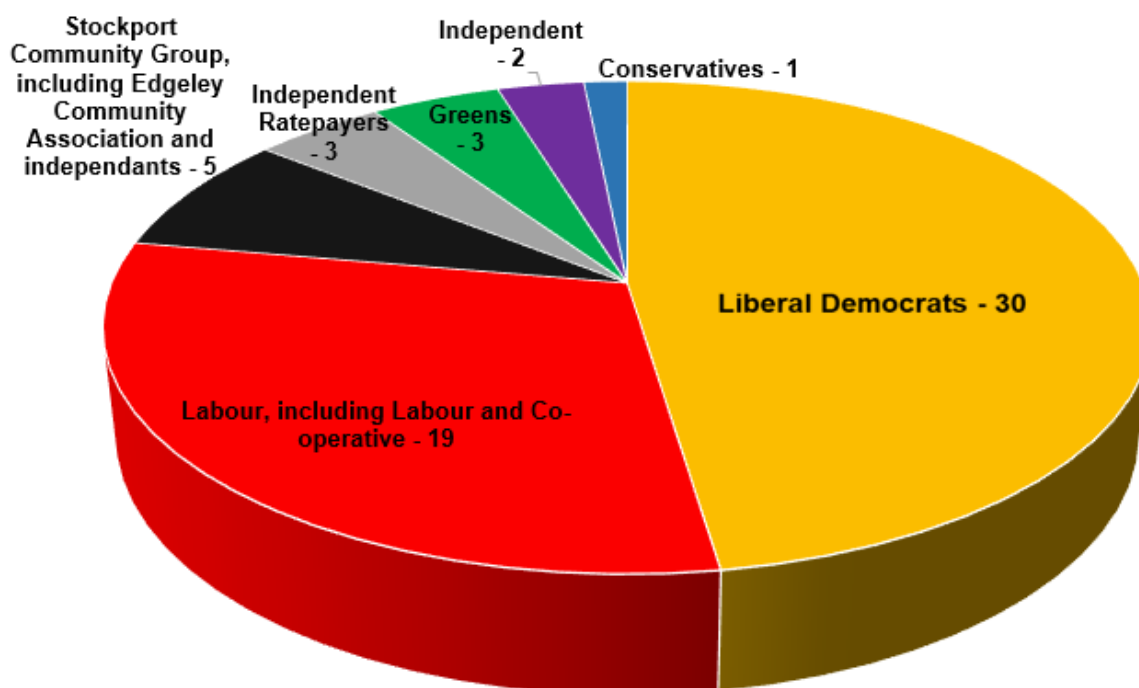
Stockport has a strong and diverse local economy, supported by a highly skilled workforce and a high quality of life. Around a third of residents work in management and professional roles, and the borough has a higher proportion of skilled and self-employed workers than both the Northwest and the UK. Stockport also benefits from a broad Foundation Economy, with significant employment in health and care, food, housing, energy, construction, tourism and retail.

Business activity remains vibrant, with 12,100 businesses operating in the borough, including many high-growth firms and national and international headquarters. Employment levels are strong: 143,400 residents are in work, giving Stockport an employment rate of 75.3%, while the economic activity rate of 78.7% both rates are above the regional average. Although unemployment has historically been low, claimant levels currently stand at 3.1%, with a rate of 6.9% for young people aged 18–24.

Stockport's Economic Plan, aligned with the One Stockport Borough Plan, aims to ensure that more residents benefit from economic growth. The council's ambitious regeneration programme continues to transform the town centre. Recent milestones include the revival of the Underbanks as a thriving hub for independent businesses, the new Transport Interchange and Viaduct Park, and the continued expansion of Stockport Exchange. The Mayoral Development Corporation area has also been extended to include Town Centre East, creating more opportunities for new homes and employment space.

Political Structure

The Borough of Stockport is made up of twenty-one wards, with three councillors representing each ward. Although 2025 was a fallow year for the local elections, there were changes to the political make-up of the council during the year. The political make-up for the financial year covered by these accounts was:



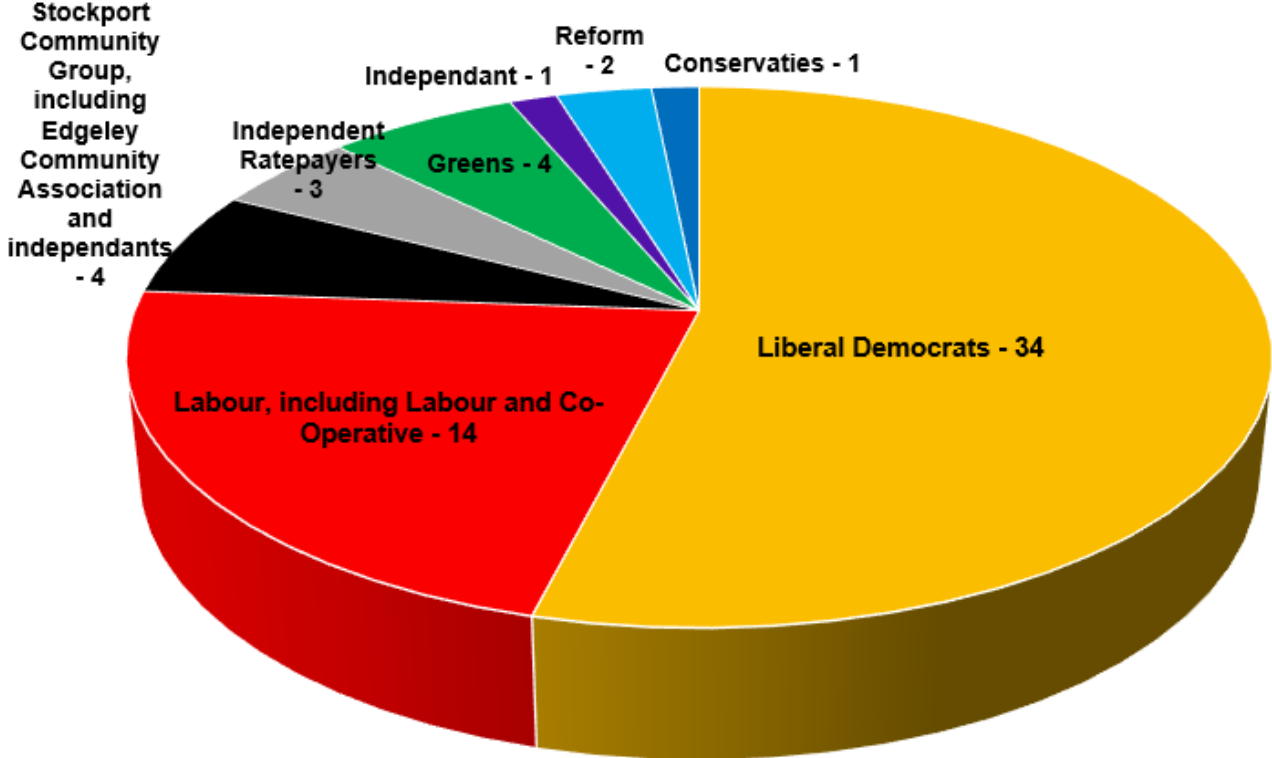
The Cabinet is the main decision-making body of the council and is responsible for the strategic management of council services. The Cabinet consists of the Cabinet Leader and seven Cabinet Member Councillors, each of whom holds a Cabinet Member Portfolio.

The Cabinet Member Portfolios and their Cabinet Members during financial year 2025/26 were:

- Leader of the council – Councillor Mark Roberts
- Finance and Resources – Councillor Jilly Julian (Deputy Leader)
- Communities, Culture and Public Protection – Councillor Dan Oliver
- Parks, Highways and Transport Services – Councillor Grace Baynham
- Children, Families and Education - Councillor Wendy Meikle
- Health, Wellbeing and Adult Social Care – Councillor Helen Foster-Grime
- Economy, Regeneration and Skills – Councillor Micheala Meikle

- Housing and Environment – Councillor Jake Austin

A local election was held on 7 May 2026 where 21 council seats were up for election. Following the Election results there has been a change in the political make-up of the council. The council moves from being in no overall control to overall control by the Liberal Democrats. The political make-up of the council following the 7 May 2026 elections is:



The Cabinet Member Portfolios and their Cabinet Members following the 26 May 2026 Council meeting are as follows:

- Leader of the council – Councillor Mark Roberts
- Finance, Resources and Innovation – Councillor Jilly Julian (Deputy Leader)
- Communities, Culture and Public Protection – Councillor Dan Oliver
- Parks, Highways and Transport Services – Councillor Grace Baynham
- Children, Families and Education - Councillor Colin Macalister
- Health, Wellbeing and Adult Social Care – Councillor Helen Foster-Grime
- Economy, Regeneration and Skills – Councillor Micheala Meikle
- Housing and Environment – Councillor Jake Austin

Council Plan

The 2026 to 2029 Council Plan was approved by Stockport Council in February 2026. It is an organisational plan that sets out Stockport Council's ambitions and priorities for the next three years and provides the high-level framework that shapes decision-making, budgets and strategic planning. It is a public-facing summary document which sits above the annual

Portfolio Performance and Resource Agreements that provide key performance measures for each of the council’s seven Portfolios and aligns fully with One Stockport, One Future, our shared 15 year vision for Stockport and is built around five big ambitions and two cross-cutting priorities. These are linked to the One Stockport Borough Plan’s three core themes:

ONE HEART

At the heart of Stockport are its people and the communities in which they live.

- 1 A caring and growing Stockport**
Stockport is a great place to grow where children have the best start in life
- 2 A healthy and happy Stockport**
People live the best lives they can - happy, healthy and independently
- 3 A strong and supportive Stockport**
Confident and empowered communities working together to make a difference

ONE HOME

Stockport is a great place to live, where no one is left behind.

- 1 A fair and inclusive Stockport**
A borough for everyone - diversity and inclusion is celebrated and everyone has equity of opportunity
- 2 A flourishing and creative Stockport**
Stockport is an exciting place to live, where people are active and celebrate the culture
- 3 A climate friendly Stockport**
Stockport is a responsible and sustainable borough

ONE FUTURE

Growing, creating and delivering a thriving future for Stockport.

- 1 An enterprising and thriving Stockport**
A thriving economy which works for everyone
- 2 A skilled and confident Stockport**
Everyone has the opportunities and skills to successfully achieve their ambitions
- 3 A radically digital Stockport**
A digitally inclusive and dynamic borough

The “5 Big Ambitions” and associated priorities are:

Ambition 1: Good jobs and homes aiming to grow a productive, inclusive economy with more good quality jobs and new homes that meet the needs of all our communities.

Ambition 2: The best place to grow up every child and young person to have the best start in life, with excellent education, early years support and opportunities to thrive.

Ambition 3: Best health and care improving residents’ health and wellbeing by providing joined-up, accessible care and supporting people to live independently for longer.

Ambition 4: Thriving neighbourhoods working with communities to build safe, connected and vibrant neighbourhoods where people can access local support, services and opportunities.

Ambition 5: Clean, Green Transport improve sustainable travel options, including active travel and public transport, to create a cleaner, greener and better-connected borough.

These ambitions are underpinned by two cross-cutting priorities:

- **Fair and Inclusive** “Our commitment to being a fair and inclusive borough ensures that everyone has equity of opportunity, with our work rooted in the lived experience of communities and aimed at reducing inequalities across Stockport.”
- **Climate and Nature** “Our focus on climate and nature drives urgent action to reduce emissions, protect the natural environment and embed sustainable, climate-resilient approaches across all council services.”

To ensure delivery, the Plan is supported by four key enablers:

Workforce, Working with Others, Radically Digital, and Spending Wisely.

The Plan confirms Stockport Council's commitment to delivering efficient and effective essential services while also investing in long-term regeneration, improving health and care, supporting children and young people, reducing inequalities, and addressing the climate and nature emergency.

Progress will continue to be monitored through Portfolio Performance and Resource Agreements and reported regularly to scrutiny committees. In addition, the Council Plan frames the council's response to its Medium-Term Financial Plan (MTFP) and our commitment to a transformation-led strategy, which aims to manage service demand, deliver services more efficiently ensuring value for money is achieved and focus on the outcomes for Stockport residents and businesses.

Council Values

Underpinning the vision and mission of the council are our Council Values, which are:



**Thinking
Stockport**



**Achieving as a
Team**



**Working with
Ambition**



**Showing everyone
Respect**

Corporate Leadership Team Structure

The council's Corporate Leadership Team (CLT) provides managerial leadership, supporting and advising elected members in:

- Developing the council's strategies;
- Identifying and planning resources for the council;
- Delivering council plans; and,
- Reviewing the council's effectiveness in delivering excellent services to the residents of Stockport.

During the year CLT was made up of the following senior officers:

- Chief Executive (Chair).
- Deputy Chief Executive.
- Executive Director of Corporate and Support Services.
- Executive Director of People and Integration and Director of Children's Services
- Director of Finance (Section 151 Officer).
- Director of Place Management.
- Director of Education Work and Skills.

- Director of Adult Social Care.
- Director of Public Health.

Our Corporate Leadership Team
May 25

Michael Cullen
Chief Executive
Michael.Cullen@stockport.gov.uk

Paul Richards
Deputy Chief Executive
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Christine McLoughlin
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Jonathan Davies
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Tim Bowman
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Sarah Dillon
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Jilla Burgess Allen
Director of Public Health
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Ambitious Stockport, creating opportunities for everyone

In addition to the above there is also officer representation from the NHS/Integrated Care Board (ICB) who is not a council employee.

Council Employees

At the start of April 2025, the council employed 2,587 full time equivalents (FTEs) excluding school-based employees. By March 2026 this had decreased slightly to 2,581 FTEs, a reduction of 6 FTEs (around 0.2%).

Our One Team People Plan, co-designed with our workforce and partners, continues to evolve to reflect the changing work environment. Since its introduction, it has helped embed hybrid and agile working through our Working Our Way programme, strengthened our approach to wellbeing, and supported a culture rooted in our values, based around the five pillars:

Our Five Pillar Plan

ONE TEAM



Join Us

Stockport Council is employer of choice providing local employment for our communities.



Grow and Thrive

Everyone thrives, has access to learning and development and can reach their potential.



Feel Supported

Wellbeing is a priority and everyone feels supported and valued. People first, professional second.



Belong Here

There is an inclusive culture where all individuals are respected and treated fairly, where diversity is celebrated and where everyone can be themselves and thrive.



Live Our Values

Our values and behaviours are at the core of how we work to deliver our One Stockport Borough Plan.

The plan has driven significant organisational change, including:

- Developing inclusive and values-based approaches to recruitment and retention;
- Expanding opportunities for colleagues to learn, grow and progress;
- Prioritising wellbeing through enhanced support, restorative practice and a strong network of Wellbeing Champions;
- Championing equality, diversity and inclusion through engagement groups and targeted workforce initiatives; and
- Embedding our vision, mission and values across the organisation.

Greater Manchester Devolution and Partnership Working

The Greater Manchester (GM) Devolution arrangements continue to strengthen the ability of local leaders to design and deliver services that meet the needs of communities across the city region. The 2023 Trailblazer Devolution Deal expanded GM's powers across key policy areas including transport, skills, housing, regeneration, innovation and net-zero programmes, giving Greater Manchester Combined Authority (GMCA) greater flexibility and control over long-term place-based investment.

A major development during 2025/26 was the introduction of the single funding settlement in April 2025, streamlining multiple grants into a single multi-year allocation. This provides GMCA with greater financial certainty, improved accountability and the ability to plan strategically across local growth, transport, housing and skills.

In July 2025, GMCA published the Greater Manchester Strategy 2025–2035: Together We Are Greater Manchester, replacing the previous 2021–2031 strategy. The updated strategy sets a unified 10-year vision for a thriving, inclusive city region where every resident can live a good life and where economic growth goes hand-in-hand with reducing inequalities. As part of the transition from the former 2021–2031 “Good Lives for All” strategy, GM continues to track progress against five long-standing priority measures, which remain central to improving outcomes across the city region:

- **Poverty:** Supporting more families out of poverty through coordinated action across public services, business and the Voluntary, Community, Faith and Social Enterprise (VCFSE) sector.
- **Carbon Emissions:** Delivering progress towards GM's ambition to be a carbon-neutral city region by 2038, improving air quality and the natural environment.
- **Employment Rate – (racially minoritised & disabled people residents):** Increasing overall employment levels while narrowing employment rate gaps for racially minoritised and disabled people.
- **Healthy Weight:** Reducing levels of childhood and adult obesity through whole-systems approaches and strengthened governance.
- **Early Years Child Development:** Increasing the proportion of children achieving expected levels of development, with a focus on addressing spatial inequalities.

Stockport continues to play a key leadership role within the GMCA. Since 2022, the council has held the GM Young People portfolio, with the Leader of the Council serving as the GM portfolio lead for Young People and the council's Chief Executive as the senior officer lead, ensuring Stockport's priorities are reflected in regional work on education, participation, youth outcomes and skills development.

2025/26 FINANCIAL PERFORMANCE OF THE COUNCIL

2025/26 Revenue Budget and Capital Programme

On 27 February 2025, the council approved the 2025/26 Revenue Budget and Capital Programme.

The revenue budget was set at £355.978m, with £276.083m Cash Limit (Service) budgets and £79.895m Non-Cash Limit (Corporate and Democratic Core) budgets. The council approved the Council Tax Resolution with a 4.99% increase on Council Tax (including a 2% increase on the Adult Social Care Precept) for 2025/26. The three-year Capital Programme approved £223.171m of resources to be allocated to capital schemes in 2025/26.

Revenue Budget and Capital Programme Monitoring

The Revenue Budget and Capital Programme are monitored throughout the year. Progress reports are presented to the council's Cabinet and relevant Scrutiny Committees. Alongside these reports, the council's Treasury Management highlighting the performance of the council's investments and capital borrowing is reported to the Cabinet and the Corporate Resources Management and Governance Scrutiny Committee.

2025/26 Revenue Outturn Position

The council's 2025/26 revenue outturn position is shown in the table below:

Portfolio	Original Budget £000	Revised Budget £000	Final Outturn £000	(Surplus)/ Deficit £000
Children, Families & Education	74,006	76,511	84,249	7,738
Communities, Culture & Public Protection	7,941	8,387	8,132	(255)
Economy, Regeneration & Skills	1,542	541	591	50
Finance & Resources	38,972	41,130	40,539	(591)
Health, Wellbeing & Adult Social Care	130,775	138,687	144,594	5,907
Housing & Environment	8,994	15,314	14,908	(406)
Parks, Highways, & Transport Services	13,853	10,210	9,981	(229)
Total Cash Limits	276,083	290,780	302,994	12,214
Total Non-Cash Limits	79,895	65,198	61,894	(3,304)
Total Expenditure	355,978	355,978	364,888	8,910
Financed By				
Council Tax Income	173,133	173,133	173,133	0
Adult Social Care Precept	33,102	33,102	33,102	0
Business Rates Income	89,972	89,972	89,972	0
Business Rates Tariff	(20,724)	(20,724)	(20,724)	0
Grants in Lieu of Business Rates	28,692	28,692	28,692	0
Grants in Lieu of Business Rates - Green	124	124	124	0
Plant and Machinery Compensation				
New Homes Bonus	865	865	865	0
Better Care Fund Allocation	6,619	6,619	6,619	0
Social Care Grant	28,668	28,668	28,668	0
Sustainability and Improvement Fund	5,614	5,614	5,614	0
Children's Services Preventative Grant	883	883	883	0
Employers' National Insurance Contributions	2,149	2,149	2,149	0
Extended Producer Responsibility (pEPR)	2,501	2,501	2,840	339
GMCA Extended Producer Responsibility (pEPR)	2,168	2,168	2,168	0
Families First Partnership Programme			128	128
Transformation Grant 2025-26				
Simpler Recycling Food Waste Collection Grant			153	153
Other Grants			451	451
2023/24 Collection Fund Undeclared	1,392	1,392	1,392	0
2024/25 Collection Fund Declared	412	412	412	0
Waste Levy Reserve Return			2,447	2,447
Appropriation from Earmarked Reserves	408	408	408	0
Total Resources	355,978	355,978	359,469	3,518
Outturn	0	0	5,392	5,392

The outturn for the council's revenue budget before financing is a deficit of £8.910m. This is made up of a £12.214m deficit on cash limit (service) budgets offset by a £3.304m surplus on non-cash limit (corporate core) budgets. The deficit has been balanced at outturn by £3.518m of additional one-off resources recognised as a part of the council's general financing. The overall outturn position for the council's revenue budget is a deficit of £5.392m

when comparing budgeted (planned) expenditure with actual (incurred) expenditure. The year-end deficit of £5.392m will be funded from £1m Demand Changes Reserve and £4.392m from MTFP Resilience and Smoothing Reserve.

The Comprehensive Income and Expenditure Statement (CIES) shows a deficit on the provision of services of £35.537m. The difference between this and the outturn explained above relates to the adjustments that are made to the CIES through the Movement in Reserves Statement (MiRS) to ensure the council's Revenue Account is prepared on a funding basis rather than an accounting basis. Note 2, Adjustments between Accounting Basis and Funding Basis under Regulations reconciles the differences between the CIES deficit and the outturn. Some of the reasons for the differences include:

- Capital investments are accounted for when financed, rather than when consumed, for example General Fund Grants and Contributions of £63.612m were credited to the Comprehensive Income and Expenditure Statement in 2025/26;
- Charges for depreciation, revaluation losses and impairment of non-current assets and investment assets of £62.969m in 2025/26;
- Retirement benefits are charged as amounts when they become payable to the pension fund and pensioners, rather than as future benefits are earned (£4.800m for 2025/26); and,
- The Minimum Revenue Provision for capital financing as a charge to the General Fund does not appear in the CIES (£18.136m for 2025/26).

Dedicated Schools Grant (DSG)

The Centrally Held Budget (CHB) is managed by the council on behalf of schools and consists of a range of services to schools and pupils. The total DSG allocation which is centrally held is £106.990m, comprising the Early Years block (£56.528m), High Needs Block (£42.905m), de-delegated funding for services to local authority-maintained schools (£2.978m), Central School Services (£2.670m) and Central Reserve (£1.909m).

The 2025/26 outturn position on the CHB is a deficit of £24.983m. The significant cost pressure experienced in-year reflects the continued cost increases and demand in the high needs block including:

- Additional High Needs top-up support funding for pupils in mainstream schools;
- Increase in placements in high-cost external/independent providers;
- Increase in Post 16 student placements and associated costs; and
- Increase costs relating Pupil Referral Unit (PRU) provision.

In November 2020, the Government introduced a statutory override to accounting regulations allowing local authorities to exclude Dedicated Schools Grant (DSG) deficits from the General Fund Balance. Instead, these deficits are held as an unusable reserve on the Balance Sheet. This override remains critical given the scale of DSG pressures experienced across local government in England and has been extended to March 2028.

As at 31 March 2026, the council's cumulative DSG deficit is £68.078m, largely driven by sustained demand and cost pressures within the high needs block. This reflects a wider national issue, with the National Audit Office estimating cumulative DSG high needs deficits

across England of between £4.3bn and £4.9bn, excluding the additional cost of treasury management. It is also estimated that almost half of councils nationally have DSG deficits exceeding their usable reserves, highlighting the systemic nature of these financial pressures.

Following the 2025 Spending Review and the Final Local Government Finance Settlement, the Government confirmed in February 2026 that it will provide financial support to address historic DSG high needs deficits. This will be delivered through a High Needs Stability Grant, payable in Autumn 2026, covering 90% of eligible deficits accrued to 31 March 2026. For Stockport, this equates to £61.270m, subject to the submission and approval of a robust local SEND reform plan, which is currently being finalised.

The remaining 10% balance (£6.808m) will need to be funded by the council. This is likely to be met through a combination of reserves and/or the use of capitalisation directions, although the detailed arrangements for this are yet to be confirmed.

While these measures significantly reduce the scale of the council’s long-term balance sheet exposure, financial risks remain. The council continues to face ongoing demand-led pressures within the high needs system, with a further circa £60m cumulative deficit projected by 2027/28. This creates additional pressures through interim financing costs, as well as uncertainty regarding the treatment of any residual DSG balance when the statutory override ends.

Any remaining unfunded balance will need to be addressed through a combination of further Government support, reserves and/or provision within the Medium-Term Financial Plan, subject to greater national clarity as reforms are implemented.

The table below shows the cumulative DSG deficit balance held on the council’s Balance Sheet:

	£000
Cumulative DSG Deficit Balance as at 31 March 2025	43,095
2025/26 DSG Outturn	24,983
Cumulative DSG Deficit Balance as at 31 March 2026	68.078

General Fund Balance

General Fund Balance has increased by £0.060m, from £15.123m at the start of the year to £15.183m as at 31 March 2026. The movement relates to the top up to the recommended level following the 2024/25 outturn deficit and subsequent 2025/26 Reserves Policy:

The recommended minimum level of General Fund Balance as set out in the 2026/27 Budget is £15.183m. It has been assessed that this balance reflects the level of unallocated balances that would be needed to address any unexpected budget pressures in 2026/27. The balance is calculated based on the spending experiences and risks to which the council might be exposed to and is approved as part of the budget setting process and the risk assessment of the budget. The General Fund Balance will be increased to the recommended level as part of the council’s 2026/27 Reserves Policy.

Earmarked Reserves

Earmarked reserves represent resources that have been set aside to fund specific commitments and plans. These resources can only be used once to fund expenditure, so there is an 'opportunity cost' to consider when using them. The council's Reserves Policy, approved by Council in September 2025, governs the use of resources held in earmarked reserves and ensures that reserves continue to be held at an appropriate level and are aligned with the council's corporate and strategic priorities. The policy also supports the maintenance of a robust level of financial resilience to mitigate risks associated with the council's financial challenges over the medium-term period.

Reserves continue to be a key component of the council's strong financial management. The annual review of the Reserves Policy assured the council that resources held in earmarked reserves were sufficient to support the council's financial resilience and robustness. The review provided assurance that resources could be made available, if required, to help manage increasing demand for services, unexpected financial pressures and changes in funding. The review also highlighted the importance of limiting the use of reserves to appropriate one-off purposes, recognising the potential adverse impact of using reserves to mitigate recurring financial pressures on the council's financial sustainability, resilience and ability to deliver its longer-term ambitions and priorities.

General Fund earmarked reserves, not including schools, saw a net decrease of £14.256m during the year resulting in a balance of £59.472m at 31 March 2026.

This includes the following use of reserves during the year:

- £4.799m use of MTFP Resilience and Smoothing reserve to support the 2025/26 outturn (£0.408m included in the 2025/26 Budget);
- £1.000m from the Demand Changes Reserve to support the 2025/26 outturn;
- £3.636m from the Income and Interest Rate Risk Mitigation reserve to fund the deficit on the Investment and Development account;
- £1.504m from the Income and Interest Rate Risk Mitigation reserve to fund the deficit on debt charges;
- £1.954m from the Revenue Contribution to Capital Outlay (RCCO) reserve to fund the debt charges deficit;
- £0.502m from the Revenue Contribution to Capital Outlay (RCCO) reserve to fund capital schemes;
- £1.743m from the Workforce investment/Change reserve, mainly relating to Adult Social Care and Children's Social Care relating to inspection readiness preparation;
- £0.516m from the Ofsted Inspection Review reserve;
- £0.811m and £0.266m from the Adults and Children's demand reserves respectively

The use of reserves is offset by the following increase to reserves at outturn:

- £1.229m to the Legislative and Statutory Requirements reserve;
- £1.539m to the Revenue Grants reserve, for grants unused in 2025/26;
- £1.067m to the Collection Fund reserve.

Note 7 to the Statement of Accounts provides more information about the balances held on individual reserves.

2025/26 Capital Programme Outturn

The 2025/26 Capital Programme had ambitious capital investment plans for the borough, supporting economic regeneration, job creation and the development of strong communities. The programme comprises a significant and diverse range of schemes, many of which span several years and will deliver improvements to the council's infrastructure, new housing and wider economic growth. Individual capital schemes are subject to regular review, with spending profiles updated to reflect progress as schemes develop. During the year, a net total of £41.942m additional funding for schemes was added to the programme and £85.868m was re-phased to align with the developing schemes expenditure profiles.

The council successfully delivered its 2025/26 Capital Programme with an outturn expenditure of £119.374m as at 31 March 2026.

As stated above, the council has a large and varied capital programme, with significant expenditure on housing, highways and regeneration projects. The most significant schemes of the 2025/26 Capital Programme include the following:

- Housing Revenue Account (HRA) had £15.043m of expenditure on general capital schemes and £8.228m on new build schemes;
- A total of £23.058m has been spent on highways projects, including £2.780m on the A34 Major Road Network, £3.818m on Active Travel Measures, £3.286m on Pothole and Highway Maintenance Improvements, £2.375m City Region Sustainable Transport Settlement, and £2.883m on SEMMMS Relief Road;
- £30.286m was spent in total on regeneration schemes, including, £14.128m on the Weir Mill Development, and £10.027m on the Academy of Living Well;
- £10.952m was spent on Marple Community Hub; and,
- A total of £16.233m was spent on School Estate Capital Schemes and £3.282m on the Asset Management Plan.

The table below sets out the 2025/26 three-year Capital Programme as at 31 March 2026 by Portfolio and the resources being used to finance it:

Portfolio	2025/26 Programme £000	2026/27 Programme £000	2027/28 Programme £000
Communities, Culture & Public Protection	10,952	9,033	292
Economy, Regeneration & Skills	30,286	44,069	2,313
Housing & Environment	28,952	44,761	50,413
Finance and Resources	25,689	41,603	11,933
Health, Wellbeing & Adult Social Care	93	90	
Parks, Highways & Transport Services	23,402	49,846	20,853
Total	119,374	189,402	85,804
Resources			
Capital Grants	56,158	98,670	30,638
Directly Funded Borrowing	37,828	57,716	35,087
Unsupported Borrowing	2,617	4,689	1,797
Capital Receipts	3,700	5,123	30
External Contributions	2,184	637	
Commuted Sums	1,832	887	
Revenue Contributions (RCCO)	1,399	9,161	5,544
HRA Funding from Major Repairs Reserve	13,656	12,519	12,708
Total	119,374	189,402	85,804

Treasury Management

The council approved its 2025/26 Treasury Management Strategy and Annual Investment Strategy on 27 February 2025, establishing the mandatory framework for the council's treasury activities. Prepared in compliance with the CIPFA Treasury Management Code, this strategy governs three core disciplines:

- **Liquidity and Cash Flow Management:** Directing day-to-day capital requirements and balancing short-term cash flows.
- **Market Transactions:** Controlling wholesale operations across banking, money market, and capital market frameworks.
- **Risk Mitigation:** Implementing rigorous controls to limit counterparty credit risk and interest rate volatility while optimising yields.

The function structurally balances the council's debt and investment portfolios to ensure adequate liquidity for revenue services and the capital programme, while keeping capital preservation the paramount priority. Statutory compliance and operational oversight were maintained throughout the year via regular performance reports to elected members, alongside officer adherence to prescribed Treasury Management Practices (TMPs).

Policy Statement and Prudential Indicators

The council defines its treasury activities as the management of investments, cash flows, and market transactions, regarding the successful control of risk as the prime criterion for effectiveness.

The execution of this strategy is strictly bounded by the council's suite of prudential indicators, ensuring capital investment plans remain affordable, prudent, and sustainable. Throughout the financial year, the authority monitored its operational boundary and authorised limit for external debt to guarantee that borrowing levels remained directly aligned with the Capital Financing Requirement (CFR).

At the end of 2025/26, the council's treasury position, including interest rate as at 31 March 2026 was as follows:

	Financial Year 2025/26			
	General Fund		Housing Revenue Account	
	£000	Interest rate	£000	Interest rate
Total Debt	730,592	3.80%	93,007	4.53%
Total Investments	17,550	3.82%		
Net Debt	713,042		93,007	

Economic Context and UK Borrowing Rates

The UK economy experienced a complex trajectory during the 2025/26 financial year. The period transitioned from stabilising inflation and modest monetary easing in late 2025 to renewed macroeconomic volatility by the close of the financial year in March 2026. While domestic growth remained positive but subdued, late-year geopolitical conflicts led to rising global energy costs, reversing the downward inflation trend and stalling the Bank of England's rate-cutting cycle. As a result of these economic pressures, borrowing rates reacted as follows:

- **The Bank Rate:** The Bank Rate began the financial year on a downward trajectory as the Bank of England responded to falling inflation, resulting in a 25-basis-point reduction to 3.75% on 18 December 2025. However, following the late-year rise in energy costs, the Monetary Policy Committee of the Bank of England maintained the rate flat at 3.75% for the remainder of the period to prevent further inflationary pressures.
- **PWLB Certainty Rates:** Public Works Loan Board (PWLB) rates fluctuated significantly across all loan terms, leading to short-term and long-term borrowing costs becoming very similar by the end of the financial year. Shorter-term rates initially decreased from their April 2025 starting points (where 1-year and 5-year certainty rates opened at 4.82% and 4.94% respectively). However, the late-year rise in inflation caused a sharp upward turn, leaving the 1-year rate at 5.04% and the 5-year rate at 5.28% by 31 March 2026. Medium and longer-term rates remained consistently high throughout the year; 10-year rates averaged 5.34% over the period, while long-term 25-year and 50-year rates saw major spikes, peaking at 6.41% and 6.14% respectively before closing higher.

- **Inter-Authority Market Liquidity:** The escalation of international conflicts in March 2026 pushed long-term PWLB rates even higher and severely reduced liquidity in the local authority lending market. This caused year-end inter-authority borrowing rates to rise significantly to ranges between 8.0% and 9.5%.

Council Borrowing Strategy and Cashflow Management

In response to this macroeconomic volatility, the council's borrowing strategy prioritised liquidity and risk mitigation. Because long-term fixed external debt remained expensive, the council maintained a policy of delaying new long-term commitments. For the majority of the period, the council met its operational cash flow and capital expenditure requirements by utilising short-term borrowing from other local authorities alongside the planned drawdown of liquid investments. This approach was supplemented by utilising internal borrowing capacity, drawing down on available working capital and strategic reserves not required in the short-to-medium term, which successfully minimised external financing costs and managed interest rate risks.

Towards the financial year-end, normal liquidity constraints arose in the inter-local authority lending market. To manage these pressures proactively, the council secured a £30m PWLB at the HRA Certainty Rate of 4.05%, maturing on 17 June 2028. Executed ahead of international developments that spiked market rates, this short-to-medium-term borrowing protected the council from interest rate increases, avoided expensive long-term debt, and maintained future refinancing flexibility.

This prolonged period of elevated short-term interest rates generated substantial opportunities to maximise returns on surplus cash balances. By utilising highly secure Money Market Funds (MMFs) for daily liquidity management, the council was able to capture strong short-term yields while ensuring immediate access to capital. This strategy reinforced the financial advantage of maintaining flexible, short-term liquidity over committing the authority's cash resources to fixed-term arrangements.

Investment Outturn Position

The council's investment activities are governed by the statutory investment guidance issued by the Ministry of Housing, Communities and Local Government (MHCLG) and are executed in strict accordance with the approved 2025/26 Annual Investment Strategy. In alignment with the CIPFA Treasury Management Code, the council's counterparty framework prioritises the security of capital and the maintenance of portfolio liquidity above yield optimisation. To manage operational cash flow balances effectively, the council utilised a combination of notice accounts, Money Market Funds (MMFs), and a selective number of short-term, fixed-rate deposits.

Despite macro-driven monetary easing by the Bank of England's Monetary Policy Committee, which enacted three separate 25-basis-point reductions to the Bank Rate over the course of the financial year, overall portfolio investment returns remained robust. The table below delineates the quarterly investment metrics and performance achieved during the 2025/26 financial year:

	Average Balance Invested £000	Weighted Average Return %	Weighted Average time to maturity (days)
Quarter 1	32,112	4.39%	6.52
Quarter 2	31,785	4.17%	0.80
Quarter 3	49,336	4.00%	7.78
Quarter 4	28,932	3.87%	1.94
Weighted Average	35,587	4.10%	4.75

Over the 2025/26 period, the council maintained an average investment portfolio of £35.587m with a highly liquid average duration of 4.75 days, generating a weighted average rate of return of 4.10%. This outturn represents strong performance relative to prevailing market benchmarks, outperforming the prevailing Bank Rate trajectory and standard industry indices, including the uncompounded backward-looking 7-day Sterling Overnight Index Average (SONIA) rate of 4.0186% and the 30-day SONIA rate of 4.0453%.

Collection Fund

Under legislation, income and expenditure relating to the council's collection and distribution of Council Tax and Business Rates income as a Billing Authority, is accounted for within the Collection Fund. This ensures Collection Fund income and expenditure is 'ringfenced' and kept separate from the council's General Fund account.

The outturn position is a deficit of £1.801m compared to expected income collection at the start of the year consisting of a £1.063m deficit on Council Tax and a £0.738m deficit on Business Rates. The council's share of this deficit is £1.622m made up of £0.891m deficit on Council Tax and £0.731m deficit on Business Rates. The table below provides a summary of the Collection Fund outturn position for 2025/26:

	2025/26 Council Tax £000	2025/26 Business Rates £000	Total £000
Collection Fund Income	(244,833)	(95,456)	(340,289)
Collection Fund Expenditure*	245,896	96,194	342,090
2025/26 Deficit	1,063	738	1,801
Allocated to:			
Stockport Metropolitan Borough Council	891	731	1,622
Mayoral Police and Crime Commissioner	116		116
Mayoral General including Fire Services Share	56	7	63
	1,063	738	1,801

*Includes distribution to the council and Precepting Authorities during the year.

The council's share includes £0.091m allocated to Greater Manchester Combined Authority (GMCA) for their additional share of the 100% Business Rates benefit which reduces the overall council share to £1.531m.

The unpredictability of the Collection Fund can have a significant impact on year-end positions compared to expected forecasts. The variance reflects the following:

Council Tax

- Increased exemptions awarded to residents eligible under legislation, including backdated discounts to the point of eligibility;
- Increases in discounts and disregards reflecting demographic changes; and
- These were partially offset by a lower top-up to the bad debt provision following a revision to the calculation methodology.

Business Rates

- Mandatory relief awards exceeding the budgeted level; the council is compensated for the resulting loss of income via Section 31 grants, which are held in the Collection Fund Reserve and will be released to offset deficits in 2026/27 and 2027/28;
- Higher-than-forecast levels of empty property relief on Non-Domestic Rates; and
- These were partially offset by a lower top-up to the appeals provision following a review of the calculation methodology.

Greater Manchester 100% Business Rates Retention

The Greater Manchester 100% Business Rates Retention arrangement, agreed as part of the Greater Manchester Trailblazer devolution deal and operating until 2033/34, enables the council alongside the other Greater Manchester councils to benefit from the local retention of Business Rates income growth that would otherwise have been passed to Government.

In 2025/26, the 100% local retention of Business Rates income growth generated a benefit at outturn of £8.613m, an increase of £0.120m compared to the budgeted benefit of £8.493m. It has been agreed that the benefit will be shared 75%:25% between the council and GMCA. The council's share of the benefit was £6.370m and has been used to support the council's 2025/26 budget (£3.185m) with the balance supporting the council's in-year borrowing costs reflecting the impact of the current high interest rates. The increase at outturn is part of the outturn deficit position. GMCA use their share alongside the other Greater Manchester councils' 25% benefit share to fund regional priorities and investment.

Housing Revenue Account (HRA)

Under legislation, income and expenditure on council housing is 'ringfenced' within the HRA. This means the council is not able to make contributions to or from its General Fund from or to the HRA.

After considering adjustments between the accounting basis and the funding basis under legislation and transfers to and from earmarked reserves, there is a surplus of £1.885m and the HRA balance has increased from £1.097m to £2.982m as at 31 March 2026. On an accounting basis, the 2025/26 outturn position on the HRA is a surplus of £8.436m.

	Budget 2025/26 £000	Actual Outturn £000	Variance £000
Total Management and maintenance	40,286	39,667	(619)
Total Other Expenditure	26,190	27,232	1,042
Total Expenditure	66,476	66,899	423
Total Income	(67,296)	(68,943)	(1,647)
Net Cost of Services	(820)	(2,044)	(1,224)
Investment Income	(75)	(112)	(37)
Net Operating Expenditure	(895)	(2,156)	(1,261)
Revenue Contribution to Capital Outlay	895		(895)
(Surplus)/Deficit for year	0	(2,156)	(2,156)
(Surplus)/Deficit brought forward	(1,097)	(1,097)	
Future Investment Reserve - Additional		271	271
Accumulated (Surplus)/Deficit	(1,097)	(2,982)	(1,885)
Ringfenced Surplus for Future Development		(1,760)	(1,760)
Ringfenced Surplus for Strategic Review		(125)	(125)
Accumulated Surplus for Development	(1,097)	(1,097)	0
Total Accumulated (Surplus)/Deficit	(1,097)	(2,982)	(1,885)

Group Accounts

The council's Group Accounts include those entities where there is a material financial interest, and the council holds a significant level of control. The council's Group boundary comprises of:

- Stockport Metropolitan Borough Council;
- Stockport Homes Ltd;
- Totally Local Company Ltd;
- Stockport Exchange Phase 3 Ltd;
- Stockport Hotel Management Company Ltd;
- Stockport Mayoral Development Corporation;
- Stockport Active CIC;
- Interchange LLP; and
- Stockport 8 LLP.

In accordance with the Accounting Code of Practice, consideration has been given as to whether these entities should be consolidated into the council's Group Accounts. Totally Local Company Ltd and Stockport Homes Ltd accounts are consolidated into the council's Group Accounts. The interests in the other group companies are not considered material therefore these accounts are not consolidated into the council's Group Accounts.

2026/27 Revenue Budget

At the council meeting on 26 February 2026, the 2026/27 Revenue Budget was approved. The budget was set at £380.242m, with £307.028m Cash Limit (service) budgets and £73.214m Non-Cash Limit (corporate and democratic core) budgets. The following table sets out the approved budget for 2026/27:

	2026/27 Revenue Budget £000
Children, Families & Education	85,420
Communities, Culture and Public Protection	7,942
Economy, Regeneration & Skills	311
Finance & Resources	37,723
Health, Wellbeing and Adult Social Care	149,801
Housing and Environment	15,831
Parks, Highways & Transport Services	10,000
Total Cash Limit	307,028
Pay Inflation	4,150
Inflation - Price, Energy, Real Living Wage & Supplier Impact	3,452
Children, Families and Youth Grant Uplift	1,170
Leisure Management Fee Contingency	613
Apprenticeship Levy	459
Public Health 2025/26 Uplift	441
Stockport Community Group Budget Amendment	104
Labour Group Budget Amendment	225
Non-Cash Limit	62,600
Total Non-Cash Limit	73,214
Total Expenditure	380,242
Financed By	
Council Tax Requirement – General	179,946
Council Tax Requirement – Adult Social Care Precept	37,361
Business Rates Income	121,682
Business Rates – Top Up	17,527
Better Care Fund	11,981
Children, Families and Youth Grant	2,053
Extended Producer Responsibility (pEPR)	2,906
GMCA Extended Producer Responsibility (pEPR) Return	1,937
GMCA Share of Business Rates Reset	406
Collection Fund 2024/25 Outturn above Declared	69
Appropriation To Reserves – Workforce Investment/Change Reserve	(710)
Appropriation From Reserves – Airport Dividend Declared 2024/25	484
Appropriation From Reserves – Stockport Community Group Budget Amendment	104
Appropriation From Reserves – Labour Group Budget Amendment	225
Appropriation From Reserves – Balancing	4,271
Total Resources	380,242

In setting a balanced 2026/27 Budget, the council bridged the £20.945m saving requirement identified at the start for the year. The council's response to the funding gap has been to focus on a series of change proposals, service productivity and efficiency, whilst recognising the importance of a robust and resilient budget to enable these changes. This approach included updating the underpinning MTFP forecasts and assumptions aligned to the changes in the financial landscape during the year, consideration of local taxation, use of reserves and £8.037m of approved saving proposals.

The saving proposals identified focus on addressing the financial challenges whilst ensuring we can support those areas of increasing need:

Propositions:

- A review of town centre parking charges with anticipated increase in income contributing towards the running costs of the parking service as well as the upkeep of the car parks and highways;
- A value-for-money assessment of SEN Transport post 16 routes to identify efficiencies, reduce duplication and manage the rising transport costs whilst still supporting access to appropriate education settings. We carried out specific public consultations on our SEND Transport options between 3 November to 15 December; and
- Going further on streamlining the management and back-office services among our family of partner organisations, known as “Corporate Core”, making best use of the skills and talent of our collective staff, helping recruitment and retention and sharing our strengths.

Efficient and Effective Service Delivery – Productivity - the delivery of efficient and effective services is at the very heart of everything we are doing, as outlined in our Council Plan. We recognise that alongside our longer-term ambitions, we must deliver good quality services for the people of Stockport. We need to push further on delivering services that are the most efficient and effective they can be, focusing on the right things and doing them in the right way. We need to maximise the benefit of the Stockport pound for our residents. This means making the best use of digital technology and automation and supporting our workforce to provide excellent services whilst exploring further opportunities to work more effectively with partners. Every service will strive to deliver their services more efficiently.

The table below provides the total contribution of each of the change proposals to the councils MTFP.

Change Proposals	£000
Proposal -Town Centre Parking	500
Proposal - SEN Transport post 16 - Value for Money Routes	750
Proposal - Going Further on Corporate Core	250
Productivity and Efficiency	6,537
Total	8,037

Alongside the saving proposals, the council approved a 4.99% increase in Council Tax (including a 2% Adult Social Care Precept) for 2026/27. The decision to increase Council Tax was not taken lightly and weighed up the impact this would have on Stockport residents, recognising the difficulties residents, communities and businesses are experiencing with the increased cost of living.

However, the funding framework for local government includes an assumption that councils will maximise locally raised income, including Council Tax, to support service delivery. Therefore, it was important that a balance was found to protect service provision for those that need the council’s support the most, as the need for support from essential council services increases.

The council will continue to analyse budgets during the year to identify the underlying budget pressures and mitigate the impact of any financial risk. This will include the quarterly budget monitoring reporting cycle, the 2026/27 MTFP Summer Review, the 2026/27 Reserves Policy and further development of the council's Capital Strategy and Capital Programme. The continuation of strong financial management across the council will be more important than ever to ensure confidence in its financial robustness and resilience and smooth the impact of the financial challenges ahead whilst delivering essential services to Stockport residents.

Medium-Term Financial Landscape and Financial Challenge

The council continues to operate within a challenging financial environment, driven by sustained inflationary cost pressures and increasing demand for services, reflecting the growing and more complex needs of residents and businesses over the medium term. The council has a forecast cumulative saving requirement of £23.323m over the three-year period 2026/27 to 2028/29. This saving requirement is based on a number of key assumptions, including the application of full Council Tax increases in each year of the period, in line with Government expectations, together with current assumptions on funding, inflation and service demand. Financial risks remain within the forecasts and assumptions for 2026/27 and beyond, and the council will continue to actively review, update and mitigate these through its established MTFP arrangements. Key areas of uncertainty include ongoing inflationary pressures, increases in the National and Real Living Wage, and rising service demand, particularly across demand-led and statutory services. These factors continue to contribute to volatility within the council's medium-term financial outlook.

The 2026/27 Final Local Government Finance Settlement, informed by the 2025 Spending Review, confirmed a three-year funding settlement for the period 2026/27 to 2028/29, providing increased certainty over the medium term. The settlement also incorporated changes to funding distribution methodologies, including consideration of deprivation and Council Tax raising capacity, which could have implications for the council's future funding and reinforce the importance of transitional arrangements.

Although the council welcomes the certainty provided by a multi-year settlement, there remains concern that the overall quantum of funding for local government is insufficient to meet ongoing cost and demand pressures. Inflationary increases, pay and contractual pressures, and sustained growth in demand for statutory services continue to impact the council's financial outlook. As a result, medium-term financial planning continues to be developed within a challenging national funding context. The council will continue to engage with Government and sector partners and will assess the impact of future funding announcements through iterative updates to the MTFP, ensuring financial planning remains robust, responsive and sustainable.

The council remains committed to maintaining a robust and sustainable MTFP, ensuring financial planning decisions are taken on a recurrent basis while recognising the uncertainty at both a national and local level. The MTFP Strategy provides the framework for decisions on service delivery and transformation and is central to the delivery of the Council Plan and the One Stockport Borough Plan. The use of the council's five strategic themes as a lens supports consideration of the future shape, affordability and sustainability of services.

A robust and resilient budget, MTFP and underpinning financial management framework remain essential to managing financial risk and smoothing the impact of volatility. The financial position reflected in these Statement of Accounts, together with the level of reserves and balances held and the application of the council's Reserves Policy, demonstrates the council's ongoing financial resilience. Nevertheless, the financial landscape continues to be characterised by volatility and risk.

The Finance Team will continue to build on the council's strong financial management to address challenges, inform decision making and mitigate impact. This includes:

- Budget monitoring and forecasting of the 2026/27 outturn position to understand the financial position of the council during the year and highlight early any emerging financial risks.
- Annual review of the council's Reserves Policy to ensure one-off resources remain aligned to corporate priorities and financial resilience.
- Monitoring the Capital Programme to understand and manage the revenue implications of capital investments; and
- Continual updates of the council's MTFP during 2026/27 to re-test assumptions and forecasts, relating to inflation, demand and funding, ensuring medium-term financial planning remains robust and informs decision making.

Capital Strategy

CIPFA's Prudential Code for Capital Finance in Local Authorities requires councils to produce a Capital Strategy each year, demonstrating that capital investment plans have due regard to service objectives, stewardship of assets, value for money, prudence, sustainability and affordability. Through the formalisation of a number of related plans, strategies and policies already in place, the Capital Strategy provides a robust governance framework for the council's capital investment decisions. It provides a high-level overview of how the council's capital investment decisions support the delivery of services and contribute to the achievement of the councils' priorities. It sets out the long-term context in which capital expenditure and investment decisions are made, ensuring that both risk and reward are appropriately considered, together with the impact of those decisions on the council's financial sustainability. The council recognises that the effective management of its capital resources is fundamental to achieving the priorities set out in the Council Plan and the One Stockport Borough Plan. The Capital Strategy provides a framework to optimise and manage the council's capital resources and to understand the implications of capital investment decisions for the future sustainability of the council.

The Capital Strategy approved by the council on 26 February 2026 focuses on:

- **Capital Expenditure** – Provide an overview of governance processes for approval and monitoring of capital expenditure, provide a long-term view of the council's capital expenditure plans and an overview of its asset management planning, and provide details of any restrictions to borrowing or funding linked to these plans;
- **Debt, Borrowing and Treasury Management** – Provide projections of the capital financing requirement (i.e. unfunded capital expenditure requiring external borrowing) and provide details of the required provision for repayment of debt over the life of the underlying asset (minimum revenue provision - MRP);

- **Commercial Activity** – Provide details of the council's approach to commercial investment activities, including ensuring effective due diligence and risk appetite and the requirements for independent and expert advice;
- **Knowledge and Skills** – Provide details of the knowledge and skills required both internally by officers and externally by external advisors; and,
- **Affordability and Risk** – ensure that the Section 151 Officer reports explicitly on the deliverability, affordability and risks associated with the Capital Strategy.

2026/27 Capital Programme

The 2026/27 three-year Capital Programme was approved on 26 February 2026, with a total planned expenditure of £278.403m, including £152.732m for 2026/27.

Portfolio	2026/27 £000	2027/28 £000	2028/29 £000	2029/30 Onwards £000
Communities, Culture & Public Protection	8,428	292		
Economy, Regeneration and Skills	42,917			
Housing and Environment	31,049	49,534	29,297	294
Finance and Resources	35,184	9,179	8,106	3,546
Health, Wellbeing & Adult Social Care	132			
Parks, Highways & Transport Services	35,022	19,737	9,526	72
Total	152,732	78,742	46,929	3,912

The council's 2026/27 three-year Capital Programme included the following significant schemes:

- £8.391m capital investment for the Marple Community Hub Scheme.
- £42.917m for Regeneration schemes, including £10.833m on the Weir Mill Development, £18.811m on the Cheadle Eco Business Park Development, £9.024m on the Academy of Living Well, £1.829m for Stockport Exchange future phases;
- £31.049m of capital housing schemes including £30.608m capital investment in the HRA, £16.659m of this is on HRA General schemes and £13.949m on HRA New Build schemes;
- £21.923m on Schools Estate capital schemes, £4.640m on the Asset Management Plan, £1.396m in loans to Totally Local Company for the fleet vehicle loan facility, £2.784m for the redevelopment of Adswood Depot. £4.344m on Stockport crematorium; and
- £34.682m capital investment on Highways, including £7.500m planned capital spend on the long running SEMMMS A6 to Manchester Airport Relief Road scheme, £2.600m on Cheadle Town, which is to invest in walking and cycling facilities in Cheadle Town Centre and new railway station, £16.686m on the A34 Major Road Network, £1.466m on the Poynton Relief Road, £1.600m on Mayoral Walking & Cycling, £1.576m Active Travel Measures, £1.067m on Merseyway Car Park Waterproofing, and £1.000m on the Street Lighting Investment Programme.

Since approval in February 2026, there has been some significant new funding allocations and re-phasing of schemes, resulting in an increase of £36.670m, which brings the total planned expenditure to £189.402m for 2025/26. Further details of these changes are set out by portfolio in the following table.

Portfolio	2026/27 £000	New and amended schemes £000	Re-phasing and Virements £000	2026/27 Updated £000
Communities, Culture & Public Protection	8,428	594	11	9,033
Economy, Regeneration & Skills	42,917	579	573	44,069
Housing & Environment	31,049	9,160	4,552	44,761
Finance and Resources	35,184	1,888	4,531	41,603
Health, Wellbeing & Adult Social Care	132	(37)	(5)	90
Parks, Highways & Transport Services	35,022	9,493	5,331	49,846
Total	152,732	21,677	14,993	189,402

Financial Resilience

The council's strong financial management has continued to underpin its robustness and financial resilience in the face of sustained financial challenges. This is evidenced by the council's ability to set and deliver a balanced budget for 2026/27, alongside the development of a sustainable Medium-Term Financial Plan. It remains important that the council continues to build on this position in order to address and mitigate the financial challenges anticipated over the medium-term period.

CIPFA's Financial Management Code of Practice has been in effect since 2021/22. The Code is based on six principles that support financial resilience, against which the council demonstrates compliance through self-assessment:

- **Organisational leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- Adherence to **professional standards** is promoted by the leadership team and is evidenced.
- **Sources of assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- The **long-term sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

The council demonstrates its financial resilience to Members and Stockport residents in a number of ways, including:

- **MTFP Summer Review and Updates** – regular reviews of the key assumptions and forecasts that underpin the council’s MTFP to ensure they remain robust and based on the most up to date information throughout the year;
- **Reserves Policy** – annual update of the council’s Reserves Policy to ensure earmarked reserves are aligned to the council’s corporate and strategic objectives over the medium-term period;
- **Budget Risk Assessment** – annual assessment of the adequacy of the council’s General Fund Balance to mitigate the potential impact of financial risks and uncertainties;
- **Scrutiny Committee and Audit Committee** - regular Member scrutiny of the council’s Financial Management throughout the year; and
- **Internal and External Audit** – independent audits of the council’s financial management throughout the year. During 2024/25 an internal audit of the council’s financial governance and financial resilience gave the council substantial assurance on the strength of its financial management and financial resilience.
- **CIPFA Financial Management Code** – a self-assessment has been completed against the requirements of the Code, which provides guidance for good and sustainable financial management in local authorities and ensures that authorities are managing resources and risk effectively. During the 2025/26 financial year, the self-assessment has been updated to reflect the current operating environment and arrangements. Internal Audit has reviewed the updated assessment, and the findings will be reported to the Audit Committee in July 2026.

2025/26 NON-FINANCIAL PERFORMANCE OF THE COUNCIL

Performance

Each Cabinet Member is responsible for a portfolio of services. At the start of the year each member signs up to a Portfolio Performance and Resource Agreement (PPRA), which sets out the key delivery programmes, performance measures and budgets associated with their portfolio. Each Portfolio Holder reports on the progress in delivering these priorities and outcomes during the financial year, at both mid-year and year-end, with these reports considered in detail by the relevant Scrutiny Committees. Corporate reports are also published at mid-year and year-end. These set out the council’s overall financial position and a summary of the delivery against the key priorities and performance outcome measures. These reports are considered by Cabinet and the Corporate and Resource Management and Governance Scrutiny Committee.

Achievements

We delivered a wide range of achievements in 2025/26, reflecting the continued strength of our services, partnerships and ambition for the borough. Key highlights summarised briefly below include:

- Stockport Council was named Local Authority of the Year at the 2025 Municipal Journal Awards, recognising the quality of our core services, our One Stockport partnership and the progress made in delivering our transformation programme.
- Continued progress across major town centre regeneration schemes, including the completion of 253 new homes at Weir Mill, with further phases due in 2026/27. Additional developments at Chestergate and Stopford Park are progressing well, alongside the construction of the St Thomas' Centre for Living Well, which will provide intermediate care and supported housing.
- The Merseyway Innovation Centre has remained over 90% occupied, providing flexible and affordable workspace for businesses. Demand for meeting and co-working facilities remains strong, and the Business Support Hub has supported new and growing enterprises both in the town centre and across district centres.
- Expansion of Work and Skills support, with locally based Navigators engaging over 170 residents and providing tailored support through neighbourhood drop-in sessions and partnership working with Jobcentre Plus.
- The continued success of Stockroom, which has attracted strong visitor numbers and delivered a varied programme of events, exhibitions and community activity, alongside increasing access to wider support services.
- Ongoing delivery of the Stockport Live Well approach, strengthening neighbourhood working, early intervention and collaboration with partners. This includes the development of Live Well centres and the establishment of neighbourhood networks focused on local priorities.
- Further development of Family Hubs and early help services, supporting children, young people and families through a preventative, neighbourhood-based model.
- Targeted youth work and social care initiatives, including expanded detached provision and school-based support for those at risk of exclusion.
- The adoption of Technology Enabled Care to support independence and improve outcomes.
- The Resident Advice and Support Alliance helped over 45,000 residents access £27.7m in financial support, demonstrating a significant increase on the previous year.
- Delivery of WorkWell, supporting over 500 residents with health conditions to access or remain in employment, with funding secured for continuation.
- Progress towards decarbonisation, including transitioning a significant proportion of the fleet to lower-emission fuel and introducing an innovative kerbside electric vehicle charging policy to support residents without off-street parking.
- Continued investment in workforce development, including the 'Leading Stockport' programme and an expanded internal coaching offer, supporting strong leadership and organisational culture.

Corporate Risks

A number of Corporate Risks have been identified at a strategic level. These risks are under regular review, with emerging risks identified and added in year, along with risk descriptions and controls being updated. The council includes an update on internal controls and mitigating actions for the risks in a detailed update for the Audit Committee to consider.

The Corporate Risks presented to Audit Committee are:

- **Change Management** – organisational cultures and other barriers impact on ability to manage and implement change effectively;
- **Financial** – failure to deliver the Medium-Term Financial Plan (savings targets and balanced budget);
- **Cyber risk**– impact on the council of a cyber-attack and mitigating controls to minimise the likelihood or successful attack and mitigations should one happen;
- **Supplier and Partner Risk** – key suppliers and partners to significant projects and services unable to deliver on behalf of the council;
- **Information Governance** – failure to protect the council’s information assets including personal and sensitive personal data and other confidential data;
- **Adult Social Care (ASC) Change & Transformation programme** - this is a rolling programme that enables the service to continually develop. It reflects on specific demand pressures and responses as well as changes to legislative requirements.
- **Children’s and Education** – Specific key risks around:
 - **School Places** – Commissioning of school places in a challenging financial and legislative landscape, particularly for children with SEND.
 - **Condition of School estate** – the quality of the school estate is deteriorating and there is a backlog of urgent condition repairs;
 - **Dedicated Schools Grant**- demand and funding pressures;
 - **Sufficiency of Care Places**- including foster placements and looked after children residential places; and
 - **EHCP capacity** to meet demand and statutory timescales
- **Safeguarding** – risk of failure of safeguarding arrangements for children and vulnerable adults
- **Delivering Growth** – failure to deliver key strategic, regeneration and capital investment programmes;
- **Climate Emergency** – the challenges measuring the impact of any plans and policies implemented by the council and ensuring resilient service delivery and resident welfare in extreme climate events;
- **Civil Contingencies and Business Continuity** – details the potential threats that the council faces and arrangements for managing any such incidents;
- **Workforce recruitment, development, and retention** - challenges recruiting and retaining staff in key areas of service delivery;
- **Integrated Care System (ICS)** – It is important that the council actively engages with and has adequate governance processes to support the stated triple aim of the ICS - “better health for everyone, better care for all and efficient use of health and care resources”; and
- **Infrastructure Risk** – Pressure on maintaining the council’s estate (buildings and wider asset base including highways, trees and greenspaces) and ensuring safe and resilient service delivery.

Updates to the Corporate Risk Register are reported to the council’s Audit Committee throughout the year.

FINANCIAL STATEMENTS SIGNIFICANT EVENTS AND TRANSACTIONS

Material Items of Income and Expenditure

A number of schools have converted to academy status during the 2025/26 financial year.

When a school converts to an academy, the disposal of the school land and buildings is a nil cost and the loss on disposal is disclosed within the Other Operating Expenditure. There is no impact on the General Fund as the loss is reversed out in the Movement in Reserves Statement.

The total loss on disposal was £26.347m and an analysis per school is provided below.

	Loss on Disposal £000
Adswood Primary	5,454
Alexandra Park Primary	10,023
High Lane Primary	5,311
Norris Bank Primary	5,559
Total	26,347

Receipt of Further Information

This Statement of Accounts forms one element of the council's financial reporting to local taxpayers, employees and other interested parties. The council publishes its Budget and quarterly Performance and Resources Reports on the council's website www.stockport.gov.uk.

If you would like to receive further information on these accounts, please contact me, Jonathan Davies, Director of Finance (Section 151 Officer), at Finance, Corporate and Support Services, Stockport Metropolitan Borough Council, Stopford House, Stockport, SK1 3XE.

STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS

The Council's Responsibilities

The council is required to:

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

The Director of Finance - Section 151 Officer's Responsibilities

The Director of Finance - Section 151 Officer is responsible for the preparation of the council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statement of Accounts, the Director of Finance - Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Director of Finance – Section 151 Officer has also:

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

Certificate of the Statement of Accounts

I certify that the Statement of Accounts presents a true and fair view of the financial position of Stockport Metropolitan Borough Council at 31 March 2026, and its income and expenditure for the year ended 31 March 2026.

A handwritten signature in black ink, appearing to read 'Jonathan Davies', with a horizontal line underneath.

Jonathan Davies
Director of Finance - Section 151 Officer
29 June 2026

FINANCIAL STATEMENTS

The financial statements in this section of the Statement of Accounts are applicable to all local authorities whatever their function and comprise:

Comprehensive Income and Expenditure Statement

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

Movement in Reserves Statement

This statement shows the movement from the start to the end of the financial year on the different reserves held by the council, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves' (i.e. reserves used to hold account balances and adjustments that the council cannot utilise to provide services). The Movement in Reserves Statement shows the in-year movements of the council's reserves broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax or rents for the year. The Net Increase/Decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council.

Reserves are reported in two categories. The first category of reserves are usable reserves, used to support services and/or fund specific commitments and plans, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve may only be used to fund capital expenditure, repay debt or elect to use as revenue transformation spend).

The second category of reserves are unusable reserves, which are reserves that the council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by

way of taxation and grant income or from the recipients of services provided by the council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the council. This summarises the inflows and outflows of cash arising from both revenue (day-to-day) and capital (investment in new assets) transactions with third parties.

Group Accounts

The group accounts are of equal status to the single entity accounts but to achieve a meaningful presentation to the reader of the accounts, they are positioned in a separate section, after the single entity financial statements and notes.

Comprehensive Income and Expenditure Statement

	Gross Exp- enditure £000	Gross Income £000	2025/26 Net Exp- enditure £000	Gross Exp- enditure £000	Gross Income £000	2024/25 Net Exp - enditure £000	Notes
Children, Families & Education	110,272	(28,580)	81,692	97,510	(25,220)	72,290	
Communities, Culture & Public Protection	28,839	(21,822)	7,017	17,003	(8,357)	8,646	
Economy, Regeneration & Skills	6,326	(4,967)	1,359	6,170	(4,327)	1,843	
Finance & Resources	46,028	(8,988)	37,040	49,722	(9,457)	40,265	
Health, Wellbeing & Adult Social Care	239,310	(93,283)	146,027	220,635	(86,520)	134,115	
Housing & Environment	27,881	(21,220)	6,661	24,252	(8,515)	15,737	
Parks, Highways & Transport Services	47,767	(11,758)	36,009	46,047	(11,312)	34,735	
Non-Cash Limits	50,902	(43,698)	7,204	59,609	(57,905)	1,704	
Dedicated Schools Grant	313,222	(269,525)	43,697	291,232	(266,947)	24,285	
Housing Revenue Account	61,286	(69,131)	(7,845)	59,809	(65,831)	(6,022)	
Cost of Services	931,833	(572,972)	358,861	871,989	(544,391)	327,598	
Other Operating Expenditure	66,112	0	66,112	144,120		144,120	8
Financing and Investment Income and Expenditure	126,605	(107,892)	18,713	127,630	(94,607)	33,023	9
Taxation and Non-Specific Grant Income	0	(408,149)	(408,149)		(393,331)	(393,331)	10
(Surplus) or Deficit on Provision of Services	1,124,550	(1,089,013)	35,537	1,143,739	(1,032,329)	111,410	
<i>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</i>							
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(196,270)			(66,626)	
Re-measurement of the net defined benefit liability			4,101			(2,555)	
(Surplus) or deficit from investments in equity instruments designated at Fair Value through Other Comprehensive Income			6,400			2,900	
Other Comprehensive Income and Expenditure			(185,769)			(66,281)	
Total Comprehensive Income and Expenditure			(150,232)			45,129	

*The council's portfolio structure changed in 2025/26 and the 2024/25 comparatives have been restated for the new reporting structure. See Note 37 for further details.

Movement in Reserves Statement

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	Note a	Note a	Note b	Note b	Note b			
	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024	(110,819)	(2,711)	(18,737)	0	(11,883)	(144,150)	(1,325,448)	(1,469,598)
Movement in reserves during 2024/25:								
Total Comprehensive Income and Expenditure	116,676	(5,266)				111,410	(66,281)	45,129
Adjustments between accounting basis and funding basis under regulations (Note 2)	(107,048)	6,876	858		(4,354)	(103,668)	103,668	0
(Increase)/ Decrease in 2024/25	9,628	1,610	858	0	(4,354)	7,742	37,387	45,129
Balance at 31 March 2025 carried forward	(101,191)	(1,101)	(17,879)	0	(16,237)	(136,408)	(1,288,061)	(1,424,469)
Movement in reserves during 2025/26:								
Total Comprehensive Income and Expenditure	44,105	(8,568)				35,537	(185,769)	(150,232)
Adjustments between accounting basis and funding basis under regulations (Note 2)	(25,183)	6,681	(3,416)	(784)	(3,436)	(26,138)	26,138	0
(Increase)/ Decrease in 2025/26	18,922	(1,887)	(3,416)	(784)	(3,436)	9,399	(159,631)	(150,232)
Balance at 31 March 2026 carried forward	(82,269)	(2,988)	(21,295)	(784)	(19,673)	(127,009)	(1,447,692)	(1,574,701)

Note a – Reserves held for revenue purposes

Note b – Reserves held for capital purposes

Details of schools reserves within earmarked reserves are set out in Note 7 to the Statement of Accounts.

A breakdown of adjustments between the accounting basis and funding basis under regulations is set out in Note 2 to the Statement of Accounts.

Balance Sheet

	31 March 2026 £000	31 March 2025 £000	Note
Property, Plant & Equipment			
- council dwellings	793,751	631,324	
- other land and buildings	664,012	644,373	
- vehicles, plant, furniture and equipment	12,148	13,682	
- community assets	1,346	1,400	
- surplus assets not held for sale	4,258	3,150	
- assets under construction	98,008	63,265	
- right of use assets	3,370	3,687	
- Infrastructure	440,945	448,636	
Property, Plant & Equipment Total	2,017,838	1,809,517	11
Heritage Assets	10,784	10,947	
Investment Property	201,338	218,783	12
Intangible Assets	70	70	
Long-Term Investments	50,800	57,200	34
Long-Term Debtors	165,996	162,635	15
Long-Term Finance lease Debtors	13,700	13,700	33
Long-Term Assets	2,460,526	2,272,852	
Assets Held for Sale (short-term)	5,579	1,241	17
Inventories	149	102	
Cash and Cash Equivalents	35,067	34,564	16
Short-Term Debtors	129,870	107,431	15
Current Assets	170,665	143,338	
Bank Overdraft	(7,374)	(4,464)	16
Short-Term Creditors	(113,066)	(97,434)	18
Short-Term Provisions	(1,398)	(2,561)	19
Short-Term Borrowing	(215,551)	(113,373)	13a
Current Liabilities	(337,389)	(217,832)	
Long-Term Creditors	(17,734)	(18,139)	18
Long-Term Provisions	(7,970)	(8,758)	19
Long-Term Borrowing	(616,402)	(686,659)	13a
Other Long-Term Liabilities - Net pensions liability	(16,243)	(16,942)	24
Other Lease Liabilities	(13,700)	(13,700)	33
Revenue Grants Receipts in Advance	(8,941)	(9,740)	30
Capital Grants Receipts in Advance	(38,111)	(19,951)	30
Long-Term Liabilities	(719,101)	(773,889)	
Net Assets	1,574,701	1,424,469	
Usable Reserves	(127,009)	(136,408)	MIRS
Unusable Reserves	(1,447,692)	(1,288,061)	21
Total Reserves	(1,574,701)	(1,424,469)	

The unaudited accounts were issued by the Director of Finance - Section 151 Officer on 29 June 2026.



Jonathan Davies
Director of Finance - Section 151 Officer
29 June 2026

Cash Flow Statement

	2025/26 £000	2024/25 £000	Note
Net deficit on the provision of services	35,537	111,410	
Adjustments to net surplus or deficit on the provision of services for non-cash movements			
Depreciation	(62,175)	(48,175)	
Impairment and revaluation	2,466	1,038	
Amortisation		(227)	
Decrease/(increase) in impairment allowance	251	178	
Decrease/(increase) in creditors	(13,589)	(917)	
(Decrease)/increase in debtors	19,630	42	
(Decrease)/increase in inventories	47	(48)	
Difference between IAS 19 pension cost and pensions paid	4,800	379	
Carrying amount of non-current assets sold	(32,201)	(105,530)	
Movement in value of investment properties	(3,260)	(18,613)	
Movement in provisions	1,951	2,279	
	(82,080)	(169,594)	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5,331	4,244	
Revenue expenditure funded from capital under statute	(8,647)	(8,687)	
Capital grants	48,859	48,715	
Net cash flows from Operating Activities*	(1,000)	(13,912)	
Investing Activities	33,177	79,385	22
Financing Activities	(29,770)	(59,544)	23
Net (increase) or decrease in cash and cash equivalents	2,407	5,929	
Cash and cash equivalents and bank overdraft at the beginning of the reporting period	30,100	36,029	16
Cash and cash equivalents and bank overdraft at the end of the reporting period	27,693	30,100	16

*The following cash flows are included within the operating activities:

	2025/26 £000	2024/25 £000
Interest Received	(9,907)	(8,042)
Interest Paid	30,670	27,581
Finance lease interest received	(1,400)	(1,553)
Interest paid on lease liabilities	1,249	1,240
Dividends Received	(453)	(898)

Notes to the Financial Statements

1. Expenditure and Funding Analysis
2. Adjustments between Accounting Basis and Funding Basis under Regulations
3. Expenditure and Income Subjective Analysis
4. Critical Judgements in Applying Accounting Policies and Assumptions made about the Future and other Major Sources of Estimation Uncertainty
5. Material Items of Income and Expenditure
6. Events After the Balance Sheet Date
7. Earmarked Reserve within General Fund and Housing Revenue Account (HRA) Balances
8. Other Operating Expenditure
9. Financing and Investment Income and Expenditure
10. Taxation and Non-Specific Grant Income
11. Property, Plant and Equipment
12. Investment Properties
13. Financial Instruments
14. Nature and Extent of Risks Arising from Financial Instruments
15. Short and Long-Term Debtors including Payments in Advance
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17. Assets Held for Sale
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19. Provisions
20. Usable Reserves
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22. Cash Flow Statement – Investing Activities
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24. Pension Schemes
25. Pooled Budget Arrangements
26. Members' Allowances
27. Officers' Remuneration
28. External Audit Costs
29. Dedicated Schools Grant
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31. Transactions with Related Parties
32. Capital Expenditure and Financing

Notes to the Financial Statements (continued)

- 33. Leases
- 34. Investments
- 35. Accounting Standards issued but not yet adopted
- 36. Accounting Policies
- 37. Prior Period Reclassification

1. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the council (i.e. Government grants, rents, Council Tax and Business Rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this 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 (CIES).

2025/26	Reported Outturn	Non- General Fund Accounts	Earmarked reserves	Net Expenditure Chargeable to the General Fund and HRA balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
Children, Families & Education	84,249		822	85,071	(3,379)	81,692
Communities, Culture & Public Protection	8,132		(1,131)	7,001	16	7,017
Economy, Regeneration & Skills	591		(69)	522	837	1,359
Finance & Resources	40,539		(67)	40,472	(3,432)	37,040
Health, Wellbeing & Adult Social Care	144,594		2,182	146,776	(749)	146,027
Housing & Environment	14,908		(47)	14,861	(8,200)	6,661
Parks, Highways & Transport Services	9,981		(224)	9,757	26,252	36,009
Non-Cash Limits	61,894		5,611	67,505	(60,301)	7,204
Dedicated Schools Grant		24,983	4,255	29,238	14,459	43,697
Housing Revenue Account		(1,885)	5	(1,880)	(5,965)	(7,845)
Net Cost of Services	364,888	23,098	11,337	399,323	(40,462)	358,861
Other Income and Expenditure	(364,888)		7,643	(357,245)	357,245	0
Reported Deficit/(Surplus)	0					
Use of Earmarked Reserves to top up General Fund	(60)			(60)	60	0
Transfer DSG deficit to Dedicated Schools Grant Adjustment Account		(24,983)		(24,983)	24,983	0
Other Operating Expenditure				0	66,112	66,112
Financing and Investment Income and Expenditure				0	18,713	18,713
Taxation and Non-Specific Grant Income				0	(408,149)	(408,149)
(Surplus) or Deficit	(60)	(1,885)	18,980	17,035	18,502	35,537
Opening General Fund and HRA Balances brought forward	(15,123)	(1,097)	(86,072)	(102,292)		
(Surplus)/ Deficit on General Fund and HRA Balance in Year and Earmarked Reserve Adjustments	(60)	(1,885)	18,980	17,035		
Closing General Fund and HRA Balances carried forward	(15,183)	(2,982)	(67,092)	(85,257)		

2024/25	Reported Outturn	Non- General Fund Accounts	Earmarked Reserves	Net Expenditure chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000	£000	£000	£000	£000	£000
Children, Families & Education	73,642		(141)	73,501	(1,211)	72,290
Communities, Culture & Public Protection	8,889		(453)	8,436	210	8,646
Economy, Regeneration & Skills	525		486	1,011	832	1,843
Finance & Resources	38,874		4,436	43,310	(3,045)	40,265
Health, Wellbeing & Adult Social Care	131,301		2,778	134,079	36	134,115
Housing & Environment	15,617		190	15,807	(70)	15,737
Parks, Highways & Transport Services	9,997		(284)	9,713	25,022	34,735
Non-Cash Limits	61,335		(910)	60,425	(58,721)	1,704
Dedicated Schools Grant		19,279	1,024	20,303	3,982	24,285
Housing Revenue Account			1,609	1,609	(7,631)	(6,022)
Net Cost of Services	340,180	19,279	8,735	368,194	(40,596)	327,598
Other Income and Expenditure	(340,120)		3,111	(337,009)	337,009	0
Reported Deficit/(Surplus)	60					
Use of Earmarked Reserves to top up General Fund	(668)			(668)	668	0
Transfer DSG deficit to Dedicated Schools Grant Adjustment Account		(19,279)		(19,279)	19,279	0
Other Operating Expenditure				0	144,120	144,120
Financing and Investment Income and Expenditure				0	33,023	33,023
Taxation and Non-Specific Grant Income				0	(393,331)	(393,331)
(Surplus) or Deficit	(608)	0	11,846	11,238	100,172	111,410
Opening General Fund and HRA Balances brought forward	(14,515)	(1,097)	(97,918)	(113,530)		
Less (Surplus)/ Deficit on General Fund and HRA Balance in Year	(608)	0	11,846	11,238		
Closing General Fund and HRA Balances carried forward	(15,123)	(1,097)	(86,072)	(102,292)		

Note to the Expenditure and Funding Analysis

This note explains the main adjustments from Net Expenditure Chargeable to the General Fund and HRA Balances to arrive at the amounts in the Comprehensive Income and Expenditure Statement (CIES):

2025/26 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Reclassification between Service Segments for CIES Note a £000	Adjustments for Capital Purposes Note b £000	Net Change for the Pensions Adjustments Note c £000	Other Differences Note d £000	Total Adjustments £000
Children, Families & Education	(986)	275	(2,668)		(3,379)
Communities, Culture & Public Protection	(386)	763	(361)		16
Economy, Regeneration & Skills	4	946	(113)		837
Finance & Resources	(3,085)	1,147	(1,494)		(3,432)
Health, Wellbeing & Adult Social Care	481	211	(1,441)		(749)
Housing & Environment	(5,813)	(2,204)	(183)		(8,200)
Parks, Highways & Transport Services	(1,088)	27,693	(353)		26,252
Non-Cash Limits	(43,603)	(20,137)	3,615	(176)	(60,301)
Dedicated Schools Grant	(823)	17,915	(2,664)	31	14,459
Housing Revenue Account	(5,960)	(5)			(5,965)
Net Cost Of Services	(61,259)	26,604	(5,662)	(145)	(40,462)
Other Income and Expenditure from the Funding Analysis	357,245				357,245
Use of earmarked reserves to top up general fund	60				60
Transfer DSG deficit to Dedicated Schools Grant Adjustment Account				24,983	24,983
Other Operating Expenditure	43,956	22,156			66,112
Financing and Investment Income and Expenditure	14,269	3,582	862		18,713
Taxation and Non-Specific Grant Income	(354,271)	(57,423)		3,545	(408,149)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	0	(5,081)	(4,800)	28,383	18,502

2024/25 Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Reclassification between Service Segments for CIES Note a £000	Adjustments for Capital Purposes Note b £000	Net Change for the Pensions Adjustments Note c £000	Other Differences Note d £000	Total Adjustments £000
Children, Families & Education	18	16	(1,245)		(1,211)
Communities, Culture & Public Protection	(358)	616	(48)		210
Economy, Regeneration & Skills	2	843	(13)		832
Finance & Resources	(6,981)	4,137	(201)		(3,045)
Health, Wellbeing & Adult Social Care	2	230	(196)		36
Housing & Environment	(126)	78	(22)		(70)
Parks, Highways & Transport Services	(921)	25,991	(48)		25,022
Non-Cash Limits	(41,169)	(18,284)	954	(222)	(58,721)
Dedicated Schools Grant	(789)	6,223	(500)	(952)	3,982
Housing Revenue Account	(5,976)	(1,655)			(7,631)
Net Cost Of Services	(56,298)	18,195	(1,319)	(1,174)	(40,596)
Other Income and Expenditure from the Funding Analysis	337,009				337,009
Use of general fund surplus to top up earmarked reserves	668				668
Transfer DSG deficit to Dedicated Schools Grant Adjustment Account				19,279	19,279
Other Operating Expenditure	42,836	101,284			144,120
Financing and Investment Income and Expenditure	13,463	18,620	940		33,023
Taxation and Non-Specific Grant Income	(337,678)	(64,172)		8,519	(393,331)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit	0	73,927	(379)	26,624	100,172

Notes:

a. Reclassifications – this column represents reclassifications between headings reported to management and how items should be classified in the CIES. The main items include the transfer of funding from Other Income and Expenditure to Taxation and Non-specific Grant Income and the transfer of cost and income from Non-Cash Limit and the Finance and Resources Portfolio relating to interest and the investment estate to Financing and Investment Income and Expenditure.

b. Adjustments for Capital Purposes – this column adds in depreciation and impairment and revaluation gains and losses. It also adjusts for capital disposals and capital grant income. Minimum Revenue Provision (MRP) and capital funding charged to revenue are deducted as they are not chargeable under generally accepted accounting practices.

c. Adjustments for Pensions – this column removes employer pension contributions made by the council as allowed by statute and replaces them with current service costs and past service costs. It also adds in the net interest on the defined pensions liability charged to the CIES.

d. Other adjustments – this column relates to differences between amounts payable/receivable under statute and amounts debited/credited to the CIES. It includes premiums and discounts on debt settlement, timing differences on council tax and business rates, movement on holiday pay accruals and transfer of the Dedicated Schools Grant deficit.

The adjustments in columns b to d are analysed in more detail in Note 2, Adjustments between Accounting Basis and Funding Basis under Regulations.

2. Adjustments between Accounting Basis and Funding Basis under Regulations

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

2025/26	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000
Adjustments for Capital Purposes						
Charges for depreciation, revaluation losses and impairment of non-current assets	(45,269)	(14,440)				(59,709)
Movements in the market value of investment properties	(3,260)					(3,260)
Revenue expenditure funded from capital under statute	(8,647)					(8,647)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement and associated capital receipts	(26,136)	4,190	(10,258)			(32,204)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement and applied to finance capital expenditure	61,076	2,536			(3,436)	60,176
Statutory provision for the repayment of debt	18,136					18,136
IFRS16 Repayments	1,057					1,057
Capital expenditure financed from revenue balances	1,393	5				1,398
Posting of HRA resources from revenue to the Major Repairs Reserve		14,440		(14,440)		0
	(1,650)	6,731	(10,258)	(14,440)	(3,436)	(23,053)
Pensions Adjustments						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(23,559)	(50)				(23,609)
Employer's pensions contributions and direct payments to pensioners payable in the year	28,409					28,409
Total Adjustments for Pensions	4,850	(50)	0	0	0	4,800
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance new capital expenditure			3,700			3,700
Use of the Capital Receipts Reserve to finance historical capital expenditure			3,142			3,142
Use of the Major Repairs Reserve to finance capital expenditure				13,656		13,656
Total Adjustments to Capital Resources	0	0	6,842	13,656	0	20,498
Other differences						
Transfer Dedicated Schools Grant deficit to unusable reserve	(24,983)					(24,983)
Financial Instruments (transferred to (or from) the Financial Instruments Adjustment Account)	18					18
Council tax and NDR (transferred to or from Collection Fund)	(3,545)					(3,545)
Holiday pay (transferred to the Accumulated Absences Reserve)	127					127
	(28,383)	0	0	0	0	(28,383)
	(25,183)	6,681	(3,416)	(784)	(3,436)	(26,138)

2024/25	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve £000	Major Repairs Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000
<u>Adjustments for Capital Purposes</u>						
Charges for depreciation, revaluation losses and impairment of non-current assets	(33,386)	(13,751)				(47,137)
Amortisation of intangible assets	(228)					(228)
Movements in the market value of investment properties	(18,613)					(18,613)
Revenue expenditure funded from capital under statute	(8,687)					(8,687)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement and associated capital receipts	(102,495)	1,204	(4,240)			(105,531)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement and applied to finance capital expenditure	64,060	4,084			(4,354)	63,790
Statutory provision for the repayment of debt	17,036					17,036
Right of Use Assets Minimum Revenue Provision	999					999
Capital expenditure financed from revenue balances	443	1,656				2,099
Posting of HRA resources from revenue to the Major Repairs Reserve		13,751		(13,751)		0
Total Adjustments for Capital Purposes	(80,871)	6,944	(4,240)	(13,751)	(4,354)	(96,272)
<u>Pensions Adjustments</u>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(28,111)	(68)				(28,179)
Employer's pensions contributions and direct payments to pensioners payable in the year	28,558					28,558
Total Adjustments for Pensions	447	(68)	0	0	0	379
<u>Adjustments to Capital Resources</u>						
Use of the Capital Receipts Reserve to finance new capital expenditure			4,424			4,424
Use of the Capital Receipts Reserve to finance historical capital expenditure			674			674
Use of the Major Repairs Reserve to finance capital expenditure				13,751		13,751
Total Adjustments to Capital Resources	0	0	5,098	13,751	0	18,849
<u>Other differences</u>						
Transfer Dedicated Schools Grant deficit to unusable reserve	(19,279)					(19,279)
Financial Instruments (transferred to (or from) the Financial Instruments Adjustment Account)	17					17
Council tax and NDR (transferred to or from Collection Fund)	(8,519)					(8,519)
Holiday pay (transferred to the Accumulated Absences Reserve)	1,157					1,157
Total Adjustments for Other Differences	(26,624)	0	0	0	0	(26,624)
Total Adjustments	(107,048)	6,876	858	0	(4,354)	(103,668)

3. Expenditure and Income Subjective Analysis

	Council	VA	Total	Council	VA	Total
	2025/26	Schools*	2025/26	2024/25	Schools*	2024/25
	£000	2025/26	£000	£000	2024/25	£000
		£000			£000	
Expenditure						
Employee Benefit Expenses	277,935	26,025	303,960	286,834	27,194	314,028
Other service expenses	566,767	1,425	568,192	509,386	1,240	510,626
Capital charges including depreciation and impairment	59,681		59,681	47,335		47,335
Financing and investment expenditure including interest	126,605		126,605	127,630		127,630
Levies	43,955		43,955	42,836		42,836
Losses/(gains) on disposal of assets/ impairment of assets held for sale	22,157		22,157	101,284		101,284
	1,097,100	27,450	1,124,550	1,115,305	28,434	1,143,739
Income						
Fees, charges and other service income**	(184,710)	(2,992)	(187,702)	(164,360)	(3,790)	(168,150)
Financing and investment income including interest	(107,892)		(107,892)	(94,607)		(94,607)
Income from council tax and non-domestic rates	(277,014)		(277,014)	(260,542)		(260,542)
Government grants and contributions (including donations)	(491,947)	(24,458)	(516,405)	(484,386)	(24,644)	(509,030)
	(1,061,563)	(27,450)	(1,089,013)	(1,003,895)	(28,434)	(1,032,329)
	35,537	0	35,537	111,410	0	111,410

* Voluntary aided school employees are not the employees of the council but of the schools' Governing Bodies. Consequently, the employee benefit expenses, and other transactions of voluntary aided schools have been disclosed separately.

** Further analysis of fees, charges, and other service income is shown below:

Further analysis of Fees, charges and other service income	2025/26	2024/25
	£000	£000
HRA Rent	(51,622)	(52,174)
Social Care Charges	(38,861)	(36,092)
Leisure Income	(13,352)	
School income (excluding grants)	(13,632)	(14,506)
Water recharge income (HRA)	(6,848)	(5,847)
Rents (HRA Communal)	(6,193)	(5,330)
Inter-council fees for services provided	(4,145)	(4,152)
Greater Manchester ICB - Continuing healthcare packages	(6,345)	(6,409)
Parking charges	(5,825)	(5,753)
Bereavement Services Income	(3,884)	
GMCA returned Waste monies	(2,447)	(6,168)
Other income (categories < £2m)	(34,548)	(31,719)
	(187,702)	(168,150)

On the whole, the council's contracts with service recipients are straightforward exchange transactions which do not involve complex performance obligations, significant variable consideration, uncertain income or deferred payments.

4. Critical Judgements in Applying Accounting Policies and Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Code requires the council to disclose significant accounting judgements and sources of estimation uncertainty. In most cases, these are included in the relevant Notes to the Statement of Accounts but where there is no appropriate Note in which to include it, details are provided below.

Critical Judgements in Applying Accounting Policies

Details about the accounting policies made and how these have been applied are set out in Note 36 and throughout the Notes to the accounts. In applying the accounting policies, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Accounting for Schools

Within the borough there are local authority maintained schools and non-maintained schools. Local authority maintained schools are Community Schools, Voluntary Controlled Schools (VC) and Voluntary Aided Schools (VA). Non-maintained schools are academy schools.

In line with the Code of Practice and accounting standards, all maintained schools are now considered to be entities controlled by the council. Rather than produce group accounts, the Code requires the income, expenditure, assets and liabilities, reserves and cash flows of each school to be recognised in the council's single entity accounts.

All maintained school accounts are operated in accordance with the council's general accounting policies as per the Statement of Accounts. All school activity is accounted for in the year that it takes place and not simply when cash payments are made or received (i.e. the accruals concept). All schools have a local bank account facility as permitted under the Stockport Scheme for Financing Schools, thereby allowing schools to procure all non-staffing activity direct with suppliers. All such expenditure is collated from schools on a monthly basis and is input into the council's financial system.

All school expenditure is funded directly by the Dedicated Schools Grant (DSG) allocation and other school specific grants provided by the Department for Education (DfE). Any year-end surplus reported on either an individual school or within the DSG centrally retained funds is permitted to be carried forward and recorded in the appropriate council reserve account at year end. In November 2020, the regulations with regards to deficit balances on DSG budgets were amended. An overall year-end deficit on the DSG is no longer charged to a revenue account and is instead recorded as an unusable reserve, carried forward and funded from future DSG income.

Expenditure and income are recorded in the Dedicated Schools Grant reporting line in the Comprehensive Income and Expenditure Statement.

Academies are directly funded by central government (DfE), they are self-governing and are independent of direct control by the council. They are not classed as maintained schools. No expenditure or income relating to academy schools is recorded in the council's Financial Statements.

Accounting for Schools' non-current assets

The Code contains guidance on the recognition of schools' non-current assets in the council's Balance Sheet. It stipulates that assets should be recognised if they meet the appropriate recognition criteria for the council.

The council has reviewed the various arrangements that it has with schools on a case-by-case basis. The decision as to whether the school is recorded on the council's Balance Sheet is determined by the ownership of the asset and the rights and obligations the legal owner has over the asset. An analysis of the number of schools by type is shown below:

Type of School	Nursery Schools	Primary Schools	Secondary Schools	Special Schools	31 March 2025 Total	31 March 2024 Total	On/Off balance sheet
Community	4	44	2	4	54	58	On
Voluntary Controlled		6			6	6	Off
Voluntary Aided		13	2		15	15	Off
Maintained Schools	4	63	4	4	75	79	
Academies*		23	10	2	35	31	Off
Total	4	86	14	6	110	110	

*Includes new build academies outside of the council's control.

Community Schools

All Community Schools are owned by the council, with the associated rights and obligations in relation to these belonging to the council. As a result the land and buildings used by the schools are included in the council's Balance Sheet. The exception to this is the PFI school noted below.

The value of Community schools within the other land and buildings category of non-current assets is £376m at 31 March 2026 (£400m at 31 March 2025).

Capital expenditure on Community Schools, whether a council led scheme, or a school directly funded scheme, is recorded as spend against the relevant school asset (or plant and equipment).

There is one community school that was delivered under a Private Finance Initiative contract under the Priority School Building Programme, funded by the Secretary of State for Education in 2016/17. The Education and Skills Funding Agency entered into a delivery contract directly with the contractor for the design and building of the new school and the life-cycling of the building fabric for 25 years, including any variances under the contract. The school makes an annual contribution to the hard

facilities management costs, and this is charged to revenue. It is considered that as the council does not control the setting of fees and charges it does not exercise control over the asset for recognition purposes. Consequently, the school, valued at approximately £3m, has not been included in the Balance Sheet.

Voluntary Controlled (VC) and Voluntary Aided (VA) Schools

Legal ownership of the council's VC and VA schools rests with a Diocesan Trustee Body or an independent Trustee body in the case of one VA school. The rights and obligations associated with these assets rest with the Trustees, for example, the schools occupy the premises subject to the direction of the Trustees and all decisions relating to the land and buildings rest with the Trustees. There has been no assignment of rights to the schools who occupy premises under an informal licence arrangement, which passes no interest to the council and is terminable by the Trustees at any time.

Under these arrangements the council does not include any VC or VA schools on its Balance Sheet. The exception to this is school playing fields which are usually owned by the council, with the council having the associated rights and obligations in connection with ownership of the assets. These are included on the council's Balance Sheet.

Capital expenditure on VC Schools, whether a council-led scheme or a school directly funded scheme, is recorded as Revenue Expenditure Funded from Capital Under Statute (REFCUS).

Capital expenditure on VA Schools does not normally form part of the council's capital programme, being accounted for directly by the relevant Trustee or Diocesan Body.

Academies

Academies are not recorded in the council's Balance Sheet. The freehold land on which the schools are located is owned by the council and 125-year leases at peppercorn rents have been granted to the relevant charitable bodies now responsible for running the schools.

When a school which is held on the council's Balance Sheet transfers to academy status, this is treated as a disposal for nil consideration in the year that the transfer takes place, rather than as an impairment on the date that approval to academy status is announced. The Code effectively treats this as a disposal of a group entity to be accounted for in the Financing and Investment Income and Expenditure line within the Comprehensive Income and Expenditure Statement.

Investment Property

Investment properties (carrying value as at 31 March 2026 - £201m) are categorised, based on consideration of the criteria identified in IAS 40 Investment Property, as being held solely for rental income or capital appreciation or both. The assessment of Investment Properties using these criteria is subject to interpretation to determine if there is an operational reason for holding the properties, such as regeneration.

Group Accounts

The council has relationships with a number of companies over which it has varying degrees of control and influence. The Code requires that where a local authority has

material financial interests and a significant level of control over an entity then it should prepare group accounts. In line with the Code, the council continues to review its relationship with other entities, particularly in respect of the definition of control and accounting for joint arrangements. Further information about the council's group can be found in the Notes to the Group Accounts.

Sources of Estimation Uncertainty

These are assumptions and estimates made at 31 March 2026 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Manchester Airport Group

The council's shareholding in the Manchester Airport Holdings Ltd in 2025/26 is 3.22% of non-voting ordinary shares and three ordinary 'C' shares. Manchester Airport Holdings Ltd is part of the Manchester Airport Group and gives the council the rights to distributable profits from Manchester Airport Car Parks Ltd. Both shareholdings are held at fair value and a valuation must be carried out annually.

A firm of financial experts and valuers has been engaged by the council to provide an independent valuation, which includes reviewing the financial performance, stability, and business assumptions of the Manchester Airport Group. However, it should be noted that the valuation provided is based on estimations and assumptions derived on an open market value basis, taking into account the nature of the shares and therefore, should the council sell its shareholding, the value held in these statements may not be realised.

Various methods of measuring fair value of the airport have been considered by the financial experts and valuers, including earnings-based, discounted cash flow, net asset value and dividend yield methods. They consider that, based on nature and size of the Group, the earnings-based method is the most appropriate for the Manchester Airport Holdings Ltd shares for 2025/26. The estimated fair value of the council's shareholding for 2025/26 is £37.500m (£43.400m in 2024/25).

Manchester Airport Car Park Ltd is a relatively newly established business that centres on the leasing of parking spaces to passengers at the airport. There is a limited amount of information regarding turnover available and the valuers have considered the discounted cash flow approach to be the most appropriate method of valuation for the shareholding for 2025/26. The estimate of the fair value of the council's 'C' shares for 2025/26 is £3.900m (£4.400m for 2024/25).

Further information on the valuation of the council's shareholding is provided in Note 13 C, Fair Value of Financial Assets.

Pensions Asset

Estimation of the Pensions Asset depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the council with expert advice about the assumptions to be applied. For 2024/25, the closing position is £403.978m net pension asset (£370.159m for 2024/25). Accounting standards dictate that any declared surplus must be restricted to the lower of the net pension asset or

asset ceiling, which is the surplus that could be refunded to the council or that the council could expect in future reductions in contributions. Applying the asset ceiling reduces the net pension asset to £nil and this is therefore the net pension position recorded in the Balance Sheet.

There is no legal right of offset for the unfunded pension obligations and therefore the net defined benefit liability for these is not impacted by the asset ceiling adjustment. The net defined benefit liability for the unfunded pension obligations is £16.243m for 2025/26 (£16.942m for 2024/25).

More information on the Pensions Asset can be found at Note 24, Pension Schemes.

Property, Plant and Equipment

The valuation of the council's Property, Plant and Equipment (PPE) is a significant area of estimation uncertainty. This includes Council Dwellings, Other Land and Buildings and Surplus Assets. The council's valuer uses a combination of methodologies to value these operational assets, including Depreciated Replacement Cost (DRC), Existing Use Value (EUV and Social Housing EUV) and market/comparable methods. These methods can cause estimation uncertainty due to the indices and inputs that must be used when applying valuations. If the actual values differ from the assumptions used to value PPE, there is a risk of material adjustment to the carrying value of PPE within the next financial year. A reduction in estimated valuation would result in a reduction to the Revaluation Reserve and/or a loss recorded in the Comprehensive Income and Expenditure Statement. An increase in estimated valuation would result in an increase in the Revaluation Reserve and/or gain recorded in the Comprehensive Income and Expenditure Statement. As an example, the impact of a 10% change in the valuation of the council's operational property (carrying value as at 31 March 2026 – £147m) would be £149m. Note 11, Property, Plant and Equipment, to the accounts sets out the council's approach to valuation of its PPE.

5. Material items of Income and Expenditure

Schools transferring to Academy Status

A number of schools have converted to academy status during the 2025/26 financial year. The loss on disposal is disclosed within the Other Operating Expenditure. There is no impact on the General Fund, as the loss is reversed out in the Movement in Reserves Statement. The total loss on disposal was £26.347m (£100.859m in 2024/25) and an analysis per school is provided below.

	Loss on Disposal £000
Adswood Primary	5,454
Alexandra Park Primary	10,023
High Lane Primary	5,311
Norris Bank Primary	5,559
Total	26,347

6. Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue on 29 June 2026 by the Director of Finance - Section 151 Officer. This is the date up to which events after the balance sheet date have been considered and included where relevant.

7. Earmarked Reserves within General Fund and HRA Balances

The council holds a number of earmarked reserves, which represent sums set aside over time for specific purposes. These are detailed in the table below. With the exception of school and HRA reserves, these reserves are regarded as usable for General Fund purposes.

	Balance 31 March 2025 £000	(Increase)/ Reduction £000	Reclassific- ations £000	Balance 31 March 2026 £000
School Balances under Local Management:				
Primary Schools	(5,744)	3,120		(2,624)
Secondary Schools	(3,469)	1,438		(2,031)
Special Schools	(989)	376		(613)
Other School Balances	(2,138)	(208)		(2,346)
Schools Reserves Total	(12,340)	4,726	0	(7,614)
Transformation - Invest to Save Reserve	(2,108)	180	100	(1,828)
Transformation - Double Running Reserve	(1,500)			(1,500)
Workforce Investment/Change Reserve	(1,372)	1,743	(1,540)	(1,169)
Capital Programme Investment Reserve	(3,738)	57	500	(3,181)
Corporate Property Reserve	(1,500)		500	(1,000)
Digital by Design Reserve	(1,796)			(1,796)
Health and Social Care Integration Reserve	(11,899)	168		(11,731)
Equipment Refresh Reserve	(1,000)			(1,000)
Waste Smoothing Reserve	(432)		432	0
Community Investment Fund	(329)		(100)	(429)
SEND	0	516	(1,000)	(484)
Cabinet One-Off Investment/MTFP Reserve	(1,267)	120	184	(963)
Greater Manchester Bus Reform Contribution	(1,859)			(1,859)
Climate Action Now	(664)		36	(628)
Contain Outbreak Management Reserve	(123)	191	91	159
MTFP Resilience and Smoothing Reserve	(15,001)	4,799	(407)	(10,609)
Children's Reserve	(1,297)	266	49	(982)
Adults Reserve	(1,058)	811	58	(189)
Demand Changes Reserve	(1,000)	1,000		0
Insurance Reserve	(6,563)		1,286	(5,277)
Collection Fund Reserve	(2,815)	(1,067)	670	(3,212)
Legislative and Statutory Requirements Reserve	(4,281)	(1,131)	1,748	(3,664)
Third Party Monies Reserve	(930)	32		(898)
Area Committee Reserves	(538)	(68)		(606)
Revenue Grant Reserve (includes ringfenced reserves)	(2,173)	(1,286)	591	(2,868)
RCCO	(3,356)	2,456		(900)
Income and Interest Rate Risk Mitigation Reserve	(2,146)	5,139	(3,518)	(525)
Collection Fund Reserve - Business Rates Reset	(2,375)		875	(1,500)
Directorate Flexibility Reserve - Place	(250)		(44)	(294)
Directorate Flexibility Reserve - People	(241)	241	(250)	(250)
Directorate Flexibility Reserve - CSS	(117)	29	(201)	(289)
General Fund Earmarked Reserves	(73,728)	14,196	60	(59,472)
Total Schools and General Fund Earmarked Reserves	(86,068)	18,922	60	(67,086)
HRA Earmarked reserves	(4)	(2)	0	(6)
All Earmarked Reserves Total	(86,072)	18,920	60	(67,092)

	Balance 31 March 2024 £000	(Increase)/ Reduction £000	Reclassific- ations £000	Balance 31 March 2025 £000
School Balances under Local Management:				
Primary Schools	(7,837)	2,093		(5,744)
Secondary Schools	(3,626)	157		(3,469)
Special Schools	(655)	(334)		(989)
Other School Balances	(1,602)	(536)		(2,138)
Schools Reserves Total	(13,720)	1,380	0	(12,340)
Transformation - Invest to Save Reserve	(2,393)	343	(58)	(2,108)
Transformation - Double Running Reserve	(1,587)	198	(111)	(1,500)
Workforce Investment/Change Reserve	(2,288)	565	351	(1,372)
Capital Programme Investment Reserve	(2,628)	308	(1,418)	(3,738)
Corporate Property Reserve	(1,000)		(500)	(1,500)
Infrastructure Investment Reserve	(1,050)		1,050	0
Digital by Design Reserve	(1,796)			(1,796)
Health and Social Care Integration Reserve	(12,773)	874		(11,899)
Equipment Refresh Reserve	(66)		(934)	(1,000)
Waste Smoothing Reserve	(412)		(20)	(432)
Community Investment Fund	(623)		294	(329)
SEND	(325)		325	0
Cabinet One-Off Investment/MTFP Reserve	(2,719)	640	812	(1,267)
Greater Manchester Bus Reform Contribution	(1,859)			(1,859)
Climate Action Now	(664)			(664)
Contain Outbreak Management Reserve	(1,216)	850	243	(123)
MTFP Resilience and Smoothing Reserve	(15,792)	159	632	(15,001)
Children's Reserve	(1,705)	408		(1,297)
Adults Reserve	(1,994)	936		(1,058)
Demand Changes Reserve	(1,000)			(1,000)
Insurance Reserve	(8,619)	937	1,119	(6,563)
Collection Fund Reserve	(3,761)	(1,429)	2,375	(2,815)
Legislative and Statutory Requirements Reserve	(3,362)	(919)		(4,281)
Third Party Monies Reserve	(985)	55		(930)
Area Committee Reserves	(481)	(57)		(538)
Revenue Grant Reserve (includes ringfenced reserves)	(2,923)	(159)	909	(2,173)
RCCO	(4,948)	1,483	109	(3,356)
Income and Interest Rate Risk Mitigation Reserve	(3,085)	2,854	(1,915)	(2,146)
Collection Fund Reserve - Business Rates Reset	0		(2,375)	(2,375)
Directorate Flexibility Reserve - Place	(198)		(52)	(250)
Directorate Flexibility Reserve - People	(200)	9	(50)	(241)
Directorate Flexibility Reserve - CSS	(132)	133	(118)	(117)
General Fund Earmarked Reserves	(82,584)	8,188	668	(73,728)
Total Schools and General Fund Earmarked Reserves	(96,304)	9,568	668	(86,068)
HRA Earmarked reserves	(1,614)	1,610	0	(4)
All Earmarked Reserves Total	(97,918)	11,178	668	(86,072)

8. Other Operating Expenditure

	2025/26 £000	2024/25 £000
Levies	43,955	42,836
Loss/(Gain) on the disposal of non-current assets	22,157	101,284
	66,112	144,120

9. Financing and Investment Income and Expenditure

	2025/26 Expenditure £000	2025/26 Income £000	2025/26 Net £000	2024/25 Expenditure £000	2024/25 Income £000	2024/25 Net £000
Interest payable and similar charges	32,638		32,638	30,666		30,666
Net interest on the net defined benefit liability	78,773	(77,911)	862	64,481	(63,541)	940
Interest receivable and similar income		(9,874)	(9,874)		(9,951)	(9,951)
Income and expenditure in relation to investment properties and changes in their fair value	14,701	(19,243)	(4,542)	32,102	(19,589)	12,513
Gains/ losses on trading accounts	493	(254)	239	381	(254)	127
Other investment income		(452)	(452)		(898)	(898)
Impairment Losses of financial Instruments		(158)	(158)		(374)	(374)
	126,605	(107,892)	18,713	127,630	(94,607)	33,023

10. Taxation and Non-Specific Grant Income

	2025/26 £000	2024/25 £000
Capital grants and contributions	(57,423)	(64,172)
Council tax income	(205,339)	(193,359)
Non-domestic rates	(71,675)	(67,183)
Non-ringfenced government grants	(73,712)	(68,617)
	(408,149)	(393,331)

11. Property, Plant and Equipment

Movements in 2025/26

In accordance with the Code on infrastructure 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.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Right of Use Assets £000	Total Property, Plant and Equipment (excluding infrastructure assets) £000
Cost or Valuation								
At 1 April 2025	631,499	661,834	39,389	1,981	3,159	63,265	4,004	1,405,131
Additions	13,876	10,395	726		1,081	56,500		82,578
Revaluation increases/decreases to Revaluation Reserve	152,548	23,184						175,732
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services		(496)						(496)
Impairment losses to Surplus or Deficit on the Provision of Services								0
Derecognition - Disposals	(5,266)	(27,286)						(32,552)
Reclassifications & Transfers	1,099	22,400			27	(21,757)		1,769
At 31 March 2026	793,756	690,031	40,115	1,981	4,267	98,008	4,004	1,632,162
Accumulated Depreciation and Impairment								
At 1 April 2025	(175)	(17,461)	(25,707)	(581)	(9)	0	(317)	(44,250)
Depreciation Charge	(13,847)	(19,405)	(2,260)	(54)			(317)	(35,883)
Depreciation written out to Revaluation Reserve	13,867	6,671						20,538
Depreciation on Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services		2,962						2,962
Derecognition - Disposals	150	894						1,044
Reclassifications & Transfers		320						320
At 31 March 2026	(5)	(26,019)	(27,967)	(635)	(9)	0	(634)	(55,269)
Net Book Value								
At 31 March 2026	793,751	664,012	12,148	1,346	4,258	98,008	3,370	1,576,893

*Other Land and Buildings contains assets with operating leases see note 33 for further details.

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

	Infrastructure Assets 2025/26 £000	Infrastructure Assets 2024/25 £000
Net Book Value (modified historic cost)		
At 1 April	448,636	446,157
Additions	8,644	13,826
Reclassifications & Transfers	9,744	13,656
Depreciation	(26,079)	(25,003)
At 31 March	440,945	448,636

Movements in 2024/25:

	Council Dwellings £000	Other Land and Buildings* £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Right of Use Assets £000	Total Property, Plant and Equipment (excluding infrastructure assets) £000
Cost or Valuation								
At 1 April 2024	616,720	723,302	37,810	1,981	3,159	56,162	0	1,439,134
Additions	13,880	26,381	971			21,063		62,295
Additions IFRS16 adoption			617				4,004	4,621
Revaluation increases/decreases to Revaluation Reserve	3,523	22,662						26,185
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services		(2,790)						(2,790)
Impairment losses to Surplus or Deficit on the Provision of Services								0
Derecognition - Disposals	(2,153)	(107,980)	(7)					(110,140)
Reclassifications & Transfers	(471)	259	(2)			(13,960)		(14,174)
At 31 March 2025	631,499	661,834	39,389	1,981	3,159	63,265	4,004	1,405,131
Accumulated Depreciation and Impairment								
At 1 April 2024	(12,430)	(34,629)	(23,430)	(527)	(9)	0	0	(71,025)
Depreciation Charge	(13,217)	(7,140)	(2,281)	(54)			(317)	(23,009)
Depreciation written out to Revaluation Reserve	25,398	16,413						41,811
Depreciation on Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services		2,551						2,551
Derecognition - Disposals	74	5,344	4					5,422
At 31 March 2025	(175)	(17,461)	(25,707)	(581)	(9)	0	(317)	(44,250)
Net Book Value								
At 31 March 2025	631,324	644,373	13,682	1,400	3,150	63,265	3,687	1,360,881

*Other Land and Buildings contains assets with operating leases see note 33 for further details.

Revaluations

The valuation of the freehold and leasehold properties which comprise the council's property portfolio was carried out by a professionally qualified valuer employed by the council.

Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

Properties which are valued at current value are formally valued under a five-year rolling programme, with an indexation programme for the intervening period. Where no suitable indices can be applied, these assets will be placed on to a 3 year cycle. This is to ensure that carrying values do not differ materially from current values at the balance sheet date. Valuations are commissioned with a valuation date of 31 March 2026.

HRA properties were subject to a full valuation in April 2025 in line with DLUHC (now known as the Ministry of Housing, Communities and Local Government (MHCLG)) guidance "Stock Valuation for Resource Accounting – Guidance for Valuers – 2016". Valuations have been updated since then in line with house price indices.

Valuation bases of property, plant and equipment are set out in the Statement of Accounting Policies.

The council's surplus assets comprise mainly of land sites which have been valued at fair value reflecting highest and best use based on prevailing planning policy.

In the main the valuation figures incorporated in the accounts are the aggregate of separate valuations of parts of the portfolio, not a valuation or apportioned valuation of the portfolio valued as a whole. The sources of information and assumptions made in producing the various valuations are set out in a valuation certificate and report.

The exception to this is in-year expenditure on assets, which is analysed by the valuer at the end of the financial year. Some expenditure is added to asset values, where in the opinion of the valuer, it adds some value to the asset. Other expenditure is written off as an impairment during the year, where in the opinion of the valuer it does not add value to the asset. All assets will be 'officially' revalued, taking this expenditure into account during the five-year rolling programme of revaluations.

In accordance with the Code, the council has charged depreciation on its property, plant and equipment to the Comprehensive Income and Expenditure Statement, regardless of the maintenance regime on any individual asset.

The following table illustrates the life of the assets for each category type, as adopted by the council (other than freehold land and assets under construction which are not depreciated). Depreciation is calculated on a straight-line basis.

Category	Life of Asset
Housing Stock	Buildings 15 to 70 years for components
Other Buildings	Buildings 40 years
Vehicles, Plant and Equipment	Plant 10 years Equipment / ICT 5 years Solar Panels (council dwellings) 25 years
Infrastructure	Bridges 40 years Highways, footways and cycle tracks 25 years Playgrounds 25 years Street Lighting 25 years Street Furniture 25 years
Community Assets	40 years

Component accounting is applied to calculate depreciation on assets within Property, Plant and Equipment, to accurately reflect the cost of use of the assets. This means that each part of an item of Property, Plant and Equipment, with a cost that is significant in relation to the cost of the item, shall be depreciated separately. In practice this has been achieved by applying a de minimis limit to individual asset values within the Property, Plant and Equipment category of £1m. Below this limit componentisation has been considered not to have a material effect on depreciation charges.

All assets are split into buildings and land (which is not depreciated). Buildings over the £1m threshold have been further subdivided into components of structure, services and roof. They have been valued on an average asset life basis, which averages typical costs of the components of buildings over maximum life expectancy for these components. Depreciation is calculated on these average lives which range from 30 - 40 years, compared to the normal life expectancy of buildings of 40 years.

The council's housing stock has been analysed into significant identifiable components for depreciation purposes. The building components have been depreciated over the useful lives as noted above.

The table below shows the progress of the council's rolling programme for the revaluation of property, plant and equipment. The basis for valuation is set out in the statement of accounting policies.

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Right of Use Assets £000	Infrastructure Assets £000	Total Property, Plant and Equipment £000
Valued at historical cost:			12,148	1,346		98,008	3,370	440,945	555,817
Valued at current value in:									
2025/2026	793,751	585,810			4,258				1,383,819
2024/2025		51,903							51,903
2023/2024		1,549							1,549
2022/2023		18,673							18,673
2021/2022		6,077							6,077
	793,751	664,012	12,148	1,346	4,258	98,008	3,370	440,945	2,017,838

Capital Commitments

Capital works are normally planned and carried out over a number of years. At 31 March 2026 the council had £26.277m which had been contracted for (£23.569m in 2024/25). These works include further phases of schemes which are already in progress as well as other planned schemes which have not yet been started.

	2025/26 £000	2024/25 £000
Highways Schemes	7,510	5,839
Improvements to schools	5,701	3,615
Housing schemes - affordable housing and new builds	1,790	4,029
Repairs and improvements to other council properties	7,605	3,305
Regeneration and Environmental Works	3,671	6,781
	26,277	23,569

The council has entered into a funding agreement with the Weir Mill developer (Capital and Centric (Rose) Ltd) for the sum of £59m and this was increased during 2025/26 to £69m. This development will see the restoration of a listed Victorian Mill and the creation of 250 apartments and mixed use indoor and outdoor space. The development was awarded grant funding which was utilised in advance of the draw down of loan in 2022/23, and the total loan drawn down as at 31 March 2026 is £57.581m (£43.515m as at 31 March 2025).

12. Investment Properties

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

	2025/26 £000	2024/25 £000
Income including rental income	(19,485)	(20,487)
Expenditure	11,441	13,482
Net income from investment properties	(8,044)	(7,005)
Changes in Fair Value of Investment Properties (unrealised gains/losses)	3,260	18,613
	(4,784)	11,608

There are no restrictions on the council's ability to realise the value inherent in its investment property or on the council's right to the remittance of income and the proceeds of disposal. The council has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance, or enhancement in the normal course of letting. However, the council as landowner may become liable for maintenance and service costs of certain properties if they become vacant.

Valuation Process for Investment Properties

The fair value of the council's investment property is measured on a rolling basis, but all assets are subject to a desk top review at each reporting date.

Except for the asset detailed below, the valuation of investment properties, which comprise the council's investment property portfolio, has been carried out by a professionally qualified valuer who is employed by the council.

The council's 4.64% interest in land held at Manchester Airport is based on a valuation obtained by Manchester City Council's valuer in 2025/26.

The council's interests in Merseyway Shopping Centre, former Debenhams building and Redrock Leisure complex have been valued by CBRE Ltd at 31 March 2026.

Fair Value Hierarchy

The council's investment portfolio comprises a core of industrial ground leases, as well as a mix of retail, commercial and leisure property.

All of the council's directly held investment assets, valued at £184.711m (£186.803m in 2024/25), have been assessed overall as Level 3 in the fair value hierarchy as the measurement technique uses Level 2 observable inputs, but with some Level 3 unobservable inputs to determine the fair value measurements (e.g. location or physical condition).

The Manchester Airport Land, valued at £11.318m (£11.044m in 2024/25), has been assessed as Level 2 in the fair value hierarchy.

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

The valuation of the Merseyway Shopping Centre has adopted the investment method, which uses a discounted cash flow and capitalises the estimated rental income stream, net of projected operating costs, using a discount rate derived from market yields implied by recent transactions in similar properties. The estimated rental stream takes into account current occupancy level, estimates of future vacancy levels, covenant strength, the terms of in-place leases and expectations for rentals from future leases over the economic life of the buildings.

The most significant inputs, all of which are unobservable, are the estimated rental value, assumptions about rent growth and vacancy levels and the discount rate (market yields). The overall valuation is sensitive to all of these assumptions and they are interrelated. The Hotel and Redrock have been valued using the income capitalisation method and discounted cash flow, having regard to projected trading information. This has been considered in light of transactional evidence and adjustments made to reflect age, size, location and offering.

The capital value of the remaining portfolio has been measured using the income approach, having regard to rental values and investment yields (the “all risk yield” approach). The approach has been developed using the council’s own data requiring it to factor in assumptions such as the duration and timing of cash inflows and outflows, terms of the lease agreement, rent growth, occupancy levels, bad debt levels, maintenance costs, type and location of the property, security of the income (tenant’s covenant strength), etc. Whilst reference is made to comparable market data from independent published sources, the council’s portfolio is in the main secondary in nature and not in prime locations.

The council holds other retail interests, most of which are located in Stockport Town Centre. Capital values have been assessed as above, based on income stream, tenure, lease term and covenant strength.

Highest and Best Use of Investment Properties

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

Valuation Techniques

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

Quantitative Information about Fair Value Measurement of Investment Properties using Significant Unobservable Inputs – Level 3

Significant changes in rental income and rent growth; vacancy levels or yield will result in a significantly lower or higher fair value.

It is generally considered that equivalent market yield is the most sensitive unobservable input for the valuation of investment assets.

Generally, the lower the yield the more secure the property is as an investment. This may manifest itself in the quality of the tenant in occupation, the prospects for income and capital growth and the location of the property.

Industrial ground leases are considered very secure assets, which whilst producing relatively modest incomes and are considered by the market to have significant capital values as the risk of default by the tenant is remote given that the income is often secured on commercial premises.

The table below shows the yield sensitivity analysis for the council's largest investment assets:

Asset	Fair Value £000	Yield %	Value if yield increases by 0.5% £000	Value if yield decreases by 0.5% £000
2 Stockport Exchange Office	20,765	7.00%	18,750	21,634
Aurora Business Park	18,070	6.75%	16,820	19,515
1 Stockport Exchange Office	12,717	7.00%	11,874	13,700
Mallowdale Road land lease	12,785	4.00%	11,363	14,610
Stockport Exchange Hotel	11,670	7.50%	11,000	13,700
Redrock Leisure Complex	14,425	9.63%	13,725	15,200
Merseyway Precinct	16,800	12.40%	16,100	17,560

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

	Investment Assets* 2025/26 £000	Assets Under Construction 2025/26 £000	Total 2025/26 £000
Balance at start of year	197,847	20,936	218,783
Additions:			
- Purchases	746	1,986	2,732
- Transfers	806	(17,613)	(16,807)
Disposal	(110)		(110)
Net unrealised gains from fair value adjustments	(3,260)		(3,260)
Balance at end of the year	196,029	5,309	201,338

*This contains Right of Use Assets which are disclosed further in Note 33.

	Investment Assets*	Assets Under Construction	Investment Assets Held for Sale	Total
	2024/25	2024/25	2024/25	2024/25
	£000	£000	£000	£000
Balance at start of year	196,266	14,039	1,995	212,300
Additions:				
- Purchases	99	13,620		13,719
- Other expenditure	1,989			1,989
- Additions due IFRS16 adoption	9,584			9,584
- Transfers	8,653	(6,723)	(1,995)	(65)
Disposal	(131)			(131)
Net unrealised gains from fair value adjustments	(18,613)			(18,613)
Balance at end of the year	197,847	20,936	0	218,783

*This contains Right of Use Assets which are disclosed further in Note 33.

The changes in fair value of investment property are attributable to Level 3 assets (£3.534m loss) and Level 2 assets (£0.274m gain). All other movements (additions and disposals) relate to Level 3 assets.

13. Financial Instruments

Financial instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. This definition is broad and includes instruments used in the treasury management activity of the authority, including the borrowing and lending of money and the making of investments.

Definitions

Amortised Cost: The amount at which a financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectability.

Effective Interest Rate (EIR): The rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, cash flows are estimated considering all contractual terms of the financial instrument (for example, prepayment, call, and similar options) but future credit losses are not considered. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible, the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments) are used.

Fair value: The price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

A. Financial Instrument Balances

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

	Long-Term 31 March 2026 £000	Current 31 March 2026 £000	Long-Term 31 March 2025 £000	Current 31 March 2025 £000
Financial Liabilities Measured at Amortised Cost				
Borrowing:				
PWLB Maturity Loans	506,774	101,213	576,386	46,079
Market Loans - LOBOs	7,960		7,965	
Market Loans - Converted LOBOs	61,100		61,108	
Market Loans - Other Long-Term Loans	40,329		40,329	
Short-Term Loans		113,706		66,347
Salix Interest Free Loans	239	632	871	947
Sub-Total Borrowing	616,402	215,551	686,659	113,373
Bank Overdraft		7,374		4,464
Total Borrowing and Overdraft	616,402	222,925	686,659	117,837
Trade Payables		85,760		70,545
Other Long-Term Liabilities:				
Stockport Exchange Multi Storey Car Park lease liability	13,700		13,700	
Total Financial Liabilities	630,102	308,685	700,359	188,382
Financial Assets measured at Amortised Cost				
Cash and Cash Equivalents		35,067		34,564
Stockport Exchange Multi Story Carpark finance lease	13,700		13,700	
Receivables at amortised cost:				
Trade Receivables	2,881	79,288	2,856	75,289
Other Loans	96,339	2,782	84,036	1,632
Patient equity investment – Interchange Homes LLP	9,300		9,300	
Loans to subsidiary companies	61,919	11,929	71,436	9,378
Sub-Total: Financial Assets at Amortised Cost	184,139	129,066	181,328	120,863
Financial Assets Measured at Fair Value through Other Comprehensive Income (OCI)				
Unquoted equity investments: Manchester Airport	41,400		47,800	
Financial Assets Measured at Historic Cost				
Unquoted Equity: Stockport Hotel Management Co Ltd	100		100	
Total Financial Assets	225,639	129,066	229,228	120,863

Accounting Framework and Carrying Values

Under accounting requirements, the carrying value of a financial instrument is recognised in the Balance Sheet. This comprises the principal amount borrowed or lent, plus further adjustments for breakage costs, stepped interest features (measured using the Effective Interest Rate (EIR) methodology), and accrued interest.

Accrued interest is classified within current assets or current liabilities where the underlying cash payments or receipts are due within 12 months. Accrued interest extending beyond 12 months is classified within long-term assets or long-term liabilities. The EIR methodology allocates interest receivable or payable over the life of the instrument, adjusting for the amortisation of any premiums or discounts reflected in the initial transaction price.

Short-Term Loans

Included within the short-term borrowing balance at 31 March 2026 is a £10.000m variable-rate loan from another UK local authority that tracks the Bank of England Bank Rate and has been in place since 20 March 2023. Although this borrowing arrangement has continuously rolled over for more than three years, it is mandatory under IAS 1 and the CIPFA Code of Practice to classify it as a current liability (short-term borrowing). This is because the classification is determined strictly by the contractual terms at the Balance Sheet date; since the lending authority retains the unconditional right to recall the principal in full on 7 days' notice, the council does not possess the right to defer settlement for more than 12 months.

Other Loans Portfolio

As at 31 March 2026, the 'Other Loans' balance totals £99.121m (£85.668m as at 31 March 2025) and comprises the following:

- **Manchester Airport Debt Conversion:** Debt previously administered by the council on behalf of the airport, originally comprising Public Works Loan Board (PWLB) annuity and maturity loans. In February 2010, these were consolidated into a single loan of £9.151m with a 45-year term at a fixed rate of 12.00% (pooled across the 10 Greater Manchester authorities). This balance includes £3.406m of accrued interest (£3.609m in 2024/25).
- **Manchester Airport Group (MAG) Shareholder Loans (2018/19):** A strategic investment alongside Manchester City Council and the other eight Greater Manchester districts to support the Airport Transformation Programme. The loan aligns with regional strategic priorities and supports future dividend growth. The council's total core investment is £11.278m, which includes £3.498m of accrued interest (£3.707m in 2024/25).
- **Manchester Airport Group (MAG) Shareholder Loans (2020/21):** Financial support provided by the Greater Manchester authorities to fund approved airport capital works. The council's loan principal is £9.677m, which includes £2.225m of accrued interest (£2.360m in 2024/25).
- **Capital & Centric (Weir Mill) Loan:** Funding totalling £57.581m (£43.515m in 2024/25) to support the council's capital programme in developing the Weir Mill site. This project is a key element of the town centre regeneration plans delivered via Stockport's Mayoral Development Corporation (MDC).
- **Stockport Active CIC Loan:** Funding of £1.537m (£1.721m in 2024/25) provided to fund capital expenditure.

Borrowing and Liquidity Management

Lender Option Borrower Option (LOBO) loans totalling £7.500m are classified within long-term borrowing as market loans but carry an option date falling within the next 12

months. Long-term carrying values are derived from EIR calculations where the maturity period is assumed to be the full contractual period to maturity.

To manage short-term liquidity constraints within the inter-local authority market during Q4 2025/26, the council raised a £30.000m PWLB loan on 17 February 2026. This loan is fixed at the HRA Certainty Rate of 4.05% with a maturity date of 17 June 2028.

This matches the council's borrowing approach from late 2024/25, where market liquidity pressures required the sourcing of £187.000m in PWLB loans maturing in 2026 and 2027. Within this portfolio, £100.000m matures during the 2026/27 financial year and is recognised under short-term liabilities.

The council holds temporary loans of £112.523m as at 31 March 2026 (£65.021m as at 31 March 2025). Temporary borrowing consists of fixed-rate money market loans, primarily with other local authorities, which are repayable within the next financial year.

Soft Loans (Salix Energy Efficiency Funding)

The council holds £0.871m in interest-free loans from Salix Finance, representing government funding provided to the public sector for energy efficiency improvements. During 2025/26, £0.947m was repaid to Salix (£1.218m in 2024/25), with a further £0.632m due for repayment in 2026/27.

Under the CIPFA Code, the EIR of these soft loans should be calculated to isolate the value of the financial assistance (the interest-free element) from the underlying financing cost. However, because the financial gain represented by this interest-free arrangement is immaterial to the accounts, no EIR adjustments have been made, and the loans are held at face value.

Equity Investments and Group Boundaries

Other unquoted equity investments held at cost consist of shareholdings in a subsidiary undertaking that is excluded from the council's Group Accounts on the grounds of immateriality. Investments in companies that are fully consolidated into the council's Group Accounts are governed by other accounting standards and are excluded from this note.

Irrevocable Designation to Fair Value through Other Comprehensive Income (FVOCI)

Under accounting standard IFRS 9 (Financial Instruments), investments in equity instruments must be classified as Fair Value through Profit and Loss (FVTPL) unless an irrevocable election is made at initial recognition to designate them as Fair Value through Other Comprehensive Income (FVOCI).

The council's shareholdings in Manchester Airport Holdings Ltd and Manchester Airport Car Parking Ltd represent equity investments. In the absence of an election, any gains or losses arising from changes in fair value would be recognised within the Surplus or Deficit on the Provision of Services (SDPS).

Because these shareholdings represent long-term strategic investments held to support local economic objectives rather than investments held for trading, the council has made an irrevocable election to designate them as Fair Value through Other Comprehensive Income (FVOCI). Consequently, any fluctuations in the fair value of

these investments have no impact on the council's General Fund revenue budget or council tax setting requirements. All valuation gains and losses are held within the Comprehensive Income and Expenditure Statement (CIES) and accumulated inside the unusable Financial Instruments Revaluation Reserve.

B. Financial Instruments Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement (CIES) for the financial year ended 31 March 2026 in relation to financial instruments are detailed in the table below:

	Balance as at 31 March 2026			
	Financial Liabilities measured at amortised cost	Financial Assets measured at amortised cost	Financial Assets Fair Value through Other Comprehensive Income	Total
	£000	£000	£000	£000
Interest expense	32,638			32,638
Total expense in (Surplus) or Deficit on the Provision of Services	32,638			32,638
Interest income		(9,874)		(9,874)
Gains on Fair Value measurement of financial instruments		(158)		(158)
Dividend income			(452)	(452)
Total income in (Surplus) or Deficit on the Provision of Services		(10,032)	(452)	(10,484)
Unrealised loss on revaluation			6,400	6,400
Total Deficit on revaluation of financial assets in Other Comprehensive Income and Expenditure			6,400	6,400
Net (gain)/loss for the year	32,638	(10,032)	5,948	28,554

	Balance as at 31 March 2025			
	Financial Liabilities measured at amortised cost	Financial Assets measured at amortised cost	Financial Assets Fair Value through Other Comprehensive Income	Total
	£000	£000	£000	£000
Interest expense	30,666			30,666
Total expense in (Surplus) or Deficit on the Provision of Services	30,666			30,666
Interest income		(9,951)		(9,951)
Gains on Fair Value measurement of financial instruments		(374)		(374)
Dividend income			(898)	(898)
Total income in (Surplus) or Deficit on the Provision of Services		(10,025)	(898)	(11,223)
Unrealised loss on revaluation			2,900	2,900
Total Deficit on revaluation of financial assets in Other Comprehensive Income and Expenditure			2,900	2,900
Net (gain)/loss for the year	30,666	(10,025)	2,002	22,343

Review of Financial Instruments Gains and Losses

Financing costs and investment income recognised within the Comprehensive Income and Expenditure Statement (CIES) for financial instruments totalled a net expense of £22.154m within the Surplus or Deficit on the Provision of Services, supplemented by a £6.400m deficit recognised within Other Comprehensive Income and Expenditure.

Impact on the General Fund and Reserves

- **Financing and Investment Income and Expenditure:** The net cost of £22.154m charged to the Surplus or Deficit on the Provision of Services (comprising £32.638m total financial instrument expense less £10.484m total financial instruments income) is recognised across the respective lines of Note 9 (Financing and Investment Income and Expenditure) within the CIES.
- **Movement in Unusable Reserves:** The £6.400m unrealised loss on the revaluation of FVOCI assets represents a downward valuation variance of the council's long-term strategic shareholdings (Manchester Airport Group). This loss is recognised within Other Comprehensive Income and Expenditure and accumulated inside the unusable Financial Instruments Revaluation Reserve, meaning it has zero net impact on the General Fund balance or Council Tax setting requirements for 2025/26.

Designated Equity Instruments at Fair Value through Other Comprehensive Income

- **Nature of Strategic Election:** The council has made an irrevocable election at initial recognition to designate its long-term equity investment in the Manchester Airport Group (MAG) as Fair Value through Other Comprehensive Income (FVOCI). This investment is held for strategic economic development purposes rather than for trading or commercial wealth generation.
- **Dividend Income Allocation:** Dividends received from this investment totalling £0.452m have been credited directly to the Surplus or Deficit on the Provision of Services within the CIES (*Other Investment Income* in Note 9). There have been no derecognitions, disposals, or transfers of cumulative gains or losses regarding this asset during the 2025/26 financial year.

Expected Credit Losses (ECL) and Impairment

- **Impairment Policy:** In accordance with the CIPFA Code of Practice no loss allowance for expected credit losses has been recognised in the Gains and Losses table for financial assets measured at amortised cost.
- **Risk Evaluation:** This reflects the council's treasury management policy, which restricts short-term deposits and cash instruments to highly rated counterparties, the UK Debt Management Office (DMO), and other UK local authorities. The risk of default is deemed immaterial, resulting in a nil impairment charge to the Surplus or Deficit on the Provision of Services for 2025/26.

Analysis of Significant Changes from 2024/25 to 2025/26

- **Increase in Interest Expense:** Total financing costs rose by £1.972m from £30.666m to £32.638m. This variance is primarily driven by the full-year annualised impact of long-term structural PWLB borrowing executed at the end of 2024/25, alongside localised short-term borrowing costs incurred during late 2025/26 to mitigate inter-authority liquidity constraints.
- **Reduction in Amortised Cost Income (-£0.293m):** Combined interest income and fair value gains on amortised cost assets contracted slightly from £10.025m down to £9.874m (interest) and £0.158m (gains). This drop is primarily attributed to tapering yield curves impacting short-term cash holdings and municipal money-market deposits compared to the prior period.
- **Contraction in Dividend Inflows:** Dividend returns from strategic equity instruments dropped by £0.446m from £0.898m in 2024/25 to £0.452m in 2025/26. This reflects a reduced distribution pattern from parent infrastructure operations as cash was prioritised for corporate capital restructuring and airport development programs.
- **Escalation in Revaluation Deficits (+£3.500m):** Non-cash losses recognised within Other Comprehensive Income increased by £3.500m from a deficit of £2,900m in 2024/25 to £6,400m in 2025/26. The variance reflects heightened macroeconomic volatility, rising corporate net debt structures, and increased independent asset-risk premiums impacting the underlying long-term valuations of the Manchester Airport Group holdings.

C. Fair Value of Financial Assets

The council's financial assets measured in the Balance Sheet at fair value on a recurring basis are detailed below, alongside the valuation techniques and hierarchy levels applied at the measurement date:

Financial Instrument/Equity Asset	Fair Value Hierarchy	Valuation Technique Used	31 March 2026 £000	31 March 2025 £000	Year-on-Year Movement £000
Manchester Airport Holdings Ltd (MAHL) Ordinary Strategic Shares	Level 2	Earnings-Based/Multiple Method	37,500	43,400	(5,900)
Manchester Airport Holdings Ltd (MAHL) Class 'C' Shares (MACP)	Level 2	Discounted Cash Flow (DCF)	3,900	4,400	(500)
Total Fair Value Equity Investments			41,400	47,800	(6,400)

Valuation Methodologies and Narrative Disclosures

Manchester Airport Holdings Ltd (MAHL) – Ordinary Strategic Shares

The council holds a minority shareholding of 3.22% in Manchester Airport Holdings Ltd (MAHL). Because the valuation draws on observable market variables from listed

peer-group companies and sector-specific transactional multiples, these shares are classified as Level 2 within the Fair Value Hierarchy in accordance with IFRS 13.

The primary valuation mechanism is the earnings-based method. This framework estimates the sustainable profitability of the entity by analysing historic earnings across a rolling three-to-five-year period to determine maintainable prospective earnings. These figures are indexed against comparable publicly quoted companies and transaction benchmarks within the aviation infrastructure sector. The resulting baseline value is adjusted via discount factors to account for the illiquidity of non-publicly traded shares and the council's minority status (reflecting a lack of voting control).

The valuation incorporates data from the Manchester Airport Group (MAG) Annual Report and Accounts for the year ended 31 March 2025, the Interim Report for the six months ended 30 September 2025, and available market intelligence.

As at 31 March 2026, the fair value of this shareholding is estimated at £37.500m, representing a downward valuation adjustment of £5.900m against the 31 March 2025 baseline (£43.400m). This adjustment incorporates the following operational and structural parameters:

- **Operational Performance:** Group revenues and EBITDA have demonstrated sustained post-pandemic expansion. Mid-year performance indicators highlight strong passenger numbers, optimised carrier and route configurations, and robust commercial yields across car parking, retail operations, and digital ventures (CAVU). Annual group passenger volumes climbed to an unprecedented 65 million during the period.
- **Macroeconomic and Airspace Factors:** Escalating conflicts impacting Middle Eastern airspace continue to be monitored by management; however, at the reporting date, there is insufficient evidence to isolate a definitive structural impact on long-term equity valuation.
- **Group Net Debt:** Total group net debt (inclusive of IFRS 16 lease liabilities) stood at £3,616.900m as at 30 September 2025, reflecting an increase of £447.400m from the prior year (£3,169.500m). This movement is driven by capital deployments for the Manchester Airport Transformation Programme and the rollout of Next Generation Security infrastructure.

Manchester Airport Holdings Ltd (MAHL): Class 'C' Shares (MACP)

The council, in conjunction with the other nine Greater Manchester authorities, holds an equity stake in MAHL structured as Class 'C' ordinary shares. The council's historical capital contribution of £5.610m was executed to support the construction of a group parking asset. These shares confer a specific right to the distributable profits generated by Manchester Airport Car Parking Ltd (MACP), without altering the core share capital structure or voting rights of the parent entity (MAHL).

Due to the restricted nature of standalone financial reporting data available for the localised parking entity, the independent valuers utilised a discounted cash flow (DCF) model as the most reliable valuation mechanism. The DCF method establishes asset value by calculating the present value of projected future economic inflows over an

extended horizon. This model maps out expected cash flows and applies an adjusted discount rate to account for risks and time-value-of-money variables.

The valuation incorporates a management-prepared financial forecast for MACP dating from April 2022. Because current standalone trading data for comparison was restricted, the valuers factored this data gap into the modelling by increasing the asset-specific risk premium within the discount rate.

The underlying forecast applies discrete, unobservable management parameters for the financial years up to 2026, after which an annual EBITDA growth rate of 2.00% is assumed for the years 2027 through to 2050. Mirroring the parent entity treatment, the valuers have classified this investment within Level 2 of the Fair Value Hierarchy, yielding an estimated fair value of £3.900m as at 31 March 2026 (a reduction of £0.500m from the 31 March 2025 valuation of £4.400m).

D. The Fair Values of Financial Assets and Financial Liabilities that are not measured at Fair Value (but for which Fair Value disclosures are required)

Except for the strategic equity instruments measured at fair value (detailed in Note C), all other financial liabilities and financial assets are held in the Balance Sheet at amortised cost. Their fair values have been evaluated by calculating the net present value (NPV) of the cash flows expected to take place over the remaining life of the instruments. These calculations represent Level 2 valuations within the Fair Value Hierarchy, utilising the following operational methods and assumptions:

- **PWLB Loans Payable:** Evaluated using prevailing Public Works Loan Board (PWLB) market certainty borrowing rates at the Balance Sheet date.
- **Non-PWLB Loans Payable (Market Borrowing):** Evaluated using prevailing market-equivalent rates for comparable corporate or municipal sector instruments to calculate the present value of future interest and principal payments.
- **Loans Receivable:** Evaluated using prevailing benchmark market interest rates for deposits of a similar duration and credit risk profile.
- **Short-Term Instruments:** For instruments with a remaining maturity of less than 12 months, alongside short-term trade receivables and payables, the fair value is deemed to approximate the carrying face value or billed amount.
- **Impairment and Settlement:** No early repayment, contractual breakage, or unexpected impairment is factored into the baseline present value calculations.

Valuation Methodology and Assumptions:

The fair value of an instrument is determined by calculating the net present value (NPV) of its future contractual cash flows, mapping out expected payments or receipts in current-day terms.

The discount rate applied within the NPV framework matches the prevailing interest rate on the valuation date for an identical instrument from a comparable lender. This rate corresponds to the outstanding duration from the valuation date through to the contract's final maturity. The structure, security profiles, and financial terms of the comparable benchmark instrument are aligned wherever possible. Where complex or

illiquid financial structures make it difficult to extract an identical market peer rate, the prevailing interest rate of a closely aligned substitute instrument with a published market yield is utilised as the discount factor.

Treatment of Accrued Interest:

To ensure complete comparability with the financial assets and liabilities recognised directly on the face of the Balance Sheet (which include accrued interest up to the reporting date), accrued interest has been calculated and embedded within both the carrying values and the corresponding fair value calculations up to and including 31 March 2026.

Sourcing of Discount Rates:

The baseline market yield curves, PWLB tables, and interest rates used in these valuation models were provided to the council by its treasury management advisors, MUFG Corporate Markets, as at the close of business on 31 March 2026.

Fair Value of Assets and Liabilities carried at Amortised Cost

The fair values are calculated as follows:

(i) Fair value of liabilities carried at amortised cost

	Carrying Amount 31 March 2026 £000	Fair Value 31 March 2026 £000	Carrying amount 31 March 2025 £000	Fair Value 31 March 2025 £000
Financial Liabilities:				
Public Work Loan Board (PWLB):				
PWLB Maturity Loans	607,987	453,893	622,465	479,307
Market Loans:				
Lender Option Borrower Option (LOBO)	7,960	6,160	7,965	6,377
Converted LOBOs	61,100	42,406	61,108	44,041
Other Long-Term Market Loans	40,329	16,990	40,329	18,322
Short-Term and Operational Liabilities:				
Short-term borrowing	113,706	113,706	66,347	66,347
Salix Interest Free Loans	871	871	1,818	1,818
Bank overdraft	7,374	7,374	4,464	4,464
Trade and Other Payables	85,760	85,760	70,545	70,545
Lease Liabilities:				
Stockport Exchange multi storey car park lease liability	13,700	13,700	13,700	13,700
Total Borrowing and Liabilities	938,787	740,860	888,741	704,921

Premium and Discount Valuation Context

The council utilises a transfer value methodology (based on PWLB new loan certainty rates) to derive the primary fair value of its financial liabilities.

To satisfy broader disclosure parameters, an alternative exit price valuation based on premature repayment discount rates has also been calculated for the PWLB portfolio. On an exit price basis, the fair value of PWLB maturity debt is estimated at £568.044m

as at 31 March 2026 (£518.898m as at 31 March 2025). This higher valuation reflects the premium penalties that would be levied by the PWLB to buy out these contracts early. Because the council has no contractual obligation or intention to redeem this debt prematurely, these redemption penalties will not be incurred, and the instruments will run to their planned maturity dates.

As at 31 March 2026, the fair value of the long-term liability portfolio is lower than its corresponding carrying value. This variance occurs because the council's historical debt portfolio contains a significant proportion of fixed-rate loans where the coupon rate payable is below the prevailing rates available for identical new borrowing in the market at the Balance Sheet date. This variance represents a notional economic gain arising from a commitment to service debt at rates below current market variables. Fair values fell across 2025/26 relative to the prior period due to the sustained high-interest rate environment, which pushed up the market discount rates applied within the valuation models.

The fair value of PWLB loans of £453.893m (£479.307m in 2024/25) isolates the financial impact of historical terms agreed with the lender against the borrowing terms available in active municipal credit markets at the reporting date. The variance between carrying values and fair values measures the reduced interest burden the council will bear over the remaining life of the instruments relative to modern financing costs.

The council retains a permanent statutory capacity to borrow at concessionary certainty rates from the PWLB rather than commercial money markets. Comparing our embedded debt profiles against modern PWLB new borrowing rates quantifies the structural value generated by historical placement strategies.

Market and LOBO Loan Assumptions

Due to subdued trading activity across the broader commercial LOBO market during the financial year ending 31 March 2026, the valuation models rely on consensus indicators derived from institutional discussions with active market counterparties. These proxy parameters reflect the pricing metrics market participants utilise when calculating early redemption parameters. Consequently, LOBO valuation structures have been modelled by pegging matching UK Gilt yields plus a structured credit spread of 90 basis points.

Consistent with accounting regulations, comprehensive present-value modelling has been applied exclusively to instruments with a remaining duration exceeding 12 months. For operational instruments maturing within the next financial year, including liquid short-term bank positions and trade payables, the fair value matches the nominal carrying value because the compressed transaction timeline eliminates material discount variances.

(ii) **Fair value of assets carried at amortised cost.**

	Carrying Amount 31 March 2026 £000	Fair Value 31 March 2026 £000	Carrying amount 31 March 2025 £000	Fair Value 31 March 2025 £000
Financial Assets:				
Cash and Cash Equivalents	35,067	35,067	34,564	34,564
Stockport Exchange Multi Storey Car Park Finance Lease	13,700	13,700	13,700	13,700
Trade Receivables	82,169	82,169	78,145	78,145
Other Loans	99,121	91,632	85,668	77,793
Unquoted patient equity investment	9,300	9,300	9,300	9,300
Loans to Subsidiary Companies	73,848	73,848	80,814	80,814
Total Financial Assets	313,205	905,716	302,191	294,316

Assets Where Carrying Value Approximates Fair Value

The fair values of specific financial assets match their short-term carrying values because the council's portfolio includes highly liquid cash equivalents that can be rapidly converted into cash. The underlying yield profiles reflect prevailing market rates, meaning the fair value of these short-term instruments mirrors their Balance Sheet value.

The council maintained no direct investment balances with banks or building societies as at 31 March 2026. Liquid capital allocations were held exclusively within wholesale Money Market Funds, which are categorised as cash and cash equivalents. Similarly, short-term trade receivables are carried at cost, as their nominal invoice value serves as a reasonable proxy for fair value due to the compressed collection cycle.

Valuation Matrix for Other Loans Portfolio

The fair value of the 'Other Loans' portfolio is lower than its corresponding carrying value. This shortfall is driven by the valuation profile of the long-term Manchester Airport Group (MAG) loans, which have an estimated fair value of £31.749m (£31.907m as at 31 March 2025) against an outstanding carrying value of £39.238m (£39.782m as at 31 March 2025).

The valuation model uses an income approach. This technique maps out future contractual inflows (including interest and principal repayments) and discounts them to a single current value. To ensure systemic consistency across public sector disclosures, the valuation relies on Level 2 inputs within the IFRS 13 Fair Value Hierarchy, utilising market variables that are observable either directly or indirectly.

To maintain complete consistency with the underlying asset balances on the Balance Sheet, accrued interest up to the reporting date has been embedded within the mathematical present value calculations.

The long-term Manchester Airport loan profiles have been analysed using the following valuation parameters:

- **Present Value Modelling:** Expected contractual cash flows are mapped out and discounted using current market yields.
- **Cash Flow Projection:** Because future interest allocations and deferred settlement streams contain elements of variance, cash flows are modelled based on current operational expectations that scheduled interest payments will continue to be serviced as they fall due, with historical deferred interest balances fully liquidated by the 2029/30 financial year in accordance with the airport's revised repayment schedule.
- **Sourcing of Discount Rates:** In the absence of an active commercial market for these localised municipal instruments, baseline discount structures are derived from PWLB maturity new borrowing rates matching the remaining duration of the assets. A specific credit risk premium is then added to reflect the counterparty risk of lending to an infrastructure operator rather than a local authority.

The calculated balances include accrued interest of £9.132m (£9.676m in 2024/25), which incorporates deferred interest positions of £8.854m and compounding interest of £2.540m (£1.917m in 2024/25) accruing on those deferred streams. This calculation incorporates the full schedule of historical catch-up settlements received from the airport to date, comprising a payment of £0.084m in March 2023, two separate payments of £0.168m and £0.506m in March 2024, a payment of £0.337m in March 2025, and a payment of £1.170m in March 2026.

Under IFRS 9, these loan structures were evaluated for credit impairment. Because the underlying loan agreements explicitly permit interest deferral parameters, and the counterparty retains a strong credit profile backed by record operational volumes, the calculated expected credit loss (ECL) impact is immaterial and no impairment provision is recognised. The lower fair value relative to the carrying value reflects the revised timing of cash flows and wider macroeconomic interest rate shifts.

Sensitivity Analysis and Market Risk

The fair value of the Manchester Airport loans remains sensitive to shifts in underlying market yield curves. If interest rates at the reporting date had been 1.00% higher, with all other operational variables remaining constant, the fair value of these assets would contract by £1.749m (£1.827m in 2024/25) down to £30.000m (£30.080m in 2024/25).

Because these assets are classified at amortised cost on the Balance Sheet, any fluctuations in their estimated fair value have zero impact on the Surplus or Deficit on the Provision of Services or the Comprehensive Income and Expenditure Statement.

14. Nature and Extent of Risks arising from Financial Instruments

The council's activities expose it to a variety of financial risks. The key parameters of these risks are defined as follows:

- **Credit Risk:** The possibility that a counterparty will fail to meet its contractual obligations to the council, resulting in a detrimental impact on capital or revenue resources.

- **Liquidity Risk:** The possibility that the council will lack sufficient liquid funds to settle its operational and capital commitments as they fall due.
- **Refinancing Risk:** The requirement for the council to renew or replace a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market Risk:** The risk of financial loss arising from macroeconomic shifts, including interest rate fluctuations or wider asset market movements.

Overall Procedures for Managing Risk

The council's risk management procedures focus on the unpredictability of financial markets and seek to minimise potential adverse effects on the resources available to fund local services.

Treasury operations are governed by a robust legal framework derived from the Local Government Act 2003 and associated statutory regulations. Under this framework, the council complies with the CIPFA Prudential Code, the CIPFA Treasury Management Code of Practice, and statutory investment guidance.

The council mitigates risk through systemic governance procedures, which include:

- Adopting the provisions and clauses of the CIPFA Treasury Management Code within financial regulations, standing orders, and the constitution.
- Approving a comprehensive Annual Investment Strategy before the start of each financial year, establishing strict counterparty selection criteria in line with government guidance.
- Approving a suite of forward-looking prudential and treasury indicators for a rolling three-year horizon. These indicators impose strict legal boundaries on total external borrowing, maximum and minimum debt maturity profiles, interest rate exposure caps, and limits on investments extending beyond 12 months.

These strategies are reported to and approved by Council Meeting alongside the annual council tax setting budget. Performance monitoring is maintained through the publication of a mid-year and quarterly updates and an annual outturn report. The primary Capital Strategy and Treasury Management Strategy incorporating the 2025/26 prudential indicators were formally approved by Council on 27 February 2025.

The core operational boundaries established under that strategy were:

- **Authorised Limit for External Debt:** Set at £995.000m (£974.000m for 2024/25), representing the absolute legal limit for external borrowing and long-term liabilities.
- **Operational Boundary:** Set at £975.000m (£954.000m for 2024/25), representing the expected maximum path of debt and liabilities during the financial year.
- **Interest Rate Exposure Limits:** The maximum exposure to fixed and variable interest rates was restricted to 100% and 40% respectively, indexed against net debt.

- **Maturity Structures:** Limits governing the exposure to the maturity profile of debt are detailed directly within Note 14c.

Treasury risk management is executed by a centralised treasury team operating under policies validated by council. The team maintains written Treasury Management Practices (TMPs) that prescribe the exact operational controls and monitoring frameworks for interest rate, credit, and liquidity risk. The full Treasury Management Policy Statement and associated TMPs are available for inspection upon request.

Treasury Management Policy Statement

The council defines its treasury management activities as:

‘The management of the organisation’s investments and 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 focus on their risk implications for the organisation.

The council acknowledges that effective treasury management provides vital support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

(a) Credit Risk

Credit risk originates from cash deposits placed with banks and financial institutions, alongside credit exposures arising from outstanding service debts and customer receivables.

To manage and contain these risks, the council relies on its Annual Investment Strategy to restrict investment allocations. The council maintains extensive documentation detailing the financial standing of counterparty institutions, supported by continuous access to independent credit intelligence and treasury advisory services.

To mitigate exposure to counterparty default, credit controls are applied as follows:

- **Credit Rating Thresholds:** Investments are restricted to financial institutions that satisfy strict minimum credit criteria determined by the major independent rating agencies (Fitch, Moody’s, and Standard & Poor’s).
- **Exposure Caps:** The strategy enforces strict maximum monetary allocation caps and transactional time horizons for each authorised financial institution.
- **Wholesale Fund Parameters:** Liquid capital reserves are directed into highly rated, diversified Money Market Funds to prevent concentration risk, ensuring no deposits are placed outside the council’s approved investment criteria.

Credit Risk Assessment Methodology

The council utilises the creditworthiness service provided by its external treasury management advisor, MUFG Corporate Markets. This service employs a credit-modelling methodology that incorporates credit ratings from all three major rating agencies as its core element. Rather than relying solely on static credit ratings, the evaluation framework applies secondary market overlays to manage risk actively, including:

- Credit watches and credit outlooks issued by the rating agencies.
- Credit Default Swap (CDS) spreads, providing real-time market indicators and early warning signs of shifts in creditworthiness.
- Sovereign credit ratings, ensuring that market counterparty selections are restricted to institutions domiciled within highly creditworthy nations.

The council operates under 'know your counterparty' principles, recognising that formal credit ratings carry inherent time-lag limitations. While ratings serve as an essential baseline for assessing credit risk, the treasury team supplements this data with wider market intelligence. This includes reviews of the financial press, macro-economic market indicators, and the structurally robust nature of implicit or explicit government support mechanisms for banking institutions.

To ensure strict operational discipline, the council maintained and monitored formal policies during 2025/26 covering:

- The application of quantitative and qualitative credit risk analysis techniques.
- Asset diversification thresholds to avoid concentration risk.
- The prescriptive credit criteria used to construct, manage, and monitor approved counterparty lists and investment limits.
- The formal internal governance pathways required to amend limits or add/remove counterparties from active treasury operations.
- Country and corporate group institutional caps, ensuring overall exposure limits are tightly controlled.
- The procurement, evaluation, and application of rating agency intelligence, alongside alternative non-rating risk assessment parameters.

Specific credit criteria applied to financial assets held by the council at the Balance Sheet date are defined within the Treasury Management Policy Statement and the Annual Investment Strategy. The full investment strategy for the 2025/26 financial year was formally approved by Council at its meeting on 27 February 2025 and is published on the council's website.

Credit Risk Exposure

Long-Term Debtors and Subsidiary Loans

The council holds long-term loans and receivables totalling £96.339m as at 31 March 2026 (£84.036m as at 31 March 2025). Prior to issuing long-term credit, the council executes comprehensive due diligence procedures. Following a review of credit risk profiles as at 31 March 2026, there is no objective evidence suggesting that any borrowers will be unable to meet their contractual repayment obligations under existing lending structures.

In addition, the council holds financial assets representing loans to subsidiary undertakings. As at 31 March 2026, these comprise £61.919m in long-term assets and £11.929m in current assets, combining to a total carrying value of £73.848m (£80.814m total as at 31 March 2025).

These credit facilities are issued exclusively following rigorous appraisals of capital schemes, corporate affordability, and structured refinancing schedules embedded within the subsidiaries' medium-term financial plans, which are subject to direct council oversight. In accordance with IFRS 9, these exposures are determined to have a low credit risk profile, with the calculated impairment allowance deemed immaterial to the accounts.

Treasury Management Investments

The council's maximum exposure to credit risk in relation to its short-term placements with financial institutions stands at £35.067m as at 31 March 2026 (£34.564m as at 31 March 2025). The potential risk of default is institution-specific and cannot be assessed as a generic pool.

Historical evidence across the public sector indicates that defaults on high-grade municipal and treasury placements are rare. While a nominal risk of irrecoverability is inherent to all financial deposits, there were no indications at 31 March 2026 that any credit risks were likely to crystallise.

The tables below summarise the council's exposure to investment credit risk, based on historical default matrices adjusted to reflect reporting-date market conditions. No authorised credit limits were breached during the financial year, and the council expects full settlement of all deposits upon their contractual maturity dates.

Summary of Credit Risk: Deposits with Banks and Financial Institutions		
Credit Risk Matrix Parameters	31 March 2026 £000	31 March 2025 £000
Total Principal Deposited	35,067	35,564
Historical Experience of Default	0.00%	0.00%
Historical Experience Adjusted for Market Conditions	0.00%	0.00%
Estimated Exposure to Default and Uncollectability	0	0

No breaches of the council's counterparty selection criteria occurred during the reporting period, and no losses from non-performance by treasury counterparties are anticipated.

Short-Term Trade Receivables and Customer Debt Ageing

Within short-term financial assets, current trade receivables held at amortised cost total £79.288m as at 31 March 2026 (£75.289m as at 31 March 2025). This balance

is net of a calculated impairment allowance, which estimates the volume of trade debts likely to prove irrecoverable based on local historic collection rates. Further qualitative analysis of these balances is disclosed within Note 15 (Short and Long-Term Debtors).

The council does not operate a general credit policy for commercial customers. The table below provides an updated chronological age analysis of outstanding sales invoices, including lease and rental receivables, where the outstanding balance is past its contractual due date (exceeding 30 days):

Customer Debt Past Due Period	31 March 2026 £000	31 March 2025 £000
One to three months	4,208	3,568
Three to six months	6,670	3,083
Six months to one year	6,181	3,417
More than one year	16,245	14,629
Total Past Due Customer Debt	33,304	24,697

Of the £33.304m past due customer debt as at 31 March 2026, a total of £28.004m (£18.872m as at 31 March 2025) is classified as **past due but not impaired**. The council retains a reasonable expectation of full recovery for these specific balances based on active collection histories and enforcement procedures.

Expected Credit Loss Modelling & Liquidity Risk Implementation of Expected Credit Loss (ECL) Models

To satisfy the requirements of IFRS 9, the council reviews its portfolio of short-term deposits to calculate potential credit impairment parameters. As at 31 March 2026, a total principal profile of £17.554m (£8.100m as at 31 March 2025) was identified as carrying individual counterparty credit ratings and was evaluated using standard Historical Default Matrices provided by MUFG Corporate Markets.

Under the CIPFA Code and IFRS 9 framework, historical risk of default and expected credit loss parameters are derived exclusively for instruments where the counterparty holds a direct institutional credit rating. These models are not applied to Money Market Funds, which are governed by collective fund-level ratings (such as AAAf/S1) rather than individual corporate issuer ratings. The reported investment risk metrics therefore reflect the historical default probability attached solely to direct, rated counterparty placements and exclude unrated or collectively structured variables.

The calculation of the Historical Risk of Default is indexed against the lowest long-term investment-grade rating held by the counterparty during the period. When executing credit loss calculations under IFRS 9, the CIPFA Code does not recognise a financial loss allowance where the underlying asset counterparty is the UK Central Government (HM Treasury) or another UK Local Authority. This is because relevant statutory provisions effectively preclude municipal default, reducing the formal Expected Credit Loss for these public sector instruments to nil. The council held zero direct investments with other local authorities or central government bodies as at 31 March 2026 (£nil as at 31 March 2025).

The baseline Historic Default rates used within the council's accounting models were generated by compiling long-term historical default tracking data published by the three primary credit rating agencies: Fitch, Moody's, and Standard & Poor's.

Following a comprehensive quantitative review of the council's active investment balances at the reporting date, the total calculated impairment loss was determined to be entirely immaterial. Consequently, no formal financial loss allowance or impairment provisions have been recognised inside the Balance Sheet or the Comprehensive Income and Expenditure Statement (CIES).

(b) Liquidity Risk

The council actively manages its cash liquidity position through the overarching risk management procedures detailed previously. This includes setting and monitoring forward-looking prudential indicators, approving the Annual Treasury Management Strategy Statement, and maintaining a daily cash-flow forecasting system. This integrated management framework ensures that cash reserves are available when required to service operational and capital programmes.

In the event of unexpected cash-flow fluctuations or short-term constraints within the wider financial markets, the council maintains immediate access to short-term borrowing facilities via the inter-local authority money market. For long-term capital financing requirements, the council retains a continuous capacity to draw down funds from the Public Works Loan Board (PWLB) and institutional capital markets.

Furthermore, the council is legally required to deliver a balanced budget under the Local Government Finance Act 1992. This statutory framework ensures that sufficient revenues are raised annually through local taxation and government grants to cover projected expenditure commitments. Consequently, there is no significant or structural risk that the council will be unable to raise sufficient finance to meet its contractual commitments under its outstanding financial instruments.

(c) Refinancing and Maturity Risk

The council maintains a substantial long-term debt and investment portfolio. While day-to-day liquidity risk is controlled via active cash-flow tracking, the longer-term structural risk relates to managing the financial exposure of replacing or refinancing financial instruments as they reach maturity. This management profile encompasses both maturing long-term liabilities and structural long-term assets.

The key parameters used to mitigate this exposure are the council's approved treasury indicator limits governing the maturity structure of debt, alongside maximum limits imposed on investments extending beyond one year. The central treasury team monitors these risks within the following operational boundaries:

- **Maturity Profile Management:** The team closely analyses the maturity profile of outstanding financial liabilities to smooth out concentration spikes. Prudent forward planning ensures that a disproportionate percentage of total borrowing does not mature for repayment at any single point in time, protecting the council from refinancing a large volume of debt during periods of unfavourable interest rates.
- **Investment Spread:** The team coordinates investment horizons to maintain liquidity for daily operational cash needs while structuring long-term deposits to provide stable investment yields across a balanced maturity spectrum.

Financial Liabilities Outstanding by Instrument Type (Nominal Value)

The table below details the nominal principal values of the council's outstanding financial liabilities (excluding customer operational payables) as at the reporting date:

	31 March 2026 £000	31 March 2025 £000
Public Works Loan Board (PWLB)	602,705	617,705
Market Debt – LOBOs	7,500	7,500
Market Debt – Converted LOBOs	60,000	60,000
Market Debt – Other Long-Term Loans	40,000	40,000
Short-Term Borrowing	112,523	65,021
Salix Finance Interest Free Loans	871	1,818
Stockport Exchange Multi-Storey Car Park Lease Liability	13,700	13,700
Total Outstanding Financial Liabilities	837,299	805,744

Note: Included within the 20-to-30-year maturity band is a £7.500m Lender Option Borrower Option (LOBO) loan. While its ultimate contractual maturity is long-term, the lender holds a call option within the next 12 months, creating a potential short-term refinancing trigger point.

Financial Liabilities Outstanding by Maturity Band (Nominal Value)

The table below analyses the expected chronological repayment timeline for the council's nominal liability portfolio:

Debt Maturity Horizon	31 March 2026 £000	31 March 2025 £000
Less than 1 year	213,652	110,968
Between 1 and 2 years	87,239	101,128
Between 2 and 5 years	54,827	94,010
Between 5 and 10 years	23,698	41,754
Between 10 and 20 years	19,698	18,003
Between 20 and 30 years	123,342	103,267
Between 30 and 40 years	159,843	161,614
Between 40 and 50 years	135,000	155,000
More than 50 years	20,000	20,000
Total Repayment Profile	837,299	805,744

Statutory Compliance: Fixed and Variable Interest Rate Limits

The final table monitors council compliance against the legally approved statutory limits for fixed interest rate debt instruments maturing across each discrete period:

Debt Maturity Bands	Approved minimum limits %	Approved maximum limits %	31 March 2026			31 March 2025		
			Fixed Rate Debt £000	Variable Rate Debt £000	Fixed %	Fixed Rate Debt £000	Variable Rate Debt £000	Fixed %
			Less than 1 year	0%	40%	203,629	10,023	24.3%
Between 1 and 2 years	0%	40%	87,239		10.4%	101,128		12.6%
Between 2 and 5 years	0%	40%	54,827		6.5%	94,010		11.7%
Between 5 and 10 years	0%	45%	23,698		2.8%	41,754		5.2%
Between 10 and 20 years	0%	40%	19,698		2.4%	18,003		2.2%
Between 20 and 30 years	0%	50%	123,342		14.7%	103,267		12.8%
Between 30 and 40 years	0%	60%	159,843		19.1%	161,614		20.1%
Between 40 and 50 years	0%	60%	135,000		16.1%	155,000		19.2%
More than 50 years	0%	60%	20,000		2.4%	20,000		2.5%
Total			827,276	10,023	98.8%	795,723	10,021	98.8%

(Note: The proportional fixed percentage shares are calculated relative to the total portfolio balance of £837.299m for 2026 and £805.744m for 2025).

(d) Market Risk

Interest rate risk

The council is exposed to interest rate risk in two distinct ways: the uncertainty of interest cash flows paid and received on variable-rate instruments, and the impact of interest rate fluctuations on the fair value of fixed-rate instruments.

Movements in market interest rates produce a complex, multi-layered impact on the council's financial statements depending on the composition of the portfolio. For instance, a systemic rise in market interest rates would generate the following structural effects:

- **Variable-Rate Borrowings:** The net interest expense charged to the Surplus or Deficit on the Provision of Services within the Comprehensive Income and Expenditure Statement (CIES) will rise.
- **Fixed-Rate Borrowings:** The estimated fair value of these liabilities will fall, but there is zero impact on revenue balances or usable reserves.
- **Variable-Rate Investments:** The interest income credited to the Surplus or Deficit on the Provision of Services within the CIES will rise.
- **Fixed-Rate Investments:** The estimated fair value of these assets will fall, with zero immediate impact on revenue balances.

Financial instruments held at amortised cost are not carried at fair value on the Balance Sheet. Consequently, nominal fluctuations in the fair value of fixed-rate debt profiles do not impact the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure (OCI).

Conversely, variations in interest payable or receivable on variable-rate loans and placements are posted directly to the Surplus or Deficit on the Provision of Services, producing a corresponding impact on the General Fund balance.

The council maintains an active framework for managing interest rate risk. The Annual Treasury Management Strategy integrates forward-looking prudential and treasury

indicators alongside anticipated market operations, incorporating independent macro-economic consensus forecasts. This strategy establishes legally binding exposure caps for fixed and variable interest weights.

The centralised treasury team monitors market trends within the financial year to optimise portfolio positioning. For example, during periods of declining interest rates, fixed-rate investments may be locked in for extended durations to insulate yields, while the drawdown of long-term fixed borrowing may be postponed. Financial forecasting parameters feed directly into the annual budget setting process and are subject to robust quarterly reviews to ensure adverse variances are accommodated.

Interest Rate Sensitivity Matrix

In accordance with the council's risk assessment strategy, if macro-economic interest rates had been 1.00% higher as at 31 March 2026, with all other operational variables held constant, the financial impact would be as follows:

	31 March 2026 £000	31 March 2025 £000
Increase in interest payable on variable rate borrowings	1,200	725
Increase in interest receivable on variable rate investments	(356)	(354)
Net Impact on Surplus or Deficit on the Provision of Services	844	371
Share of overall impact debited to the Housing Revenue Account (HRA)	28	28
Impact on Other Comprehensive Income and Expenditure (OCI)	0	0
Decrease in fair value of fixed rate borrowing liabilities	(38,656)	(43,453)

(note: non-cash variance; zero impact on CIES or usable reserves)

Short-term loans and investment placements maturing within 12 months are included within the variable sensitivity thresholds above, despite carrying fixed nominal contract rates. This modelling approach reflects the short-term nature of these instruments, which will be replaced at prevailing market rates upon maturity within the upcoming financial year, altering the council's underlying cash-flow burden.

The variable-rate borrowing calculations also incorporate Lender Option Borrower Option (LOBO) market loans, because these contracts feature annual or semi-annual option dates where interest terms can be contractually reset.

The financial impact of a 1.00% reduction in interest rates would mirror the matrix above, but with the directional cash movements completely reversed. The valuation models rely on identical present-value methodologies as defined within Note 13 part D. The contraction in the fair value sensitivity variance from £43.453m down to £38.656m reflects the higher baseline PWLB market interest rates operating across the 2025/26 financial year.

Price Risk

The council does not generally invest in commercial equity shares or tradeable market bonds. However, alongside the other nine Greater Manchester authorities, the council maintains a strategic long-term shareholding in the Manchester Airport Group (MAG).

The combined fair value of this equity investment at the Balance Sheet date stands at £41.400m (£47.800m as at 31 March 2025), with comprehensive valuation details disclosed within Note 13 part C. While these strategic shares are highly illiquid due to

the absence of an active secondary trading market, the council remains exposed to non-cash asset fluctuations arising from movements in the independent valuation price of the shares.

The fair value is modelled on a market-equivalent basis, incorporating the illiquidity of the asset and the structural governance clauses embedded within the company's Articles of Association. Because the council acts as a non-voting minority shareholder, the valuation model relies on public filings, company performance reports, and financial information available to minority stakeholders.

As these shareholdings were acquired to support regional economic infrastructure and long-term strategic placement goals, the council does not diversify its equity portfolio to manage price risk. Instead, the treasury team monitors the macro-economic and operational parameters that could trigger an asset impairment or downward valuation adjustment.

These investments are classified as equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI), meaning all fluctuations in share price are accumulated within the unusable Financial Instruments Revaluation Reserve via OCI, with zero impact on the General Fund revenue budget.

Foreign Exchange Risk

The council holds zero financial assets or financial liabilities denominated in foreign currencies. Consequently, there is no exposure to transaction losses arising from fluctuations in foreign exchange rates.

15. Short and Long-Term Debtors including Payments in Advance

	Short-Term Gross Balance £000	Impairment allowance £000	31 March 2026 Short-Term £000	31 March 2026 Long-Term £000	31 March 2026 Total £000
<u>Financial Assets</u>					
<u>Trade Receivables</u>					
Central Government	5,643		5,643		5,643
Other Local Authorities	17,892		17,892		17,892
NHS Bodies	10,771	(20)	10,751		10,751
Other Entities and Individuals:					
Social Services Clients	12,739	(2,486)	10,253		10,253
Housing Rents	2,331	(1,401)	930		930
Lease and rental receivables	5,402	(2,175)	3,227	2,881	6,108
Other Entities and Individuals	28,512	(619)	27,893		27,893
Subsidiary Undertakings	2,699		2,699		2,699
	85,989	(6,701)	79,288	2,881	82,169
<u>Other Receivables - Loans</u>					
Loans - Manchester Airport	2,205		2,205	37,033	39,238
Loans - Subsidiary Undertakings	11,929		11,929	61,919	73,848
Other loans including those to support the capital programme	577		577	59,306	59,883
	14,711	0	14,711	158,258	172,969
Total Receivables (Financial Assets)	100,700	(6,701)	93,999	161,139	255,138
<u>Other Receivables (Non-Financial Assets)</u>					
Central Government (Tax)	8,143		8,143		8,143
Housing Benefits	2,023	(2,014)	9		9
Collection Fund:					
Business Rates	8,013	(6,370)	1,643		1,643
Council Tax	17,320	(11,646)	5,674		5,674
Payments in advance:					
Lease and rental receivables	12		12	4,857	4,869
Other payments in advance	20,390		20,390		20,390
Total Receivables (Non-Financial Assets)	55,901	(20,030)	35,871	4,857	40,728
Total Receivables	156,601	(26,731)	129,870	165,996	295,866

	Short-Term Gross Balance £000	Impairment allowance £000	31 March 2025 Short-Term £000	31 March 2025 Long-Term £000	31 March 2025 Total £000
Financial Assets					
Trade Receivables					
Central Government	12,604		12,604		12,604
Other Local Authorities	13,416		13,416		13,416
NHS Bodies	11,966	(26)	11,940		11,940
Other Entities and Individuals:					
Social Services Clients	11,437	(3,314)	8,123		8,123
Housing Rents	2,868	(1,453)	1,415		1,415
Lease and rental receivables	6,828	(1,692)	5,136	2,856	7,992
Other Entities and Individuals	21,411	(794)	20,617		20,617
Subsidiary Undertakings	2,038		2,038		2,038
	82,568	(7,279)	75,289	2,856	78,145
Other Receivables - Loans					
Loans - Manchester Airport	1,170		1,170	38,612	39,782
Loans - Subsidiary Undertakings	9,378		9,378	71,436	80,814
Other loans including those to support the capital programme	462		462	45,424	45,886
	11,010	0	11,010	155,472	166,482
Total Receivables (Financial Assets)	93,578	(7,279)	86,299	158,328	244,627
Other Receivables (Non- Financial Assets)					
Central Government (Tax)	8,015		8,015		8,015
Housing Benefits	3,427	(2,170)	1,257		1,257
Collection Fund:					
Business Rates	8,450	(6,432)	2,018		2,018
Council Tax	14,998	(11,101)	3,897		3,897
Payments in advance:					
Lease and rental receivables	468		468	4,307	4,775
Other payments in advance	5,477		5,477		5,477
Total Receivables (Non- Financial Assets)	40,835	(19,703)	21,132	4,307	25,439
Total Receivables	134,413	(26,982)	107,431	162,635	270,066

The impairment (loss) allowance for trade and lease receivables is as follows:

	2025/26 £000	2024/25 £000
Balance at beginning of year	(7,279)	(8,472)
Reversal/(increase) in loss allowance recognised in Finance and Investment Income and Expenditure	42	373
Receivables written off during the year	536	820
Balance at end of year	(6,701)	(7,279)

The impairment loss allowance has been calculated based on life-time expected credit losses (simplified approach) for trade and lease receivables, including HRA rental arrears.

Trade receivables have been collectively assessed according to the groupings shown in the Note, for the purposes of calculating expected credit losses. Write-offs occur only when all possible debt recovery procedures have been unable to secure payment.

16. Cash and Cash Equivalents

Cash and cash equivalents as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

	Balance at 31 March 2026 £000	Balance at 31 March 2025 £000
Cash and bank balances	17,513	26,464
Short-term investments, considered to be cash equivalents	17,554	8,100
	35,067	34,564
Bank Overdraft	(7,374)	(4,464)
	27,693	30,100

17. Assets held for Sale

	Current 31 March 2026 £000	Current 31 March 2025 £000
Balance at start of year	1,241	1,339
Transfers	4,921	583
Assets sold	(583)	(681)
Balance at end of year	5,579	1,241

18. Short and Long-Term Creditors including Receipts in Advance

	31 March 2026 Short-Term £000	31 March 2026 Long-Term £000	31 March 2026 Total £000
<u>Financial Liabilities</u>			
<u>Trade Payables</u>			
Central Government	(2,867)		(2,867)
Other Local Authorities	(5,867)		(5,867)
NHS Bodies	(2,838)		(2,838)
Other Entities and Individuals	(66,683)		(66,683)
Subsidiary Undertakings	(7,505)		(7,505)
Trade Payables (Financial Liabilities)	(85,760)	0	(85,760)
<u>Other Trade Payables (Non-Financial Liabilities)</u>			
Central Government (Tax)	(5,230)		(5,230)
Collection Fund:			
Business Rates	(2,633)		(2,633)
Council Tax	(2,974)		(2,974)
Receipts in advance:			0
Lease and rental receipts in advance	(3,200)	(4,017)	(7,217)
Social Care receipts in advance	(85)		(85)
Other receipts in advance	(6,602)	(37)	(6,639)
Employees Accumulated Absences	(5,646)		(5,646)
Other Entities and Individuals	(936)	(13,680)	(14,616)
	(27,306)	(17,734)	(45,040)
Total Payables	(113,066)	(17,734)	(130,800)

	31 March 2025 Short-Term £000	31 March 2025 Long-Term £000	31 March 2025 Total £000
<u>Financial Liabilities</u>			
<u>Trade Payables</u>			
Central Government	(4,578)		(4,578)
Other Local Authorities	(9,847)		(9,847)
NHS Bodies	(2,772)		(2,772)
Other Entities and Individuals	(47,527)		(47,527)
Subsidiary Undertakings	(5,821)		(5,821)
	(70,545)	0	(70,545)
<u>Other Payables (Non-Financial Liabilities)</u>			
Central Government (Tax)	(5,031)		(5,031)
Collection Fund:			
Business Rates	(2,421)		(2,421)
Council Tax	(2,808)		(2,808)
Receipts in advance:			
Lease and rental receipts in advance	(3,255)	(4,208)	(7,463)
Social Care receipts in advance	(112)		(112)
Other receipts in advance	(6,376)	(37)	(6,413)
Employees Accumulated Absences	(5,773)		(5,773)
Other Entities and Individuals	(1,113)	(13,894)	(15,007)
	(26,889)	(18,139)	(45,028)
Total Payables	(97,434)	(18,139)	(115,573)

19. Provisions

	Insurance Fund 2025/26 £000	Business Rates Appeals 2025/26 £000	Total 2025/26 £000	Total 2024/25 £000
<u>Long-term</u>				
Balance 1 April	(3,014)	(5,744)	(8,758)	(10,920)
Additional Provisions				(736)
Provision Utilised in Year	280	508	788	2,898
Balance as at 31 March	(2,734)	(5,236)	(7,970)	(8,758)
<u>Short-term</u>				
Balance 1 April	(735)	(1,826)	(2,561)	(2,678)
Additional Provisions		(913)	(913)	(2,846)
Provision Utilised in Year	57	2,019	2,076	2,963
Balance as at 31 March	(678)	(720)	(1,398)	(2,561)
Total Provisions	(3,412)	(5,956)	(9,368)	(11,319)

Insurance Fund

The insurance provision is in respect of outstanding liability claims in connection with employer's and public liability and Education property. Some schools have taken out their own policies to cover uninsured risks in respect of burst water pipes and theft from property. The amount shown in the provision highlights commitments where settlements have yet to be agreed (any balances are shown as an earmarked reserve).

Business Rates Appeals Provision

The council's appeals provision is £5.956m as at 31 March 2026 and is split across two Business Rates valuation lists; appeals relating to the 2017 Business Rates valuation list and appeals relating to the 2023 Business Rates valuation list.

- Both the 2017 and 2023 valuation list appeal provision are calculated using the Valuation Office Agency (VOA) outstanding list of Check, Challenge and Appeals as of 31 March 2026.

20. Usable Reserves

Movements in usable reserves are set out in the Movement in Reserves Statement and supporting notes. An explanation of usable reserves is set out below.

General Fund Balances

The General Fund is the statutory fund into which all the council's receipts are paid and all its liabilities are met, except where otherwise permitted by statutory rules. The General Fund Balance summarises the resources that the council is able to spend on its services or capital investment, or the deficit that it is required to recover. Included within the General Fund Balance reported in the Movement in Reserves Statement are Earmarked General Fund Reserves, which are amounts set aside to provide financing for future expenditure plans. See Note 7 for more details of Earmarked Reserve balances.

See the Narrative Report for more information about the General Fund Balance.

Housing Revenue Account

The Housing Revenue Account Balance reflects the statutory obligation to maintain a revenue account for the council's housing provision. It contains the balance of income and expenditure that is available to fund future expenditure in connection to the council's housing provision or the amount required to be recovered from tenants in future years where it is in deficit.

Included within the Housing Revenue Account Balance reported in the Movement in Reserves Statement are Earmarked Housing Revenue Account Reserves, which are amounts set aside to provide financing for future expenditure plans. See the statements and notes for an explanation of the in-year movements on the Housing Revenue Account and Note 7 for Earmarked Housing Revenue Account Reserves.

Capital Receipts Reserve

This represents capital receipts from the disposal of land and other assets which are available to finance capital expenditure. The balance at year end represents receipts that have not yet been applied for this purpose.

Major Repairs Reserve

The council is required to maintain the Major Repairs Reserve, which controls the application of the Major Repairs Allowance (MRA). The MRA is restricted to being applied to new capital investment in HRA assets or the financing of historical capital expenditure by the HRA. A balance held shows the MRA that has yet to be applied at the year end.

Capital Grants Unapplied

The balance at year end represents capital grants and contributions received towards capital projects for which the council has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure.

21. Unusable Reserves

The movement on unusable reserves is shown below:

	Revaluation Reserve £000	Capital Adjustment Account £000	Financial Instruments Adjustment Account £000	Deferred Capital Receipts Reserve £000	Pensions Reserve £000	Collection Fund Adjustment Account £000	Accumulated Absences Account £000	Financial Instruments Revaluation Reserve £000	Dedicated Schools Grant Adjustment Account £000	Total Unusable Reserves £000
Balance at 31 March 2024	(562,127)	(755,553)	880	(13,820)	19,876	(10,574)	6,930	(34,876)	23,816	(1,325,448)
Movement in reserves during 2024/25:										
Other Comprehensive Income and Expenditure	(66,626)				(2,555)			2,900		(66,281)
Movements to other reserves	67,427	9,996	(17)		(379)	8,519	(1,157)		19,279	103,668
Net (Increase)/ Decrease in 2024/25	801	9,996	(17)	0	(2,934)	8,519	(1,157)	2,900	19,279	37,387
Balance at 31 March 2025 carried forward	(561,326)	(745,557)	863	(13,820)	16,942	(2,055)	5,773	(31,976)	43,095	(1,288,061)
Movement in reserves during 2025/26:										
Other Comprehensive Income and Expenditure	(196,270)				4,101			6,400		(185,769)
Movements to other reserves	24,477	(21,922)	(18)		(4,800)	3,545	(127)		24,983	26,138
Net (Increase)/ Decrease in 2025/26	(171,793)	(21,922)	(18)	0	(699)	3,545	(127)	6,400	24,983	(159,631)
Balance at 31 March 2026 carried forward	(733,119)	(767,479)	845	(13,820)	16,243	1,490	5,646	(25,576)	68,078	(1,447,692)

(a) Revaluation Reserve

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

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

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

	2025/26 £000	2025/26 £000	2024/25 £000	2024/25 £000
Balance at beginning of the year		(561,326)		(562,127)
Upward revaluation of assets	(198,736)		(83,408)	
Downward revaluation of assets and impairment losses not charged to Surplus/Deficit on the Provision of Services	2,466		16,782	
Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services		(196,270)		(66,626)
Difference between fair value depreciation and historical cost depreciation	3,425		5,221	
Accumulated gains on assets sold or scrapped	21,052		62,206	
Amount written off to the Capital Adjustment Account		24,477		67,427
Balance at end of year		(733,119)		(561,326)

(b) Capital Adjustment Account

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

The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the council.

The account also contains revaluation gains accumulated on property, plant and equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 2 provides details of the source of all the transactions posted to the account, apart from those involving the Revaluation Reserve.

	2025/26 £000	2025/26 £000	2024/25 £000	2024/25 £000
Balance at beginning of the year		(745,557)		(755,553)
Reversal of capital items relating to capital expenditure debited or credited to the CIES:				
- Charges for depreciation of non-current assets	62,175		48,175	
- Revaluation (gains)/losses and impairment losses on Property, Plant and Equipment	(2,466)		(1,038)	
- Amortisation of Intangible Assets			228	
- Revenue Expenditure Funded from Capital Under Statute	8,647		8,687	
- Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	32,203		105,532	
- Revaluation Reserve written off on disposal or sale as part of the gain/loss on disposal to the CIES	(21,052)		(62,207)	
	79,507		99,377	
Difference between fair value depreciation and historical cost depreciation	(3,425)		(5,221)	
Net written out amount of the cost of non-current assets consumed in the year		76,082		94,156
Capital financing applied in the year:				
- Receipt of capital loans	9,953		5,137	
- Repayment of loans	(9,953)		(5,137)	
- Use of the Capital Receipts Reserve to finance new capital expenditure	(3,700)		(4,424)	
- Use of the Capital Receipts Reserve to finance historical capital expenditure	(3,142)		(674)	
- Use of the Major Repairs Reserve to finance new capital expenditure	(13,656)		(13,751)	
- Capital grants and contributions credited to the CIES that have been applied to capital financing	(48,859)		(48,714)	
- Application of grants and contributions to capital financing from the Capital Grants Unapplied Account	(11,316)		(15,076)	
- Statutory provision for the financing of capital investment and charged against General Fund and HRA balances	(18,136)		(17,036)	
- Capital expenditure charged against General Fund and HRA balances	(1,398)		(2,099)	
- IFRS16 principal repayments	(1,057)		(999)	
		(101,264)		(102,773)
Movements in the market value of Investment Properties debited or credited to the CIES		3,260		18,613
Balance at end of the year		(767,479)		(745,557)

(c) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

	2025/26 £000	2024/25 £000
Balance at beginning of the year	863	880
Amount by which finance costs charged to the CIES are different from finance costs chargeable in the year in accordance with statute	(18)	(17)
Balance at end of the year	845	863

(d) Deferred Capital Receipts

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.

	2025/26 £000	2024/25 £000
Balance at beginning of the year	(13,820)	(13,820)
Balance at end of the year	(13,820)	(13,820)

(e) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The council accounts for post-employment benefits in the CIES as benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. A debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the council has set aside to meet them. The statutory arrangements ensure that funding is set aside by the time the benefits come to be paid.

See Note 24 to the Financial Statements for further information on the in-year movements of the Pensions Reserve.

	2025/26 £000	2024/25 £000
Balance at beginning of the year	16,942	19,876
Remeasurements of the net defined benefit liability/asset	(6,583)	(173,333)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	23,609	28,179
Employer's pensions contributions and direct payments to pensioners payable in the year	(28,409)	(28,558)
Asset Ceiling Adjustment	10,684	170,778
Balance at end of the year	16,243	16,942

(f) Collection Fund Adjustment Account

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

	2025/26 £000	2024/25 £000
Balance at beginning of the year	(2,055)	(10,574)
Amount by which Council Tax and Business Rates income credited to the CIES is different from that calculated for the year in accordance with statutory requirements	3,553	8,491
Amount by which renewable energy NDR income credited to the CIES is different from renewable energy NDR income calculated for the year in accordance with statutory requirements	1,498	(2,083)
	(8)	28
Balance at end of the year	1,490	(2,055)

(g) Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

	2025/26 £000	2025/26 £000	2024/25 £000	2024/25 £000
Balance at beginning of the year		5,773		6,930
Settlement or cancellation of accrual made at the end of the preceding year	(5,773)		(6,930)	
Amounts accrued at the end of the current year	5,646		5,773	
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		(127)		(1,157)
Balance at end of the year		5,646		5,773

(h) Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve was created on 1 April 2018 due to the reclassification of the Available for Sale asset (investment in Manchester Airport) to an equity instrument designated at fair value through other comprehensive income. It contains gains made by the council arising from increases in the value of this investment. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost; and
- disposed of and the gains are realised.

	2025/26 £000	2024/25 £000
Balance at beginning of the year	(31,976)	(34,876)
(Upward)/downward revaluation of investment - Manchester Airport	6,400	2,900
Balance at end of the year	(25,576)	(31,976)

(i) Dedicated Schools Grant Adjustment Account

Local Authority (Capital Financing and Accounting) Regulations do not allow for Dedicated Schools Grant (DSG) deficit amounts to be included in the General Fund. In November 2020, the government introduced a statutory override, to accounting regulations, which is in place until 31 March 2028, allowing local authorities to exclude Dedicated Schools Grant (DSG) deficits from the General Fund Balance. The Dedicated Schools Grant Adjustment Account represents the cumulative deficits in DSG since 2020.

	2025/26 £000	2024/25 £000
Balance at beginning of the year	43,095	23,816
In-year deficit on schools budget	24,983	19,279
Balance at end of the year	68,078	43,095

22. Note to the Cash Flow Statement – Investing Activities

	2025/26 £000	2024/25 £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	91,851	91,278
Other capital payments for investing activities	25,634	25,842
Proceeds from the sale of Property, Plant and Equipment, Investment Property and Intangible Assets	(5,331)	(4,244)
Other receipts from investing activities	(9,955)	(5,139)
Capital grants	(69,022)	(28,352)
Purchase of short-term and long-term investments	30,000	45,300
Proceeds from short-term and long-term investments	(30,000)	(45,300)
Total	33,177	79,385

23. Note to the Cash Flow Statement – Financing Activities

	2025/26 £000	2024/25 £000
Cash receipts of short and long-term borrowing	(492,002)	(502,301)
Repayments of short and long-term borrowing	460,447	440,546
	(31,555)	(61,755)
Other payments/(receipts) from financing activities	1,785	2,211
Total	(29,770)	(59,544)

The reconciliation of liabilities arising from financing activities is as follows:

	Balance at 1 April 2025	Financing cash flows	Non-cash changes	Balance at 31 March 2026
	£000	£000	£000	£000
PWLB Loans	(622,465)	15,000	(522)	(607,987)
LOBOS/Converted LOBOS	(69,073)		13	(69,060)
Market Loans - BAE	(40,329)			(40,329)
Temporary loans	(66,347)	(47,502)	143	(113,706)
Salix Loan	(1,818)	947		(871)
	(800,032)	(31,555)	(366)	(831,953)
Lease liabilities	(26,391)		334	(26,057)
Total	(826,423)	(31,555)	(32)	(858,010)

	Balance at 1 April 2024	Financing cash flows	Non-cash changes	Balance at 31 March 2025
	£000	£000	£000	£000
PWLB Loans	(523,238)	(97,972)	(1,255)	(622,465)
LOBOS/Converted LOBOS	(69,103)		30	(69,073)
Market Loans - BAE	(40,329)			(40,329)
Temporary loans	(101,045)	34,999	(301)	(66,347)
Salix Loan	(3,036)	1,218		(1,818)
	(736,751)	(61,755)	(1,526)	(800,032)
Lease liabilities	(27,905)		1,514	(26,391)
Total	(764,656)	(61,755)	(12)	(826,423)

24. Pension Schemes

The council participates in three pension schemes, the details of which are set out in the Statement of Accounting Policies.

Pension Schemes Accounted for as Defined Contribution Schemes

Teachers

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. However, the scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the

employers' contribution rate paid by local authorities. 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 and no liability for future payments of benefits is recognised in the balance sheet.

In 2025/26, the council paid £19.89m to the Department for Education (£20.99m in 2024/25) in respect of teachers' pension costs, which represented 28.68% of teachers' pensionable pay (28.68% in 2024/25). In addition, the council is responsible for all pension payments relating to added years that it has awarded as discretionary benefits, together with the related increases. In 2025/26 these amounted to £1.24m (£1.16m in 2024/25), representing 1.8% of pensionable pay (1.2% in 2024/25).

There were contributions remaining payable as at 31 March 2026 of £1.99m (£2.60m as at 31 March 2025).

The total contributions expected to be made to the Teachers' Pension Scheme by the council in the year to 31 March 2026 are £18.92m.

Defined Benefit Pension Scheme

Other Employees

In 2025/26, the council paid an employer's contribution of £26.58m into the Greater Manchester Pension Fund (£26.64 in 2024/25), representing 18.7% of pensionable pay (18.8% in 2024/25). In addition, the council makes further payments in respect of added years benefits it has awarded, together with the related increases. In 2025/26 these amounted to £0.71m (£0.76m in 2024/25), representing 0.5% of pensionable pay (0.5% in 2024/25).

The Greater Manchester Pension Fund is operated under the regulatory framework for the Local Government Pension Scheme, the scheme is managed by Tameside MBC. Each of the member authorities are represented on the Pension Fund Advisory Panel.

Further information can be found in the Greater Manchester Pension Fund's Annual Report which is available upon request from Greater Manchester Pension Fund, Guardsman Tony Downes House, 5 Manchester Road, Droylsden, M43 6SF.

The costs of retirement benefits are recognised in Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed in the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance through the Movement in Reserves Statement during the year.

Comprehensive Income and Expenditure Statement	Net (Liability)/ Assets 2025/26 £000	Net (Liability)/ Assets 2024/25 £000
<u>Cost of Services:</u>		
- Current service cost	18,452	25,486
- Past service costs (including curtailments)	1,496	1,308
- Effect of settlements	2,799	445
Total Cost of Services	22,747	27,239
<u>Financing and Investment Income and Expenditure</u>		
- Interest income on plan assets	(77,911)	(63,541)
- Interest cost on defined benefit obligation	56,337	54,475
- Interest on the effect of the asset ceiling	22,436	10,006
Total Financing and Investment Income and Expenditure	862	940
Total Post-employment benefits charged to CIES	23,609	28,179
Remeasurements recognised in CIES Other Comprehensive Income		
- Actuarial gains and losses arising on changes in financial assumptions	(18,434)	(171,853)
- Actuarial gains and losses arising on changes in demographic assumptions	(6,045)	(1,978)
- Other experience and actuarial adjustments	74,941	(11,886)
- Return on Plan assets (excluding the amount included in the net interest expense)	(57,045)	12,384
Asset Ceiling Adjustment	10,684	170,778
Re-measurements of the net defined pensions liability	4,101	(2,555)

Movement in Reserves Statement	2025/26 £000	2024/25 £000
Reversal of net charges made for retirement benefits	(23,609)	(28,179)
Actual amounts charged against the General Fund Balance		
- employers' contributions payable to the scheme	26,575	26,636
- unfunded Benefits payable to pensioners	1,834	1,922
Movement on pensions reserve	4,800	379

The Balance Sheet holds the underlying assets and liabilities for retirement benefits attributable to the council at 31 March 2026 and they are set out as follows.

	Funded assets and Obligations 31 March 2026 £000	Unfunded obligations		Total 31 March 2026 £000
		Teachers 31 March 2026 £000	Other 31 March 2026 £000	
Fair Value of plan assets	1,474,465			1,474,465
Present value of defined benefit obligation	(1,054,244)	(10,691)	(5,552)	(1,070,487)
Net asset/(liability) arising from defined benefit obligation	420,221	(10,691)	(5,552)	403,978
Asset Ceiling Adjustment	(420,221)			(420,221)
Adjusted Net asset/liability arising from defined benefit obligation	0	(10,691)	(5,552)	(16,243)

	Funded assets and obligations 31 March 2025 £000	Unfunded obligations		Total 31 March 2025 £000
		Teachers 31 March 2025 £000	Other 31 March 2025 £000	
Fair Value of plan assets	1,356,928			1,356,928
Present value of defined benefit obligations	(969,827)	(11,128)	(5,814)	(986,769)
Net liability arising from defined benefit obligation	387,101	(11,128)	(5,814)	370,159
Asset Ceiling Adjustment	(387,101)			(387,101)
Adjusted Net liability arising from defined benefit obligation	0	(11,128)	(5,814)	(16,942)

The funding arrangements and asset liability matching strategy adopted by the pension fund are described in detail in the Greater Manchester Pension Fund's 'Funding Strategy Statement' which gives a summary of the GMPF's approach to funding liabilities.

Asset Ceiling

Following the pensions valuation by the council's actuary, Hymans Robertson LLP, the council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2025, resulting in a pension plan asset. IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

- The surplus in the defined benefit plan; and
- The asset ceiling.

The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The council's actuary has calculated the asset ceiling as the net present value of future service costs less net present value of future contributions.

The calculated asset ceiling for 2025/26 results in greater future service costs than future service contributions so the economic benefit is floored at £nil (£nil in 2024/25). The adjustment has been recognised within other comprehensive income and expenditure of the Comprehensive Income and Expenditure Statement.

There is no legal right of offset for the unfunded pension obligations, which include Teachers' Discretionary Benefits, and therefore the net defined benefit liability for these is not impacted by the asset ceiling adjustment. The net defined benefit liability for the unfunded pension obligations is £16.243m for 2025/26 (£16.942m for 2024/25) and is reported separately on the balance sheet.

The following table is a reconciliation of the effect of the asset ceiling position.

	2025/26 £000	2024/25 £000
Value of unrecognised surplus (asset ceiling) at 1 April	(387,101)	(206,317)
Effect of asset ceiling in net interest cost	(22,436)	(10,006)
Actuarial gains or losses on the asset ceiling	(10,684)	(170,778)
Impact of the asset ceiling as at 31 March	(420,221)	(387,101)

Changes in the fair value of plan assets, defined benefit obligation and net liability are set out in the following table.

Reconciliation of the movements in the fair value of scheme (plan) assets	2025/26 £000	2024/25 £000
Opening fair Value of Scheme Assets	1,356,928	1,316,901
Effect of Settlements	(10,392)	(4,684)
Interest Income	77,911	63,541
Remeasurement gain/(loss)		
Return on Plan assets, excluding amounts included in net interest	57,045	(12,384)
Other	2,771	
Contributions from Employees	9,005	8,861
Contributions from Employer	26,575	26,636
Benefits Paid	(45,378)	(41,943)
Closing Value of Scheme Assets	1,474,465	1,356,928

Reconciliation of the movements in the fair value of scheme (plan) liabilities	2025/26 £000	2024/25 £000
Opening fair Value of Scheme Liabilities	(986,769)	(1,130,460)
Current Service Cost	(18,452)	(25,486)
Past Service Cost	(1,496)	(1,308)
Effect of Settlements	7,593	4,239
Interest Cost	(56,337)	(54,475)
Contributions from Scheme Participants	(9,005)	(8,861)
Benefits Paid	45,378	41,943
Unfunded benefits paid	1,834	1,922
Remeasurement (Gains) and Losses		
Actuarial gains/losses arising from changes in financial assumptions	18,434	171,853
Actuarial gains/losses arising from changes in demographic assumptions	6,045	1,978
Other	(77,712)	11,886
Closing Value of Scheme Assets	(1,070,487)	(986,769)

*The service cost figures include an allowance for administration expenses of 0.3% of payroll.

Employer's contributions to the Greater Manchester Pension Fund for the year ended 31 March 2027 will be approximately £21.29m.

The actuarial valuation of the Greater Manchester Pension Fund is carried out on a triennial basis. The aim of the triennial valuation is principally to balance the objectives of stability of contributions and ensuring the solvency of the fund. At subsequent year ends the actuary performs an annual assessment which is an update of the formal valuation to reflect current conditions. These annual assessments form the basis of the balances reflected in the Statement of Accounts in accordance with IAS 19. The IAS 19 valuations do not determine the contributions that the council needs to pay into the fund; these are set by the triennial actuarial valuations. The last formal actuarial valuation of the Greater Manchester Pension Fund was undertaken as at 31 March 2025.

Assets and liabilities in the Greater Manchester Pension Fund have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The assets and liabilities have been assessed by Hymans Robertson, actuaries to the pension fund.

The principal risks to the council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute, as described in the accounting policies note. The main assumptions used in their calculations are set out below:

Basis for Estimating Assets and Liabilities	Assumptions as at 31 March 2026	Assumptions as at 31 March 2025
Longevity at 65 for current pensioners:		
Men	21.1 years	20.6 years
Women	24.1 years	23.7 years
Longevity at 65 for future pensioners:		
Men	21.1 years	21.5 years
Women	22.1 years	25.2 years
Financial Assumptions:		
Rate of increase in pensions	3.00%	2.75%
Rate of increase in salaries	4.50%	3.55%
Rate for discounting scheme liabilities (actual)	6.20%	5.80%

The weighted average duration of the defined benefit obligation for scheme members is 18 years.

Sensitivity Analysis:

Change in Assumptions at 31 March 2026	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	16,138
1 year increase in member life expectancy	4%	42,819
0.1% Increase in the Salary increase rate	0%	636
0.1% Increase in the Pension increase rate	1%	15,485

The sensitivity analysis above is based on reasonable, possible changes to the assumptions occurring at the end of the reporting period. In practice assumptions are unlikely to change and changes may be interrelated. The estimations are in line with accounting policies for the scheme. The methods and types of assumptions used in preparing the analysis have not changed from those used in previous periods.

The principal demographic assumption is the longevity assumption (i.e. member life expectancy). For sensitivity purposes, a one-year increase in life expectancy would increase the Defined Benefit Obligation by approximately 3 - 5%.

Assets in the Greater Manchester Pension Fund are valued at fair value, and consist of equities, bonds, property and cash. The table below sets out the value and proportion of assets held in the said classes together with the prices quoted in the market:

Fair value of scheme asset	Period ended 31 March 2026				Period ended 31 March 2025			
	Quoted Prices in active markets	Quoted Prices not in active markets	Total	Percent -age of Total Assets	Quoted Prices in active markets	Quoted Prices not in active markets	Total	Percent -age of Total Assets
	£000	£000	£000	%	£000	£000	£000	%
Equity securities:								
Consumer	98,901		98,901	7%	86,984		86,984	7%
Manufacturing	78,315		78,315	5%	65,539		65,539	5%
Energy and Utilities	74,394		74,394	5%	72,263		72,263	5%
Financial Institutions	128,021		128,021	9%	110,324		110,324	8%
Health and Care	71,583		71,583	5%	61,683		61,683	5%
Information Technology	90,671		90,671	6%	73,296		73,296	6%
Other	19,887		19,887	1%	18,498		18,498	1%
Debt securities:								
Corporate Bonds	43,928		43,928	3%	44,392		44,392	3%
UK Government	66,182		66,182	4%	57,912		57,912	4%
Other	47,680		47,680	3%	51,974		51,974	4%
Private Equity:		82,763	82,763	6%		86,596	86,596	6%
Real Estate:								
UK property		84,888	84,888	6%		69,948	69,948	5%
Investment Funds and Unit Trusts:								
Equities	75,602		75,602	5%	58,812		58,812	4%
Bonds	146,074		146,074	10%	136,513		136,513	10%
Infrastructure		120,299	120,299	8%		113,670	113,670	8%
Other	32,779	173,291	206,070	14%	33,434	176,448	209,882	16%
Derivatives – other	(7,466)		(7,466)		(2,114)		(2,114)	0%
Cash and Cash Equivalents:								
All	46,674		46,674	3%	40,756		40,756	3%
Total Assets	1,013,225	461,241	1,474,466	100%	910,266	446,662	1,356,928	100%

In June 2023, the High Court ruled in *Virgin Media Ltd v NTL Pension Trustees Ltd* that amendments affecting contracted-out defined benefit pension schemes' section 9(2B) rights are invalid where the required actuarial certification was not obtained at the time of the amendment. This was upheld by the Court of Appeal in July 2024. The judgment created uncertainty for schemes that were contracted out on a reference scheme test basis between April 1997 and April 2016, as certain historic rule amendments could potentially be deemed ineffective, leading to additional liabilities.

In June 2025, the government announced its intention to legislate to address this issue. This was subsequently enacted through the Pension Schemes Act 2026, which allows schemes to retrospectively obtain actuarial confirmation that historic amendments met the reference scheme test requirements. Where such confirmation is obtained, the amendments are treated as valid.

Based on the legislation now in force and current guidance, it is not expected that the Virgin Media judgment will have a material impact on the liabilities of the Fund.

However, work is ongoing across the Local Government Pension Scheme and the wider pensions industry to review historic amendments and apply the legislative remedy where necessary. The position will continue to be monitored, and any material impact will be reflected in future valuations if required.

25. Pooled Budget Arrangements

Section 75 of the NHS Act 2006 allows NHS organisations and local authorities to make contributions to a pooled budget. The purpose of a pooled budget is to improve partnership working between organisations and provide integrated and improved services for patients and service users. In accordance with IFRS 11 Joint Arrangements, the pooled budget has been classified as a joint operation as the NHS organisation, Greater Manchester Integrated Care Board (NHS GMICB), and Stockport Metropolitan Borough Council have joint control and rights and account for their share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement.

The council entered into the pooled budget arrangement with NHS GMICB in July 2022, prior to this the pooled budget arrangement was with NHS Stockport Clinical Commissioning Group (CCG) for many years. The council is host for the pooled budget. The Section 75 agreement allows organisations to vary their contributions to the pool to align with agreed investment proposals.

Whilst the provisions contained within the Section 75 agreement with NHS GMICB indicate that joint control exists, the fund operates through lead commissioner arrangements whereby the nominated lead commissioner enters into legal contract with providers and the non-lead commissioner cedes control over the end-contract. Under lead commissioning arrangements an organisation acting as a lead commissioner accounts for its own transactions without recognising its interest in its share of total assets, liabilities, revenue, and expenditure that relate to the whole Fund. Each organisation also accounts for any surplus or deficit relating to its own transactions.

The tables below illustrate the contributions by partners and the financial performance by points of delivery (PODS) and the overall performance for the Section 75 Agreement during the year.

Pooled Budget Statement

2025/26	Prevention £000	Borough wide £000	Community / Out of Hospital £000	Total £000
Funding provided to the Pooled Budget				
Stockport Council*		(5,954)	(29,936)	(35,890)
NHS GM Integrated Care Board	(170)	(1,726)	(8,648)	(10,544)
Total	(170)	(7,680)	(38,584)	(46,434)
Cost of Services Commissioned for the Pooled Budget				
Stockport Council*		5,922	30,021	35,943
NHS GM Integrated Care Board	170	1,726	7,821	9,717
Total	170	7,648	37,842	45,660
Net (surplus) / deficit funded by each partner:				
Stockport Council		(32)	85	53
NHS GM Integrated Care Board			(827)	(827)
Net (surplus) / deficit arising from the pooled budget in year	0	(32)	(742)	(774)

2024/25	Prevention £000	Borough wide £000	Community / Out of Hospital £000	Total £000
Funding provided to the Pooled Budget				
Stockport Council		(5,234)	(29,510)	(34,744)
NHS GM Integrated Care Board	(170)	(1,726)	(8,648)	(10,544)
Total	(170)	(6,960)	(38,158)	(45,288)
Cost of Services Commissioned for the Pooled Budget				
Stockport Council		5,626	29,628	35,254
NHS GM Integrated Care Board	170	1,726	8,380	10,276
Total	170	7,352	38,008	45,530
Net (surplus) / deficit funded by each partner:				
Stockport Council		392	118	510
NHS GM Integrated Care Board			(268)	(268)
Net (surplus) / deficit arising from the pooled budget in year	0	392	(150)	242

26. Members' Allowances

The council paid the following amounts to council members during the year.

	2025/26 £000	2024/25 £000
Allowances	986	952
Expenses	2	1
Total	988	953

27. Officer Remuneration

Senior Officer Remuneration for 2025/26 is provided in the table below.

Post Holder		£ Salary, Fees & Allowances	£ Expenses Allowance	£ Benefits in Kind*	£ Employers Pension Contribution
Chief Executive - M.Cullen (1)	2025/26	216,162		2,248	38,840
	2024/25	157,159			29,716
Chief Executive (2)	2025/26	n/a			
	2024/25	49,970		694	8,941
Deputy Chief Executive – P Richards (3)	2025/26	174,870		1,923	30,561
	2024/25	120,806		1,282	21,459
Deputy Chief Executive (4)	2025/26	n/a			
	2024/25	44,485		1,511	7,778
Executive Director (People & Neighbourhoods) - C McLoughlin (5)	2025/26	165,707	963		30,987
	2024/25	161,521	963		30,026
Executive Director for Corporate and Support Services – K Rees (6)	2025/26	160,114		1,532	28,596
	2024/25	111,297		1,393	19,800
Director of Finance (7)	2025/26	123,840			23,158
	2024/25	82,387			13,532
Director of Education, Work and Skills (8)	2025/26	132,498		868	23,542
	2025/26	119,336		578	21,240
Director of Public Health (9)	2025/26	105,650		1,466	18,552
	2024/25	102,657		398	18,742
Director of Adult Social Care (10)	2025/26	133,568		890	24,197
	2024/25	129,427		1,354	22,546
Director of Place Management (11)	2025/26	119,304			22,310
	2024/25	116,277			21,618
Assistant Director – Governance, Monitoring Officer (Legal, Democratic and Electoral Services and Information Governance) (12)	2025/26	109,898		2,766	9,445
	2024/25	109,847		1,563	

Note	Notes to the Senior Officer Remuneration Table
1	The Chief Executive holds the statutory roles of Head of Paid Service and Council Returning Officer. Chief Executive role started 25/06/2024. Role also included Section 151 officer statutory role until 09/07/2024.
2	Left the council on 24/06/2024.
3	Reports directly to the Chief Executive. Started 10/07/2024.
4	This position also included the statutory role of Section 151 Officer. This post was held until 24/06/2024.
5	The Executive Director People and Neighbourhoods holds the statutory role of the council for Children's Services.
6	Reports directly to the Chief Executive. Started 10/07/2024.
7	As Assistant Director of Finance, started 10/07/2024 as Interim Section 151 Officer and was appointed on 18/11/2024 as Director of Finance this role holds the statutory role of Section 151 Officer.
8	The Director of Education, Work and Skills holds the statutory role of Chief Education Officer.
9	The Director of Public Health is a statutory Chief officer role accountable for delivery of Public Health Services.
10	The Director of Adult Social Care is a statutory role of the council.
11	This post no longer reports directly to the Chief Executive however has overall responsibility for directing or controlling the authority's major activities
12	The Assistant Director holds the statutory role of Monitoring Officer.

The council's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid as shown in the table below.

Remuneration Band	2025/26				
	Number of employees who received redundancy or other related payments		Number of employees who did not receive redundancy or other related payments		Total
	Schools	Other Services	Schools	Other Services	
£50,000 to £54,999			190	188	378
£55,000 to £59,999			88	97	185
£60,000 to £64,999	1		54	35	90
£65,000 to £69,999			22	30	52
£70,000 to £74,999			20	24	44
£75,000 to £79,999			16	19	35
£80,000 to £84,999	1		19	3	23
£85,000 to £89,999			15	1	16
£90,000 to £94,999			3	3	6
£95,000 to £99,999			3	9	12
£100,000 to £104,999		1			1
£105,000 to £109,999		1	1	3	5
£110,000 to £114,999			1		1
£115,000 to £119,999			1	1	2
£120,000 to £124,999					
£125,000 to £129,999				1	1
£130,000 to £134,999					
£135,000 to £139,999					
£140,000 to £144,999					
£145,000 to £149,999					
£150,000 to £154,999					
£155,000 to £159,999					
£160,000 to £164,999				1	1
£165,000 to £169,999			1		1
Total	2	2	434	415	853

The increase in the number of employees earning £50,000 or more since 2024/25 reflects the impact of incremental progression through established pay bands, annual pay awards combined with no corresponding increase in reportable thresholds.

Remuneration Band	2024/25				
	Number of employees who received redundancy or other related payments		Number of employees who did not receive redundancy or other related payments		Total
	Schools	Other Services	Schools	Other Services	
£50,000 to £54,999		1	121	124	246
£55,000 to £59,999		1	76	64	141
£60,000 to £64,999		1	37	39	77
£65,000 to £69,999			25	25	50
£70,000 to £74,999		1	23	29	53
£75,000 to £79,999		1	22	3	26
£80,000 to £84,999			13	7	20
£85,000 to £89,999	1		4	2	7
£90,000 to £94,999			6	9	15
£95,000 to £99,999		1	1	1	3
£100,000 to £104,999					
£105,000 to £109,999			1	2	3
£110,000 to £114,999	1		1	1	3
£115,000 to £119,999				1	1
£120,000 to £124,999					
£125,000 to £129,999			1		1
£130,000 to £134,999					
£135,000 to £139,999					
£140,000 to £144,999					
£145,000 to £149,999					
£150,000 to £154,999				1	1
£155,000 to £159,999			1		1
Total	2	6	332	308	648

Exit packages

Exit packages include voluntary redundancy costs paid to employees and pension contributions (capital costs) paid to the Local Government Pension Scheme applicable to employees who have taken voluntary early retirement.

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band		
	2025/26	2025/26	2025/26	Redundancy 2025/26 £000	Capital 2025/26 £000	Total 2025/26 £000
£0 to £20,000	1	19	20	142		142
£20,001 to £40,000		3	3	62	19	81
£40,001 to £60,000		1	1	46		46
£60,001 to £80,000		1	1	33	41	74
Total	1	24	25	283	60	343

Exit Package Cost Band	Number of Compulsory Redundancies	Number of Other Departures Agreed	Total Number of Exit Packages by Cost Band	Total Cost of Exit Packages in Each Band		
	2024/25	2024/25	2024/25	Redundancy 2024/25 £000	Capital 2024/25 £000	Total 2024/25 £000
£0 to £20,000	5	23	28	228	13	241
£20,001 to £40,000		2	2	55		55
£40,001 to £60,000		2	2	44	61	105
Total	5	27	32	327	74	401

28. External Audit Costs

Stockport Metropolitan Borough Council has incurred the following costs in relation to the audit of the Statement of Accounts.

	2025/26* £000	2024/25 £000
Fees payable to Mazars LLP for external audit services carried out by the appointed auditor	418	406
	418	406

* The 25/26 fees have been adjusted for additional audit fees of £0.054m due in relation to the 24/25 audit (£0.052m adjustment for the previous year in 2024/25)

29. Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency (ESFA), the Dedicated Schools Grant (DSG). DSG is ringfenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 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 maintained school.

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

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2025/26 before academy and high needs recoupment			354,978
Academy and high needs figure recouped for 2025/26			(118,612)
Total DSG after academy and high needs recoupment for 2025/26			236,366
Plus: Brought Forward from 2024/25			0
Less: Carry-forward to 2026/27 agreed in advance			0
Agreed initial budgeted distribution in 2025/26	53,303	183,063	236,366
In year adjustments*	0	(659)	(659)
Final Budgeted distribution for 2025/26	53,303	182,404	235,707
Less Actual central expenditure	79,215		
Less Actual ISB deployed to schools		181,475	
In-year carry-forward to 2026/27	(25,912)	929	(24,983)
Analysis of total DSG unusable reserve at 31 March 2026			
DSG unusable reserve as at 31 March 2025			(43,095)
Addition to DSG unusable reserve 31 March 2026			(24,983)
Total DSG unusable reserve as at 31 March 2026			(68,078)

*The adjustments include £2.138m business rates netted off the total grant receivable.

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

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2024/25 before academy and high needs recoupment			317,448
Academy and high needs figure recouped for 2024/25			(89,768)
Total DSG after academy and high needs recoupment for 2024/25			227,680
Plus: Brought Forward from 2023/24			0
Less: Carry-forward to 2025/26 agreed in advance			0
Agreed initial budgeted distribution in 2024/25	54,468	173,212	227,680
In year adjustments	(6,454)	4,441	(2,013)
Final Budgeted distribution for 2024/25	48,014	177,653	225,667
Less Actual central expenditure	68,752		
Less Actual ISB deployed to schools		176,830	
Plus Local Authority contribution for 2024/25	636		636
In-year carry-forward to 2025/26	(20,102)	823	(19,279)
Analysis of total DSG unusable reserve at 31 March 2025			
DSG unusable reserve at 31 March 2024			(23,816)
Addition to DSG unusable reserve 31 March 2025			(19,279)
Total DSG unusable reserve at 31 March 2025			(43,095)

30. Grant Income

The council credited the following grants, contributions and donations to the CIES in 2025/26:

Grants and Contributions Credited to Services	2025/26 £000	2024/25 £000
Capital		
Capital Grants and Contributions	(6,189)	(3,971)
Revenue		
Dedicated Schools Grant (DSG)	(233,569)	(225,667)
Pupil Premium Grant	(8,557)	(9,062)
Other Education Grants	(13,593)	(17,041)
Subsidy Grants for Benefit Payments		
Rent Allowances	(21,304)	(26,658)
Rent Rebates	(13,208)	(18,643)
Benefit Administration	(644)	(647)
Other Benefit Grants	(391)	(398)
Other Government Grants		
Adoption Support Fund	(2,096)	(1,118)
Adult & Community learning	(1,511)	(1,528)
Apprenticeship Levy	(1,067)	
Childrens Social Care Prevention	(1,010)	
Extended Producer Responsibility	(5,008)	
Homes for Ukraine	(716)	(1,179)
Household Support Fund	(3,862)	(4,326)
Improved Better Care Fund	(5,361)	(5,361)
Live Well Implementation	(1,028)	
NW Regional Improvement Pilot	(1,515)	
Preventing Homelessness	(2,627)	(1,407)
Troubled Families	(1,609)	(1,551)
Unaccompanied Asylum Seeking Children	(2,330)	
Other Government Grants	(14,921)	(18,635)
Contributions		
Greater Manchester ICB - Adults Social Care (Pooled)	(35,400)	(32,337)
Health and Social Care Joint Contributions	(1,740)	(1,486)
Regional Adoption Agency LA contributions	(4,589)	(4,414)
Greater Manchester ICB to Children's Social Care	(1,425)	(812)
TOTAL	(385,270)	(376,241)

Grants and contributions credited to taxation and non-specific grant income	2025/26 £000	2024/25 £000
Other government grants		
Adult Social Care	(28,668)	(24,458)
Grant in Lieu of Business Rates	(29,672)	(31,029)
Improved Better Care Fund	(6,619)	(6,619)
Market Sustainability and Improvement Fund	(5,614)	(5,614)
New Homes Bonus Grant	(865)	(24)
Employer National Insurance Grant	(2,149)	
Services Grant		(335)
Other Grants	(125)	(538)
Total Revenue Grants and Contributions	(73,712)	(68,617)
Other Capital Grants and Contributions	(57,423)	(64,172)
GRAND TOTAL	(131,135)	(132,789)

Analysis of Grants Receipts in Advance

The balance of Grants Receipts in Advance represents grants received that have yet to be recognised as income, as they have conditions attached to them, which will require the grant to be repaid, if conditions are not met. The balances at the year end are as follows:

Revenue Grants & Contributions Receipts in Advance	2025/26 £000	2024/25 £000
Homes for Ukraine (Tariff Grant)	(483)	(868)
Rural Broadband	(2,003)	(4,292)
CRST	(579)	
HNDU Town Centre West	(1,080)	(106)
Staying Close Grant	(773)	(773)
Other grants Under £500k	(4,023)	(3,701)
	(8,941)	(9,740)

Capital Grants Receipts in Advance	2025/26 £000	2024/25 £000
Ministry of Housing, Communities and Local Government (MHCLG):		
Local Housing Fund	(1,776)	(1,776)
Department for Transport	(22,568)	(5,285)
Department for Education	(5,310)	(4,831)
Other grants	(2,358)	(1,042)
	(38,111)	(19,951)

31. Transactions with Related Parties

The council is required to disclose material transactions with related parties. Related parties are individuals or organisations that have the ability to control or significantly influence the council or be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the council. This note sets out details of transactions between related parties and the council.

Central Government: the government has significant influence over the general operations of the council. It is responsible for providing the framework within which the council operates. It also provides the majority of funding for council services in the form of grants and prescribes the terms of many of the transactions that the council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in Note 30.

Members of the council have direct control over the council's financial and operating policies. Details of members' interests, both pecuniary and non-financial are recorded in the Register of Members' Interests, which is open to public inspection. Members' interests are also available to view via the council's web site. The total of members' allowances paid in 2025/26 is shown in Note 26.

The council's constitution sets out procedures for the declaration of members' interests, and those of their close family members, at council meetings and for the withdrawal of members from meetings, if it is deemed that there is a conflict of interest. Several Members are trustees, employees and council representatives of various charitable and similar voluntary organisations that receive financial and other support from the council. During the year, there were no material transactions paid by council to organisations in which Members had either a voluntary interest or held a stewardship role (£nil for 2024/25).

A number of members have been appointed to the boards of organisations that the council wholly own or have an interest in. Information about these is provided in narrative to the Group Accounts.

Corporate Directors and Service Directors are required on an annual basis to make a declaration of related parties. In addition, there is a code of conduct under which such officers must disclose any pecuniary and non-financial interests. No such disclosures have been made for 2025/26. A number of officers have been appointed to the boards of organisations that the council wholly own or have an interest in. Information about these is provided in narrative to the Group Accounts. The following are key management positions held by officers of the council:

- The Chief Executive is Place-Based Lead for GM NHS and a member of the Greater Manchester Pension Fund Board.

Other material related party transactions

Borough Care Ltd is a not-for-profit residential care provider for the council and manages its contracts with the council through its subsidiary company, Life in Colour

Ltd. They operate 10 care homes across Stockport and are a significant supplier of care services for the council, providing circa 25% of the residential care capacity within the borough. During 2025/26, the council were charged £16.246m for services by Life in Colour (£14.921m in 2024/25). Rental charges of £0.592m were raised by the council to Borough Care during 2025/26 (£0.604m in 2024/25). There were minimal balances outstanding at year end either owed by or to the council.

Related Party Transactions with Other Public Bodies

NHS Bodies

The council's Adult Social Care, Public Health and Health Policy Services form part of the pooled budget with Greater Manchester Integrated Care. Details can be found in Note 25, Pooled Budget Arrangements.

Greater Manchester Combined Authority

Greater Manchester Combined Authority (GMCA) co-ordinates key economic development, regeneration, transport and waste disposal functions. The council pays levies to GMCA for transport and waste disposal functions and the following amounts are included in the Comprehensive Income and Expenditure Statement, within Other Operating Expenditure.

	2025/26	2024/25
	£000	£000
Greater Manchester Combined Authority		
Transport Levy	12,765	12,191
Transport Statutory Charge	8,808	8,847
Waste Disposal Levy	22,182	21,602

Regional Adoption Agency

Since 2017, adoption services in Stockport, Manchester, Trafford, Salford and Cheshire East local authorities are being delivered through an integrated service called Adoption Counts. This is a Regional Adoption Agency as set out in the Education and Adoption Act 2016. Stockport Council is the host of this joint service, which is funded by partner contributions in accordance with an agreed funding formula. The budget for this service in 2025/26 was £5.383m (2024/25 £5.244m).

Environment Agency

The Comprehensive Income and Expenditure Statement, within Other Operating Expenditure, includes the following amounts that are charged as levies for services not directly provided by the council:

- Environmental Agency - 2025/26 £0.200m (2024/25 - £0.196m)

Other related parties disclosed elsewhere in the Statement of Accounts

Pension funds are disclosed in other notes to the Financial Statements and in Note 24 Pension schemes.

The council prepares Group Accounts for entities where it has material financial interests and a significant level of control. The Stockport Council Group comprises

Stockport Homes Ltd, Totally Local Company Ltd, Stockport Exchange Phase 2 Ltd, Stockport Exchange Phase 3 Ltd, Stockport Hotel Management Company Ltd, Stockport Mayoral Development Corporation, Stockport Active CIC, Interchange Homes LLP and Stockport 8 LLP. More information can be found at Note 34 – Investments and The Group Accounts section to the Statement of Accounts.

32. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the council that has yet to be financed.

	2025/26 £000	2024/25 £000
Capital Finance Requirement 1 April	925,545	915,714
Capital Investment		
Property, Plant & Equipment	91,221	76,079
Investment Assets	2,732	15,754
Intangible Assets		70
Revenue Expenditure funded from capital under statute	8,647	8,687
Loans treated as capital expenditure	16,986	17,155
	119,586	117,745
Sources of Finance		
Government grants received or receivable	(56,158)	(53,886)
Capital receipts	(3,700)	(4,424)
External contributions	(4,016)	(9,904)
Direct Revenue Contributions	(15,055)	(15,849)
Minimum Revenue Provision (MRP)	(19,170)	(17,036)
Third party loan repayments and HRA	(13,095)	(5,815)
Right of Use Assets MRP	(27)	(1,000)
	(111,221)	(107,914)
Closing Capital Financing Requirement	933,910	925,545
Increase in Capital Financing Requirement relating to borrowing	8,365	24,036

33. Leases

The council has a number of lease contracts where it is lessee for operational land and buildings, plant and equipment and vehicles, most of which are not material in nature. Similarly, the council has a number of lease contracts, where it is lessor for operational land and buildings and investment assets. Details of these lease contracts are provided within this note and further information can be found within Notes 11 and 12 to the Statement of Accounts.

Stockport Exchange Multi-Storey Car Park is a notable lease arrangement that the council has. In March 2013, the council entered into a series of agreements (leases) to enable the development of a multi-storey car park on the Stockport Exchange site. The development was completed in February 2014 when the lease agreements were triggered.

The agreements comprise separate but linked transactions to establish operating leases for the land only elements, where the council is both lessee and lessor and finance leases for the developed land and car park building again the council is both lessee and lessor. Since the mandatory implementation of IFRS16 Leases from 1 April 2024, the land element that was being accounted for as an operating lease by the council (as lessee) is now being accounted for as a right of use asset held under lease.

Council as Lessee

Right of Use Assets

The following table shows the change in value of right of use assets held under leases by the council.

	Other Land & Buildings £000	Vehicles Plant & Equipment £000	Investment Assets £000	Total £000
Balance as at 1 April 2025	3,687	467	1	4,155
Additions		212		212
Depreciation	(317)	(193)		(510)
Balance as at 31 March 2026	3,370	486	1	3,857

	Other Land & Buildings £000	Vehicles Plant & Equipment £000	Investment Assets £000	Total £000
Balance as at 1 April 2024				
Additions IFRS16 adoption	4,004	617	9,584	14,205
Revaluations			(9,583)	(9,583)
Depreciation	(317)	(150)		(467)
Balance as at 31 March 2025	3,687	467	1	4,155

The council incurred the following expenses and cash flows in relation to right of use asset leases.

	2025/26 £000	2024/25 £000
<u>Comprehensive Income & Expenditure</u>		
Interest expense	92	46
Expense relating to exempt leases	205	62
	297	108
<u>Cashflow</u>		
Total cash outflow for leases	1,030	1,000
	1,030	1,000

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

	31 March 2026 £000	31 March 2025 £000
Less than one year	936	981
One to five years	2,989	3,101
More than five years	8,434	8,911
	12,359	12,993

Stockport Exchange Multi-Storey Car Park Lease Liabilities

The council is committed to making minimum payments under these leases comprising the settlement of the long-term liability for the interest in the property acquired by the council and finance costs that will be payable by the council in future years while the liability remains outstanding. The minimum lease payments made on lease liabilities are shown in the table below:

	31 March 2026 £000	31 March 2025 £000
Not later than one year	(1,191)	(1,156)
Later than 1 year and not later than 5 years	(5,132)	(4,983)
Over five years	(32,062)	(33,402)
Total minimum lease payments	(38,385)	(39,541)
Finance costs payable in future years	24,685	25,841
Lease liability	(13,700)	(13,700)

Outstanding obligations to make payments under the lease liabilities (excluding costs) at 31 March 2026 are as follows:

	31 March 2026 £000	31 March 2025 £000
Not later than one year		
Later than 1 year and not later than 5 years		
Over five years	(13,700)	(13,700)
	(13,700)	(13,700)

Council as Lessor

Stockport Exchange Multi-Storey Car Park Finance Lease

The council leases a multi-storey car park under a finance lease.

The minimum lease payments comprise the settlement of the long-term debtor for the interest in the property acquired by the lessee and the finance income that will be earned by the council in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

	31 March 2026 £000	31 March 2025 £000
Not later than one year	1,442	1,400
One to two years	1,485	1,442
Two to three years	1,529	1,485
Three to four years	1,575	1,529
Four to five years	1,623	1,575
Over five years	38,816	40,438
Total minimum lease payments	46,470	47,869
Unearned finance income	(32,770)	(34,169)
Finance lease asset	13,700	13,700

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	31 March 2026 £000	31 March 2025 £000
Not later than one year		
Later than 1 year and not later than 5 years		
Over five years	13,700	13,700
	13,700	13,700

Operating Leases

The council has numerous operating leasing agreements with private individuals and entities regarding shops, other premises and land where the council acts as the lessor. The table below shows future years minimum lease payments receivable:

	31 March 2026 £000	31 March 2025 £000
Not later than one year	(14,273)	(11,222)
One to two years	(13,258)	(10,438)
Two to three years	(12,342)	(9,604)
Three to four years	(11,868)	(8,940)
Four to five years	(11,188)	(8,697)
Over five years	(294,854)	(255,253)
	(357,783)	(304,154)

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. In 2025/26 £13.701m in rents were receivable by the council (£12.756m in 2024/25).

	Property, Plant and Equipment* £000	Investment Properties* £000	Total £000
Cost or Valuation			
Opening balance at 1 April 2025	17,701	178,762	196,463
Changes due to expiry/new leases	(2,436)	62	(2,374)
	15,265	178,824	194,089
Additions/Transfers	1,436	261	1,697
Revaluations/Impairments	256	(3,212)	(2,956)
At 31 March 2026	16,957	175,873	192,830
Accumulated Depreciation/ Amortisation and Impairment			
Opening balance at 1 April 2025	(529)		(529)
Changes due to expiry/new leases	111		111
	(418)		(418)
Depreciation	63		63
At 31 March 2026	(355)	0	(355)
Net book Value at 31 March 2026	16,602	175,873	192,475
Net book Value at 1 April 2025	17,172	178,762	195,934

*All PPE assets within this table are other land and buildings contained with note 11 and information on Investment Properties can be found in note 12.

34. Investments

Long-Term Investments

The long-term investments are shown in the Balance Sheet as follows:

	31 March 2026 £000	31 March 2025 £000
Manchester Airport PLC	37,500	43,400
Manchester Airport Car Parking Ltd	3,900	4,400
Stockport Hotel Management Company Ltd	100	100
Interchange Homes LLP	9,300	9,300
Total Long-Term Investments	50,800	57,200

In addition to the above, the council has the following long-term investments held at nominal value.

Other Long-Term Investments
Stockport Homes Ltd
Totally Local Company Ltd
Stockport Exchange Phase 2 Ltd
Stockport Exchange Phase 3 Ltd
Stockport Active CIC
Stockport 8 LLP

Manchester Airport Holdings Ltd

The council has a 3.22% minority shareholding of non-voting ordinary shares in Manchester Airport Holdings Ltd, and this has been included in the financial statements at fair value, £37.500m for 2025/26 (£43.400m in 2024/25).

Total dividend payments of £0.452m were received by the council during the year relating to the Airport's 2025/26 performance (£0.484m in 2024/25).

Manchester Airport Holdings Ltd – Equity Investment

The council has a holding of three ordinary 'C' shares in connection with an equity investment to fund the development of a car multi-storey car park at the Airport. The fair value of the investment has been estimated to be £3.900m as at 31 March 2026 (£4.400m as at 31 March 2025).

There have been no dividend payments received by the council in respect of this shareholding during 2025/26 (£0.413m in 2024/25).

Stockport Homes Ltd

Stockport Homes Ltd is wholly owned by the council and is a company limited by guarantee. The company is an ALMO (arms-length management organisation) of the council and its principal activities are to manage and maintain the housing stock of the council. It commenced trading on 1 October 2005 and has been accounted for at historic cost.

Further details of the company and its trading results are set out in the Group Accounts section of these financial statements.

Totally Local Company Ltd

Totally Local Company Ltd is wholly owned by the council and was formed to take over the responsibility for providing highways maintenance, property and building maintenance, catering, and refuse collection services. It commenced trading on 1 November 2006 and has been accounted for at historic cost (£2).

Further details of the company and its trading results are set out in the Group Accounts section of these financial statements.

Stockport Exchange Phase 2 Ltd

Stockport Exchange Phase 2 Ltd is a wholly owned subsidiary of the council and was set up to undertake the Stockport Exchange Development, which completed in 2016/17. The company is accounted for at historic cost (£1). The company is now dormant.

Stockport Exchange Phase 3 Ltd

Stockport Exchange Phase 3 Ltd was set up to undertake the Stockport Exchange No 2 Office Development, which completed in 2020/21. The company was acquired on 15 May 2020 and became a wholly owned subsidiary of the council. The company is accounted for at historic cost (£1). There have been no transactions during 2025/26 and there were minimal transactions in the 2024/25 financial year. Once it is confirmed that all transactions are complete, the company will become dormant.

Stockport Hotel Management Company Ltd

On 19 September 2016, the council incorporated Stockport Hotel Management Company Ltd as the trading company for the Hotel appointing two council officers as Directors. This is a wholly owned company of the council and the council has provided £0.100m of share capital. There have been no dividend payments received from Stockport Hotel Management Company Ltd during 2025/26 (£nil in 2024/25).

Stockport Mayoral Development Corporation

In March 2019, GMCA agreed to create the Stockport Mayoral Development Corporation (MDC) to lead the regeneration of Town Centre West. On 23 February 2026, Parliament approved the expansion of the MDC to cover the entire town centre, not just the Town Centre West.

The MDC is a 'body corporate', which is run by a board appointed by the Greater Manchester Mayor in consultation with Stockport Council.

Stockport Active CIC

Stockport Active CIC (Community Interest Company) is wholly owned by the council, limited by guarantee. The CIC was incorporated on 18 May 2021 and took over responsibility for providing leisure services for the council from 1 April 2022.

Interchange Homes LLP

Interchange Homes LLP was incorporated on 15 October 2021 as a special purpose vehicle (SPV) for the town centre residential accommodation development at Stockport Interchange. The SPV brings together the council, GMCA, equity investor (Gresham House Investment Management (Guernsey) Ltd) and development partner (Cityrise Interchange Homes LLP). The council and GMCA each provided patient equity investment of £9.300m in 2022/23.

Stockport 8 LLP

Stockport 8 LLP was incorporated on 2 October 2023 as a joint venture between the council and ECF (General Partner) Ltd for the regeneration and development of Stockport Town Centre. Development costs incurred will be met by the Partners on a 50:50 basis. The council and ECF (English Cities Fund) each provided £10 equity contribution towards the LLP during 2023/24.

35. Accounting Standards issued but not yet adopted

The Code requires the council to disclose information relating to the impact of an accounting change that will be required by a new accounting standard that has been issued but not yet adopted by the Code. There are no such new accounting standards being introduced by the 2026/27 Code. However, the following are the amendments to accounting standards for which the 2026/27 Code is being updated, none of these are expected to have a significant impact:

- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024. The amendments relate to the settling of financial liabilities using an electronic payment system, assessing contractual cash flow characteristics of financial asset, including those with environmental, social and governance linked features and amendments to the disclosure requirements relating to investments in equity

instruments designated at fair value through other comprehensive income and expenditure.

- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024. Accounting standards are reviewed and amended to help provide greater consistency and clarity. In turn, CIPFA updates the Code for these amendments where necessary. The financial instruments section of the 2026/27 Code has been amended to clarify the measurement of trade receivables that do not have a significant financing component.
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024. This requires an assessment of energy contracts where the price or output depends on nature (e.g. renewable energy) to determine whether financial instrument accounting should apply. For example, contracts, such as virtual power purchase agreements, which do not involve a physical delivery, will be treated as financial instruments but supplies for own use are not considered to be financial instruments.

36. Accounting Policies

a. General Principles

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

These financial statements have been prepared with reference to the following qualitative characteristics and underlying assumptions:

- **Relevance:** the accounts have been prepared with the objective of providing information about the council's financial performance and position that is useful for assessing the stewardship of public funds and for making financial decisions.
- **Materiality:** the concept of materiality has been utilised in preparing the accounts so that insignificant items and fluctuations under an acceptable level of tolerance are permitted providing that in aggregate they would not affect the interpretation of the accounts.
- **Faithful Representation:** the financial statements are complete, neutral and free from error, and faithfully represent the phenomena that they purport to represent.
- **Comparability:** the financial statements are based on the Code which should aid comparison between other local authorities and with other reporting dates.
- **Verifiability:** these accounts utilise quantified information in order to assure users that this information faithfully represent the economic phenomena that it purports to represent.

- **Timeliness:** these accounts provide decision makers with information that is capable of influencing their decisions.
- **Understandability:** these accounts are based on accounting concepts and terminology which require reasonable knowledge of accounting and local government. Every effort has been made to use plain language and where technical terms are unavoidable they have been explained in the glossary of terms contained within the accounts.
- **Accruals Basis:** the financial statements, other than the cash flow, are prepared on an accruals basis. Income and Expenditure is recognised in the accounts in the period in which it is earned or incurred rather than when the cash is received or paid.
- **Going Concern:** the accounts have been prepared on the assumption that the council's functions and services will continue in operational existence for the foreseeable future.
- **Primacy of Legislation Requirements:** in accordance with the Code, where an accounting treatment is prescribed by law then it has been applied, even if it contradicts accounting standards. The following legislative accounting requirements have been applied when compiling these accounts:
 - Capital receipts from the disposal of property, plant and equipment are treated in accordance with the provisions of the Local Government Act 2003.
 - The Local Government Act 2003 requires the council to set aside a minimum revenue provision.

Conventions

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

Throughout this Statement of Accounts credit balances are indicated with parentheses, e.g. (£1,234).

b. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. The only exception to this principal is for electricity, gas and similar quarterly payments. These are charged at the date of the meter reading rather than being apportioned between financial years.

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

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

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

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

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

c. Acquisitions and Discontinued Operations

Acquired operations

Any material operations acquired or discontinued by the council during the accounting period are disclosed in the accounts.

d. 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 are readily convertible to known amounts of cash with insignificant risk of change in value. The council has deemed that deposits held within money market funds and call accounts are categorised as cash equivalents.

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

e. Council Tax and Business Rates

Billing authorities act as agents, collecting council tax and business rates on behalf of the major preceptors and as principals, collecting council tax and business rates for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of council tax and business rates. Under the legislative framework for the collection fund, billing authorities, major preceptors and central government (for business rates) share proportionately the risks and rewards that the amount of council tax and business rates collected could be less or more than predicted.

Accounting for Council Tax and Business Rates

The council tax and business rates income included in the Comprehensive Income and Expenditure Statement is the council's share of accrued income for the year. However, regulations determine the amount of council tax and business rates that must be included in the council's General Fund for the year. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund for the year is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the council's share of the end of year balances in respect of council tax and business rates relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments, and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the Comprehensive Income and Expenditure Statement. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

f. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Exceptionally, the 2025/26 Code provides that changes to the valuation of non-investment assets as set out in the Code will be applied prospectively, with no restatement of prior year figures.

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

g. Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible fixed assets attributable to the service.

The council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis determined by the council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by an annual contribution from revenue in the General Fund Balance

(Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

h. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the council. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. Termination benefits are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement at the earlier of when the council can no longer withdraw the offer of those benefits or when the council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

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

- The Teachers' Pension Scheme, administered by Capita Business Services Ltd on behalf of the Department for Education (DfE);
- The NHS Pension scheme, administered by NHS Business Services Authority; and,
- The Local Government Pensions Scheme, administered by Tameside Metropolitan Borough Council as the Greater Manchester Pension Fund (GMPF).

These schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees work for the council.

However, the arrangements for the NHS and teachers' schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the council. These schemes are therefore accounted for as if they are defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The Dedicated Schools Grant line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year. The Health, Wellbeing and Adult Social Care line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

The Local Government Pension Scheme

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

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

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

Service Costs

- current service cost - the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Cash Limit costs.
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the council - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into

account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements

- the return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- contributions paid to the Greater Manchester Pension Fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Discretionary Benefits

The council also 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 as are applied to the Local Government Pension Scheme.

i. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified:

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

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

j. Fair Value Measurement

The council measures some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as financial assets

classified as fair value through other comprehensive income at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

k. Financial Instruments

Financial Liabilities

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

For all of the borrowings that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed

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

Financial Assets

Financial assets are classified into three types:

- Fair Value through Profit or Loss (FVPL) - the council does not have any assets that fall to be classified as FVPL
- Amortised Cost
- Fair Value through other Comprehensive Income (FVOCI)

Financial Assets Measured at Amortised Cost

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

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

The council has assets such as investments and debtors which are classified as financial assets measured at amortised cost.

Financial Assets Measured at Fair Value through other Comprehensive Income (FVOCI)

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value.

Investment income is credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement when it becomes receivable by the council.

Where an equity instrument is designated as FVOCI, changes in fair value are posted to Other Comprehensive Income and Expenditure and are balanced by an entry in the Financial Instruments Revaluation Reserve (an unusable reserve). When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

The council has two equity instruments designated at Fair Value through other Comprehensive Income (FVOCI). The council has made irrevocable elections to designate the assets as FVOCI on the basis that they are held for non-contractual benefits, they are not held for trading but for strategic purposes.

The fair value is based on the principal that the equity shares have no quoted market prices and is based on an independent appraisal of the company valuation each year.

Expected Credit Loss Model

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

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

I. Government Grants and Contributions

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

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

Amounts recognised as due to the council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ringfenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Capital grants and contributions used to fund Revenue Expenditure Funded from Capital Under Statute have been accounted for as revenue grants/contributions at the point at which it is known that they will fund such expenditure.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

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

m. Interests in Companies and Other Entities

The council has material interests in companies that have the nature of subsidiaries and which require it to prepare group accounts. An assessment of the council's interests has been completed during the year to determine the relationships that exist and whether they should be included in the council's Group accounts.

In the council's own single-entity accounts, the interests in companies and other entities are recorded as financial assets at cost, less any provision for losses.

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the council in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the council as a joint operator recognises:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

n. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end.

An investment property under construction is measured at cost until such time as its fair value can be determined reliably or its construction is complete, whichever comes first. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement

and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

o. Leases

The Council as Lessee

The council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use for a defined period, which may or may not reflect the expected useful economic life of the asset. This also includes arrangements with nil consideration, peppercorn or nominal payments.

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later).

The leases are typically for fixed periods in excess of one year but may have extension options. The council initially recognises lease liabilities measured at the present value of lease payments, discounted by applying the council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments;
- variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option if the council is reasonably certain to exercise;
- lease payments in an optional renewal period if the council is reasonably certain to exercise an extension option;
- penalties for early termination of a lease, unless the council is reasonably certain not to terminate early,

The right-of-use asset is initially measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

The right-of-use asset is subsequently measured using the cost model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases;
- leases where rent reviews do not necessarily reflect market conditions;
- leases with terms of more than five years that do not have any provision for rent reviews; and,
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. The right of use assets held under index-linked leases are adjusted for changes in the relevant index, while

assets held under peppercorn or nil consideration leases are initially valued using market prices or rentals for equivalent land and properties and subsequently using current value.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured using amortised cost principles. The liability is remeasured, with a corresponding adjustment to the right of use asset, when:

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

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

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

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

The Council as Lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the council to a third party. All other leases are classified as operating leases.

Finance Leases

Where the council grants a finance lease over a property or an item of plant or equipment to a third party, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the

council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and,
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve.

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the council grants an operating lease over a property, the asset is retained in the Balance Sheet. Rental income is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (relating to investment properties). Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

p. Material Items of Income and Expenditure

Where items of income and expenditure are material, their nature and amount are disclosed separately either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts. Disclosure will depend upon how significant the items are to the understanding of the reader of the accounts.

q. Overheads and Support Services

The council operates and manages its support services within the Finance and Resources Portfolio, and this is how the costs relating to overheads and support services are reported to management. The costs of overheads and support services are therefore not re-apportioned across other council portfolios.

r. Property, Plant and Equipment

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

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the council and the cost of the item can be measured reliably.

Expenditure is capitalised subject to a de minimis level of £10,000, except for devolved education expenditure where a de minimis level of £2,000 is applied.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

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

The council does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

- infrastructure, community assets and assets under construction – depreciated historical cost;
- council dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- school buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost, which is used as an estimate of current value;

- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant’s perspective;
- all other assets – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV), except where there is no market-based evidence of current value because of the specialist nature of an asset, where depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

The Code requirements have changed in respect of revaluations of property, plant and equipment. From 1 April 2025, the council revalues its property, plant and equipment on a five-year rolling programme basis, supported by indexation in the intervening years. These changes do not apply to the following categories of property, plant and equipment: council dwellings; infrastructure assets; community assets; and assets under construction.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Highways Infrastructure Assets

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

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are

estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the bases set out in the Property, Plant and Equipment note to the Financial Statements. Where material, buildings (non-council dwellings) which have been revalued from 1 April 2010 are valued on an average asset life basis, which averages typical costs of components of buildings over maximum life expectancy for these components. Depreciation is calculated on these average lives which range from 30 to 40 years, compared to the normal life expectancy of buildings of 40 years. Components of council dwellings whose cost is significant in relation to the total cost of the dwellings are depreciated separately.

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

Disposals and Non-current Assets Held for Sale

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

The written-off value of disposals is not a charge against Council Tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

s. Provisions

Provisions are made where an event has taken place that gives the council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation. Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the council becomes aware of the obligation and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised

as income for the relevant service if it is virtually certain that reimbursement will be received if the council settles the obligation.

t. Reserves

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

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

Internal Insurance Funds

The council operates two main self-insurance funds, set up to meet potential future claims and claims agreed in principal but yet to be settled.

The funds have been split between provisions, reflecting claims which are certain or very likely to occur and reserves, for unknown future claims.

u. Revenue Expenditure Funded from Capital under Statute

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

v. Revenue Recognition

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

Where the council is acting as Agent of another organisation, the amounts collected on behalf of that organisation are excluded from the council's revenue.

Revenue for Council Tax and Business Rates is recognised when the amount of revenue can be measured reliably, and it is probable it will be received by the council.

w. Schools

The Code confirms that the balance of control for local authority-maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the council. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the council Statement of Accounts (and not the Group Accounts). Therefore, schools' transactions, cash flows

and balances are recognised in each of the financial statements of the council as if they were the transactions, cash flows and balances of the council.

x. Value Added Tax

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

37. Prior Period Reclassification

The council's portfolio reporting hierarchy changed in 2025/26. The new structure has been reflected in the Comprehensive Income and Expenditure Statement and the Expenditure and Funding Analysis. The prior year comparatives have been amended as shown in the tables below.

Single Entity – Comprehensive Income and Expenditure Statement

2024/25	As previously reported			Restatement Net Exp - enditure £000	As restated		
	Gross Exp- enditure £000	Gross Income £000	2024/25 Net Exp - enditure £000		Gross Exp- enditure £000	Gross Income £000	2024/25 Net Exp - enditure £000
Children, Families & Education	97,012	(25,014)	71,998	(71,998)			
Climate Change & Environment	11,213	(672)	10,541	(10,541)			
Communities, Culture & Sport	17,003	(8,357)	8,646	(8,646)			
Economy, Regeneration & Housing	15,185	(12,164)	3,021	(3,021)			
Finance & Resources	49,733	(9,457)	40,276	(40,276)			
Health & Adult Social Care	221,133	(86,727)	134,406	(134,406)			
Parks, Highways & Transport Services	50,071	(11,317)	38,754	(38,754)			
Non-Cash Limits	59,598	(57,905)	1,693	(1,693)			
				72,290	97,510	(25,220)	72,290
Children, Families & Education Communities, Culture & Public Protection				8,646	17,003	(8,357)	8,646
Economy, Regeneration & Skills				1,843	6,170	(4,327)	1,843
Finance & Resources				40,265	49,722	(9,457)	40,265
Health, Wellbeing & Adult Social Care				134,115	220,635	(86,520)	134,115
Housing & Environment				15,737	24,252	(8,515)	15,737
Parks, Highways & Transport Services				34,735	46,047	(11,312)	34,735
Non-Cash Limits				1,704	59,609	(57,905)	1,704
Dedicated Schools Grant	291,232	(266,947)	24,285		291,232	(266,947)	24,285
Housing Revenue Account	59,809	(65,831)	(6,022)		59,809	(65,831)	(6,022)
Cost Of Services	871,989	(544,391)	327,598	0	871,989	(544,391)	327,598

Single Entity – Expenditure and Funding Analysis

2024/25	As previously reported			Restatement Net Expenditure £000	As restated		
	Net Expenditure Chargeable to the General Fund and HRA balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the CIES £000		Net Expenditure Chargeable to the General Fund and HRA balances £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the CIES £000
Children, Families & Education	73,209	(1,211)	71,998	(71,998)			
Climate Change & Environment	10,545	(4)	10,541	(10,541)			
Communities, Culture & Sport	8,436	210	8,646	(8,646)			
Economy, Regeneration & Housing	2,254	767	3,021	(3,021)			
Finance & Resources	43,322	(3,046)	40,276	(40,276)			
Health & Adult Social Care	134,372	34	134,406	(134,406)			
Parks, Highways & Transport Services	13,732	25,022	38,754	(38,754)			
Non-Cash Limits	60,412	(58,719)	1,693	(1,693)			
				72,290	73,501	(1,211)	72,290
Children, Families & Education				8,646	8,436	210	8,646
Communities, Culture & Public Protection				1,843	1,011	832	1,843
Economy, Regeneration & Skills				40,265	43,310	(3,045)	40,265
Finance & Resources				134,115	134,079	36	134,115
Health, Wellbeing & Adult Social Care				15,737	15,807	(70)	15,737
Housing & Environment				34,735	9,713	25,022	34,735
Parks, Highways & Transport Services				1,704	60,425	(58,721)	1,704
Non-Cash Limits							
Dedicated Schools Grant	20,303	3,982	24,285		20,303	3,982	24,285
Housing Revenue Account	1,609	(7,631)	(6,022)		1,609	(7,631)	(6,022)
Net Cost Of Services	368,194	(40,596)	327,598	0	368,194	(40,596)	327,598

Group – Comprehensive Income and Expenditure Statement

2024/25	As previously reported			Restatement	As restated		
	Gross Expenditure £000	Gross Income £000	2024/25 Net Exp - enditure £000		Gross Expenditure £000	Gross Income £000	2024/25 Net Exp - enditure £000
Children, Families & Education	93,338	(21,331)	72,007	(72,007)			
Climate Change & Environment	14,061	(4,813)	9,248	(9,248)			
Communities, Culture & Sport	17,429	(8,714)	8,715	(8,715)			
Economy, Regeneration & Housing	17,292	(18,926)	(1,634)	1,634			
Finance & Resources	50,234	(8,110)	42,124	(42,124)			
Health & Adult Social Care	221,764	(87,519)	134,245	(134,245)			
Parks, Highways & Transport							
Services	53,333	(16,101)	37,232	(37,232)			
Non-Cash Limits	59,285	(55,016)	4,269	(4,269)			
				72,297	93,835	(21,538)	72,297
Children, Families & Education							
Communities, Culture & Public Protection				8,716	17,430	(8,714)	8,716
Economy, Regeneration & Skills				1,826	6,208	(4,382)	1,826
Finance & Resources				42,111	50,221	(8,110)	42,111
Health, Wellbeing & Adult Social Care				133,956	221,268	(87,312)	133,956
Housing & Environment				9,289	30,248	(20,959)	9,289
Parks, Highways & Transport							
Services				33,731	48,230	(14,499)	33,731
Non-Cash Limits				4,280	59,296	(55,016)	4,280
Dedicated Schools Grant	291,232	(266,947)	24,285		291,232	(266,947)	24,285
Housing Revenue Account	59,809	(65,831)	(6,022)		59,809	(65,831)	(6,022)
Cost Of Services	877,777	(553,308)	324,469	0	877,777	(553,308)	324,469

Housing Revenue Account

HRA INCOME AND EXPENDITURE STATEMENT	2025/26 £000	2024/25 £000
INCOME		
Dwelling rents	(53,215)	(52,174)
Charges for services and facilities	(13,386)	(11,460)
Contributions towards expenditure	(2,530)	(1,905)
Total Income	(69,131)	(65,539)
EXPENDITURE		
Repairs and maintenance	18,751	18,379
Supervision and management	21,142	21,435
Rents, rates, taxes and other charges	6,899	5,894
Depreciation of non-current assets	14,440	13,751
Debt management costs	54	58
Total expenditure	61,286	59,517
Net Income of HRA Services per council Comprehensive Income and Expenditure Statement	(7,845)	(6,022)
HRA services share of Corporate and Democratic Core	128	128
Net Income for HRA Services	(7,717)	(5,894)
HRA share of the operating income and expenditure included in the Comprehensive Income and Expenditure Statement:		
(Gain) on the sale of HRA non-current assets	(4,190)	(1,204)
Interest payable and similar charges	6,294	6,289
Interest and investment income	(419)	(373)
Capital grants and contributions receivable	(2,536)	(4,084)
(SURPLUS) FOR THE YEAR ON HRA SERVICES	(8,568)	(5,266)

MOVEMENT ON THE HRA STATEMENT	2025/26 £000	2024/25 £000	Note
(Surplus) for the year on the HRA Income and Expenditure Account	(8,568)	(5,266)	
Adjustments between accounting basis and funding basis under statute	6,681	6,876	1
Net decrease/(increase) before transfers to reserves	(1,887)	1,610	
Transfer to/(from) earmarked reserves	2	(1,610)	
Decrease/ (Increase) in the Housing Revenue Account Balance	(1,885)	0	
Housing Revenue Account Surplus brought forward	(1,097)	(1,097)	
Housing Revenue Account Surplus carried forward	(2,982)	(1,097)	

Notes to the Housing Revenue Account

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

The council utilises an Arms-Length Management Organisation “Stockport Homes Ltd” to manage the housing stock on its behalf.

1. Adjustments between Accounting Basis and Funding Basis Under Statute

	2025/26 £000	2024/25 £000
Items included in the HRA Income and Expenditure Account but excluded from the movement on HRA Balance for the year		
Gain on sale of HRA assets	4,190	1,204
Change in fair value of investment assets		
Depreciation on non-current assets	(14,440)	(13,751)
Revaluation gains on HRA assets		
Capital grants and contributions	2,536	4,084
Net charges made for retirement benefits in accordance with IAS 19	(50)	(68)
	(7,764)	(8,531)
Items not included in the HRA Income and Expenditure Account but included in the movement on HRA Balance for the year		
Transfer to/(from) Major Repairs Reserve	14,440	13,751
Capital Expenditure funded from the HRA	5	1,656
	14,445	15,407
Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year	6,681	6,876

2. Housing Stock Numbers and Valuation

	Numbers at 31 March 2026	Numbers at 31 March 2025
HOUSING STOCK		
Houses	4,474	4,550
Flats	5,784	5,808
Bungalows	520	520
Total Housing Stock	10,778	10,878

	Valuation at 31 March 2026 £000	Valuation at 1 April 2025 £000
Operational assets:		
Housing Stock Valuation	634,883	504,930
Land Valuation	158,868	126,394
Total operational assets	793,751	631,324
Other land and buildings	293	299
Other plant and equipment	6,865	7,073
Investment assets	12,785	2,785
Assets under construction	15,504	15,504
Council dwellings held for sale	692	584
Total	829,890	657,569

Valuation of operational property is net of depreciation. Housing stock and land valuations are included together as council dwellings on the Balance Sheet. The method of valuation is set out in the accounting policies and in Note 11 to the Statement of Accounts.

3. Vacant Possession Value

The vacant possession value as at 31 March 2026 was £1,927.4m (£1,529.9m as at 1 April 2025). The vacant possession value is an opinion of the best sale price that could have been obtained for the property on the date of the valuation. The balance sheet valuation contains an adjustment to reflect the fact that council dwellings have sitting tenants enjoying sub-market rents and rights including right to buy. The adjustment factor measures the difference between market and sub-market rents at a regional level and is set out in the "Stock Valuation for Resource Accounting – Guidance for valuers 2016" as adjusted for the council's particular mix of tenures.

4. Capital Expenditure and Financing

Capital expenditure in the year amounted to £23.875m on council dwellings including spend in assets under construction. This was financed as follows:

	2025/26 £000	2024/25 £000
Borrowing	5,540	2,025
Grants and contributions - HRA	2,474	6,154
Revenue Contribution to Capital Outlay	6	1,671
Major Repairs Reserve	13,656	13,751
Capital Receipts	1,595	274
	23,271	23,875

5. Rent Arrears

As at 31 March 2026 rent arrears (excluding amounts collectable on behalf of other agencies) amounted to £2.958m (£2.903m at 31 March 2025). The aggregate balance sheet provision in respect of all uncollectable debts amounted to £1.402m (£1.454m

at 31 March 2025). The reduction in provision of £0.052m has been deducted from the debts written off in the year of £0.335m to arrive at the bad and doubtful debt charge of £0.283m.

6. IAS 19 Employee Benefits

The HRA recognises, within Net Cost of Services, a share of the full IAS 19 costs borne by the council for defined benefit pension schemes. These costs, comprising current service costs, have been allocated via corporate recharges. To ensure that the costs have no impact on the net deficit or on the level of rents, the charges are reversed out of the HRA via an appropriation from the Statement of Movement on the HRA balance.

7. Revaluation Gain of non-current assets

A revaluation gain of £166.415m in 2025/26 has been accounted for (£28.921m revaluation loss in 2024/25). The gain has arisen due to a full stock valuation and an increase in the HM Land Registry indices of 3.9% during 2025/26.

Collection Fund Statement

	2025/26	2025/26	2025/26	2024/25	2024/25	2024/25
	COUNCIL TAX £000	NDR £000	TOTAL £000	COUNCIL TAX £000	NDR £000	TOTAL £000
INCOME						
Council Tax	(246,736)		(246,736)	(232,090)		(232,090)
Non-Domestic Rates		(95,100)	(95,100)		(87,297)	(87,297)
Council Tax Hardship			0	(385)		(385)
Transitional Protection Income Due for the Year		11	11		(2,783)	(2,783)
Total Income	(246,736)	(95,089)	(341,825)	(232,475)	(90,080)	(322,555)
EXPENDITURE						
Precepts and Demands:						
Stockport Metropolitan Borough Council	206,235	95,232	301,467	194,568	89,511	284,079
GMCA Mayoral General (including Fire Services)	12,810	962	13,772	11,114	904	12,018
GMCA Mayoral Police and Crime Commissioner	26,851		26,851	25,219		25,219
Non-Domestic Rates:						
Cost of collection		421	421		420	420
Renewable Energy		50	50		47	47
Provisions:						
Increase/(Decrease) in impairment allowance	1,903	793	2,696	2,560	936	3,496
Increase/(decrease) in provision for Business Rates rateable value appeals		(1,631)	(1,631)		(3,248)	(3,248)
Total Expenditure	247,799	95,827	343,626	233,461	88,570	322,031
In-year (surplus)/deficit	1,063	738	1,801	986	(1,510)	(524)
CONTRIBUTIONS						
Previous years' deficit recovery:						
Stockport Metropolitan Borough Council	(938)		(938)			0
GMCA Mayoral General (including Fire Services)	(54)		(54)			0
GMCA Mayoral Police and Crime Commissioner	(122)		(122)			0
Previous years' surplus distribution:						
Stockport Metropolitan Borough Council		2,865	2,865	2,311	6,849	9,160
GMCA Mayoral General (including Fire Services)		29	29	132	69	201
GMCA Mayoral Police and Crime Commissioner				299		299
In-year contributions	(1,114)	2,894	1,780	2,742	6,918	9,660

Collection Fund Statement - Balances

	2025/26	2025/26	2025/26	2024/25	2024/25	2024/25
	COUNCIL TAX £000	NDR £000	TOTAL £000	COUNCIL TAX £000	NDR £000	TOTAL £000
Balance brought forward at 1 April	1,568	(3,412)	(1,844)	(2,160)	(8,820)	(10,980)
Previous year forecast surplus/deficit distributed/(recovered) in year	(1,114)	2,894	1,780	2,742	6,918	9,660
Revised balance brought forward from previous year	454	(518)	(64)	582	(1,902)	(1,320)
In-year (surplus)/deficit	1,063	738	1,801	986	(1,510)	(524)
Balance carried forward at 31 March	1,517	220	1,737	1,568	(3,412)	(1,844)
Allocated to:						
Stockport Metropolitan Borough Council	1,272	218	1,490	1,316	(3,377)	(2,061)
GMCA Mayoral General (including Fire Services)	79	2	81	81	(35)	46
GMCA Mayoral Police and Crime Commissioner	166		166	171		171
	1,517	220	1,737	1,568	(3,412)	(1,844)

Notes to the Collection Fund Account

As a Billing Authority, the council has a statutory obligation to maintain a separate Collection Fund account distinct from its General Fund account.

The Collection Fund records all income and expenditure related to Council Tax and Business Rates. The costs of collecting these are charged to the General Fund in the year they are incurred.

The Collection Fund Statement shows how much Council Tax and Business Rates were collected during the year, and how this income was shared with the relevant authorities.

For Stockport, Council Tax is shared with the GMCA Mayoral Police and Crime Commissioner and the GMCA Mayoral General (including Fire Services). Business Rates are shared with the GMCA Mayoral General (including Fire Services).

1. Council Tax

Council Tax is charged on homes in the borough based on their valuation band (A to H).

The council and other authorities first estimate how much income they need for the year. This total is then divided by the Council Tax base (the number of Band D equivalent properties) to set the Band D charge. Charges for all other bands are calculated as a proportion of the Band D amount.

The Council Tax taxbase for 2025/26 was 99,339.6 (98,396.6 in 2024/25) and was calculated as follows:

Band	Valuation*	Dwellings on the Valuation List	Adjusted Chargeable Dwellings**	Relevant Proportion	Band D Equivalent Dwellings
A	Up to £40,000	31,770	26,814	06/09	17,871.0
B	£40,001 to £52,000	29,119	25,855	07/09	20,109.3
C	£52,001 to £68,000	28,920	26,187	08/09	23,277.6
D	£68,001 to £88,000	19,889	18,308	09/09	18,307.8
E	£88,001 to £120,000	13,292	12,295	11/09	15,026.6
F	£120,001 to £160,000	6,569	6,194	13/09	8,946.5
G	£160,001 to £320,000	3,590	3,379	15/09	5,632.1
H	Over £320,000	224	176	18/09	352.5
					109,523.4
Allowance for Local Council Tax Support Scheme and Discounts					(10,023.6)
Forecast of Additional Properties During the Year					1,046.1
Council Tax Taxbase for Budget Setting Purposes					100,545.9
Council Tax Taxbase Adjusted for Collection rate 98.8%***					99,339.6

*"Valuation" represents the open market value at 1 April 1991, as assessed by the Inland Revenue.

**"Adjusted chargeable dwellings" gives the effective number of dwellings in each band after allowing for disabled relief, appeals against bandings, single persons discounts etc.

***In setting its budget the council applies an assumed collection rate of 98.8% to its Council Tax Taxbase

The share of Council Tax due to the council and precepting authorities is estimated during the annual budget setting process. These amounts are paid during the year and recorded in the Collection Fund.

Any surplus or deficit is shared between the council and the precepting authorities. For budgeting, an estimate of the year-end position is made in January so it can be included in the following year's budget. This is then either paid out (if there is a surplus) or recovered (if there is a deficit) in the next financial year (2026/27).

Any difference between the estimated and actual year-end position is not recognised until the following year (2027/28).

2. Business Rates

The Business Rates retention scheme aims to encourage local authorities to grow their local economies and increase Business Rates income.

When the scheme was introduced, central government set funding baselines for each authority along with a system of tariffs and top-ups to ensure all authorities receive at least their baseline funding each year. As Stockport collects more than its baseline, it pays a tariff to central government. These tariffs are used to fund top-up payments to those authorities that fall below their baseline.

In 2025/26, the council operated under the Greater Manchester 100% Business Rates Trailblazer. Under this arrangement, 99% of Business Rates income is retained locally, with 1% paid to the GMCA Mayoral General (including Fire Services) as the preceptor.

This arrangement increases financial risk due to non-collection, changes in the Business Rates taxbase and Check, Challenge and Appeal (CCA) cases related to rateable values. These risks are monitored throughout the year, including the review of collection rates, rateable values and CCA cases.

The Business Rates taxbase is based on the rateable value of business properties in the borough as assessed by the Valuation Office Agency (VOA). At 31 March 2026, the total rateable value for Stockport was £241.283m (£239.997m at 31 March 2025).

Each property's rateable value is multiplied by the Business Rates multiplier set annually by central government to calculate the Business Rates payable. In the Autumn Budget 2024, the government froze the small multiplier at 49.9p (49.9p in 2024/25) and confirmed that the standard multiplier would be updated by CPI. For 2025/26 this is 55.5p in the pound (54.6p in 2024/25).

The share of Business Rates income payable to the council and the preceptor are estimated during the annual budget setting process. These amounts are paid during the year and charged to the Collection Fund. Any surplus or deficit is shared between the council and the preceptor. For budgeting purposes, an estimate of the outturn position is declared in January to allow it to be included in the following year's budget. This is then distributed or reimbursed in 2026/27. Any difference between the estimated and actual outturn is not recognised until 2027/28.

3. Impairment Allowance and Appeals Provision (including Check, Challenge and Appeal (CCA) cases)

The impairment allowance for doubtful debts on Council Tax arrears (excluding costs) within the Collection Fund is shown below:

	2025/26 COUNCIL TAX £000		2024/25 COUNCIL TAX £000	
Impairment Allowance for Doubtful Debts				
Balance brought forward		(12,477)		(11,293)
Write offs of uncollectable amounts	1,203		1,376	
Allowance for impairment	(1,904)		(2,560)	
Net increase/decrease in Impairment Allowance in year		(701)		(1,184)
Balance carried forward		(13,178)		(12,477)
The Council's Share of the Impairment Allowance for Doubtful Debts				
Balance brought forward		(10,512)		(9,519)
Write offs of uncollectable amounts	1,001		1,154	
Allowance for impairment	(1,585)		(2,147)	
Net increase/decrease in Impairment Allowance in year		(584)		(993)
Balance carried forward		(11,096)		(10,512)

The impairment allowance for doubtful debts on Business Rates arrears (excluding costs) within the Collection Fund is shown below:

	2025/26 NDR £000		2024/25 NDR £000	
Impairment Allowance for Doubtful Debts				
Balance brought forward		(6,450)		(6,065)
Write offs of uncollectable amounts	859		551	
Allowance for impairment	(794)		(936)	
Net increase/decrease in Impairment Allowance in year		65		(385)
Balance carried forward		(6,385)		(6,450)
The Council's Share of the Impairment Allowance for Doubtful Debts				
Balance brought forward		(6,384)		(6,004)
Write offs of uncollectable amounts	850		546	
Allowance for impairment	(786)		(926)	
Net increase/decrease in Impairment Allowance in year		64		(380)
Balance carried forward		(6,320)		(6,384)

An aspect of the financial risk associated with the Business Rates retention scheme is the volatility of the Business Rates taxbase due to Check, Challenge and Appeal (CCA) cases by businesses.

To monitor this risk, the council reviews outstanding CCA cases lodged in the VOA appeals system and assesses the likelihood of these being successful. At the end of each financial year, these cases are assessed and valued to determine the level of

provision required to fund any backdated impact on the council's Business Rates income should they be successful.

	2025/26 NDR £000		2024/25 NDR £000	
Provision for NNDR list alterations and CCA cases				
Balance brought forward		(7,648)		(10,896)
Use of provision in year for settled CCA cases	2,553		2,963	
New contribution to provision in year	(922)		285	
Net increase/decrease in provision in year		1,631		3,248
Balance carried forward		(6,017)		(7,648)
The Council's Share of the provision for list alterations and CCA cases				
Balance brought forward		(7,570)		(10,786)
Use of provision in year for settled CCA cases	2,527		2,933	
New contribution to provision in year	(913)		283	
Net increase/decrease in provision in year		1,614		3,216
Balance carried forward		(5,956)		(7,570)

The council's share of the total provision for list amendments and appeals in the Collection Fund at 31 March 2026 is £5.956m (£7.570m at 31 March 2025).

4. Greater Manchester 100% Business Rates Retention

The GM Trailblazer deal was introduced on 1st April 2024 with similar arrangements to the 2017 pilot scheme. Under the deal, the council does not receive Revenue Support Grant or Public Health Grant from central government in 2025/26. Instead, the council retains 100% of its Business Rates income locally, 99% for the council and 1% for the GMCA Mayoral General (including Fire Services) to support the funding of council services.

Participation in the GM Trailblazer deal provides the council and Greater Manchester region with potential financial benefits. These are calculated by comparing the income that would have been retained locally under the 50% retention scheme where 50% of income would have been paid to central government, with the total income received under the 100% deal.

It was always the intention that the GM Region would benefit from 100% Business Rates Retention. It has been agreed that a minimum of 50% of the benefit will be retained by authorities and any balance retained by GMCA. In 2025/26, the agreed share is 75% to the local authority and 25% to GMCA. At outturn, £6.459m 75% of the benefit, will be retained by Stockport Metropolitan Borough Council with the remaining £2.153m retained by GMCA.

GROUP ACCOUNTS

Background

The Code requires that where a council has material financial interests and a significant level of control over one or more entities, it should prepare Group Accounts. The aim of these statements is to give an overall picture of the council's financial activities and the resources employed in carrying out those activities.

The Group Accounts comprise the following key financial statements (with appropriate disclosures):

- Group Comprehensive Income and Expenditure Statement.
- Group Movement in Reserves Statement.
- Group Balance Sheet; and
- Group Cash Flow Statement.

Please refer to the explanation of statements for further description of the purpose of each statement, within the Financial Statements section in the single entity accounts.

Group Comprehensive Income and Expenditure Statement

	Gross Exp- enditure £000	Gross Income £000	2025/26 Net Exp- -enditure £000	Gross Exp- enditure £000	Gross Income £000	2024/25 Net Exp- enditure £000	Note
Children, Families & Education	107,239	(25,517)	81,722	93,835	(21,538)	72,297	
Communities, Culture & Public Protection	29,182	(22,193)	6,989	17,430	(8,714)	8,716	
Economy, Regeneration & Skills	6,381	(5,044)	1,337	6,208	(4,382)	1,826	
Finance & Resources	46,509	(7,505)	39,004	50,221	(8,110)	42,111	
Health, Wellbeing & Adult Social Care	239,838	(94,177)	145,661	221,268	(87,312)	133,956	
Housing & Environment	29,770	(34,361)	(4,591)	30,248	(20,959)	9,289	
Parks, Highways & Transport Services	49,982	(14,490)	35,492	48,230	(14,499)	33,731	
Non-Cash Limits	50,874	(37,320)	13,554	59,296	(55,016)	4,280	
Dedicated Schools Grant	313,222	(269,525)	43,697	291,232	(266,947)	24,285	
Housing Revenue Account	61,286	(69,131)	(7,845)	59,809	(65,831)	(6,022)	
Cost Of Services	934,283	(579,263)	355,020	877,777	(553,308)	324,469	
Other Operating Expenditure	63,789		63,789	143,208		143,208	
Financing and Investment Income and Expenditure	140,879	(120,537)	20,342	138,963	(105,024)	33,939	
Taxation and Non-Specific Grant Income	0	(407,014)	(407,014)	0	(394,049)	(394,049)	
(Surplus) or Deficit on Provision of Services	1,138,951	(1,106,814)	32,137	1,159,948	(1,052,381)	107,567	
Tax expenses of subsidiaries	183		183	801		801	
Group (Surplus)/Deficit	1,139,134	(1,106,814)	32,320	1,160,749	(1,052,381)	108,368	7
<i>Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services</i>							
(Surplus) or deficit on revaluation of Property, Plant and Equipment assets			(201,543)			(74,160)	
Re-measurement of the net defined benefit liability			5,471			6,012	
(Surplus) or deficit from investments in equity instruments designated at Fair Value through Other Comprehensive Income			6,400			2,900	
Other Comprehensive Income and Expenditure			(189,672)			(65,248)	
Total Comprehensive Income and Expenditure			(157,352)			43,120	

*The council's portfolio structure changed in 2025/26 and the 2024/25 comparatives have been restated for the new reporting structure. See Note 37 for further details.

Group Movement in Reserves Statement

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Major Repairs Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Group Income and Expenditure Account	Total Group Reserves
	Note a	Note a	Note b	Note b	Note b					
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2024 carried forward	(110,819)	(2,711)	(18,737)	0	(11,883)	(144,150)	(1,325,448)	(1,469,598)	(68,662)	(1,538,260)
Movement in reserves during 2024/25:										
Total Comprehensive Income and Expenditure	116,676	(5,266)				111,410	(66,281)	45,129	(2,009)	43,120
Adjustments between accounting basis and funding basis under regulations (Note 2)	(107,048)	6,876	858		(4,354)	(103,668)	103,668	0		0
(Increase)/ Decrease in 2024/25	9,628	1,610	858	0	(4,354)	7,742	37,387	45,129	(2,009)	43,120
Balance at 31 March 2025 carried forward	(101,191)	(1,101)	(17,879)	0	(16,237)	(136,408)	(1,288,061)	(1,424,469)	(70,671)	(1,495,140)
Movement in reserves during 2025/26:										
Total Comprehensive Income and Expenditure	44,105	(8,568)				35,537	(185,769)	(150,232)	(7,120)	(157,352)
Adjustments between accounting basis and funding basis under regulations (Note 2)	(25,183)	6,681	(3,416)	(784)	(3,436)	(26,138)	26,138	0		0
(Increase)/ Decrease in 2025/26	18,922	(1,887)	(3,416)	(784)	(3,436)	9,399	(159,631)	(150,232)	(7,120)	(157,352)
Balance at 31 March 2026 carried forward	(82,269)	(2,988)	(21,295)	(784)	(19,673)	(127,009)	(1,447,692)	(1,574,701)	(77,791)	(1,652,492)

The total council reserves are set out in the single entity Movement in Reserves Statement and the supporting notes to the single entity Statement of Account

Group Balance Sheet

	31 March 2026 £000	31 March 2025 £000	Note
Property, Plant & Equipment			
- Council dwellings	906,356	726,597	
- Other land and buildings	675,873	657,587	
- Vehicles, plant, furniture and equipment	21,328	22,276	
- Community assets	1,346	1,400	
- Surplus assets not held for sale	4,258	3,150	
- Assets under construction	98,383	79,469	
- Right of use assets	3,370	3,687	
- Infrastructure	440,945	448,636	
Property, Plant & Equipment	2,151,859	1,942,802	5
Heritage Assets	10,784	10,947	
Investment Property	202,693	220,133	
Intangible Assets	70	70	
Long-Term Investments	50,800	57,200	
Long-Term Debtors	104,077	91,199	2
Pension Asset	17	270	6
Long-Term Finance lease Debtors	13,700	13,700	
Long-Term Assets	2,534,000	2,336,321	
Assets Held for Sale (short-term)	5,579	1,241	
Inventories	692	618	
Cash and Cash Equivalents	56,767	57,843	9
Short-Term Debtors	118,976	99,826	2
Current Assets	182,014	159,528	
Bank Overdraft	(7,374)	(4,464)	9
Short-Term Creditors	(118,092)	(104,032)	3
Short-Term Provisions	(2,485)	(3,863)	4
Short-Term Borrowing	(215,551)	(113,373)	
Current Liabilities	(343,502)	(225,732)	
Long-Term Creditors	(18,653)	(19,227)	3
Long-Term Provisions	(7,970)	(8,758)	4
Long-Term Borrowing	(616,402)	(686,659)	
Other Long-Term Liabilities - Net pensions liability	(16,243)	(16,942)	6
Other Lease Liabilities	(13,700)	(13,700)	
Revenue Grants Receipts in Advance	(8,941)	(9,740)	
Capital Grants Receipts in Advance	(38,111)	(19,951)	
Long-Term Liabilities	(720,020)	(774,977)	
Net Assets	1,652,492	1,495,140	
Usable reserves	(127,009)	(136,408)	
Unusable Reserves	(1,447,692)	(1,288,061)	
Group Income and Expenditure Account	(77,791)	(70,671)	
Total Reserves	(1,652,492)	(1,495,140)	

Group Cash Flow Statement

	2025/26 £000	2024/25 £000	Note
Net deficit on the provision of services	32,137	107,567	
Adjustments to net surplus or deficit on the provision of services for non-cash movements			
Depreciation	(66,734)	(51,365)	
Impairment and revaluation	2,466	1,038	
Amortisation	0	(227)	
(Increase) in impairment allowance	(17)	153	
(Increase)/decrease in creditors	(2,081)	844	
Increase/(Decrease) in debtors	19,161	111	
Increase/(Decrease) in inventories	74	(141)	
Difference between IAS 19 pension cost and pensions paid	5,917	428	
Carrying amount of non-current assets sold	(40,391)	(117,272)	
Movement in value of investment properties	(3,255)	(18,563)	
Movement in provisions	2,166	1,889	
	(82,694)	(183,105)	
Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities			
Proceeds from the Sale of property, plant and equipment, investment property and intangible assets	8,985	13,229	
Revenue expenditure funded from capital under statute	(8,647)	(8,687)	
Capital grants	48,859	48,715	
Net cash flows from Operating Activities*	(1,360)	(22,281)	
Investing Activities	35,116	87,000	10
Financing Activities	(29,770)	(59,544)	11
Net (increase) or decrease in cash and cash equivalents	3,986	5,175	
Cash and cash equivalents and bank overdraft at the beginning of the reporting period	53,379	58,554	
Cash and cash equivalents and bank overdraft at the end of the reporting period	49,393	53,379	

*The following items are included within operating activities:

	2025/26 £000	2024/25 £000
Interest Received	(8,225)	(8,828)
Interest Paid	30,574	27,402
Finance lease interest received	(1,400)	(1,553)
Interest paid on lease liabilities	1,249	1,240
Dividends Received	(453)	(898)
Taxation paid	(602)	220

Notes to the Group Accounts

The Stockport Council Group

The council has relationships with a number of companies over which it has varying degrees of control and influence. In line with the Code, the council continues to review its relationship with other entities, particularly in respect of the definition of control and accounting for joint arrangements. The bodies considered to be part of the Stockport Council Group are shown below.

Bodies Consolidated

Two bodies, in addition to Stockport MBC, have been included in the Group Accounts; Stockport Homes Ltd and Totally Local Company Ltd. These are wholly owned subsidiaries of the council and have been accounted for on an acquisition basis and subsequently consolidated on a full line by line basis, writing out inter-group transactions. Both subsidiaries produce their accounts in accordance with UK Generally Accepted Accounting Practice (UKGAAP) including Financial Reporting Standard 102.

Stockport Homes Ltd was formed by the council to take over the responsibility for managing and maintaining the council's dwellings and has been a wholly owned subsidiary of Stockport Council since 1 October 2005. It is an arms-length management organisation (ALMO) of the council and is a company limited by guarantee. The liability of the council is limited to £1.

The Board of Directors of Stockport Homes Ltd consists of eleven voluntary members including customers, independent and stakeholder members.

Stockport Homes Ltd's principal source of income is a management fee paid by the council for managing and maintaining the council's housing stock. The company also fulfils a number of statutory responsibilities, including the prevention of homelessness, the management of private sector renewals and disabled adaptations, and the provision of sheltered housing. In addition, Stockport Homes Ltd owns and manages its own stock of social housing.

Stockport Homes Ltd has three subsidiary companies, Three Sixty SHG Ltd, Viaduct Partnerships Ltd and Skylight Proud to be Part of SHG. Three Sixty SHG Ltd and Viaduct Partnerships Ltd were both established in 2016/17 and are companies limited by shares, wholly owned by Stockport Homes Ltd. Three Sixty SHG Ltd primarily operates as a construction company, established to deliver core elements of the HRA capital programme. Viaduct Partnerships Ltd is a development company focused on delivering new-build properties for rental purposes.

Skylight Proud to be Part of SHG was originally established in December 2018 as Foundations Stockport Ltd and was renamed in August 2022. The company was created to deliver more social inclusion and health related initiatives for Stockport. It is a company limited by shares, with Stockport Homes Ltd and Skylight Board Members as shareholders. Skylight Proud to be Part of SHG is a charitable Community Benefit Society registered with both the Financial Conduct Authority and Companies House.

During 2025/26, the management fee and other charges made to the council by the Stockport Homes Group amounted to £55.232m (£40.915m in 2024/25). Outstanding balances owed by the council to the Stockport Homes Group at the year-end amounted to £6.923m (£5.510m 31 March 2025).

During 2025/26, the council charged the Stockport Homes Group £3.531m (£2.819m in 2024/25) for the provision of support services and other items. Outstanding balances owed by the Stockport Homes Group to the council at the year-end amounted to £68.728m (£73.793m at 31 March 2025) this was made up of £1.454m (£1.557m at 31 March 2025) of trade receivables and loans of £67.274m (£72.236m at 31 March 2025).

Totally Local Company Ltd was formed to take over the responsibility for providing highways maintenance, property and building maintenance, catering, and refuse collection services. The company became a wholly owned subsidiary of Stockport Council from 1 November 2006. At 31 March 2025, the Board consisted of two executive directors, and three non-executive directors. Alongside Totally Local Company Ltd employees, the following council officers are directors of the company:

- Director of Place Management
- Director of Finance – Section 151 Officer
- Assistant Director – Legal & Democratic Governance, Monitoring Officer.

Totally Local Company Ltd has a wholly owned subsidiary company; Waste Solutions SK Ltd. This company collects waste and products for recycling in the Greater Manchester Area.

Totally Local Company Ltd Group's principal source of income is from fees and charges for services provided to Stockport Council.

During 2025/26, the management fee and other charges made to the council by Totally Local Company Ltd amounted to £25.412m (£26.541m during 2024/25). Outstanding balances owed by the council to Totally Local Company Ltd at the year-end amounted to £0.589m (£0.311m at 31 March 2025).

During 2025/26, the council charged Totally Local Company Ltd £1.398m (£3.182m during 2024/25) for the provision of support services. Outstanding balances owed by Totally Local Company Ltd to the council at the year-end amounted to £7.819m (£9.058m at 31 March 2025) this was made up of £1.245m (£0.481m at 31 March 2025) of trade receivables and loans of £6.574mm (£8.578m at 31 March 2025).

Bodies Not Consolidated

Stockport Exchange Phase 2 Ltd

Stockport Exchange Phase 2 Ltd is a wholly owned subsidiary of the council and was set up to undertake the Stockport Exchange No 1 office and hotel development, which completed in 2016/17. Two officers of the council are directors of the Company, the Deputy Chief Executive Officer Place and Regeneration and the Executive Director Corporate and Support Services.

The company is now dormant.

Stockport Exchange Phase 3 Ltd

Stockport Exchange Phase 3 Ltd is a wholly owned subsidiary of the council acquired on 15 May 2020 and was set up to undertake the Stockport Exchange No 2 office development, which completed in 2020/21. Two officers of the council are directors of the Company, the Deputy Chief Executive Officer Place and Regeneration and the Executive Director Corporate and Support Services.

There were minimal transactions in the 2025/26 financial year and minimal remaining balances and once all transactions are complete the company will become dormant. The latest Statement of Accounts filed with Companies House are as at 31 December 2024, the company recorded a loss of £0.007m (£0.004m for 2023) and net current liabilities of £0.034m (£0.025m as at 31 December 2023).

Based on qualitative and quantitative assessments, it has been judged that the interest in the entity is not material to the council and therefore not consolidated into the council's Group Accounts in 2025/26 or 2024/25.

Stockport Hotel Management Company Ltd

On 19 September 2016, the council incorporated Stockport Hotel Management Company Ltd as the trading company for the Hotel, appointing two council officers as Directors and providing £0.100m of share capital. Interstate Ltd was appointed to operate the Hotel under the Holiday Inn Express franchise and it opened for business on 19 December 2016.

The latest Statement of Accounts filed with Companies House are as at 31 December 2024. The company recorded a profit before tax of £0.358m (£0.298m for year ended 31 December 2023), and net current assets of £0.776m (2023 - £0.443m).

Based on qualitative and quantitative assessments, it has been judged that the interest in the entity is not material to the council and therefore not consolidated into the council's Group Accounts in 2025/26 or 2024/25.

Stockport Mayoral Development Corporation

In March 2019, GMCA agreed to create the Stockport Mayoral Development Corporation (MDC) to lead the regeneration of Town Centre West. The MDC is a 'body corporate', which is run by a board appointed by the Greater Manchester Mayor in consultation with Stockport Council. The MDC board has overall responsibility for all aspects of the organisation's operations. In February 2026 a new permanent chair was appointed, and in addition the Board comprised of three private sector non-executive directors, three council members representing different political parties, including the Council Leader and representation from Homes England. The leaders of the council's smaller political parties also attend board meetings as associate board members, alongside senior officers of the council and the Greater Manchester Combined Authority.

Total Expenditure by the MDC as at 31 March 2026 was £0.135m and total income £0.135m (£0.203m expenditure and £0.203m income in 2024/25). On 23 February 2026, Parliament approved the expansion of the MDC to cover the entire town centre,

not just the Town Centre West. The new MDC had expenditure of £0.003m and income of £0.003m for the year-ending 31 March 2026 (£nil for 2024/25).

Based on qualitative and quantitative assessments, it has been judged that the interest in the entity is not material to the council and therefore not consolidated into the council's Group Accounts in 2025/26 or 2024/25.

Stockport Active CIC

Stockport Active CIC is wholly owned by the council, limited by guarantee. The CIC was incorporated on 18 May 2021 to take over responsibility for providing leisure services for the council as from 1 April 2022. Following a revision of HMRC's treatment of VAT on in-house services by local authorities, the management arrangements between the council and Stockport Active CIC were revised. With effect from 1 April 2025, the CIC provides services as an agent of the council.

At the start of the 2025/26 financial year, the board consisted of five council officers, including the Chair, a role held by the Director of Place until October 2025. The Deputy Chief Executive (Place and Regeneration) also held a role on the board until February 2026. Following the introduction of the agency model, the governance structure was reviewed, and a Commissioning Group for Leisure was established alongside the Board.

The council paid a total management fee of £2.882m during 2025/26 (£0.811m for 2024/25).

Based on qualitative and quantitative assessments, it has been judged that the interest in the entity is not material to the council and therefore not consolidated into the council's Group Accounts in 2025/26 or 2024/25.

Interchange Homes LLP was incorporated on 15 October 2021 as a special purpose vehicle (SPV) for the town centre residential accommodation development at Stockport Interchange. The SPV brings together the council, GMCA, equity investor (Gresham House Investment Management (Guernsey) Ltd) and development partner (Cityrise Interchange Homes LLP), each of which made an initial capital contribution of £1. The financial conditions of the agreement were fulfilled during 2022/23, and the council made a further capital contribution of £9.300m towards the development.

Based on qualitative and quantitative assessments, the interest in the entity is not material to the council and therefore not consolidated into the council's Group Accounts in 2025/26 or 2024/25.

Stockport 8 LLP

Stockport 8 LLP was incorporated on 2 October 2023 as a joint venture between the council and ECF (General Partner) Ltd for the regeneration and development of Stockport Town Centre. The joint venture must have equal numbers of representatives from partners and is deadlocked, whereby both partners have to agree to do anything and everything. During 2025/26, there were two council officers on the Board, including Deputy Chief Executive Place and Regeneration.

Development costs incurred are met by the Partners on a 50:50 basis. The council and ECF (English Cities Fund) each provided £10 equity contribution towards the LLP during 2023/24. During 2025/26 the council incurred £0.910m of capital spend on development costs (£1.353m in 2024/25). In the accounts for the period from 2 October 2023 to 31 March 2025, the LLP reported a loss of £0.113m, representing sums owed by the council to the LLP at the end of the reporting period (there is no comparative period).

Based on qualitative and quantitative assessments, the interest in the entity is not material to the council and therefore not consolidated into the council's Group Accounts in 2025/26 or 2024/25.

No other entities are considered to be part of the Stockport Council Group for consolidation purposes.

Notes to the Group Accounts

Where figures in the Group accounts differ materially from the council's accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the group entities into the council's accounts.

The Statement of Accounts was authorised for issue on 29 June 2026 by the Director of Finance - Section 151 Officer. This is the date up to which events after the balance sheet date have been considered and included where relevant.

1. Accounting Policies

The Group Accounts have been prepared on the basis of a full consolidation of the financial transactions and balances of the council, Stockport Homes Ltd and Totally Local Company Ltd.

The accounting policies of the council's consolidated subsidiary companies have been aligned with the council's accounting policies set out in Note 36. Any statutory adjustments between the accounting basis and funding basis included in the council's accounting policies do not apply to the subsidiary companies, for example in relation to retirement benefits.

The total comprehensive income and expenditure items of the group companies are accounted for within the Group Income and Expenditure Account, including the surplus/deficit on the provision of services, surplus/deficit on revaluation of property, plant and equipment and re-measurement of the defined benefit liability.

As Stockport Homes Ltd accounts record non-current assets at historic cost, the company's dwellings have been revalued to current value to align with the council's accounting policies. The current value has been assessed by the valuer using Existing Use Value for Social Housing (EUV-SH), reflecting the dwellings' mix of tenures. Any revaluation gains or losses are disclosed separately in Property, Plant and Equipment (Note 5) and are included in the Group Comprehensive Income and Expenditure Statement.

2. Short and Long-Term Debtors including Payments in Advance

	Gross Balance £000	Impairment allowance £000	31 March 2026 Short-Term £000	31 March 2026 Long-Term £000	31 March 2026 Total £000
Financial Assets					
<u>Trade Receivables</u>					
Central Government	5,643		5,643		5,643
Other Local Authorities	17,892		17,892		17,892
NHS Bodies	10,771	(20)	10,751		10,751
Other Entities and Individuals:					
Social Services Clients	12,739	(2,486)	10,253		10,253
Housing Rents	2,535	(1,473)	1,062		1,062
Lease and rental receivables	5,402	(2,175)	3,227	2,881	6,108
Other Entities and Individuals	30,832	(1,724)	29,108		29,108
	85,814	(7,878)	77,936	2,881	80,817
<u>Other Receivables - Loans</u>					
Loans - Manchester Airport	2,205		2,205	37,033	39,238
Loans to support Capital Programme and other loans	577		577	59,306	59,883
	2,782	0	2,782	96,339	99,121
Trade Receivables (Financial Assets)	88,596	(7,878)	80,718	99,220	179,938
<u>Other Receivables (Non-Financial Assets)</u>					
Central Government (Tax)	8,150		8,150		8,150
Housing Benefits	2,023	(2,014)	9		9
Collection Fund:					
Business Rates	8,013	(6,370)	1,643		1,643
Council Tax	17,320	(11,646)	5,674		5,674
Payments in advance:					
Lease and rental receivables	12		12	4,857	4,869
Other payments in advance	22,770		22,770		22,770
Total Receivables (Non-Financial Assets)	58,288	(20,030)	38,258	4,857	43,115
Total Receivables	146,884	(27,908)	118,976	104,077	223,053

	Gross Balance £000	Impairment allowance £000	31 March 2025 Short-Term £000	31 March 2025 Long-Term £000	31 March 2025 Total £000
<u>Financial Assets</u>					
<u>Trade Receivables</u>					
Central Government	12,604		12,604		12,604
Other Local Authorities	13,416		13,416		13,416
NHS Bodies	11,966	(26)	11,940		11,940
Other Entities and Individuals:					
Social Services Clients	11,437	(3,314)	8,123		8,123
Housing Rents	3,042	(1,522)	1,520		1,520
Lease and rental receivables	6,828	(1,692)	5,136	2,856	7,992
Other Entities and Individuals	23,022	(1,634)	21,388		21,388
	82,315	(8,188)	74,127	2,856	76,983
<u>Other Receivables - Loans</u>					
Loans - Manchester Airport	1,170		1,170	38,612	39,782
Loans to support Capital Programme and other loans	462		462	45,424	45,886
	1,632	0	1,632	84,036	85,668
Trade Receivables (Financial Assets)	83,947	(8,188)	75,759	86,892	162,651
<u>Other Receivables (Non- Financial Assets)</u>					
Central Government (Tax)	8,076		8,076		8,076
Housing Benefits	3,427	(2,170)	1,257		1,257
Collection Fund:					
Business Rates	8,450	(6,432)	2,018		2,018
Council Tax	14,998	(11,101)	3,897		3,897
Payments in advance:					
Lease and rental receivables	468		468	4,307	4,775
Other payments in advance	8,351		8,351		8,351
Total Receivables (Non- Financial Assets)	43,770	(19,703)	24,067	4,307	28,374
Total Receivables	127,717	(27,891)	99,826	91,199	191,025

3. Short and Long-Term Creditors including Receipts in Advance

	31 March 2026 Short-Term £000	31 March 2026 Long-Term £000	31 March 2026 Total £000
<u>Financial Liabilities</u>			
<u>Trade Payables</u>			
Central Government	(2,867)	(329)	(3,196)
Other Local Authorities	(5,867)		(5,867)
NHS Bodies	(2,838)		(2,838)
Other Entities and Individuals	(72,898)	(590)	(73,488)
Trade Payables (Financial Liabilities)	(84,470)	(919)	(85,389)
<u>Other Trade Payables (Non-Financial Liabilities)</u>			
Central Government (Tax)	(6,975)		(6,975)
Collection Fund:			
Business Rates	(2,633)		(2,633)
Council Tax	(2,974)		(2,974)
Receipts in advance:			
Lease and rental receipts in advance	(3,200)	(4,017)	(7,217)
Social Care receipts in advance	(85)		(85)
Other receipts in advance	(10,950)	(37)	(10,987)
Employees Accumulated Absences	(5,869)		(5,869)
Other Entities and Individuals	(936)	(13,680)	(14,616)
Other Payables (Non-Financial Liabilities)	(33,622)	(17,734)	(51,356)
Total Payables	(118,092)	(18,653)	(136,745)

	31 March 2025 Short-Term £000	31 March 2025 Long-Term £000	31 March 2025 Total £000
<u>Financial Liabilities</u>			
<u>Trade Payables</u>			
Central Government	(4,578)	(161)	(4,739)
Other Local Authorities	(9,847)		(9,847)
NHS Bodies	(2,772)		(2,772)
Other Entities and Individuals	(53,135)	(446)	(53,581)
Trade Payables (Financial Liabilities)	(70,332)	(607)	(70,939)
<u>Other Payables (Non-Financial Liabilities)</u>			
Central Government (Tax)	(6,962)		(6,962)
Collection Fund:			
Business Rates	(2,421)		(2,421)
Council Tax	(2,808)		(2,808)
Receipts in advance:			
Lease and rental receipts in advance	(3,255)	(4,208)	(7,463)
Social Care receipts in advance	(112)		(112)
Other receipts in advance	(11,043)	(518)	(11,561)
Employees Accumulated Absences	(5,986)		(5,986)
Other Entities and Individuals	(1,113)	(13,894)	(15,007)
Other Payables (Non-Financial Liabilities)	(33,700)	(18,620)	(52,320)
Total Payables	(104,032)	(19,227)	(123,259)

4. Provisions

	Insurance Fund	Business Rates Appeals	Employee Related & Other	Total	Total
	2025/26	2025/26	2025/26	2025/26	2024/25
	£000	£000	£000	£000	£000
<u>Long-term</u>					
Balance 1 April	(3,014)	(5,744)		(8,758)	(10,920)
Additional Provisions				0	(736)
Provision Utilised in Year	280	508		788	2,898
Balance as at 31 March	(2,734)	(5,236)		(7,970)	(8,758)
<u>Short-term</u>					
Balance 1 April	(735)	(1,826)	(1,302)	(3,863)	(3,590)
Additional Provisions		(913)	215	(698)	(3,333)
Provision Utilised in Year	57	2,019		2,076	3,060
Balance as at 31 March	(678)	(720)	(1,087)	(2,485)	(3,863)
Total Provisions	(3,412)	(5,956)	(1,087)	(10,455)	(12,621)

Additional provisions in relation to group companies:

Employee and taxation related provisions

The employee provisions comprise several individual provisions for varied employment issues. No individual provision is material in its nature or size.

5. Property, Plant and Equipment

Movements in 2025/26:

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Right of Use Assets £000	Total Property, Plant and Equipment (excluding infrastructure assets) £000
Cost or Valuation								
At 1 April 2025	726,772	677,976	61,786	1,981	3,159	79,469	4,004	1,555,147
Additions	14,190	10,394	3,328		1,080	62,819		91,811
Revaluation increases to Group reserve	4,983	(2,896)						2,087
Revaluation increases/decreases to Revaluation Reserve	152,548	23,185						175,733
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services		(496)						(496)
Derecognition - Disposals	(9,499)	(27,286)	(2,432)			(4,073)		(43,290)
Reclassifications & Transfers	17,367	22,400			28	(38,025)		1,770
Other Movements *		(2)				(1,807)		(1,809)
At 31 March 2026	906,361	703,275	62,682	1,981	4,267	98,383	4,004	1,780,953
Accumulated Depreciation and Impairment								
At 1 April 2025	(175)	(20,389)	(39,510)	(581)	(9)	0	(317)	(60,981)
Depreciation Charge	(15,321)	(19,691)	(4,273)	(54)	(9)		(317)	(39,656)
Depreciation written out to Group Reserve	1,355	1,831						3,186
Depreciation written out to Revaluation Reserve	13,867	6,671						20,538
Depreciation on Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services		2,962						2,962
Derecognition - Disposals	269	894	2,429					3,592
Reclassifications & Transfers		320						320
Other Movements *								0
At 31 March 2026	(5)	(27,402)	(41,354)	(635)	(9)	0	(634)	(70,039)
Net Book Value								
At 31 March 2026	906,356	675,873	21,328	1,346	4,258	98,383	3,370	1,710,914

*Fully depreciated and decommissioned assets which have been de-recognised.

The group value of Property, Plant and Equipment comprises council assets - £2,017.838m; Stockport Homes Ltd assets - £127.113m and Totally Local Company Ltd assets - £6.908m.

Movements in 2024/25:

	Council Dwellings £000	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	Surplus Assets £000	Assets Under Construction £000	Right of Use Assets £000	Total Property, Plant and Equipment (excluding infrastructure assets) £000
Cost or Valuation								
At 1 April 2024	700,840	739,444	58,711	1,981	3,159	83,165	0	1,587,300
Additions	13,976	26,381	4,298			31,757		76,412
Additions IFRS16 Adoption			617				4,004	4,621
Revaluation increases to Group reserve	(1,857)							(1,857)
Revaluation increases/decreases to Revaluation Reserve	3,523	22,662						26,185
Revaluation increases/decreases to Surplus or Deficit on the Provision of Services		(2,790)						(2,790)
Impairment losses to Surplus or Deficit on the Provision of Services								0
Derecognition - Disposals	(2,539)	(107,980)	(1,838)			(7,597)		(119,954)
Reclassifications & Transfers	12,829	259	(2)			(27,260)		(14,174)
Other Movements *						(596)		(596)
At 31 March 2025	726,772	677,976	61,786	1,981	3,159	79,469	4,004	1,555,147
Accumulated Depreciation and Impairment								
At 1 April 2024	(20,599)	(37,268)	(37,365)	(527)	(9)	0	0	(95,768)
Depreciation Charge	(14,492)	(7,429)	(3,907)	(54)			(317)	(26,199)
Depreciation written out to Revaluation Reserve	34,789	16,413						51,202
Depreciation on Revaluation increases/decreases taken to Surplus or Deficit on the Provision of Services		2,551						2,551
Derecognition - Disposals	127	5,344	1,758					7,229
Reclassifications & Transfers			4					4
At 31 March 2025	(175)	(20,389)	(39,510)	(581)	(9)	0	(317)	(60,981)
Net Book Value								
At 31 March 2025	726,597	657,587	22,276	1,400	3,150	79,469	3,687	1,494,166

*Fully depreciated and decommissioned assets which have been de-recognised.

The group value of Property, Plant and Equipment comprises council assets - £1,809.517m; Stockport Homes Ltd assets - £127.276m and Totally Local Company Ltd assets - £6.009m.

6. Pensions

The Group participate in the Greater Manchester Pension Fund as part of a pooled arrangement, where individual bodies have admitted body status within the Stockport MBC pool for purposes of the actuarial valuation. However, each entity accounts individually for its net defined benefit cost (and the resultant asset or liability).

The single entity also participates in the Teachers' Pension Scheme and the NHS Pensions scheme, further details can be found in the single entity statements Note 24.

In addition, the subsidiaries participate in two separate defined contribution schemes. The pensions charge for the year ended 31 March 2026 was £1.300m (31 March 2025, £1.149m).

The underlying assets and liabilities for retirement benefits attributable to the Group participation in the Greater Manchester Pension Fund as at 31 March 2026 are as follows:

	SMBC* £000	Stockport Homes £000	Totally Local Company £000	31 March 2026 £000
Fair Value of plan assets	1,474,465	130,931	136,492	1,741,888
Present value of defined benefit obligation	(1,070,487)	(81,663)	(76,810)	(1,228,960)
Net asset/(liability) arising from defined benefit obligation	403,978	49,268	59,682	512,928
Asset Ceiling Adjustment	(420,221)	(49,268)	(59,665)	(529,154)
Adjusted Net asset/ (liability) arising from defined benefit obligation	(16,243)	0	17	(16,226)

*includes Teachers Discretionary Benefit (see Note 24 to single entity accounts)

	SMBC* £000	Stockport Homes £000	Totally Local Company £000	31 March 2025 £000
Fair Value of plan assets	1,356,928	118,833	129,567	1,605,328
Present value of defined benefit obligation	(986,769)	(73,775)	(71,228)	(1,131,772)
Net asset/(liability) arising from defined benefit obligation	370,159	45,058	58,339	473,556
Asset Ceiling Adjustment	(387,101)	(45,058)	(58,069)	(490,228)
Adjusted Net asset/ (liability) arising from defined benefit obligation	(16,942)	0	270	(16,672)

*includes Teachers Discretionary Benefit (see Note 24 to single entity accounts)

The characteristics of the GMPF are set out in the single entity statements Note 24.

For both Stockport Homes and Totally Local Company, the main financial assumptions are 3.00% for pensions increases (31 March 2025 – 2.75%); 4.50% for salary

increases (31 March 2025 – 3.55%) and a discount rate of 6.20% (31 March 2025 – 5.80%).

The weighted average duration of the defined benefit obligation for scheme members is 19 years for Stockport Homes and 15 years for Totally Local Company.

The major categories of group company plan assets as a percentage of total plan assets is as follows:

	31 March 2026 %	31 March 2025 %
Equities	64	65
Bonds	17	17
Property	10	9
Cash	9	9
	100	100

The expected pension scheme contributions to the GMPF for the group for the year ending 31 March 2027 will be approximately £24.434m.

The following transactions have been made in the group Comprehensive Income and Expenditure Statement:

Comprehensive Income and Expenditure Statement	Net (Liability)/ Assets 2025/26 £000	Net (Liability)/ Assets 2024/25 £000
<u>Cost of Services:</u>		
- current service cost	21,084	29,161
- past service costs (including curtailments)	1,496	1,925
- effect of settlements	3,016	445
Total Cost of Services	25,596	31,531
<u>Financing and Investment Income and Expenditure:</u>		
- interest income on plan assets	(92,344)	(75,115)
- interest cost on defined benefit obligation	64,733	62,547
- interest on the effect of the asset ceiling	28,415	13,090
Total Financing and Investment Income and Expenditure	804	522
Total post-employment benefits charged to CIES Provision of Services	26,400	32,053
Remeasurements recognised in CIES Other Comprehensive Income		
- actuarial gains(losses) on changes in financial assumptions	(22,860)	(188,356)
- actuarial gains/(losses) on changes in demographic assumptions	(6,395)	(14,029)
- other experience and actuarial adjustments	91,778	(13,368)
- return on Plan assets excluding amounts included in the net interest	(67,563)	14,643
Asset Ceiling adjustment	10,511	207,122
Re-measurements recognised in CIES Oher Comprehensive Income	5,471	6,012

*The service cost figures include an allowance for administration expenses of 0.3% of payroll.

The following transactions have been made in the group Movement in Reserves Statement:

Movement in Reserves Statement	2025/26 £000	2024/25 £000
Reversal of net charges made to the surplus or deficit on the provision of services for pensions	(26,399)	(28,179)
Amounts charged to General Fund for pensions in year:		
- employers' contributions payable to the scheme	30,483	30,559
- unfunded benefits payable to pensioners	1,834	1,922
Movement on pensions reserve	5,918	4,302

The sensitivity analysis for the group company assumptions is set out below:

Stockport Homes Ltd

Change in Assumptions at 31 March 2026	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	1,509
1 year increase in member life expectancy	4%	3,267
0.1% Increase in the Salary increase rate	0%	57
0.1% Increase in the Pension increase rate	2%	1,452

Totally Local Company Ltd

Change in Assumptions at 31 March 2025	Approximate % increase to Employer Liability	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	1%	1,053
1 year increase in member life expectancy	4%	3,032
0.1% Increase in the Salary increase rate	0%	57
0.1% Increase in the Pension increase rate	1%	995

7. Group Expenditure and Funding Subjective Analysis

	Total Group 2025/26 £000	Total Group 2024/25 £000
<u>Expenditure</u>		
Employee Benefit Expenses	357,637	365,982
Other service expenses	513,188	461,277
Capital charges including depreciation and impairment	63,458	50,518
Financing and investment expenditure including interest	140,879	138,963
Levies	43,955	42,836
Losses/(gains) on disposal of assets/ impairment of assets held for sale	19,834	100,372
Taxation expense	183	801
	1,139,134	1,160,749
<u>Income</u>		
Fees, charges and other service income**	(193,768)	(176,885)
Financing and investment income including interest	(120,537)	(105,024)
Income from council tax and non-domestic rates	(277,014)	(260,542)
Government grants and contributions (including donations)	(515,495)	(509,930)
	(1,106,814)	(1,052,381)
	32,320	108,368

8. Results of Subsidiaries

The results of subsidiaries within Net Cost of Services comprises:

	2025/26 Expenditure £000	2025/26 Income £000	2025/26 Net £000	2024/25 Expenditure £000	2024/25 Income £000	2024/25 Net £000
Operating result of Totally Local Company Ltd	33,708	(33,951)	(243)	33,071	(33,130)	(59)
Operating result of Stockport Homes Ltd	75,927	(81,438)	(5,511)	71,117	(74,958)	(3,841)
Consolidation adjustments	(107,185)	109,098	1,913	(98,399)	99,170	771
	2,450	(6,291)	(3,841)	5,789	(8,918)	(3,129)

Consolidation adjustments relate to revenue expenditure charged between the Group companies which reduces overall expenditure and income for the Group accounts.

9. Cash and Cash Equivalents

	Balance at 31 March 2026 £000	Balance at 31 March 2025 £000
Cash and bank balances	39,213	49,743
Short-term investments, considered to be cash equivalents	17,554	8,100
	56,767	57,843
Bank Overdraft	(7,374)	(4,464)
	49,393	53,379

10. Note to the Cash Flow Statement- Investing Activities

	2025/26 £000	2024/25 £000
Purchase of property, plant and equipment, investment property and intangible assets	90,479	107,501
Other capital payments for investing activities	23,150	21,382
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(8,985)	(13,229)
Other receipts from investing activities	(506)	(302)
Capital grants	(69,022)	(28,352)
Purchase of short-term and long-term investments	30,000	45,300
Proceeds from short-term and long-term investments	(30,000)	(45,300)
	35,116	87,000

11. Note to the Cash Flow Statement- Financing Activities

	2025/26 £000	2024/25 £000
Cash receipts of short- and long-term borrowing	(492,002)	(502,301)
Repayments of short- and long-term borrowing	460,447	440,546
	(31,555)	(61,755)
Other receipts from financing activities	1,785	2,211
	(29,770)	(59,544)

The reconciliation of liabilities arising from financing activities is set out in the Notes to the Single Entity Statements.

PART 2 - OTHER ACCOUNTS (not subject to audit)

This section summarises the accounts of various Trust Funds and other bodies which the council administers on behalf of their trustees or otherwise. This statement sets out the income and expenditure in relation to those Trusts. These funds do not represent assets of the council and are not therefore included within the Comprehensive Income and Expenditure Statement or Balance Sheet.

	Balance at 31 March 2025 £	Increases in year £	Reductions in year £	Balance at 31 March 2026 £
Hollingpriest Educational Foundation	(1,276)	(44)	0	(1,320)
Woodbank Memorial Fund	(2,655)	(107)	107	(2,655)
Brookfield Park Shiers Family Trust	(357,902)	(11,660)	23,400	(346,162)
Total	(361,833)	(11,811)	23,507	(350,137)

Notes

Hollingpriest Educational Foundation

The Fund was established for the provision of academic, social and physical training for young people in Stockport under the age of 25 years.

Woodbank Memorial Fund

The income from the invested funds is to be used for the benefit of the park and its services. The annual interest is to be utilised by Parks Services in connection with Woodbank Park.

Brookfield Park Shiers Family Trust

The Charity was established for the residents of Cheadle and Gatley for health, education and social services purposes as the council, as Trustees, in its discretion sees fit. The current policy is to maintain the value of the original bequest in real terms.

The Trustees have a long-standing resolution to use the fund to address the effects of loneliness amongst elderly residents and the consequential effect on their health, support voluntary groups for children and young people, young carers, addressing loneliness amongst children and young people, and supporting sports groups for people of all ages. The reduction in year of £23,400 relates to an overall decrease in market value of the Investment Fund as at 31 March 2025.

Glossary of Accounting Terms

Accounting Period

The period of time covered by the accounts, normally twelve months commencing on 1 April. The end of the accounting period is the balance sheet date.

Accrual

An amount included in the accounts to cover income or expenditure attributable to an accounting period but for which payment has not been received or made by the end of the accounting period. This is based on the concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because: (a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or (b) the actuarial assumptions have changed.

Amortise

To write off a balance gradually and systematically over a specified period of time. Examples of balances which are amortised include Government Grants Deferred and Premiums and Discounts arising from early repayment of loans.

Asset

Something of value which is measurable in monetary terms.

Asset ceiling

The pensions asset ceiling is a specified estimate of the present value of the economic benefit which the employer organisation can realise, either through refunds or by gaining economic benefit through reductions in future contributions. Such an economic benefit may be available even if it is not realisable immediately at the end of the reporting period. Employer organisations should recognise the maximum economic benefit that is available from refunds, reductions in future contributions or a combination of both.

Billing Authority

An authority responsible for the collection of the Council Tax and Business Rates.

Capital Expenditure

Expenditure on the acquisition of a non-current asset or expenditure which adds to, and not merely maintains, the value of an existing non-current asset. This includes grants or advances paid to third parties to assist them in acquiring or enhancing their own non-current assets.

Capital Grants Unapplied

Proceeds received from Government Grants, Other Grants and Contributions, which have not yet been used to finance capital expenditure.

Capital Receipt

The proceeds from the sale of a non-current asset, or the repayment of an advance.

Cash and Cash Equivalents

Cash in hand, cash overdrawn and short-term, highly liquid investments, which are readily convertible into known amounts of cash.

Cash and Non-Cash Limits

Cash Limit items are items which are under the direct accountable responsibility of a specified officer, as opposed to Non-Cash Limit items (e.g. insurance, levies and financing costs) which are general council in nature and managed on a corporate basis.

Collection Fund

A statutory account which billing authorities have to maintain for the collection and distribution of amounts due in respect of Council Tax and Non-Domestic Rates (Business Rates).

Community Assets

Assets that the council intends to hold in perpetuity, have no determinable finite useful life and in addition may have restrictions on their disposal. Examples of community assets are playing fields and parks.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next should be the same.

Constructive obligation

An obligation that derives from a council's actions where:

- by an established pattern of past practice, published policies or a sufficiently specific current statement, the council has indicated to other parties that it will accept certain responsibilities and
- as a result, the council has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Contingency

Money set aside in the budget to meet the cost of unforeseen items of expenditure, or shortfalls in income, and to provide for inflation where this is not included in individual budgets.

Council Tax

A banded property tax which is levied on domestic properties throughout the country. The banding is based on estimated property values as at 1 April 1991. The level of tax is set annually by each local authority for the properties in its area.

Creditors

Amounts owed by the council for work done, goods received or services rendered to the council during the accounting period, but for which payment has not been made by the balance sheet date.

Current Assets

Assets which will be consumed or cease to have value within the next accounting period, e.g. stock and debtors.

Current Liabilities

Amounts which will become payable or could be called in within the next accounting period, e.g. creditors and cash overdrawn.

Current Service Cost (Pensions)

The increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Curtailement

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business, and
- termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Debtors

Amounts due to the council which relate to the accounting period and have not been received by the balance sheet date.

Dedicated Schools Grant

A ring-fenced grant from the government that has to be used to fund the delegated budget of each school, together with certain items of related central expenditure.

Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay, and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

The loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the council's discretionary powers.

EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortisation

EBITDA is an alternative measure of profitability to net income. By including depreciation and amortisation as well as taxes and debt payment costs, EBITDA attempts to represent the cash profit generated by an organisation's operations.

Employees Accumulated Absences

Employees Accumulated Absences are periods during which an employee does not provide services to the employer, but benefits continue to be paid. Accumulating absences are those that are carried forward and can be used in future periods if the current period entitlement is not used in full, for example, annual leave, flexitime and time in lieu.

Exceptional Items

Material items which arise from events or transactions that fall within the ordinary activities of the council and which by virtue of their size or incidence need to be disclosed separately to give a fair presentation of the accounts.

Expected Credit Loss

Expected credit losses (financial instruments) The weighted average of credit losses with the respective risks of a default occurring as the weights. 12-month expected credit losses is the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instruments.

Expenditure

Costs incurred by the council for goods received, services rendered or other value consumed during the accounting period, irrespective of whether or not any movement of cash has taken place.

Events after the Balance Sheet Date

Events after the Balance Sheet date, are those events, favourable or unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts is authorised for issue.

Finance Lease

A lease that transfers the risks and rewards of ownership of a non-current asset to the lessee. Such a transfer may be presumed to occur if at the inception of the lease, the present value of the total of lease payments, amount to all the fair value of the leased asset.

Financial Instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. The term 'financial instrument' covers both financial assets and financial liabilities and can be straightforward financial assets and liabilities, such as trade receivables and trade payables, or very complex ones, such as derivatives.

Financial Regulations

The written code of procedures approved by the council, intended to provide a framework for proper financial management.

General Fund

The main revenue account of the council, which brings together all income and expenditure other than that recorded in the HRA and the Collection Fund.

Going Concern

The going concern accounting concept assumes that the organisation will not significantly curtail the scale of its operation in the foreseeable future.

Heritage Assets

Assets with historical, artistic, scientific, technological, geophysical or environmental qualities that are held and maintained principally for its contribution to knowledge and culture.

Housing Benefits

Financial assistance paid to tenants on a low income to help pay their rent and service charges.

Housing Revenue Account

A statutory account which local authorities have to maintain if they provide public housing, and which includes all income and expenditure relating to the administration and maintenance of council dwellings and related properties.

Impairment

A reduction in the value of a non-current asset below its value brought forward in the Balance Sheet.

Income

Amounts due to the council in respect of services performed, taxes levied or grants receivable during the accounting period, irrespective of whether or not any movement of cash has taken place.

Infrastructure Assets

Non-current assets that are inalienable, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure assets are highways and footpaths.

Intangible Assets

Assets that are not physical in nature.

International Accounting Standard 19 (IAS 19)

Accounting standard setting out the treatment of pensions and other forms of retirement benefits in an organisation's statutory accounts.

International Financial Reporting Standards (IFRS)

A set of international financial accounting standards stating how particular types of transactions and other events should be reported in financial statements. IFRS are

issued by the International Accounting Standards Board to make international comparisons as easy as possible.

Inventories

Raw materials and consumable items which the council has procured to use on a continuing basis and have not been used by the end of the accounting period.

Investment

Items such as company shares, other securities and money deposited with financial institutions (other than bank current accounts). A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the council. Investments should be so classified only where an intention to hold the investment for the long-term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments that do not meet the above criteria should be classified as current assets.

Investment Properties

Interests in land and/or buildings in respect of which construction work and development have been completed and which are held for their investment potential rather than for operational purposes, any rental income being negotiated at arm's length.

Liabilities

Amounts due to individuals or organisations which will have to be paid at some time in the future.

Leasing

A method of acquiring the use of an asset by paying a rental for a specified period of time, rather than purchasing it outright.

LOBO ("Lender Option Borrower Option")

A LOBO is a type of loan instrument. The borrower borrows a principal sum for the duration of the loan period (typically 20 to 50 years), initially at a fixed interest rate. Periodically (typically every 2 to 5 years), the lender has the ability to alter the interest rate. Should the lender exercise this option, the borrower then has the option to continue with the instrument at the new rate or alternatively to terminate the agreement and pay back the principal sum with no other penalty.

Materiality

The concept that any omission from or inaccuracy in the statements of account should not be large enough to affect the understanding of those statements by a reader.

Minimum Revenue Provision (MRP)

A revenue charge in respect of the repayment of an element of the accumulated capital expenditure funded by borrowing, in accordance with MRP regulations.

Net Assets

Total Assets less total liabilities. This is the amount by which the total assets of the council exceed its total liabilities, and equals the total Reserves of the council.

Net Book Value

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Defined Benefit Liability (asset)

The present value of the defined benefit obligation less the fair value of the plan assets (adjusted for the asset ceiling).

Net Interest Income (expense) – Pensions

The change during the period in the net defined benefit liability (asset) that arises from the passage of time. This includes allowance for interest on the current service cost.

Non-Current Assets

Tangible assets which have value to the council for more than one year, e.g. land, buildings, equipment.

Non-Domestic Rates (NDR/Business Rates)

A tax levied on business properties and sometimes known as Business Rates. Previously a Business Rates poundage was set annually by the government and rates, based on properties' rateable value, were collected by billing authorities and paid into a national pool. The proceeds were then redistributed by central government as a grant to local authorities in proportion to adult population. From 1 April 2013 new arrangements came into effect and Business Rates now follows a similar process to Council Tax with the council retaining a proportion of business rates for use in the direct funding of its services.

Observable and unobservable inputs for fair value measurement

- Observable inputs are those 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 to the council about the assumptions that market participants would use when pricing the asset or liability.

Operating Lease

A lease where the risks and rewards of ownership of a non-current asset remain with the lessor. Such a lease will be for a fixed period which is significantly less than the useful economic life of the asset.

Past Service Cost

The change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by the plan).

Payments in Advance

Amounts paid in an accounting period prior to the period in which they are due.

Pension Plan Assets

Funds the council will use to meet its future compensation obligations to retired employees. Pension plan assets consist of cash as well as investments such as capital stock, bonds, and annuities.

Precept

A levy by one authority which is collected on its behalf by another, e.g. Stockport Metropolitan Borough Council collects Council Tax on behalf of the GMCA Mayoral Police and Crime Commissioner and the GMCA Mayoral General (including Fire Services).

Premiums and Discounts

Premiums and discounts arise on the early repayment and restructuring of debt. The repayment sum will be higher than the principal amount borrowed if interest rates are presently lower than the loan rate (premium). The repayment sum will be lower than the principal amount if the current interest rates are higher than the loan rate (discount).

If Premiums and Discounts arise from debt re-scheduling, they may be amortised over the lifetime of replacement loans where applicable.

Present value of defined benefit obligation

The present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

Prior Year Adjustments

Material adjustments to the accounts of earlier years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Private Finance Initiative (PFI)

An initiative for utilising private sector funding to provide public sector assets.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- the benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases, and
- the accrued benefits for members in service on the valuation date.

Provisions

Amounts set aside in the accounts for liabilities or losses which are certain or very likely to occur but where there is uncertainty as to the amounts involved or the dates on which they will arise.

Prudence

The concept that income should only be anticipated to the extent that it can be realised with reasonable certainty, whilst full and proper allowance should be made for all known and foreseeable losses and liabilities.

Public Works Loan Board (PWLB)

A Government agency which provides borrowing facilities to local authorities for the financing of capital expenditure.

Reserves

Reserves are split into usable reserves and unusable reserves. Usable reserves are those that derive from council activities and can be set aside to spend on services in future years. They include general and earmarked reserves and the capital receipts reserve. Unusable reserves include accounting reserves such as the pensions reserve, revaluation reserve and capital adjustment account, which derive from accounting adjustments and cannot be used for expenditure on services.

Earmarked reserves are allocated to a specific purpose or area of spending. Unallocated reserves are often described as balances, and usually arise as unplanned surpluses of income over expenditure.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Revenue Contribution to Capital Outlay (RCCO)

Capital expenditure funded otherwise than from borrowings, grants, contributions or receipts.

Revenue Expenditure

Expenditure incurred on the day-to-day running of the council, as opposed to items which will last for more than one year.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure which may properly be spread over more than one year but which does not result in, or remain matched with, tangible assets. An example of a revenue expenditure funded from capital under statute is a grant of a capital nature to a voluntary organisation.

Revenue Support Grant

A central government grant paid to each local authority to help to finance its general expenditure. The distribution of the grant between authorities is intended to allow the provision of similar standards of service throughout the country for a similar Council Tax levy.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits.
- the purchase of an irrecoverable annuity contract sufficient to cover vested benefits; and
- the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Subsidiary Undertaking

A subsidiary undertaking is an entity, including an unincorporated entity such as a partnership, which is controlled by the council.