



Ministry of Housing,
Communities &
Local Government

BUILDING SAFETY TRUST STATEMENT - 2024-25

Ministry of Housing, Communities & Local Government

Building Safety Trust Statement – 2024-25

For the year ended 31 March 2025

Presented to the House of Commons pursuant to section 2 of the
Exchequer and Audit Departments Act 1921

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Building Safety Trust Statement 2024-25

Foreword by the Accounting Officer

Introduction

A Trust Statement provides an account of the collection of revenues which by statute or convention are due to HM Treasury's Consolidated Fund where the entity undertaking the collection acts as agent rather than principal. The Trust Statement is prepared in accordance with the accounts direction issued by HM Treasury under section 2 of the Exchequer and Audit Departments Act 1921.

The Trust Statements comprises the:

- Statement of Revenue, Other Income and Expenditure;
- Statement of Financial Position;
- Statement of Cash Flows; and
- notes to the accounts.

Background

The Building Safety Act 2022

The Building Safety Act 2022 was granted Royal Assent on 28 April 2022. The Building Safety Act 2022 "is an Act to make provision about the safety of people in or about buildings and the standard of buildings".

Scope

The Ministry of Housing, Communities and Local Government (MHCLG) acts as an agent of HM Treasury for collecting revenues related to the Building Safety Act 2022, including grant recoveries collected from developers under Developer Remediation Contracts and, from 1 October 2026, the Building Safety Levy. The levy will be collected by collecting authorities and paid to MHCLG on a quarterly basis and accounted for in this Trust Statement.

The revenues set out in this Trust Statement are intended to contribute to the costs of the Government's Building Safety Programme. Whilst expenditure on the Building Safety Programme is incurred within MHCLG Annual Report and Accounts and does not form part of this Trust Statement, Annex A show the total cumulative expenditure incurred in relation to the Building Safety Programme so that these revenues can be noted alongside the expenditure that they help to fund.

Developer Remediation Contracts

Following a pledge from leading developers in 2022, Government wrote to developers in January 2023 asking them to sign a contract committing them to remediate or pay to remediate unsafe buildings which they developed, including to reimburse the taxpayer for Government expenditure on those buildings. 54

developers had signed at 31 March 2025 (decreased from 55 in the prior year)¹. Developers who have signed the contract have committed to remediate or pay to remediate over 1,745 buildings at a cost to themselves of over £3.7 billion. Signing the contract is a pre-requisite for joining the new statutory Responsible Actors Scheme (RAS).

Responsible Actors Scheme

On 3 July 2023, regulations to establish the RAS for residential developers under sections 126-129 of the Building Safety Act 2022 came into force on 21 July 2023. The RAS recognises action taken by responsible developers to identify and remediate or pay to remediate life-critical fire safety defects in residential buildings 11 metres or over in height which they developed or refurbished in England over the 30 years to 4 April 2022. Eligible developers who do not join the Scheme and comply with its conditions (in particular signing the aforementioned developer remediation contract and abiding by its terms) will have planning and building control prohibitions imposed on them.

The Building Safety Levy

The Building Safety Act 2022 gives the Secretary of State powers to make regulations which charge a levy on building control applications for the purpose of meeting building safety expenditure. The Building Safety Levy (England) Regulations 2025 will bring the levy into force from 1 October 2026. Relevant building control applications submitted from 1 October 2026 will be subject to the levy. Developers who have to pay the levy will be required to do so before a completion certificate is issued or a final certificate accepted by the collecting authority.

Basis for preparation

HM Treasury's Accounts Direction, issued in accordance with Section 2 of the Exchequer and Audit Departments Act 1921 requires MHCLG to prepare the Trust Statement to give a true and fair view of the state of affairs relating to the collection of the Building Safety Levy and developer grant recoveries. The Trust Statement complies with all relevant accounting and disclosure requirements mandated by HM Treasury.

Accounting policies

As the Accounting Officer, it is my responsibility to apply suitable accounting policies in the preparation of the Trust Statement. Accounting policies are detailed in note 1 to the Trust Statement.

Auditors

The Trust Statement is audited by the Comptroller and Auditor General (C&AG) under section 2 of the Exchequer and Audit Departments Act 1921. The audit opinion is on page 6. The notional audit fee of £110,000 (2023-24: £43,000) is accounted for in the MHCLG's financial statements. There were no fees in respect of non-audit work.

¹ 54 developers had signed as of March 2025 but now reduced to 53 following the merger of Barratt Ltd and Redrow Ltd in October 2024, and with Barratt Redrow as the new signatory.

Governance Statement in Respect of the Trust Statement

The MHCLG Governance Statement, covering both the Resource Accounts and the Trust Statement, starts on page 42 of the MHCLG Annual Report and Accounts 2024-25.²

² https://assets.publishing.service.gov.uk/media/687f9600f2ecaeb756d0e221/MHCLG_ARA_2024-25_print.pdf

Statement of the Accounting Officer's Responsibilities in Respect of the Trust Statement

Under section 2 of the Exchequer and Audit Departments Act 1921, HM Treasury has directed MHCLG to prepare for each financial year a Trust Statement in the form and on the basis set out in the Accounts Direction.

HM Treasury has appointed the Permanent Secretary as Accounting Officer of MHCLG with overall responsibility for preparing the Trust Statement and for transmitting it to the C&AG.

The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which an Accounting Officer is answerable, for keeping proper records and for safeguarding assets, are set out in Managing Public Money published by HM Treasury.

The Accounting Officer is responsible for the fair and efficient administration of the Building Safety Levy and developer grant recoveries, collection of the proceeds and onward transmission of the funds in their entirety to the Consolidated Fund.

The Trust Statement is prepared on an accruals basis and must give a true and fair view of the state of affairs of the Building Safety Levy and developer grant recoveries collected by MHCLG, together with the net revenue for the Consolidated Fund.

In preparing the Trust Statement, the Accounting Officer is required to comply with the requirements of the Government Financial Reporting Manual (FReM) prepared by HM Treasury and, in particular, to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards, as set out in the FReM, have been followed, and disclose and explain any material departures in the accounts;
- prepare the Trust Statement on a going concern basis; and
- confirm that the Trust Statement as a whole is fair, balanced and understandable and take personal responsibility for the Trust Statement and the judgements required for determining that it is fair, balanced and understandable.

As the Accounting Officer, I have taken all the steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the Trust Statement's auditors are aware of that information. So far as I am aware, there is no relevant audit information of which the auditors are unaware. The Trust Statement as

a whole is fair, balanced and understandable. I take personal responsibility for the Trust Statement and the judgements required for determining that it is fair, balanced and understandable.

Dame Sarah Healey DCB CVO
Accounting Officer
Ministry of Housing, Communities and Local Government

29 May 2026

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSE OF COMMONS

Opinion on financial statements

I certify that I have audited the financial statements of the Building Safety Trust Statement for the year ended 31 March 2025 under the Exchequer and Audit Departments Act 1921.

The financial statements comprise the Building Safety Trust Statement's:

- Statement of Financial Position as at 31 March 2025;
- Statement of Revenue, Other Income and Expenditure for the year then ended;
- Statement of Cash Flows for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Building Safety Trust Statement's affairs as at 31 March 2025 and its net revenue for the Consolidated Fund for the year then ended; and
- have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the Ministry of Housing, Communities and Local Government in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Accounting Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the appropriateness of adopting the going concern basis of accounting for the Building Safety Trust Statement for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the Building Safety Trust Statement is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Foreword by the Accounting Officer, Governance Statement in Respect of the Trust Statement and the Statement of the Accounting Officer's Responsibilities in Respect of the Trust Statement and but does not include the financial statements and my auditor's certificate and report thereon. The Accounting Officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Foreword by the Accounting Officer, Governance Statement in Respect of the Trust Statement and the Statement of the Accounting Officer's Responsibilities in Respect of the Trust Statement, for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Building Safety Trust Statement and its environment obtained in the course of the audit, I have not identified material misstatements in the Foreword by the Accounting Officer, Governance Statement in Respect of the Trust Statement and the Statement of the Accounting Officer's Responsibilities in Respect of the Trust Statement.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept with regards to the Building Safety Trust Statement by the Ministry of Housing, Communities and Local Government or returns adequate for my audit have not been received from branches not visited by my staff; or

- I have not received all of the information and explanations I require for my audit; or
- the financial statements are not in agreement with the accounting records and returns; or
- the Governance Statement in Respect of the Trust Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Accounting Officer for the financial statements

As explained more fully in the Statement of the Accounting Officer's Responsibilities in Respect of the Trust Statement, the Accounting Officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Ministry of Housing, Communities and Local Government from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921;
- preparing the Governance Statement in Respect of the Trust Statement in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921; and
- assessing the appropriateness of the adopting of the going concern basis of accounting for the Building Safety Trust Statement, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Accounting Officer anticipates that the services accounted for within these financial statements will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Exchequer and Audit Departments Act 1921.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my

procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the Building Safety Trust Statement's accounting policies.
- inquired of management, the Ministry of Housing, Communities and Local Government's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Ministry of Housing, Communities and Local Government's policies and procedures relevant to the Building Safety Trust Statement on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Ministry of Housing, Communities and Local Government's controls relating to compliance with the Exchequer and Audit Departments Act 1921, the Building Safety Act 2022 and Managing Public Money.
- inquired of management, the Ministry of Housing, Communities and Local Government's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Ministry of Housing, Communities and Local Government for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals and complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the Building Safety Trust Statement's framework of authority and other legal and regulatory frameworks. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the business rates and non-domestic rates system. The key laws and regulations I considered in this context included the Exchequer and Audit Departments Act 1921, the Building Safety Act 2022, and Managing Public Money.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports; and
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

2 June 2026

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of Revenue, Other Income and Expenditure

For the year ended 31 March 2025³

		£'000	£'000
	Note	2024-25	2023-24 Restated
Revenue			
Developer Grant Recoveries	3	15,550	216,851
Total revenue		15,550	216,851
Expenditure			
Credit losses - receivables written off or otherwise impaired		(3,732)	(66,285)
Total Expenditure		(3,732)	(66,285)
Net Revenue for the Consolidated Fund		11,818	150,566

There were no recognised gains or losses accounted for outside the above Statement of Revenue, Other Income and Expenditure.

The notes at pages 14 to 22 form part of this Statement.

³ Details of the prior year restatement can be found at Note 1d

Statement of Financial Position

As at 31 March 2025⁴

		£'000	£'000	£'000
	Note	31 Mar 2025	31 March 2024 Restated	01 April 2023 Restated
Non-Current Assets				
Trade receivables	4	-	-	-
Contract Assets	5	269,860	524,520	392,269
Total Non-Current Assets		269,860	524,520	392,269
Current Assets				
Trade receivables	4	13,460	-	-
Contract Assets	5	266,028	18,315	-
Cash and cash equivalents		5,305	-	-
Total Current Assets		284,793	18,315	-
Total Assets		554,653	542,835	392,269
Balance due to Consolidated Fund account	2	554,653	542,835	392,269

There are no liabilities in the Trust Statement.

Dame Sarah Healey DCB CVO
Accounting Officer
Ministry of Housing, Communities and Local Government

29 May 2026

The notes at pages 14 to 22 form part of this Statement

⁴ Details of the prior year restatement can be found at Note 1d

Statement of Cash Flows

For the year ended 31 March 2025⁵

		£'000	£'000
	Note	2024-25	2023-24 Restated
Cash flows from operating activities		5,305	-
Cash paid to the Consolidated Fund		-	-
Increase/(decrease) in cash in this period		5,305	-
Reconciliation of Net Cash Flow to Movement in Net Funds			
Net Revenue for the Consolidated Fund	2	11,818	150,566
(Increase)/Decrease in trade receivables and contract assets		(6,513)	(150,566)
Net Cash Flow from Operating Activities		5,305	-
Analysis of Changes in Net Funds			
Increase/(decrease) in Cash in this Period		5,305	-
Net funds at 1 April		-	-
Net Funds as 31 March		5,305	-

The notes at pages 14 to 22 form part of this Statement.

⁵ Details of the prior year restatement can be found at Note 1d

Note 1: Statement of Accounting Policies

a) Basis of preparation

The Trust Statement is prepared in accordance with:

- the Accounts Direction issued by HM Treasury under Section 2 of the Exchequer and Audit Departments Act 1921
- the Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as interpreted for the public sector.

The Trust Statement has been prepared on an accruals basis and in accordance with the historical cost convention.

This Trust Statement reports revenue collectable on behalf of the consolidated fund in relation to developer debt recoveries under Developer Remediation Contracts.

b) Revenue recognition

When eligibility for building remediation funding is established, a contract is set up between MHCLG and the Developer whereby MHCLG undertakes to fund the remediation of the building on behalf of the Developer, then reclaim that funding from the Developer.

In accordance with IFRS 15 (Revenue), revenue is recognised when performance obligations under the Developer Remediation Contracts are deemed to have been met. A performance obligation is deemed to have been met when a payment has been made under the cladding remediation grant funds to a responsible administrative entity (applicant) to remove unsafe cladding on a building within scope of the Developer Contract.

Revenue is measured at an amount equal to the grant payment made, adjusted for an estimate of the element of the grant funding that is not expected to be reclaimable from the Developer under the terms of the contract.

When remediation work is complete, a final check of qualifying expenditure is performed, and MHCLG invoices the Developer to recover costs. Revenue from completed performance obligations is recorded as a contract asset (see Note 5) until such time that it is invoiced, at which point it is reclassified as a trade receivable in accordance with IFRS 9 (Financial Instruments).

Receivables are classified as current or non-current depending on whether they are due within one year.

c) Expected Credit Losses

IFRS 9 requires an Expected Credit Loss (ECL) allowance calculation to be performed with reference to the level of credit risk and performance of each receivable.

MHCLG recognises a write off when there is no reasonable expectation of recovery. Financial assets written off are still subject to enforcement activity.

The recognition of contract assets under IFRS 15 requires the assessment of lifetime losses when calculating the ECLs.

Default is deemed to occur when it is determined that a debtor is unlikely to pay its obligations in full without recourse to enforcement action.

ECLs are calculated by multiplying the estimated exposure at default (EAD) (based on forecast cashflows) by the probability of default (PD) (based on developer credit ratings), and the loss given default (LGD) percentage (based on the estimated place of the receivable in the hierarchy of debt in the event of default). IFRS 9 requires a weighted average ECL based on a baseline, upside and downside economic scenario. The assumptions and weightings applied are the same as those in the accounts of the Departmental Group.

An area of significant estimation and judgements is the changes in assumptions, which can have a significant impact on the ECL calculation. See note 6 for further detail of ECL sensitivity.

d) Prior period restatement

Change in accounting policy – revenue recognition

There has been a prior year restatement arising from a change in the policy for accounting for Developer Remediation Contracts. IFRS 9 was historically used to account for these contracts. However, IFRS 15 is the appropriate standard for recognising future revenue due and has therefore been adopted. The restatements have been made in accordance with the requirements of IAS 8 (Accounting Policies, Changes in Accounting Estimates and Errors) for changes in accounting policies and prior period errors.

The assumptions underpinning the split between current and non-current assets have been revisited, based on management's expectations of when assets will be realised. In addition, the presentation of financial instruments has been refined. Previously, financial assets measured at amortised cost were presented as non-current, while trade receivables were classified as current. This has now been updated so that financial assets at amortised cost are appropriately classified as trade receivables when invoiced and as contract assets when uninvoiced.

This change has affected the timing of asset (including the split of current and non-current) and revenue recognition and resulted in the restatement of prior year comparatives and opening balances in the Statement of Financial Position.

Change in accounting policy – Expected Credit Losses

Following the above change, MHCLG was required to revise its approach to measuring ECLs on developer receivables. ECLs are now calculated under IFRS 9 using the simplified approach, applying lifetime expected credit losses. This change has resulted in a material increase in the prior year ECL allowances, and the comparative figures have been restated. The restatement affects non-current assets and net revenue for the Consolidated Fund.

Impact on the Statement of Revenue, Other Income and Expenditure

	£'000	£'000	£'000
	Published Accounts 2023-24	Impact on 2023-24	2023-24 Restated
Revenue			
Developer Grant Recoveries	219,620	(2,769)	216,851
Total Revenues	219,620	(2,769)	216,851
Expenditure			
Credit losses - debts written off or otherwise impaired	(6,443)	(59,842)	(66,285)
Total Expenditure	(6,443)	(59,842)	(66,285)
Net Revenue for the Consolidated Fund	213,177	(62,611)	150,566

Impact on the Statement of Financial Position

	As at 1 April 2023			As at 31 Mar 2024		
	£'000	£'000	£'000	£'000	£'000	£'000
Statement of Financial Position	Published Accounts	Impact	Restated	Published Accounts	Impact	Restated
Non-Current Assets						
Financial assets at amortised cost	145,270	(145,270)	-	147,166	(147,166)	-
Trade receivables	-	-	-	-	-	-
Contract Assets	-	392,269	392,269	-	524,520	524,520
Total Non-Current Assets	145,270	246,999	392,269	147,166	377,354	524,520
Current Assets						
Financial assets at amortised cost	-	-	-	-	-	-
Trade receivables	257,872	(257,872)	-	469,153	(469,153)	-
Contract Assets	-	-	-	-	18,315	18,315
Cash and cash equivalents	-	-	-	-	-	-
Total Current Assets	257,872	(257,872)	-	469,153	(450,838)	18,315
Total Assets	403,142	(10,873)	392,269	616,319	(73,484)	542,835
Current Liabilities						
Trade and other payables	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Total assets less current liabilities	403,142	(10,873)	392,269	616,319	(73,484)	542,835
Balance on Consolidated Fund Account	403,142	(10,873)	392,269	616,319	(73,484)	542,835

There are no liabilities in the Trust Statement.

Note 2: Balance on Consolidated Fund Account

	£'000	£'000	£'000
Consolidated Fund	31 Mar 2025	31 March 2024 Restated	01 April 2023 Restated
Balance on Consolidated Fund as at 1 April	542,835	392,269	-
Net Revenue for the Consolidated Fund	11,818	150,566	392,269
Less amount paid to the Consolidated Fund	-	-	
Balance on Consolidated Fund account as at 31 March	554,653	542,835	392,269

Note 3: Revenue

	£'000	£'000
	2024-25	2023-24 Restated
Gross Developer Grant Recoveries	53,255	218,943
Refund allowances	(37,705)	(2,092)
Net Developer Grant Recoveries	15,550	216,851

Note 4: Trade and Other Receivables

	Current	Non-Current	Total
	£'000		£'000
Opening 1 April 2023	-	-	-
Additions	-	-	-
Payments	-	-	-
Derecognition	-	-	-
ECL Allowance	-	-	-
Closing 31 March 2024	-	-	-
Additions	20,752	-	20,752
Payments	(5,305)	-	(5,305)
Derecognition	-	-	-
ECL Allowance	(1,987)	-	(1,987)
Closing 31 March 2025	13,460	-	13,460

Note 5: Contract assets

	<1 year	>1 year	Total
	£'000	£'000	£'000
Opening 1 April 2023 (restated)	-	392,269	392,269
Additions	-	216,851	216,851
Transfer to trade receivables	-	-	-
Transfer	20,714	(20,714)	-
ECL Allowance	(2,399)	(63,886)	(66,285)
Closing 31 March 2024 (restated)	18,315	524,520	542,835
Additions	-	15,550	15,550
Transfer to trade receivables	(20,752)	-	(20,752)
Transfer	271,302	(271,302)	-
ECL Allowance	(2,837)	1,092	(1,745)
Closing 31 March 2025	266,028	269,860	535,888

Contract asset balances represent the accumulated value of revenue recognised under IFRS 15 that has not been invoiced at the end of the reporting period.

The revenue related to completed performance obligations under the developer remediation contracts of £401.3m was recognised in 2022-23, covering payments under the Cladding Remediation Fund and Building Safety Fund to entities responsible for removing unsafe cladding from buildings. This covered 183 applications to the funds, with repayments to be made from 22 developers who had signed the developer remediation contract at the period end.

This had increased to £618.2m over 219 applications by the end of 2023-24 financial year, with recovery due from 32 developers. Revenue increased further in 2024-25 to £657.8m on the same number of applicants, and a reduction of developers to 31 due to mergers. Invoices totalling £20.4m were raised in 2024-25 on 11 completed and cost verified applications.

Note 6: Expected credit loss allowances

	£'000	£'000
	2024-25	2023-24 Restated
Opening balance	(75,324)	(9,039)
Net movements in Expected Credit Loss Allowances	(3,732)	(66,285)
Closing balance	(79,056)	(75,324)
Credit impairment loss charges to Net Expenditure in relation to assets held at Amortised Cost	2024-25	2023-24 Restated
	£000s	£000s
Net movements in Expected Credit Loss Allowances	(3,732)	(66,285)
Amounts written-off as irrecoverable under IFRS 9	-	-
Total credit impairment loss (charge)/credit	(3,732)	(66,285)

ECL sensitivity

As explained under Note 1, a simplified approach to ECL modelling is applied to contract assets and trade receivables under IFRS 15. This automatically calculates an ECL allowance based on a Stage 2 classification expected for lifetime loss through to expected maturity date of the Developer debt.

No classes of financial assets are considered to have low credit risk in accordance with IFRS 9 5.5.11.

The presumption in IFRS 9 5.5.11, that there have been significant increases in credit risk since initial recognition when financial assets are more than 30 days overdue, has not been rebutted but does not apply to a significant number of financial assets.

MHCLG invoices developers, who will then pay within 90 days or challenge the invoice. Payment plans may be agreed, otherwise the usual departmental debt recovery practices are followed.

Economic scenario weighting

Total expected credit loss is calculated based on modelling assumptions linked to future economic scenarios and the weighting assumptions given to those scenarios. Three scenarios are used, taking the Office of Budget Responsibilities outlook and upside and downside scenarios from Oxford Economics. Individual assets and asset holders are assessed for risk of default based on the scenarios. The outcome of expected losses are combined on a weighting basis, on a 55%/35%/10% base case/downside/upside. The sensitivity to the different scenario weighting can be found in the table below

Scenario Weighting	ECL	Change in ECL	
	£'000	£'000	%
Weighting of 50%/25%/25%	78,741	(314)	-0.40%
Weighting of 50%/30%/20%	78,859	(196)	-0.25%
Weighting of 55%/30%/15%	78,937	(118)	-0.15%
Base assumption of 55%/35%/10%	79,055	-	-
Weighting of 60%/35%/5%	79,133	78	0.10%
Weighting of 65%/30%/5%	79,092	37	0.05%

Credit rating

Probability of default on debt is additionally linked to the credit rating applied to Developers. Management assessment of official credit ratings is considered alongside the financial position of Developers, with management overrides applying where required. The table below shows the impact on Expected Credit Loss where Developer credit ratings were to be upgraded or downgraded by one notch.

	ECL		Change in ECL	
	£'000	£'000	£'000	%
Upgrade by one notch (all)	38,813	(40,242)		-50.90%
Upgrade by one notch (except CCC/C)	75,961	(3,094)		-3.91%
Baseline	79,055	-		-
Downgrade by one notch	84,262	5,207		6.59%

Loss given default (LGD)

The loss given default (LGD) estimates the expected loss on each debt position at each future point in time until maturity to assume it was in a default position at this time. The modelled ECL is based on an LGD of 75%, the Basel Framework⁶ position for subordinated corporate exposures, and reflecting the nature of the exposures in the place at the reporting date. The table below shows the impact of moving the LGD to a more upside position of 45% (Basel Framework position for unsecured corporate exposures), and downside of 100% (highest possible loss that could be incurred).

	ECL		Change in ECL	
	£'000	£'000	£'000	%
Upgrade LGD to 45%	47,433	(31,622)		-40.00%
Baseline (75%)	79,055	-		-
Downgrade LGD to 100%	105,407	26,352		33.33%

Note 7 Events after the reporting period

In accordance with the requirements of IAS 10 'Events After the Reporting Period', events after the reporting period are considered up to the date on which the Trust Statement was authorised for issue. The authorised for issue date is the date on the Certificate and Report of the Comptroller and Auditor General.

There are no events after the reporting period that require disclosure.

Note 8 Related party transactions

There are no related party transactions to disclose.

⁶ https://www.bis.org/basel_framework/chapter/CRE/32.htm

ANNEX A: ACCOUNTS DIRECTION GIVEN BY HM TREASURY IN ACCORDANCE WITH SECTION 2 OF THE EXCHEQUER AND AUDIT DEPARTMENTS ACT 1921

This Direction applies to the Ministry of Housing, Communities and Local Government in respect of the reporting of revenues collected under the Building Safety Act 2022.

The Department shall prepare a Trust Statement (“the Statement”) for the financial year ended 31 March 2025 for the revenue and other income, as directed by the Treasury, collected by the department as an agent for others, in compliance with the accounting principles and disclosure requirements of the edition of Government Financial Reporting Manual (“FReM”) 2024-25.

The Statement shall be prepared, as prescribed in Appendix 1, so as to give a true and fair view of (a) the state of affairs relating to the collection and allocation of taxes, licence fees, fines and penalties and other income by the Department as agent and of the expenses incurred in the collection of those taxes, licence fees, fines and penalties insofar as they can properly be met from that revenue and other income; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.

The Statement shall also be prepared so as to provide disclosure of any material expenditure or income that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

When preparing the Statement, the Department shall comply with the guidance given in the FReM (Chapter 11). The Department shall also agree with HM Treasury the format of the Principal Accounting Officer’s Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.

Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.

The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to enable compliance with the administrative deadline for laying the audited accounts before Parliament.

The Trust Statement, together with this direction (but with the exception of the related appendices) and the Report produced by the Comptroller and Auditor General under section 2 of the Exchequer and Audit Departments Act 1921 shall be laid before Parliament at the same time as the Department’s Resource Accounts for the year unless the Treasury have agreed that the Trust Statement may be laid at a later date.



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HM Treasury

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