

Date: Thursday 27 June 2024 at 4.00 pm

Venue: Conference Room 1, 1st Floor, Municipal Buildings, Church Road, Stockton on
Tees TS18 1TU

Cllr Barry Woodhouse (Chair)
Cllr Stefan Houghton (Vice-Chair)

Cllr Ross Patterson
Cllr Susan Scott
Cllr Emily Tate
Cllr Katie Weston

Cllr Paul Rowling
Cllr Mick Stoker
Cllr Laura Tunney

AGENDA

- | | | |
|----------|---|-------------------|
| 1 | Evacuation Procedure | (Pages 7 - 8) |
| 2 | Apologies for Absence | |
| 3 | Declarations of Interest | |
| 4 | Annual Statement of Accounts 2023/24 To Follow | (Pages 9 - 108) |
| 5 | Forward Plan 2024/25 | (Pages 109 - 110) |

Members of the Public - Rights to Attend Meeting

With the exception of any item identified above as containing exempt or confidential information under the Local Government Act 1972 Section 100A(4), members of the public are entitled to attend this meeting and/or have access to the agenda papers.

Persons wishing to obtain any further information on this meeting, including the opportunities available for any member of the public to speak at the meeting; or for details of access to the meeting for disabled people, please

Contact: John Devine, Democratic Services Officer on email john.devine@stockton.gov.uk

KEY - Declarable interests are:-

- Disclosable Pecuniary Interests (DPI's)
- Other Registerable Interests (ORI's)
- Non Registerable Interests (NRI's)

Members – Declaration of Interest Guidance



Table 1 - Disclosable Pecuniary Interests

Subject	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain
Sponsorship	Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract made between the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council — (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land and property	Any beneficial interest in land which is within the area of the council. 'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.
Corporate tenancies	Any tenancy where (to the councillor's knowledge)— (a) the landlord is the council; and (b) the tenant is a body that the councillor, or his/her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
Securities	Any beneficial interest in securities* of a body where— (a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and (b) either— (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/civil partners have a beneficial interest exceeds one hundredth of the total issued share capital of that class.

* 'director' includes a member of the committee of management of an industrial and provident society.

* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

Table 2 – Other Registerable Interest

You must register as an Other Registrable Interest:

- a) any unpaid directorships
- b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority
- c) any body
 - (i) exercising functions of a public nature
 - (ii) directed to charitable purposes or
 - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management

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AGENDA ITEM

REPORT TO AUDIT AND GOVERNANCE COMMITTEE

27 JUNE 2024

REPORT OF DEPUTY CHIEF EXECUTIVE & DIRECTOR OF FINANCE, TRANSFORMATION & PERFORMANCE

DRAFT STATEMENT OF ACCOUNTS 2023/2024

PURPOSE OF REPORT

This report presents to Members the Council's (and Group) Draft Statement of Accounts for 2023/2024.

The Council is required by law to produce a detailed Statement of Financial Accounts, which provides information to all stakeholders. The Statement explains in detail how the Council uses its resources and, the net value of the Council (in terms of its assets, liabilities and reserves).

RECOMMENDATIONS

It is recommended that the Audit and Governance Committee

- Note the financial information presented in the report and the Council's unaudited Statement of Accounts and the financial position for 2023/24, as at 31 March 2024.
- Note the arrangements for the public inspection and external audit of the Statement of Accounts for 2023/24 (Para 7).

DETAIL

1. The accounts have been completed in accordance with the "Code of Practice on Local Authority Accounting in the United Kingdom 2023/2024" which is prepared under International Financial Reporting Standards.
2. The Accounts and Audit Regulations (England) 2015 came into effect on 1st April 2015. The regulations changed the arrangements for the approval and publication of the Statement of Accounts and the Annual Governance Statement. The Accounts and Audit (England) Regulations 2015 - Regulation 15, as amended by The Accounts and Audit (Amendment) Regulations 2021 require the council to publish the unaudited Statement of Accounts for the financial year ending 31 March 2024 by 31 May 2024.
3. The Council were unable to achieve this deadline due to delays in the receipt of pension fund information for the period ending March 2024.
4. For the Publication of the unaudited statement of accounts, the requirement in the Accounts and Audit Regulations 2015 (as amended) is for the public inspection period to be commenced by 1 June. However, this commencement can only happen at the earliest the first working day after the unaudited accounts (and other specified

documents) are published.

5. If publication is not possible by these dates then in England the Accounts and Audit Regulations 2015, as amended, require the following actions:
6. For the unaudited statement of accounts, as soon as reasonably practicable, publish a notice stating that the authority has not been able to commence the period for the exercise of public rights and the reasons for this. The public inspection period must then be commenced as soon as reasonably practicable. This notice with the relevant explanation for the delay was posted on the Councils website on the 31st May 2024.
7. Based on the updated regulations it is the intention that following this meeting the period in which electors have the right to examine the accounts, question the auditor and to make objections at audit will be set. This is a period of 30 working days which will commence on 1st July and will end on 9th August 2024.
8. The Accounts and Audit Regulations (Amendment 2022) were laid before Parliament on the 28th June 2022. These amendments change the deadline for Authorities to publish their statement of accounts and supporting documents (together with any certificate or opinion of the local auditor) from 31st July to 30th September for the financial years beginning in 2022, 2023, 2024, 2025, 2026 and 2027.

KEY FINANCIAL INFORMATION

9. The following key financial figures (non-group) are included in the accounts:
 - Even though the accounts show that a breakeven position is reported against directorate revenue budgets for 2023/24 (see revenue year end table page 14) there was an actual deficit of £7.06m. This reflects the planned use of available useable reserves. This use of reserves was approved by Council on 21st February 2024. Further details of the outturn position will be found in the MTFP report to be presented to Cabinet on 18th July 2024.
 - Total capital spending was £54.648 million during 2023/24 (see page 15).
 - The Comprehensive Income and Expenditure Statement (CIES) on Page 24 shows that there was a significant movement in the re-measurement of the defined benefit pension liability of £102.294 million in year. Also see paragraphs 10-16 below. Due to this movement the CIES shows a deficit of £89.460m for the year.
 - Current long-term investments and cash and cash equivalents amount to £16.041 million. This is a reduction of £8.290 million from the previous year.
 - The Council's current long and short-term borrowings total £108.386 million which is an increase of £14.146 million over the previous year. This increase reflects an increase in short term borrowings undertaken at the year-end for cash flow purposes and also capital expenditure in year funded by borrowing.
 - The Council's earmarked reserves (excluding schools) stand at £34.696 million and school related reserves are £5.791 million. Note 7 to the accounts on page 33 provides further details on earmarked reserves.
 - The level of General Fund Balances at the 31st March stands at £8.0 million. This is in line with the MTFP report to Council in February 2023. General Fund Balances are intended to provide some overall flexibility and protection against adverse

variances in budget assumptions, and unforeseen events.

10. Following the pensions valuation by the Councils actuary in the previous financial year, 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 2023 resulting in a pension plan asset for the first time. The pension fund liability of £243.939 as at 31st March 2022 shifted markedly to become a net pension asset (in other words the value of pension fund assets are in excess of the value of pension fund liabilities) and this stood at a net value of £101.742 million.
11. This significant change relates to a change in the assumptions used by the Pension Fund Actuary, Hymans Robertson LLP, as part of the Council's actuarial valuation. The assumptions are determined by the Actuary and represent market conditions at the reporting date.
12. There is a limit of the value of Pension Asset that can be recognised on the Councils balance sheet which is set by International Accounting Standards. 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.
13. The 'default' methodology used by the actuary has changed since 2023 with regards to asset ceiling calculations. This is due to external auditor and practitioner views. These changing views and calculations mean that the net pension asset has been limited to £0.
14. The external auditors, Mazars LLP will commence the statutory audit as soon as practically possible.

FINANCIAL AND LEGAL IMPLICATIONS

Regulation 9(1) of the Accounts and Audit Regulations 2015 requires the Council's Responsible Financial Officer (Deputy Chief Executive & Director of Finance, Transformation and Performance) to sign and date the statement of accounts and certify that it presents a true and fair view of the financial position of the Council. Regulation 9(2) requires the Statement of Accounts to be approved by members prior to publication.

RISK ASSESSMENT

None directly from this report.

COMMUNITY STRATEGY IMPLICATIONS

None directly from this report.

CONSULTATION

None directly from this report.

Garry Cummings

Deputy Chief Executive & Director of Finance, Transformation and Performance

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Statement of Accounts

2023-24

Garry Cummings CPFA
Deputy Chief Executive and Director of
Finance, Transformation & Performance

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The Borough

The Borough of Stockton-on-Tees has something for everyone. It's no wonder our population is growing, business is booming, and you tell us you're happy to be here. Here are some things you might like to know about our Borough.

A place people are proud to live

200,000 people call the Borough of Stockton-on-Tees home. They live in our thriving towns - Billingham, Ingleby Barwick, Norton, Stockton, Thornaby and Yarm - and our rural villages. Our population is increasing and we're committed to serving this growing community, supported by a thriving and active voluntary, community and social enterprise sector. We're delighted to know people are proud of living here.

Going places and getting further

Business is booming in Stockton-on-Tees, where 5,000 businesses generate £4 billion for the local economy. We account for a third of the Tees Valley economy overall and our towns provide work for people from across the Borough. Our excellent road and rail connections with London and key northern cities make Stockton a great place to do business. Whilst Teesside International Airport, on the Borough's boundary, provides international connections for our globally ambitious businesses.

Alive with events, leisure and culture

There's always something to do in Stockton-on-Tees. Whether that is enjoying our beautiful parks and open spaces, or visiting our beautiful towns. We aim to maintain the Borough's reputation as a thriving and vibrant place to be, to ensure we can all continue to enjoy the wide range of activities, events and facilities that put our Borough on the map.

Fighting inequality

Inequality is a challenge in the Borough. We have affluent areas alongside areas of deprivation. Nine of our 26 wards are in the 10% most deprived wards in the country and there is a gap of 21 years in average life expectancy amongst men between the most and least deprived wards. We're committed to fighting this discrepancy and making sure more people enjoy a healthy and happy life here.

The climate change challenge

The effects of climate change are becoming ever more apparent. We know that the changes required to our transport, homes, industry and lifestyle are challenging and must be long term. The Council is working with a sense of urgency to develop plans in partnership with businesses and other agencies to drive down carbon production and reduce consumption of energy and raw materials. Everyone in the Borough can make a difference.

The Council

We are a unitary authority elected to serve the Borough of Stockton-on-Tees. We are the largest of the five local unitary Councils that make up the Tees Valley region. We have 26 wards, represented by 56 councillors. Following the May 2023 local elections, no political party has overall control of the Council. We have a Leader and Cabinet style administration. That means the Council appoints the Leader, and the Leader appoints the Cabinet.

Powering our future

The Powering Our Future programme is a new and ambitious long-term vision for the future of Stockton-on-Tees. It's a new way of working for the Council which will see us work with our partners and communities to put in place new and innovative approaches allowing us to not only save money but also reshape what we do for the better and in the best interests of our residents – we will do this through our Powering Our Future Programme.

Councils across the country are seeing reduced budgets for public services and increased demand from residents who have been hit by the increased cost of living - the Powering Our Future programme will look to tackle this.

Our mission is to be a bold, brave and innovative Council. Together with our partners we will make sure Stockton-on-Tees is a fair and equal place, where everyone is proud to live and work, where our communities flourish and people feel they belong. We want everyone in our Borough to participate in building a brighter future for all of us.

Powering Our Future sets a new strategic framework for the Council and this was initially agreed by Cabinet in July 2023. Since then work has taken place to develop and refine the focus of the programme, to ensure it addresses the challenges and opportunities we have as a Borough.

The conditions we are working in have changed. We know we are a strong council, however what we have done to get here, won't get us to where we need to be in future. Like most public sector organisations our finances are under significant pressure, as set out in the Medium Term Financial Plan report to Council in February 2024.

We must think differently and creatively about how we respond to the challenges ahead as we strive to achieve the best for our Borough, while we carefully manage the money we have available.

Although we can no longer afford to meet the needs of our residents in the way we have in the past, we are confident we can work with our partners and communities to put in place new and innovative approaches that will not only save money, but also reshape what we do, in the best interests of our residents – we will do this through our Powering Our Future Programme.

Council Mission Statement

The Council has set a new Mission Statement to Power Our Future. Our Mission Statement sets out a picture of success for the council. It is underpinned by 5 Missions, focused on how we will achieve success.

Together with our partners we will make sure Stockton-on-Tees is a fair and equal place, where everyone is proud to live and work, where our communities flourish and people feel they belong. We want everyone in our Borough to participate in building a brighter future for all of us.

Powering our Future sets an outcome-focused direction for the Council and its 5 key missions are; Colleagues, Communities, Partnerships, Transformation and Regeneration.

Colleagues Powering Our Future – empowering our colleagues to do the best they can for communities

- Our talented workforce will step up to the challenging budget situation by using their knowledge and skills to work with our partners and communities in innovative, adaptable and dynamic ways with the best interests of our residents being the focus of everything they do.

Communities Powering Our Future – changing our relationship with communities to make sure our residents have happy healthy lives

- We need to change the way we work with our communities, to use their knowledge, skills and strengths to help them deliver positive outcomes for themselves. Not only will this save money, it will mean that our residents are healthy, happy and feel like they belong.
- We will empower communities and increase individual, family and community level activities, helping people and communities to be independent and have less reliance on Council services.

Partnerships Powering Our Future – stronger together

- By working with partner organisations we can make sure our residents have support when they need it and that Stockton-on-Tees provides opportunities which make it a great place to live, work and play.

Transformation Powering Our Future – new and innovative ways of working that are better for communities and more efficient

- Our ambitious and entrepreneurial spirit will make sure our residents have bright futures. We will work with our partners and communities in new ways, embracing technology and new ways of working to create opportunities and reduce inequality, using the limited amount of money we have available.
- We will continue to carefully manage our resources. We will focus on creating a new relationship with communities, while providing efficient services that offer value for money and are valued by our residents.

Regeneration Powering Our Future – driving economic growth to improve community prosperity and wellbeing.

- Our exciting regeneration projects will make sure Stockton-on-Tees is a place of choice for business. Not only will this generate more income through Council Tax and Business Rates, there will be more employment opportunities too, which will reduce demand on services, saving us money.
- Our Borough will be recognised for its thriving economy at the heart of Tees Valley and as a place where everyone has the opportunity to succeed.

Our people, our services, our commitment

Our teams continue to rise to the many challenges we face, continuing to deliver high quality, value for money services, and by working with key partners in the public, business and voluntary, community and social enterprise sector.

Our adult and children's social care services, support teams and education support teams work all year round to protect our residents from abuse and exploitation, working alongside the teams in public health, community safety, licensing, trading standards, welfare support, housing, catering, registrars, bereavement service, community engagement and environmental health work to make sure that the Borough is a place where people are healthy, safe and protected from harm.

Our refuse and recycling, street cleaning, groundworks, parks and maintenance teams all work alongside the teams in heritage, libraries, museums, events and countryside and green space to make sure that the Borough is clean, vibrant and attractive. Whilst the Planning, Building Control and Housing Development teams make sure that the Borough has great places to live.

Our Business Support, Inward Investment, Learning and Skills and Town Centre Development teams are working hard to support businesses in the Borough to ensure we have a thriving economy where everyone has opportunities to succeed and our Transport teams continue to manage and improve our highways networks to ensure that residents and businesses can move freely around the borough.

And all of our teams, whether on the front line or working in the vital support functions that are needed to make it all happen, are all ambitious, effective and proud to serve.

During the year...

For our Council Plan we have had to adapt the priorities we planned to work on during the last year. The following is just a flavour of what the Council has achieved during the year.

Our People

Supported achievement for all pupils including a focus on narrowing the gap in outcomes. Work is being targeted at raising achievement for higher grades at A level and GCSE to close the gap that has developed between the North East region and the rest of England

Continued to develop plans for people to remain safely and independently in their homes for as long as possible and offer help to people who are feeling lonely. Powering our Future mission to review and develop the Intermediate Care and Reablement offer will be implemented in 24/25. The new Care at Home framework was approved in January 2024 and will be commissioned and mobilised to start from 01 October 2024.

Delivered on an improvement programme focusing on workforce, practice and partnerships for children and families in need. The 'Strengthening Services' improvement plan is now in place which maximises corporate resources and has oversight from a multi-agency board to ensure collective accountability across the Children's system

Engaged with individuals, families, carers and communities when developing adult social care support and continue to collaborate with the NHS to ensure health and care services work effectively together.

Continued to develop and enhance provision and support for children and young people with additional needs or accessing alternative provision

Reviewed out of area placements and day options provision for adults including new panel process has been put in place to review and assess the evidence for placements and as part of the Adult Social Care plans for 2024/25, a review of key high costs spend has been agreed

Maximised the effectiveness of the additional investment made in our community safety related services in order to protect residents. This included the appointment of 12 Civic Enforcement Officers. The investment in additional resources for the town centres has also meant that the existing Civic Enforcement Officers are able to spend much more time within our wider communities with a focus on tackling ASB, environmental crime and issues related to vehicles, including parking.

Developed a new model for the health and wellbeing of children and young people 0-19 (25 for SEND), working across key partners and including service commissioning. We have worked closely with partners including children, young people and their families to develop the overarching approach to improving children and young people's health and wellbeing

A new serious violence reduction strategy was introduced by the Police Crime Sentencing and Court Act in 2022 and came into effect in early 2023. As a result, we are now under a duty to understand the implications of serious violence on our communities, produce a strategy to tackle the causes and work in partnership with other responsibly authorities.

Worked with our partners in the VCSE sector and the Community Partnerships to tackle food poverty in the Borough

Supported people to live healthy lives and address health inequalities through a focus on early prevention, long term conditions, substance misuse, smoking, obesity / physical activity, and mental health.

Continued to prevent and relieve homelessness. A holistic approach is taken to support individuals and families experiencing or threatened with homelessness the service now includes a Domestic Abuse worker, a specialist refugee worker, and a Welfare Support colleague

Our Places

Continued the redevelopment of Stockton Town Centre including demolition of Castlegate. Work underway on construction of urban park in January 2024.

Continued the programme of road / pavement maintenance and repairs and deliver our City Regions Sustainable Transport programme schemes.

Delivering interventions for Town Deal in Thornaby including a new swimming pool and redevelopment of the Golden Eagle site.

Continued the implementation of the Carbon Reduction and Environmental Sustainability Strategy action plan which includes coalitions with residents, businesses, and partners.

Finalising the plans for improvements in Yarm, Preston Hall Museum and Grounds and cycleway infrastructure in line with the Levelling Up fund allocation.

Developed and adapted our borough-wide events programme to respond to the pandemic, incorporating celebrations for the Queen's Platinum Jubilee and preparations for the Stockton & Darlington Railway Bicentenary.

Work is ongoing to explore delivery models which have the potential to accelerate the delivery of affordable and specialist housing provision.

Supported the Combined Authority and Bus Operators in delivering the agreed outcomes set out in the Tees Valley Enhanced Bus Partnership Plan and Scheme. This includes the extension of the Tees Flex bus for a further 18 months.

Developing structures and models for future development of Stockton and Billingham town centres

Our Economy

Continued to develop options to bring forward development on vacant employment land such as Durham Lane Business Park.

Continued to develop the successful Employment and Training Hub Model.

Continued to develop the Invest Stockton-on-Tees branding campaign and attract inward investment into the Borough.

Advanced our major transport-related projects including the Portrack Relief Road, Billingham and Eaglescliffe Station improvements, Elton Interchange, and improvements along the A689 corridor.

Continued to deliver the objectives in the Inclusive Growth Strategy and using an agreed Action Plan. The current strategy has been reviewed and is undergoing consultation with internal and external stakeholders.

Our Council

The Budget and MTFP report was approved by Council in February 2024. This shows a budget gap rising to £9m across the MTFP and how this will be addressed. The Powering Our Futures programme, in particular the transformation mission, will be the main route to resolving the budget gap. Ensuring successful delivery of this programme is key to delivering a balanced MTFP.

Launched a new Council Volunteering Strategy to support our employees to volunteer in the community and to provide additional volunteering opportunities at the Council.

Responded to and implemented the Government's review of Business Rates and Revaluation.

Continued to develop the Bright Minds Big Futures initiative to ensure that the voice of young people is heard and valued in the development and delivery of Council policies and services.

Continue to develop and deliver a transformation programme across all services to support the Medium Term Financial Plan.

Responded to and implemented the Local Government and Parliamentary boundary reviews. The 2023 local elections held in the Borough were successfully delivered on the new ward boundaries. The Parliamentary Constituencies Order 2023, which implements the new boundaries was approved in November 2023. The new boundaries for Stockton North and Stockton West (previously Stockton South) will be used at the next general election.

Continue to review the Council's land and assets and develop plans for disposal or for any potential development.

Continued implementation of the Fairer Stockton-on-Tees Framework to address poverty and inequality in the Borough including working a range of VCSE partners there was an increase in the number of Community Spaces venues in operation (formerly known as 'Warm Spaces') during the winter months

Added new features and functions to the Council website and improve online services for customers

The Councils on-line Cost-of-Living hub has continued to evolve to promote for example initiatives such as Community Spaces, Help to Help events, The Bread and Butter food hubs and in response to resident needs and feedback

Governance

The Council continues to review and update its governance arrangements to ensure they remain relevant and fit for purpose, which is overseen by the Corporate Governance Group and Audit and Governance Committee. The committee continues to monitor implementation of actions identified in last year's Annual Governance Statement. The Council has had to change and adapt operations including governance processes during the year. More detail is included in the Annual Governance Statement which is published on the Council's website.

Risks and Opportunities

The Council maintains a Strategic Risk Register which highlights all major risk areas and includes details about the risk, existing controls and required actions. The risk register is regularly reviewed and updated and reported to the Audit and Governance Committee.

There are a number of principal risks the Council currently is managing. These include:

The availability and uncertainty of medium term financial resources needed to meet key objectives. The main controls in place include careful financial planning through the medium term financial plan, the development and delivery of the Powering our Future Programmes, timely monitoring and reporting of financial performance, maximising income generation and taxation collection and a good understanding and interpretation of changes to funding regimes.

The availability of human resources with the appropriate skills, capacity and competencies. The main controls in place include the development and delivery of a new Workforce Strategy as part of the Powering our Futures Programme, a refreshed apprenticeship programme and the development of flexible working arrangements alongside a planned move to new offices in Dunedin House.

Effectively meeting the needs of children and delivering better outcomes. The main controls in place include a comprehensive improvement plan and Transformation Reviews as part of the Powering our Futures Programme.

The growth in demand for services such as adult social care and children's services caused by an aging population with more complex needs and an increase in the number of looked after children with complex needs. Main controls include an investment in new children's residential services, preventative services to slow the demand and a better understanding of demand drivers.

The Council has identified a number of opportunities to reduce costs and improve services. These include:

<p>Using technology more effectively and efficiently and to improve access channels for residents particularly building upon the positive changes to working arrangements and the way communities accessed services during the pandemic. The planned consolidation of Council administrative buildings to reduce costs and create fit for purpose office space.</p>	<p>Opportunity to redevelop, re-invigorate and re-shape Town Centres</p>
<p>A greater focus on preventative and strength based working to stem demand for services</p>	<p>The ongoing operation and development of various partnerships under the Powering our Futures Programme including health, TVCA, TEWV, Cleveland Police etc, various shared services and collaborative procurement arrangements such as those through Xentrall Shared Service Partnership with Darlington Borough Council and the North East Procurement Organisation (NEPO).</p>

Approach to Financial Management

Our medium-term financial planning approach has allowed us to continually balance our budget through delivering savings and efficiencies but also to plan ahead and deliver invest-to-save schemes and innovative changes to service delivery models. The current financial climate is extremely challenging and there is a need to deliver budget savings in the future. Our approach will allow time to embark on a series of transformational reviews, which will not only deliver savings but also improve outcomes for our residents.

The Council has a long history of providing value for money and delivering strong financial management. This has again been reinforced by the External Auditor in the Independent Auditors Annual Report on the 2021/22 accounts which was issued in December 2023. The auditors have issued an unqualified audit opinion on the 2021/22 financial statements and did not identify any significant weaknesses or recommendations in relation to value for money arrangements. As noted in the External Auditors Audit Completion Report for the Council 2022/23 accounts they are anticipating that they will be issuing an unqualified opinion without modification on these financial statements also.

Funding Position

On 18 December 2023 the Department for Levelling up Housing & Communities (DLUHC) announced the Provisional Local Government Finance Settlement for 2024/25. The settlement was for a one-year period only.

The key announcements from the Provisional Local Government Finance Settlement were:

- Referendum limits are set at 3% for core council tax and 2% for the Adult Social Care levy.
- The Revenue Support Grant, which now is a small proportion of Government funding has increased in line with CPI.
- Social Care Grant increased by £692m, Market Sustainability and Improvement Fund increased by £123m and the discharge fund increased by £200m.
- Services Grant has reduced from £483m to £77m nationally.

The government has previously committed to carry out a Review of Relative Needs and Resources and a reset of the accumulated business rates growth. Government have confirmed these will not be implemented in this Spending Review period, which ends in March 2025.

The one-year spending review and financial settlement leaves significant uncertainty regarding the position from 2025 onwards. This makes financial planning across the duration of the MTFP challenging and the delay to local government funding reforms add to future uncertainty.

On 24th January 2024 in a written ministerial statement, the Government announced a number of further measures in relation to local government funding including:

- An additional £500m to deliver Social Care
- increase the Funding Guarantee from 3% to 4%.

Over recent years the Council has experienced significantly increased costs in delivering all of its services. This is due to high levels of inflation affecting everything we purchase, larger nationally agreed pay awards and high increases in the national living wage. We have also seen even greater rises in costs in particular areas. One example is higher costs of residential placements for children in our care driven by both the influence of the external market in this sector, as well as increased complexity of need requiring greater support.

The demand for council services by local residents in the midst of the cost of living crisis continues to increase. Both the number of service users and the level of service required have increased generating greater financial demands on the Council's budget.

The income the Council is able to generate locally and receives through central government has not kept pace with the increased costs and demand. The Council has experienced an overspend against budget due to this in 23/24 and is predicting a budget gap across the medium term financial plan.

The Council has received a one year financial settlement for the 2024/25, so estimates for later years are based on the best information available. The budget gap is predicted to be

- £1.9m in 2024/25
- £7.1m in 2025/26
- £8.1m in 2026/27

In order to address the budget gap the Council are using a number of measures. The Council has implemented several measures to mitigate spending across the council extremely carefully to support the Council's financial position and ensure we are being as efficient as possible when spending money.

As noted earlier in the document the Council's Powering Our Futures Programme is a new way of working for the Council which will see us work with our partners and communities to put in place new and innovative approaches allowing us to not only save money but also reshape What we do for the better and in the best interests of our residents.

The programme, alongside the other mitigating measures, will deliver savings or generate additional income in order to achieve a balanced medium term financial plan.

The importance of our Powering our future programme to identify savings and income to deliver a robust financial plan should not be underestimated.

A key strand is Regeneration Powering Our Future. This will drive economic growth to improve community prosperity and wellbeing. Our exciting regeneration projects will make sure Stockton-on-Tees is a place of choice for business. Not only will this generate more income through Council Tax and Business Rates, there will be more employment opportunities too, which will reduce demand on services, saving us money.

The transformation programme will focus on outcome based reviews. These reviews are wide ranging and cover a significant proportion of the Council's budget. In order to deliver a robust financial plan, it is clear that the transformation programme will need to make savings and this will be the key activity to resolve the budget gap. Inevitably, given the extent and scope of the reviews they will take time to fully deliver.

Financial Position 2023/24

The following tables and charts provide an overview of the financial position at the end of the 2023/24 financial year.

Revenue Expenditure 2023/24

Performance against revenue budgets for 2023/24 by Directorate is shown in the table below. Inflation and growth in service demand have contributed to significant pressures on expenditure budgets in 2023/24. Overall, the outturn position was a net overspend of £7.06 million. This has been funded from utilising available usable reserves

Service Departments	Approved Budget	Actual	Variance
Expenditure	£m	£m	£m
Adults & Health	88.616	89.525	0.910
Children's Services	49.820	59.453	9.633
Community Services, Env & Culture	54.180	52.742	(1.438)
Corporate Management & Services	3.629	2.147	(1.481)
Corporate Services	12.296	12.345	0.049
Finance, Development & Regen	14.687	14.076	(0.611)
Net Expenditure on Services	223.228	230.288	7.060
Transfer of Earmarked Reserves to Fund Overspend	0.000	(7.060)	(7.060)
Net Expenditure on Services	223.228	223.228	0.000

Significant variances against budget are as follows:

Adults & Health

Growth in demand for residential placements has caused an overspend against budget in 2023/24. Due to some of this activity being related to hospital discharge activity, additional Better Care Funding was secured to support this.

Children's Services

The Council has continued to experience significant financial pressures relating to Children in Our Care. The external care market continues to drive up costs and availability of places is extremely scarce creating very high competition.

Community Services, Environment and Leisure

Funding earmarked to support Tees Active Limited was not required in year, due to energy costs being lower than anticipated, as well as their financial performance being strong in year.

Finance Development and Regeneration

Management of vacancies had led to employee savings in year in this area

Capital Medium Term Financial Plan

To achieve the Councils vision for the future it has an ambitious capital programme. £54.65m was spent on capital items in 2023-24 with a further £180.42m forecast over the next three financial years.

Expenditure	Outturn	Three Year Plan			Total
	2023/24	2024/25	2025/26	2026/27	
	£m	£m	£m	£m	£m
Schools Capital	12.962	8.012	7.792	0.000	28.766
Childrens Services	1.044	7.132	0.065	0.207	8.448
Housing Regeneration	0.329	0.000	0.910	0.550	1.789
Inclusive Growth & Development	0.926	5.540	2.000	0.000	8.466
Private Sector Housing	2.264	0.231	0.000	0.000	2.495
Office Accomodation	7.087	2.200	0.000	0.000	9.287
Stockton Town Centre	0.446	1.783	0.000	0.000	2.229
Reshaping Town Centres	0.617	7.228	30.201	0.000	38.046
Thornaby Town Centre	2.066	13.980	12.259	0.000	28.305
Yarm & Eaglescliffe LUF	2.759	14.611	3.479	0.000	20.849
Redevelopment Castlegate Site	6.667	13.405	11.400	0.000	31.472
Other Town Centre Regeneration Schemes	0.013	0.292	0.000	0.000	0.305
Local Transport Plans	5.080	7.301	3.437	4.435	20.253
Other Transport Schemes	6.049	6.555	1.786	0.000	14.390
Developer Agreements	0.586	0.408	0.000	0.083	1.077
Energy Management Schemes	0.115	0.113	0.000	0.000	0.228
Environment & Green Infrastructure	0.599	3.197	0.000	0.000	3.796
Building Management & Asset Review	2.212	2.044	0.416	0.000	4.672
Other	2.827	5.439	1.836	0.096	10.198
Total Expenditure	54.648	99.471	75.581	5.371	235.071
Funding					
Grants and Other Contributions	43.085	79.288	34.519	4.615	161.507
Capital Receipts & Reserves	3.256	8.170	0.996	0.756	13.178
Borrowing	8.307	12.013	40.066	0.000	60.386
Net Expenditure on Services	54.648	99.471	75.581	5.371	235.071

A key pillar of the capital investment is the significant sums planned to regenerate the six towns within the Borough. This will improve the Borough for all and encourage inward investment. The Council have received Future High Streets Funding, Town Deal and Levelling Up monies from Government. These allied to funding from Tees Valley Combined Authority and the Council's own resources result in transformational change occurring across our towns over the next few years.

The Council continue to prioritise investment across a multitude of educational settings in order to provide sufficient capacity across the Borough alongside ensuring that the provision is able to deliver a broad curriculum to the young people who are our future. The schemes cover early years settings, both primary and secondary establishments and special education needs and alternative provision with a view to creating an environment that provides opportunities for the best educational outcomes for all.

The Authority are working with colleagues at the Tees Valley Combined Authority to deliver both new transport infrastructure and maintenance of existing assets. There is a strong focus on active travel with the provision of cycleways and these link into the town centre investments given the desire to improve connectivity across the Borough.

There continues to be investment utilising the Indigenous Growth fund to drive inward investment and inclusive growth, with the focus being on encouraging businesses to invest in the Borough, with the multitude of benefits that this brings to an array of individual stakeholders. A key area here is the commitment to develop Durham Lane Industrial Estate over the medium term.

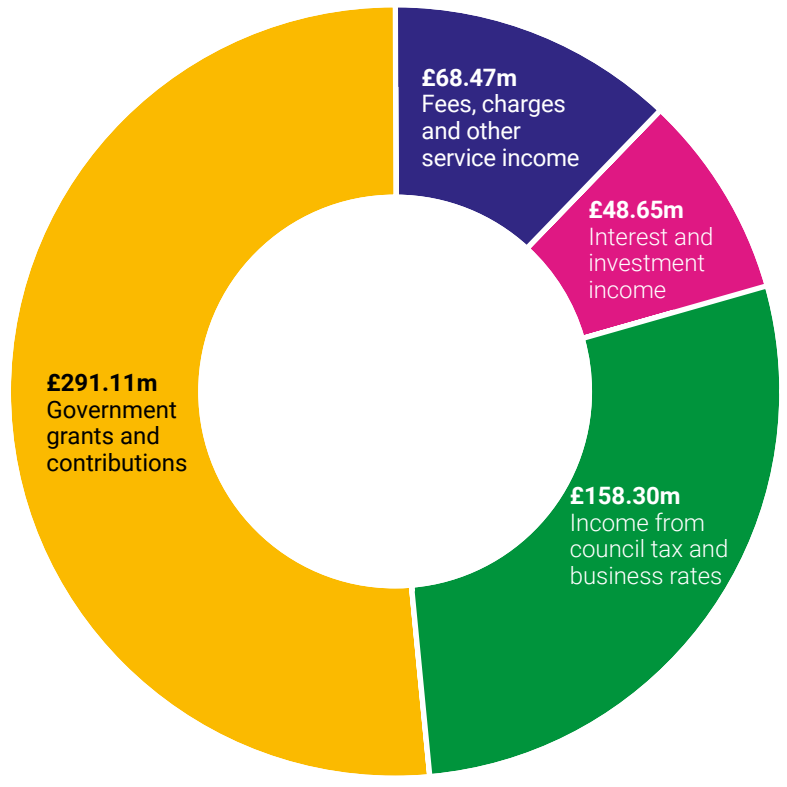
There is ongoing investment in the environment through a range of parks and tree planting interventions and the Tees Tidelands scheme. These alongside the Council's accommodation rationalisation agenda, have strong links to the Council's Environmental Sustainability and Carbon Reduction Strategy and also have some interface with our obligations under Biodiversity Net Gain legislation.

Income Sources

Core Funding

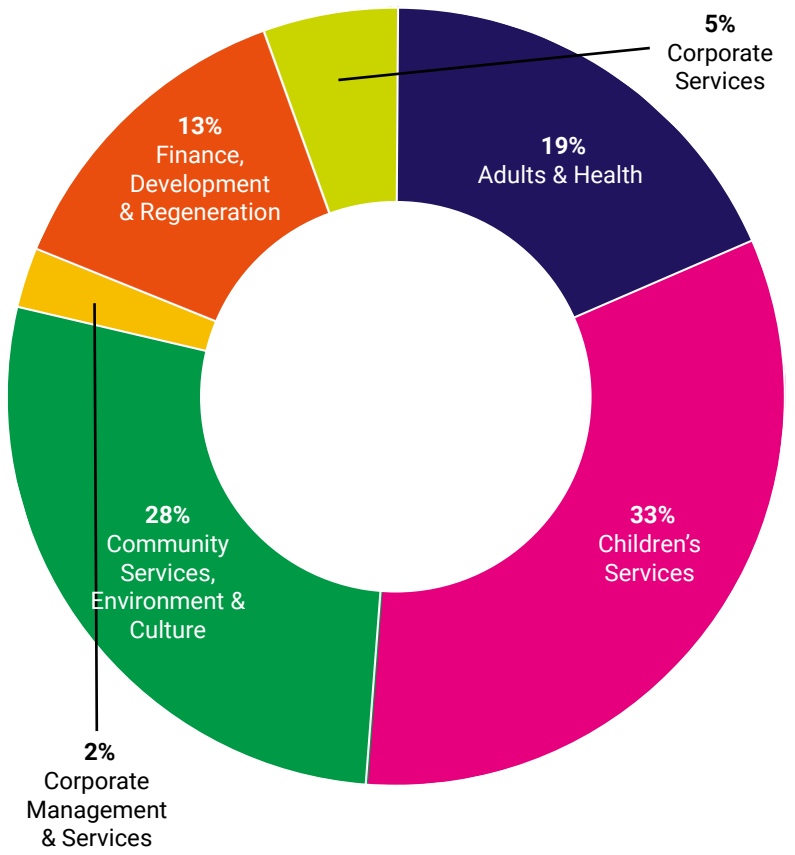
In common with the rest of local government, the Council has seen a reduction in its core government funding in recent years. The Government's aim is to phase out non-specific grant funding altogether, instead allowing local authorities to retain a higher proportion of business rates collected locally.

Income by source during 2023/24 is presented in the table;



Net Expenditure

Net Expenditure included in the Comprehensive Income and Expenditure Statement shows the economic cost in year of providing services in accordance with generally accepted accounting practices. In 2023/24 this totalled £207m. As a percentage, net expenditure for the year is demonstrated in the chart;



Reserves and Provisions

The Local Government Finance Act 1992 requires a local authority to have due regard to the level of balances and reserves needs for meeting future estimates of future expenditure when calculating the Council Tax requirement.

Balances and reserves are held for three primary purposes:

- A working balance to help cushion the impact of cash flows
- A contingency to cushion the impact of unexpected events and emergencies
- Earmarked reserves to meet known and predicted liabilities

There are a number of external factors which are posing key risks to the Medium Term Financial Plan impacting on both expenditure pressures as well as income sources. Inflation and growth in service demand continue to put significant pressure on expenditure budgets. Inflation has begun to fall from the record high levels earlier in the year, however costs remain higher than recent years, which is continuing to impact across budgets including interest rates, pay award and construction costs. The growth in demand for Social Care services continues to increase which results in greater costs incurred.

As part of the annual budget setting process for 2024/25, the levels of balances and reserves were reviewed to ensure that the level is appropriate in the context of local circumstances. In February 2022, Council approved an increase in General Fund balances to a revised level of £8,000,000, which is reflective of the level of risk the Council faces. The Section 151 Officer (Deputy Chief Executive & Director of Finance, Transformation & Performance) has reviewed the level of general fund balances and earmarked reserves in light of the latest financial climate. This review views the current level of general fund balances to be prudent and reflective of the current levels of risk facing the Council.

Earmarked reserves are held to provide resources for specific, identified purposes. These reserves have been reviewed and commitments assessed, and although the reserves are committed, a substantial element will not be utilised in the next two years. Therefore, these could be made available if savings are not delivered or further pressures materialise. This funding is only available once, and if it were to be required to support the MTFP, options would need to be considered to either find alternative means to fund these existing commitments, or take the decision to cease those commitments.

At the end of 2023/24 financial year the authority has reported an in year pressure of £7.060m. This will be funded by utilising available usable reserves. As noted in the Medium Term Financial Plan report presented to Council in February 2024 these reserves will be replenished in 2024/25 by releasing funds from the Collection Fund.

Like all Council's we make provisions to manage risks of levels of Council Tax and Business Rates collection and given the financial position these provisions have been reviewed. The Council's long-term collection of Council Tax is around 99%, which means that we write off debts as a last resort. During Covid, we increased the non-collection provision due to increased risks of collection and uncertainty. We have undertaken a review of our collection performance and bad debt provision, and funds can be released.

Our collection performance for Business Rates income is extremely high at over 99%. We are however subject to appeals which can reduce the level of income received and in order to be prudent and in line with standard practice, we create a provision to manage this risk. In recent years there are changes that have affected the appeals process namely a check, challenge and appeal system. A new list was launched in April 2023, which has seen a reduction in appeals, and it was timely to review the provision held and again the review has highlighted that funds can be released to replenish reserves.

Reserve levels are shown in the abbreviated Balance Sheet Table in page 11. The table shows that the level of reserves the Council holds has reduced during 2023/24 and it is critical that the Council takes action to replenish reserves to achieve a greater level of financial resilience for the Council over the medium term

Balance Sheet

The Balance Sheet shows the value of assets and liabilities of the Council and sets out the revenue and capital reserves available for future investment. It also allows for comparison with the previous financial year-end and can be used to make judgements around the organisation's financial position.

A summary of the Balance Sheet at the 31 March 2024 is set out below.

Balance Sheet	31-Mar-23	31-Mar-24
	£000's	£000's
Long Term Assets	527,849	447,939
Current Assets	71,745	77,554
Current Liabilities	-77,214	-79,870
Long Term Liabilities	-86,640	-99,343
Net Assets	435,740	346,280
Current Assets	8,000	8,000
Long Term Assets	58,385	40,487
Current Assets	3,053	3,450
Current Liabilities	46,273	51,557
Long Term Liabilities	320,029	242,786
Total Long-Term Assets	435,740	346,280

The key headline messages to note in relation to the Balance Sheet at 31 March 2024 are as follows:

- Long-term assets have decreased mainly due to the change in the actuarial valuation of the pension fund. With the increases in inflation and the volatility of the markets, over the last two financial years the triennial valuation has seen a significant increase in the financial assumption resulting in a swing from a net pension deficit to a net pension asset however this has been limited to the asset ceiling calculation of £0 as per the CIPFA code, IAS19 and IFRC 14.
- Long-term liabilities have increased mainly due to additional long term borrowing to fund the Councils Capital Programme.
- Earmarked General Fund Reserves have decreased with the planned use of these reserves in year and the funding of the year end outturn overspend.

- Unusable reserves reflect the technical accounting adjustments required to comply with proper accounting practice. Most of the movements are unrealised in nature and do not have an immediate impact on the Council's revenue budget or medium-term financial plan. The primary year-on-year change at 31 March 2024 reflects the reduction in the net pension asset of £101.742m.

The Council's balance sheet is in a positive net worth position (i.e., the assets are greater than the liabilities). The significant decrease of the balance sheets net worth in 2023-24 is predominantly due to the valuation of the pension fund and this being limited to £0

COVID-19 - A Financial Perspective

In previous years the Government provided a range of Covid financial support packages. These included additional funding to support service pressures (both income and expenditure) caused by the pandemic, funding for specific measures and initiatives, and grants paid to local businesses. In accordance with the Code of Practice, where the authority has the ability to determine/influence the grant scheme criteria it is said to be acting as a Principal. Where the authority has acted as Principal, transactions

are included in the financial statements and on this basis, the majority of Covid grants are recognised in the Comprehensive Income and Expenditure Statement (CIES). However there are some instances where the Council has acted as an agent i.e. the Council has simply acted as an intermediary and passed the funds onto recipients following government criteria. Where the Council has acted as an agent, transactions are not reflected in the authority's financial statements.

Core Financial Statements

The Statement of Accounts sets out the Council's income and expenditure for the year, and its financial position at 31 March 2024. It comprises core and supplementary statements, together with disclosure notes.

The format and content of the financial statements is prescribed by the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, which in turn is underpinned by International Financial Reporting Standards.

The Core Financial Statements are;

Movement in Reserves Statement (MIRS)

This statement is a summary of the changes to the Council's reserves over the course of the year. Reserves are divided into "useable", which can be invested in capital projects or service improvements, and "unusable" which must be set aside for specific purposes.

Comprehensive Income and Expenditure Statement (CIES)

This records all of the Council's income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.

Balance Sheet

The Balance Sheet is a "snapshot" of the Council's assets, liabilities, cash balances and reserves at the year-end date.

Cash Flow Statement

Shows the reason for changes in the Council's cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long term liabilities).

Notes to the Financial Statements

The Notes to these financial statements provide more detail about the Council's accounting policies and individual transactions.

The Group Accounts

Report the full extent of the assets and liabilities of the Council and the companies and similar entities, which the Council either controls or significantly influences. The Council has consolidated not only the interests, which are financially material to the Council, but also the non-material interests, to provide a full picture of the Council's arrangements for good governance.

The following entities are 100% controlled by Stockton Council by virtue of 100% shareholding and consolidated to form the group accounts.

Stockton Borough Holding Company Limited - Registration Number 10523559

Stockton Hotels Company Limited - Registration Number 10525068

Financial Statements and Explanatory Notes



Movement in Reserves Statement for the year ended 31 March 2024

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

Movement in Reserves Statement for the year ended 31 March 2024	Unearmarked General Fund Balance	Earmarked Schools Budget Reserve	Other Earmarked Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2022	12,879	-	79,060	91,939	2,244	45,957	140,140	(177,552)	(37,412)
Movement in reserves during 2022-23									
Total Comprehensive Income and Expenditure	(44,661)	-	-	(44,661)	-	-	(44,661)	390,914	346,253
Adjustments between accounting basis & funding basis under regulations (Note 6)	-	-	23,832	23,832	616	(1,354)	23,094	(23,094)	-
Increase/Decrease before transfer to earmarked reserves	(44,661)	-	23,832	(20,829)	616	(1,354)	(21,567)	367,820	346,253
Transfers to / from earmarked reserves	43,248	-	(43,248)	-	-	-	-	-	-
Increase/Decrease in Year	(1,413)	-	(19,416)	(20,829)	616	(1,354)	(21,567)	367,820	346,253
Balance at 31 March 2023 carried forward	8,000	-	58,385	66,385	3,053	46,273	115,711	320,029	435,740
Opening Balance 01 April 2023	8,000	-	58,385	66,385	3,053	46,273	115,711	320,029	435,740
Movement in Reserve in 2023-24									
Total Comprehensive Income and Expenditure	1,917	-	-	1,917	-	-	1,917	(91,377)	(89,460)
Adjustments between accounting basis & funding basis under regulations (Note 6)	-	-	(18,074)	(18,074)	397	5,284	(12,393)	12,393	-
Increase/Decrease before transfer to earmarked reserves	1,917	-	(18,074)	(16,157)	397	5,284	(10,476)	(78,984)	(89,460)
Transfers to / from earmarked reserves	(1,917)	-	176	(1,741)	-	-	(1,741)	1,741	-
Increase / Decrease in the year	-	-	(17,898)	(17,898)	397	5,284	(12,217)	(77,243)	(89,460)
Balance at 31 March 2024 carried forward	8,000	-	40,487	48,487	3,450	51,557	103,494	242,786	346,280
General Fund analysed over:									
Amounts earmarked (Note 7)	40,487	-	-		-	-		-	
Amounts uncommitted	8,000	-	-		-	-		-	
Total General Fund Balance at 31 March 2024	48,487	-	-		-	-		-	

Comprehensive Income and Expenditure Statement for the year ended 31 March 2024

The Comprehensive Income and Expenditure Statement (CIES) 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. Authorities raise taxation 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.

Comprehensive Income and Expenditure Statement for the year ended 31 March 2024	2022 - 23			2023-24		
	£000s	£000s	£000s	£000s	£000s	£000s
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Adults & Health	121,789	(78,315)	43,474	132,037	(93,848)	38,189
Children's Services	174,343	(117,371)	56,972	189,227	(111,723)	77,504
Community Services, Environment & Culture	67,717	(10,132)	57,585	67,359	(8,422)	58,937
Corporate Management & Services	10,082	(2,624)	7,458	10,559	(5,513)	5,046
Finance, Development & Regeneration	88,953	(57,150)	31,803	83,426	(57,066)	26,360
Corporate Services	10,407	(738)	9,669	10,299	(1,070)	9,229
Cost of Services	473,291	(266,330)	206,961	492,907	(277,642)	215,265
Other Operating Expenditure:						
Parish council precepts	926	-	926	967	-	967
(Gain) or loss on the disposal of Investment Properties	-	(31)	(31)	-	-	-
(Gain) or loss on the disposal of non-current assets	4,493	(816)	3,677	-	(758)	(758)
Financing and Investment Income and Expenditure:						
Interest payable and similar charges	4,271	-	4,271	4,980	-	4,980
Net (gains) / losses on financial assets at fair value through profit and loss	2,676	(18)	2,658	529	-	529
Net interest on the net defined benefit liability/asset	33,013	(26,073)	6,940	41,135	(45,881)	(4,746)
Interest receivable and similar income	-	(1,483)	(1,483)	-	(2,750)	(2,750)
(Gain) or loss on trading accounts (not applicable to service)	18,490	(8,666)	9,824	20,094	(10,647)	9,447
Income & expenditure in relation to investment properties and changes in their fair value	1,506	(1,711)	(205)	415	(2,728)	(2,313)
Income & expenditure in relation to investment properties and changes in their fair value	1,506	(1,711)	(205)	415	(2,728)	(2,313)
Revaluation loss on Assets Held for Sale	-	-	-	-	-	-
Taxation and Non-Specific Grant Income:						
Council tax income	-	(102,576)	(102,576)	-	(113,972)	(113,972)
Non-domestic rates income and expenditure	-	(42,395)	(42,395)	-	(44,324)	(44,324)
Non-ringfenced government grants	4,874	(24,985)	(20,111)	3,593	(24,826)	(21,233)
Capital grants and contributions	-	(23,826)	(23,826)	-	(43,009)	(43,009)
(Surplus) or Deficit on Provision of Services	543,540	(498,879)	44,661	564,620	(566,537)	(1,917)
(Surplus) or deficit on revaluation of non current assets			(11,180)			(10,917)
Re-measurements of the defined benefit liability			(379,740)			102,294
Other (gains) and losses			6			-
Other Comprehensive Income and Expenditure			(390,914)			91,377
Total Comprehensive Income and Expenditure			(346,253)			89,460

Balance Sheet as at 31 March 2024

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, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those 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".

Balance Sheet	Note	31 March 2024 £000s	31 March 2023 £000s
Non-current assets			
Property, plant and equipment	11	405,104	383,380
Investment property	13	17,970	16,558
Intangible assets		567	555
Heritage Assets	12	11,028	10,728
Pension Fund Net Assets	31	-	101,742
Long term investments	29	13,028	13,557
Long Term Debtors	29	242	1,329
Total non-current assets		447,939	527,849
Current assets			
Inventories		763	431
Debtors	15 & 29	67,909	55,874
Cash and Cash Equivalents	16	8,746	15,304
Assets held for sale		136	136
Total current assets		77,554	71,745
Current liabilities			
Cash and Cash Equivalents	16	(5,723)	(4,520)
Short Term Borrowing	29	(18,636)	(16,813)
Short Term Creditors	17 & 29	(50,712)	(49,560)
Provisions	33	(4,799)	(6,321)
Total current liabilities		(79,870)	(77,214)
Long term liabilities			
Long Term Creditors	29	(172)	(272)
Long Term Borrowing	29	(89,750)	(77,427)
Other Long Term Liabilities	18 & 29	(5,551)	(6,793)
Grants Receipts in Advance	28	(3,870)	(2,148)
Total long term liabilities		(99,343)	(86,640)
Net Assets:		346,280	435,740
Reserves			
Usable reserves:			
General Fund Balance		8,000	8,000
Earmarked General Fund Reserves	7	40,487	58,385
Capital Receipts Reserve		3,450	3,053
Capital Grants Unapplied		51,557	46,273
Total Usable Reserves		103,494	115,711
Unusable Reserves:			
Revaluation Reserve	20	76,687	68,435
Capital Adjustment Account	19	168,131	158,761
Financial Instruments Adjustment Account		(55)	(116)
Pooled Fund Adjustment Account		(1,972)	(1,443)
Financial Instruments Revaluation Reserve		-	-
Deferred Capital Receipts Reserve		-	154
Pensions Reserve	31	-	101,742
Collection Fund Adjustment Account	21	7,332	(184)
Accumulated Absences Account		(1,285)	(1,268)
Dedicated Schools Grant Adjustment Account		(6,052)	(6,052)
Total Unusable Reserves		242,786	320,029
Total Reserves:		346,280	435,740

Cash Flow Statement for the year ended 31 March 2024

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.

Cash Flow Statement for the year ended 31 March 2023	Note	31 March 2024 £000s	31 March 2023 £000s
Net (surplus) or deficit on the provision of services		(1,917)	44,661
Adjustments to net surplus or deficit on the provision of services for non-cash movements:			
Depreciation, impairment and amortisation of non current assets		(30,407)	(31,198)
Revaluation (gains)/losses		4,692	8,629
Pension Fund adjustments		552	(34,059)
Carrying amount of Non-Current Assets Sold		(2,881)	(6,235)
Other non-cash movement		2,700	11,105
Increase/(Decrease) in Inventories (Stock)		332	(46)
Increase/(Decrease) in Debtors		12,151	7,703
(Increase)/Decrease in Creditors		(323)	(3,190)
(Increase)/Decrease in Provisions		1,519	2,156
Increase/(Decrease) in Long Term Debtors		(1,087)	(624)
		(12,752)	(46,361)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:			
Capital Grants credited to surplus or deficit on the provision of services		46,367	38,782
Proceeds from the disposal of non current assets		1,940	1,616
		48,307	40,398
Net cashflow from operating activities		33,638	38,698
Investing activities			
Purchase of property, plant and equipment, investment property and intangible assets		39,074	28,185
Derease in short term and long term investments		(529)	(3,053)
Proceeds from the sale of property, plant and equipment, investment property and intangibles		(1,940)	(1,616)
Proceeds from short term and long term investments		-	377
Other receipts from investing activities		(48,089)	(39,614)
Net cashflow from investing activities		(11,484)	(15,721)
Financing activities			
Other receipts from financing activities		(2,293)	(11,175)
Cash payments for liabilities relating to finance leases and PFI Contracts		2,046	1,553
Increase in short and long term borrowings		(14,146)	(9,777)
Net cashflow from financing activities		(14,393)	(19,399)
Net (increase) or decrease in cash and cash equivalents		7,761	3,578
Cash and cash equivalents at the beginning of the reporting period		(10,784)	(14,362)
Cash and cash equivalents at the end of the reporting period	16	(3,023)	(10,784)
The cashflow for operating activities includes the following items:			
Interest received		(2,141)	(863)
Dividends received		(683)	(587)
Interest paid		3,442	3,342

Notes to the financial statements

Note 1: Expenditure & Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Expenditure & Funding Analysis	2022-23			2023-24		
	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	£000s	£000s	£000s	£000s	£000s	£000s
Adults & Health	58,518	(15,044)	43,474	65,958	(27,769)	38,189
Children's Services	50,557	6,415	56,972	60,363	17,141	77,504
Community Services, Environment & Culture	36,653	20,932	57,585	36,522	22,415	58,937
Corporate Management & Services	6,286	1,172	7,458	4,305	741	5,046
Finance, Development & Regeneration	15,675	16,128	31,803	16,462	9,898	26,360
Corporate Services	8,669	1,000	9,669	9,875	(646)	9,229
Net Cost of Services	176,358	30,603	206,961	193,485	21,780	215,265
Other Income and Expenditure	(174,945)	12,645	(162,300)	(193,485)	(23,697)	(217,182)
Surplus or Deficit	1,413	43,248	44,661	-	(1,917)	(1,917)
Opening General Fund Balance	(9,413)			(8,000)		
Less/Plus (Surplus) or Deficit	1,413			-		
Closing General Fund Balance at 31 March	(8,000)			(8,000)		

Note 2: Notes to the Expenditure & Funding Analysis

Adjustments between Funding and Accounting Basis 2023-24

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000s	£000s	£000s	£000s
Adults & Health	541	636	(28,946)	(27,769)
Childrens Services	14,346	1,247	1,548	17,141
Community Services, Environment & Culture	13,525	393	8,497	22,415
Corporate Management & Services	(1,592)	199	2,134	741
Finance, Development & Regeneration	6,047	1,574	2,277	9,898
Corporate Services	(3)	145	(788)	(646)
Net Cost of Services	32,864	4,194	(15,278)	21,780
Other Income and Expenditure from the Expenditure and Funding Analysis	(44,564)	(4,746)	25,613	(23,697)
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Surplus or Deficit on the Provision of Services	(11,700)	(552)	10,335	(1,917)

Adjustments between Funding and Accounting Basis 2022-23

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement Amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000s	£000s	£000s	£000s
Adults & Health	754	5,355	(21,153)	(15,044)
Childrens Services	(5,273)	10,502	1,186	6,415
Community Services, Environment & Culture	12,591	3,606	4,736	20,932
Corporate Management & Services	(1,538)	1,594	1,116	1,172
Finance, Development & Regeneration	10,243	4,915	970	16,128
Corporate Services	(3)	1,145	(142)	1,000
Net Cost of Services	16,774	27,117	(13,287)	30,603
Other Income and Expenditure from the Expenditure and Funding Analysis	(17,948)	6,940	23,651	12,645
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Surplus or Deficit on the Provision of Services	(1,174)	34,057	10,364	43,248

Adjustments for capital purposes: this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

Other operating expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets.

Financing and investment income and expenditure – the statutory charges for capital financing ie Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices.

Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for the Pensions Adjustments: this is the net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

For services this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.

For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

Other Differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable to be recognised under statute:

For **Financing and investment income and expenditure** the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts. The other differences column also recognises adjustments between the General Fund and Earmarked Reserves.

The charge under **Taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

Note 3: Accounting Standards that have been issued but have not yet been adopted

The Code requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This applies to the adoption of new or amended standards within the 2024/25 Code. New or amended standards that are expected to be introduced in the 2024/25 Code that apply from 1 April 2024 are:

- a). IFRS 16 Leases – requiring all leases to be recognised on the Balance Sheet, subject to a de-minimis and exemptions. CIPFA/LASAAC deferred the mandatory requirement to account for leases in accordance with IFRS 16 from 1 April 2022 until 1 April 2024. The Council chose not to adopt IFRS 16 on a voluntary basis for 2022/23 or 2023/24. The mandatory requirements for 2024/25 will include an amendment to IFRS16 for lease liabilities in a sale and leaseback. There are also changes to the transition arrangements for service concession arrangement liabilities.
- b). Classification of Liabilities as Current or Non-current (Amendment to IAS1) issued in January 2020. The amendments;
 - Specify that an entity's right to defer settlement must exist at the end of the reporting period"
 - Clarify that classification is unaffected by managements intentions or expectations about whether the entity will exercise its right to defer settlement
 - Clarify how lending conditions affect classification, and
 - Clarify requirements for classifying liabilities an entity will or may settle by

issuing its own equity instruments.

- c). Lease Liability in a sale and leaseback (Amendment to IFRS 16) issued in September 2022. The amendments to IFRS16 add subsequent measurement requirements for sale and leaseback transactions.
- d). Non-current Liabilities with Covenants (Amendments to IAS 12) issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

These changes are not expected to have a material impact on the Authority's Accounts but it will be dependent on arrangements in place at that time and further details of the potential impact will be disclosed when more information becomes available.

Note 4: Critical Judgements in Applying Accounting Policies

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

Lease Accounting - Judgement is required in the initial classification of leases as either operating leases or finance leases. The Council has a number of vehicles held on leases, some of these are for substantially all of the life of the asset, and the amounts paid are in excess of what would be paid if the asset were to be purchased. These vehicles have been treated in accordance with the Council's policies in respect of finance leases, and feature on the balance sheet. The Council's other leases have been assessed and are being treated as operating leases, with the costs charged in full to the net cost of services.

PFI Schemes - The Council is involved with a PFI contract to provide schools and a library in Ingleby Barwick. After an assessment under the requirements of IFRIC 12, it has been determined that these are effectively under the control of the Council. The accounting policies relating to PFI schemes have therefore been applied to this arrangement and the associated assets have been recognised on the Council's balance sheet with the exception of All Saints School which has attained academy status.

The Council has applied its judgement in the classification of investment properties. Investment properties are held to earn rentals, for capital appreciation or both. Some properties earn rentals but are held for regeneration purposes or wider socio-economic reasons. Where this is the case, these properties have been classed as Property, Plant and Equipment.

The Council has brought voluntary controlled schools on-balance sheet because they meet the requirements for recognition under IAS 16, the Council acts as the admissions authority and employs the school staff. Voluntary aided schools remain off-balance sheet as they do not meet the same tests as those for voluntary controlled schools.

Over the previous two financial years the Council received significant amounts of funding for distribution or use to support the Covid-19 lockdown and energy crisis. During 2023/24 these schemes came to an end. The terms of such grants meant some could be considered service or general funding with wider judgement required on whether the Authority was acting as agent or principal.

Note 5: Assumptions made about the future and other major sources of estimation uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made by taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows: :

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pension Assets	<p>"Estimation of the net pension assets and liability to pay pensions 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 the expected returns on pension fund assets.</p> <p>A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. "</p>	<p>The effects on the net pension liability of changes in individual assessments can be measured. For instance, a 0.1% decrease in the discount rate assumption would result in an increase in the pension liability of £15.697 million. Note 31 provides further details.</p>
Property Plant and Equipment	<p>Assets are depreciated over their estimated useful lives and are based on assumptions about the level of repairs and maintenance that will be incurred and useful economic lives.</p>	<p>If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for Property Plant and equipment would increase by £0.081 million for every year that useful lives had to be reduced.</p>
Revaluations	<p>"Valuations are carried out on a rolling programme of up to three years, meaning that there is a possibility of material changes in value between valuations.</p> <p>The risk is minimised by annual valuations of all significant assets and annual reviews of market conditions for all asset categories to ensure that the fair value of assets as at the 31 March are not materially misstated. "</p>	<p>At 31 March 2024, the Council revalued Property Plant and Equipment to the value of £405.104 million, and investment properties to the value of £17.970 million. A 1% change in the estimation of these property values would lead to a £4.05 million change in the value of the Council's land and buildings and £0.178 million change in the value of the Council's investment properties. These changes to valuations would not have a direct impact on the Council's general fund, since any effect charged to the CIES would be reversed to the Council's unusable reserves.</p>
Provisions	<p>The Council makes prudent provision for likely future liabilities, specifically for the impact of successful business rate appeals. The Council has assessed the likely impact of the appeals however the provision may require significant adjustment in future years.</p>	<p>An increase over the forthcoming year of 10% in value of successful appeals would have the effect of adding £0.480m to the overall provision. Total provision for the council element is £4.80m.</p>

Note 6: Adjustments between accounting basis and funding basis under regulations

This note details the adjustments that are made to the total Comprehensive Income and Expenditure recognised by the authority in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the authority to meet future capital and revenue expenditure.

2023-24	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s
Adjustments involving the Capital Adjustment Account (see note 19)	(7,827)			7,827
Adjustments involving the Revaluation Reserve	4,339			(4,339)
Adjustments involving the Capital Grants Unapplied Account	(5,284)		5,284	-
Adjustments involving the Capital Receipts Reserve	(1,940)	397		1,543
Adjustments involving the Deferred Capital Receipts Reserve	154			(154)
Adjustments involving Dedicated Schools Grant Adjustment Account	68			(68)
Adjustments involving the Financial Instruments Adjustment Account	(61)			61
Adjustments involving the Financial Instruments Revaluation Reserve	-			-
Adjustments involving the Pensions Reserve	(552)			552
Adjustments Involving the Pooled Fund Adjustment Account	529			(529)
Adjustments involving the Collection Fund Adjustment Account (see note 21)	(7,517)			7,517
Adjustments involving the Accumulated Absences Adjustment Account	17			(17)
Total Adjustments	(18,074)	397	5,284	12,393

2022-23 Comparative figures	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000s	£000s	£000s	£000s
Adjustments involving the Capital Adjustment Account (see note 19)	(6,193)			6,193
Adjustments involving the Revaluation Reserve	2,227			(2,227)
Adjustments involving the Capital Grants Unapplied Account	1,354		(1,354)	-
Adjustments involving the Capital Receipts Reserve	(1,615)	616		999
Adjustments involving Dedicated Schools Grant Adjustment Account	572			(572)
Adjustments involving the Financial Instruments Adjustment Account	(97)			97
Adjustments involving the Financial Instruments Revaluation Reserve	377			(377)
Adjustments involving the Pensions Reserve	34,059			(34,059)
Adjustments Involving the Pooled Fund Adjustment Account	2,676			(2,676)
Adjustments involving the Collection Fund Adjustment Account (see note 21)	(9,563)			9,563
Adjustments involving the Accumulated Absences Adjustment Account	35			(35)
Total Adjustments	23,832	616	(1,354)	(23,094)

Note 7: Movements in Earmarked Reserves

This note sets out the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2023-24. The purpose of each earmarked reserve is set out in Appendix A. Note 24 to the accounts provides further detail on the Dedicated School Grant Deficit.

Earmarked Reserves	Balance at 31 March 2022	Transfers Out 2022- 23	Transfers In 2022-23	Balance at 31 March 2023	Transfers Out 2023- 24	Transfers In 2023-24	Balance at 31 March 2024
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Capital Reserves							
Stockton Town Centre Regeneration	(754)	121	-	(633)	125	-	(508)
Approved Capital Schemes	(9,093)	1,199	(767)	(8,661)	-	(1,214)	(9,875)
Fleet Renewals Fund	(3,933)	2,367	(514)	(2,080)	1,147	(549)	(1,482)
Total Capital Reserves	(13,780)	3,687	(1,281)	(11,374)	1,272	(1,763)	(11,865)
Revenue Reserves							
Insurance Fund	(8,791)	3,083	(1,668)	(7,376)	3,000	(1,656)	(6,032)
Commuted Lump Sums	(1,071)	143	(70)	(998)	66	4	(928)
Pooled Funds and Interest Rate Risk	(221)	-	(586)	(807)	-	(893)	(1,700)
ICT Infrastructure	(962)	355	(150)	(757)	357	-	(400)
Government Grants Income In Advance	(388)	43	-	(345)	3	-	(342)
Transformation & Implementation Reserve	(3,788)	1,789	(942)	(2,941)	1,232	(692)	(2,401)
MTFP Transition Reserve	(9,247)	2,975	-	(6,272)	6,091	-	(181)
ARCC Probation Service	(1,289)	-	-	(1,289)	-	-	(1,289)
Health & Integration	(13,292)	5,101	(395)	(8,586)	3,066	(173)	(5,693)
Collection Fund Deficit Reserve	(1,089)	545	-	(544)	544	-	-
NNDR S31 Grant	(7,759)	6,547	(213)	(1,425)	-	(769)	(2,194)
Covid Recovery Funds	(1,718)	1,523	-	(195)	63	-	(132)
Other Revenue Reserves	(9,922)	2,363	(2,238)	(9,797)	9,025	(767)	(1,539)
Total Revenue Reserves	(59,537)	24,467	(6,262)	(41,332)	23,447	(4,946)	(22,831)
Schools Related Reserves							
Balances held by schools under a scheme of delegation	(4,484)	996	(5)	(3,493)	432	(476)	(3,537)
Dedicated Schools Grant (Deficit)	-	-	(2,186)	(2,186)	-	(68)	(2,254)
Total Schools Related Reserves	(4,484)	996	(2,191)	(5,679)	432	(544)	(5,791)
Total Earmarked Reserves	(77,801)	29,150	(9,734)	(58,385)	25,151	(7,253)	(40,487)

Note 8: Segmental Income

The Council receives significant Fees and Charges income from external customers. The total income received on a segmental basis is analysed below:

Segmental Income	2023-24	2022-23
	£000s	£000s
Services		
Adults & Health	(18,946)	(16,470)
Childrens Services	(6,216)	(6,111)
Community Services, Environment & Culture	(5,448)	(4,843)
Corporate Management & Services	(2,430)	(1,685)
Finance, Development & Regeneration	(7,811)	(8,217)
Corporate Services	(425)	(332)
Other Income	(7,642)	(6,412)
Total income analysed on a segmental basis	(48,918)	(44,070)

Note 9: Members' Allowances

Details of the amounts paid to each elected member of the Council are published annually. The total amount paid to members in respect of basic allowance, special responsibility allowance, Mayoral Allowances, travel & subsistence and carer's allowances was £723,319 (last year: £725,275).

Members' Allowances	2023-24	2022-23
	£000s	£000s
Basic Allowances	518	541
Special Responsibility Allowances	205	184
Travel & Expenses	0	0
Total	723	725

Note 10: Employee Remuneration

The number of employees whose taxable remuneration, including benefits, redundancy and other severance payments, exceeded £50,000 is shown below, in bands of £5,000:

Remuneration Summary Bandings	Number of Employees			
	2023-24	2022-23	2023-24	2022-23
	Council	Council	Schools	Schools
£50,000 - £54,999	70	50	30	24
£55,000 - £59,999	38	17	18	17
£60,000 - £64,999	20	18	11	10
£65,000 - £69,999	15	8	12	6
£70,000 - £74,999	6	2	6	6
£75,000 - £79,999	4	4	2	5
£80,000 - £84,999	6	6	4	1
£85,000 - £89,999	3	2	1	1
£90,000 - £94,999	4	11	1	-
£95,000 - £99,999	10	2	-	-
£100,000 - £104,999	3	3	-	-
£105,000 - £109,999	1	-	-	1
£115,000 - £119,999	-	-	1	-
£130,000 - £134,999	-	1	-	-
£150,000 - £154,999	1	-	-	-

Remuneration of the Chief Executive and the Council's senior staff has been excluded above. Details are shown in the following tables.

Remuneration of Senior Employees 2023-24

Post holder information	Salary (Including fees & Allowances)	Expense Allowances	Benefits in kind	Total Remuneration excluding pension contributions 23/24	Compensation for Loss of Office	Pension contributions	Total Remuneration including pension contributions 23/24
	£	£	£	£	£	£	£
Chief Executive (Mike Greene)	169,026	-	704	169,730	-	22,134	191,864
Deputy Chief Executive & Director of Finance, Transformation & Performance	146,865	149	-	147,014	-	19,239	166,253
Director of Children's Services	56,640	-	-	56,640	-	7,420	64,059
Director Adults, Health and Wellbeing	103,309	-	-	103,309	-	12,925	116,234
Director of Adults and Health	45,312	-	-	45,312	-	5,936	51,248
Director of Corporate Services (Monitoring Officer)	135,935	-	-	135,935	-	17,808	153,743
Director of Community Services, Environment & Culture	135,935	-	656	136,591	-	17,021	153,612
	793,022	149	1,360	794,531	0	102,483	897,013

During 2023/24 both the Director of Children's Services and Director of Adults and Health left their positions. The Director of Adults and Health was replaced by the Director of Adults, Health and Wellbeing while the Director of Children's post remained vacant to the end of 2023/24.

Remuneration of Senior Employees 2022-23

Post holder information	Salary (Including fees & Allowances)	Expense Allowances	Benefits in kind	Total Remuneration excluding pension contributions 22/23	Compensation for Loss of Office	Pension contributions	Total Remuneration including pension contributions 22/23
	£	£	£	£	£	£	£
Managing Director (Julie Danks)	163,310	-	-	163,310	-	21,394	184,704
Chief Executive (Mike Greene)	65,324	-	165	65,489	-	8,416	73,905
Director of Finance, Development & Regeneration	141,898	379	-	142,277	-	18,589	160,866
Director of Children's Services	131,338	-	-	131,338	-	17,205	148,543
Director of Adults and Health	131,338	-	-	131,338	-	17,205	148,543
Director of Corporate Services	54,724	-	-	54,724	-	7,169	61,893
Director of Community Services & Transport	34,600	-	-	34,600	381,008	4,533	420,140
Head of HR, Legal and Communications (Monitoring Officer)	109,448	-	-	109,448	-	14,338	123,786
Director of Community Services, Environment & Culture	131,338	-	656	131,994	-	16,419	148,413
	963,318	379	821	964,518	381,008	125,267	1,470,794

During 2022/23 the Council restructured its services and a number of senior staff changes were implemented as part of this restructure. Managing Director, Director of Community Services & Transport and Head of HR, Legal & Communications all left their posts at differing times during the year. These posts were replaced by a new Chief Executive and Director of Corporate Services.

Note 11: Non Current Assets - Property, Plant & Equipment

Movements in 2023-24	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	PP&E Under Construction	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation						
At 1 April 2023	210,448	22,648	210	3,606	1,131	238,043
Additions	22,032	3,556	-	-	-	25,588
Accumulated depreciation written off on revaluation						-
Accumulated depreciation & impairment written off to Gross Carrying Amount (GCA)	(6,791)		-	(15)		(6,806)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	12,730		-	836		13,566
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on provision of services	1,144		-	(821)		323
Derecognition - disposals	(2,615)	(1,576)	-	-		(4,191)
Other reclassifications	(10,971)	(418)	-	-	-	(11,389)
At 31 March 2024	225,977	24,210	210	3,606	1,131	255,134
Accumulated Depreciation and Impairment						
At 1 April 2023	(22,668)	(12,186)	-	-	-	(34,854)
Depreciation Charge	(8,799)	(2,439)		(16)		(11,254)
Accumulated depreciation written off on revaluation	6,791					6,791
Impairment losses/reversals recognised in the (Surplus)/Deficit on provision of services	(8,550)	(695)	-	-	-	(9,245)
Derecognition - disposals	121	1,515		-		1,636
Other reclassifications	10,971	418		-	-	11,390
At 31 March 2024	(22,134)	(13,387)	-	(16)	-	(35,536)
Net Book Value						
At 31 March 2024	203,843	10,823	210	3,590	1,131	219,598
At 31 March 2023	187,780	10,461	210	3,606	1,131	203,189

In accordance with the Temporary Relief offered by the update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The authority 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. Details of the Net Book value of Infrastructure Assets are included in the table below.

Infrastructure Assets Net Book Value	Total
At 31 March 2023	180,191
Additions	14,961
Depreciation	(9,611)
Other	(35)
At 31 March 2024	185,506

Total Non Current Assets Net Book Value is shown in the table below;

Total Non Current Assets Net Book Value	Total
At 31 March 2023	383,380
At 31 March 2024	405,104

Movements in 2022-23	Other Land & Buildings	Vehicles, Plant & Equipment	Community Assets	Surplus Assets	PP&E Under Construction	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Cost or Valuation						
At 1 April 2022	200,338	20,496	210	2,671	1,511	225,226
Additions	13,854	3,520	-	105	222	17,701
Accumulated depreciation & impairment written off to Gross Carrying Amount (GCA)	(13,152)	-	-	(15)	-	(13,167)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	10,344	-	-	836	-	11,180
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on provision of services	8,181	-	-	336	-	8,517
Derecognition - disposals	(6,481)	(1,124)	-	(327)	-	(7,932)
Other reclassifications	(2,636)	(244)	-	-	(602)	(3,482)
At 31 March 2023	210,448	22,648	210	3,606	1,131	238,043
Accumulated Depreciation and Impairment						
At 1 April 2022	(21,231)	(10,919)	-	-	(602)	(32,752)
Depreciation Charge	(7,946)	(2,119)	-	(48)	-	(10,113)
Accumulated depreciation written off on revaluation	13,152	-	-	15	-	13,167
Impairment losses/reversals recognised in the (Surplus)/Deficit on provision of services	-	-	-	-	-	-
Derecognition - disposals	1,978	1,025	-	33	-	3,036
Other reclassifications	2,636	244	-	-	602	3,482
At 31 March 2023	(22,668)	(12,186)	-	-	-	(34,854)
Net Book Value						
At 31 March 2023	187,780	10,461	210	3,606	1,131	203,189
At 31 March 2022	179,107	9,577	210	2,671	909	192,476

Infrastructure Assets Net Book Value	Total
At 31 March 2022	175,086
Additions	14,381
Depreciation	(9,265)
Other	(11)
At 31 March 2023	180,191

Total Non Current Assets Net Book Value is shown in the table below;

Total Non Current Assets Net Book Value	Total
At 31 March 2022	367,562
At 31 March 2023	383,380

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

PPE

Other Land and Buildings	30 to 90 years
Vehicles, Plant, Furniture & Equipment	5 to 15 years

Infrastructure Assets

Carriageways	30 years
Footways and cycle tracks	30 years
Structures (bridges)	80 years
Street lighting	30 years
Bus shelters	25 years
Traffic management systems	15 years
Traffic signals	15 years
Pedestrian crossings	15 years

Assets held under finance leases

Property, Plant and Equipment, set out in the preceding tables, includes assets held under finance leases. The value of these assets totalled £3.9m (Last year: £4.4m).

Capital Commitments

At 31 March 2024, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2023/24 and future years of which the major schemes are as follows:

School place extensions/ alterations - £1.114m

Norton Public Realm - £0.892m

Carriageway Resurfacing - £2.701m

Urban Park and Land Bridge - £21.152

Preston Park Museum and Grounds - £9.367m

Dunedin House Refurbishment - £3.143m

Revaluations

The Council has implemented out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every three years; this replaces a programme that previously required valuations to be carried out at least every five years. The majority of valuations were carried out internally with a small number carried out by the Valuation Office Agency, Knight Frank and Sanderson Weatherall. 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. The effective date for all revaluations in 23/24 is 31st March 2024.

Operational Assets	Other Land & Buildings £000s	Vehicles, Plant & Equipment £000s	Surplus Assets £000s	Total £000s
Valued at historical cost		22,648		22,648
Valued at current value as at:				
Current Year	85,548		3,605	89,153
2022/2023	29,190		-	29,190
2021/2022	95,708			95,708
Total	210,446	22,648	3,605	236,699

Note 12: Non Current Assets - Heritage Assets

2023-24	Artworks £000s	Ceramics Glass Silverware & Decorative Art £000s	Weapons & Militaria £000s	Transport £000s	Archaeological £000s	Civic Regalia £000s	Total £000s
Valuation							
At 1 April 2023	6,500	1,464	2,538	47	35	144	10,728
Additions	-	-	-	-	-	-	-
Revaluations	-	75	225	-	-	-	300
At 31 March 2024	6,500	1,539	2,763	47	35	144	11,028

2022-23	Artworks £000s	Ceramics Glass Silverware & Decorative Art £000s	Weapons & Militaria £000s	Transport £000s	Archaeological £000s	Civic Regalia £000s	Total £000s
Valuation							
At 1 April 2022	6,500	1,464	2,538	47	35	144	10,728
Additions	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-
At 31 March 2023	6,500	1,464	2,538	47	35	144	10,728

Revaluations

A comprehensive valuation was undertaken in 2018/19 by Anderson & Garland Ltd who are auctioneers and valuers. Dependant on the artifact in question the value is either the new replacement value, the second-hand replacement value, the facsimile value or the compensation value. The Authority considers that the cost of obtaining annual external valuations would involve disproportionate costs in relation to the benefits to the user of the Authority's accounts. Heritage Assets are carried at their revalued amount and are reviewed on an annual basis to ensure the valuations remain current

Note 13: Non Current Assets - Investment Property

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:

Non Current Assets - Investment Property	31 March 2024	31 March 2023
	£000s	£000s
Rental income from investment property	1,038	1,172
Direct operating expenses arising from investment property	(136)	(119)
Net gain/(loss)	902	1,053

There are no restrictions on the Authority's ability to realise the value inherent in its investment property or on the Authority's right to the remittance of income and the proceeds of disposal.

The Authority has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

Movement in the fair value of investment properties over the year	31 March 2024	31 March 2023
	£000s	£000s
Balance at the start of the year	16,558	17,407
Additions:		
Purchases	-	-
Construction		
Subsequent expenditure	-	-
Disposals	-	-
Net gains/(losses) from fair value adjustments	1,412	(850)
	-	-
Transfers:		
To/from Property, Plant & Equipment	-	-
Other changes	-	-
Balance at the end of the year	17,970	16,558

The Council's largest investment is the Hampton by Hilton Hotel on the North Shore development (£11.9m). The Council's interests in the Hotel have been valued by a specialist at 31st March 2024.

The Hotel has been valued using the Income Capitalisation method and discounted cash flow using Level 2 observable inputs. The valuation technique applied in respect of the Fair Value hotel valuation was the income approach. The inputs to this technique constitute Level 2 inputs.

Note 14: Expenditure and Income Analysed by Nature

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

The Council's expenditure and income	31 March 2024	31 March 2023
	£000s	£000s
Expenditure		
Employee benefits expenses	162,446	178,097
Other services expenses	301,908	271,270
Support service recharges	12,366	13,224
Depreciation, amortisation and impairment	41,300	38,972
Interest payments	45,802	36,983
Precepts and levies	798	1,318
Loss on the disposal of assets	-	3,676
Total Expenditure	564,620	543,540
Income		
Fees, charges and other service income	(68,473)	(65,095)
Gain on the disposal of assets	-	-
Interest and investment income	(48,654)	(27,556)
Income from council tax and business rates	(158,297)	(144,971)
Government grants and contributions	(291,113)	(261,257)
Total Income	(566,537)	(498,879)
(Surplus) or Deficit on the Provision of Services	(1,917)	44,661

Note 15: Debtors

Debtors	31 March 2024	31 March 2023
	£000s	£000s
Central Government	12,733	13,582
Local Government	5,804	5,594
National Health Service	4,077	2,198
Local Taxation	19,546	14,207
Other entities and individuals	25,749	20,293
	67,909	55,874

Note 15 (a): Debtors for Local Taxation

The past due but not impaired amount for local taxation (Council Tax & non-domestic rates) can be analysed by age as follows:

Debtors for Local Taxation	31 March 2024	31 March 2023
	£000s	£000s
Less than three months	1,191	753
Three to six months	624	825
Six months to one year	5,820	6,441
More than one year	11,911	6,188
	<u>19,546</u>	<u>14,207</u>

Note 16: Cash & Cash Equivalents

Cash & Cash Equivalents	31 March 2024	31 March 2023
	£000s	£000s
Bank and Imprests	50	64
Cash Equivalents	8,696	15,240
Bank Overdraft	(5,723)	(4,520)
	<u>3,023</u>	<u>10,784</u>

Note 17: Short Term Creditors

Short Term Creditors	31 March 2024	31 March 2023
	£000s	£000s
Central Government	(13,037)	(15,909)
Local Government	(5,719)	(3,784)
National Health Service	(3,116)	(2,035)
Local Taxation	(2,354)	(2,852)
Other entities and individuals	(26,486)	(24,980)
	<u>(50,712)</u>	<u>(49,560)</u>

Note 18: Other Long Term Liabilities

Other Long Term Liabilities	31 March 2024	31 March 2023
	£000s	£000s
Finance lease liability	(2,851)	(3,489)
PFI liability	(2,700)	(3,304)
Net pensions liability	-	-
	<u>(5,551)</u>	<u>(6,793)</u>

Note 19: 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 enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert 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 enhancement.

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.

Capital Adjustment Account	2023-24		2022-23
	£000s	£000s	£000s
Balance at 1 April		(158,761)	(151,575)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:			
• Charges for depreciation and impairment of non-current assets	27,559		29,149
• Revaluation losses on property, plant and equipment	(1,582)		(8,517)
• Revaluation losses / (gain) on AHFS & Investment Properties	(1,412)		848
• Amortisation of intangible assets	122		103
• Revenue expenditure funded from capital under statute	14,630		15,820
• Amounts of non-current assets written off on disposal or sale	941		4,619
		<u>40,258</u>	<u>42,022</u>
Capital financing applied in the year:			
• Use of the Capital Receipts Reserve to finance new capital expenditure	(1,544)		(1,000)
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(21,244)		(31,693)
• Application of grants to capital financing from the Capital Grants Unapplied Account	(19,690)		(8,441)
• Statutory provision for the financing of capital investment charged against the General Fund balance	(3,285)		(3,418)
• Capital expenditure charged against the General Fund balance	(3,864)		(4,655)
		<u>(49,627)</u>	<u>(49,207)</u>
Other adjustments		-	-
Balance at 31 March		<u>(168,131)</u>	<u>(158,761)</u>

Note 20: Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its property, plant and equipment. 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.

Revaluation Reserve	2023-24		2022-23
	£000s	£000s	£000s
Balance at 1 April		(68,435)	(59,482)
Upward revaluation of assets	(12,681)		(12,994)
Downward revaluation of assets and impairment losses not charged to the (surplus)/deficit on the provision of services	89		1,814
Surplus or deficit on revaluation of non-current assets not posted to the (surplus)/deficit on the provision of services		(12,592)	(11,180)
Difference between fair value depreciation and historical cost depreciation	2,727		1,950
Accumulated gains on assets sold or scrapped	1,613		277
Amount written off to the Capital Adjustment Account		4,340	2,227
Balance at 31 March		(76,687)	(68,435)

Note 21: Collection Fund Adjustment Account

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

Collection Fund Adjustment Account	2023-24		2022-23
	£000s	£000s	£000s
Balance at 1 April		184	9,747
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(4,919)		(469)
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	(2,598)		(9,095)
Balance at 31 March		(7,332)	184

Note 22: Related Party Transactions

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

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the analysis in Note 28.

Members

Members of the Council have direct control over the Council's financial and operating policies. The total of members' allowances paid in 2023/24 is shown in Note 9. During 2023/24, £4,062 in value were commissioned from companies where members have a controlling interest (last year: £36,398). If contracts were entered into these would be in full compliance with the Council's standing orders..

Entities Controlled or Significantly Influenced by the Council

The Council has two subsidiaries over which it has control by virtue of its 100% shareholding. The Council's subsidiary companies are Stockton Hotel Company and Stockton Holding Company. The Council received £1.412m from these companies during the year. Additional information can be found in the Group Accounts section of the accounts.

A number of elected members and senior officers sit on the management committees or boards of local organisations. During 2023/24 the Council had transactions that totalled £5.476 million (last year: £5.817 million) to bodies that included Catalyst Stockton-on-Tees, Stockton Shopmobility, Spark of Genius North East, Stockton & District Advice and Information Service, Friends of Ropner, Tees Active Limited, Onsite, Hardwick in Partnership, Eastern Ravens Trust, Stockton Hotel and Stockton Holding Companies, FRADE, Billingham, Ingleby Barwick and Thornaby Town Councils, North East Regional Employers Organisation, and Tees Music Alliance. The transactions consisted of grants and payments for services provided to and by the Council. At the 31st March the Council owed £85k from related party suppliers and they in turn owed £1.515 million to the Council.

Note 23: External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts, certification of grant claims and for non-audit services provided by the Council's external auditors:

External Audit Costs	2023-24	2022-23
	£000s	£000s
Fees payable to Mazars LLP with regard to external audit services	357	155
Fees payable to Mazars LLP for the certification of grant claims	14	12
Fees payable in respect of other services provided by Mazars LLP	5	5
	376	172
<i>Government Funding Additional Audit Requirements</i>	51	51

Note 24: Dedicated Schools Grant

The council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency, 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 2017. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2023/24 are as follows:

2023/24	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final Dedicated Schools Grant for 2023/24 before academy and high needs recoupment			213,587
Academy and high needs figure recouped for 2023/24			(131,020)
Total DSG after Academy and high needs recoupment for 2023/24			82,567
Plus: Brought forward from 2022/23			2,186
Less: Carry-forward to 2024/25 agreed in advance			-
Agreed initial budgeted distribution in 2023/24	34,309	50,444	84,753
In year adjustments	-	456	456
Final budgeted distribution for 2023/24	34,309	50,900	85,209
Less: Actual central expenditure	32,055		32,055
Less: Actual ISB deployed to schools		50,900	50,900
Plus: Local authority contribution for 2023/24	-	-	-
In Year Carry-forward Surplus / (Deficit) to 2023/24	2,254	-	2,254
Plus: Carry-forward to 2024/25 agreed in advance			-
Carry-forward to 2024/25			2,254
DSG unusable reserve at the end of 2022/23			6,052
Addition to DSG unusable reserve at the end of 2023/24			-
Total of DSG unusable reserve at the end of 2023/24			6,052
Net DSG position at the end of 2023/24			(3,798)

At 31st March 2024, the DSG shows a cumulative deficit balance of £3.798million. This has arisen due to the increased pressure in supporting children with special educational needs and disabilities from what is also commonly referred to as High Needs spend. For example, these services has been impacted by the increasing number of Education, Health and Care plans (EHCP) being undertaken. This is a national challenge and locally in Stockton, there has been a significant growth in the number of EHCPs in the last 5 years. During 2023-24 the net position has improved by £0.068m.

On the 6 November 2020, the secretary of state for Ministry of Housing, Communities and Local Government laid before Parliament a statutory instrument 1 (the instrument) to amend The Local Authorities (Capital Finance and Accounting) Regulations (the 2003 Regulations). The provisions came into effect from 29 November 2020.

The instrument amends the 2003 Regulations by establishing new accounting practices in relation to the treatment of local authorities' schools budget deficits such that where a local authority has a deficit on its schools budget relating to its accounts for a financial year beginning on 1st April 2020, 1st April 2021 or 1st April 2022, it must not charge the amount of that deficit to a revenue account. The local authority must record any such deficit in a separate account established solely for the purpose of recording deficits relating to its school's budget. The new accounting practice has the effect of separating schools budget deficits from the local authorities' general fund for a period of three financial years. Note that these Regulations have been extended for three years by means of the Local Authorities (Capital Finance and Accounting) (England) (Amendment) (No. 2) Regulations 2022 (SI 2022 No 1328) to the financial years beginning on 1 April 2020 and ending 31 March 2026.

The Authority must charge the amount of the deficit (£6.052m), to an account established, charged and used solely for the purpose of recognising deficits in respect of its schools budget: the Code established this as the 'Dedicated Schools Grant Adjustment Account', an unusable reserve.

2022/23	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final Dedicated Schools Grant for 2022/23 before academy and high needs recoupment			199,900
Academy and high needs figure recouped for 2022/23			(119,203)
Total DSG after Academy and high needs recoupment for 2022/23			80,697
Plus: Brought forward from 2021/22			571
Less: Carry-forward to 2023/24 agreed in advance			-
Agreed initial budgeted distribution in 2022/23	29,371	51,897	81,268
In year adjustments	-	(93)	(93)
Final budgeted distribution for 2022/23	29,371	51,804	81,175
Less: Actual central expenditure	27,185		27,185
Less: Actual ISB deployed to schools		51,804	51,804
Plus: Local authority contribution for 2022/23	-	-	-
In Year Carry-forward Surplus / (Deficit) to 2023/24	2,186	-	2,186
Plus: Carry-forward to 2023/24 agreed in advance			-
Carry-forward to 2023/24			2,186
DSG unusable reserve at the end of 2021/22			6,052
Addition to DSG unusable reserve at the end of 2022/23			-
Total of DSG unusable reserve at the end of 2022/23			6,052
Net DSG position at the end of 2022/23			(3,866)

Note 25: Private Finance Initiative and Similar Contracts

The Council entered into an agreement with Robertson Group to build a secondary school, primary school, nursery unit and a community library at Ingleby Barwick under the Private Finance Initiative. Ingleby Barwick Community Campus opened in September 2003 and payments to the contractor started from that date for a period of 25 years. The contractor took on the obligation to construct the buildings and maintain them in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate them. The secondary school has attained academy status and is not therefore included within assets held under the scheme.

Payments

The Council makes a contractual payment which is increased each year by an agreed inflation formula and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed.

Payments remaining to be made under the PFI contract at 31 March 2024 have been recalculated under IFRS 16 Leases requirements which the authority will adopt from 1st April 2024, (excluding any estimation of inflation and availability/performance deductions) are as follows:

Future Payments	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£000s	£000s	£000s	£000s
Payment due:				
In 2024-25	525	604	882	2,011
Within two to five years	1,580	2,700	3,228	7,508
	2,105	3,304	4,110	9,519

Note 26: Leases

Operating leases: Council as lessor

The Council acts as a lessor and has granted a number of long-term leases to commercial operations for land and property, accounting for them as operating leases.

Future minimum lease payments receivable	2023-24	2022-23
	£000s	£000s
Not later than one year	2,703	2,057
Later than one year & not later than five years	9,280	7,078
Later than five years	32,211	24,126
	44,194	33,261

Note 27: Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases and PFI contracts), 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. The CFR is analysed in the second part of this note.

Capital Expenditure and Financing	31 March 2024	31 March 2023
	£000s	£000s
Opening Capital Financing Requirement	184,161	185,346
Capital investment		
Property, plant and equipment	40,549	32,161
Intangible assets	274	91
Revenue expenditure funded from capital under statute	14,630	15,820
Sources of Finance		
Capital receipts	(1,544)	(1,000)
Government grants and other contributions	(40,934)	(40,134)
<i>Sums set aside from revenue:</i>		
Direct revenue contributions	(3,864)	(4,655)
Minimum Revenue Provision (MRP)	(3,285)	(3,418)
Adjustment to prior year to correct closing balance		(50)
Closing Capital Financing Requirement	189,987	184,161
Explanation of movements in year		
Increase/(Reduction) in underlying need to borrow	5,022	(1,426)
Assets acquired under finance leases	804	290
Increase/(decrease) in Capital Financing Requirement	5,826	(1,136)

Note 28: Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023-24. This excludes Dedicated Schools Grant which is detailed in Note 24.

Credited to Taxation and Non Specific Grant Income	2023-24	2022-23
	£000s	£000s
<u>Non-ringfenced government grants</u>		
RSG	6,099	5,265
New Homes Bonus	519	2,596
NNDR s31 Grant	12,895	8,467
Other Services Grant	1,604	2,735
Lower Tier Services Grant	-	292
Other Revenue Income	336	379
Covid 19 - Various Non Service Specific	3,373	5,251
	24,826	24,985
<u>Capital grants and contributions</u>		
DCSF Capital Grants	4,284	2,890
TVCA (CRST / Local Transport Plan)	5,399	3,980
Future High Streets	9,645	5,549
Town Deal	9,358	166
Homes England	139	8,293
TVCA	1,589	1,955
National Lottery	279	205
Other Capital grants	8,087	667
Other Capital Contributions	4,229	121
	43,009	23,826
Total - Non Specific Grant Income	67,835	48,811
Credited to Services		
Public Health	15,336	14,852
Housing Benefit and Council Tax Benefit Administration	590	947
Adult Education SFA/ESA/TVCA	1,893	1,443
Basic need	10,430	1,245
School Condition Allowance	85	58
SEND Higher Needs Capital Grant	309	965
Rent Rebates	17	22
Rent Allowance Subsidy	39,329	38,840
Covid 19 - Service Specific	641	4,711
Pupil Premium	4,646	4,506
UIFSM	530	619
Primary PE & Sports Grant	332	375
Arts Council Music Grant	882	666
Adoption Reform Grant	801	431
Disabled Facilities Grant	2,229	2,116
Independent Living Fund	-	501
Improved Better care fund	7,172	7,172
Levelling Up Fund	500	3,062
Future High Street Fund	-	1,208
Town Deal	-	3,630
Troubled families	1,114	992
Unaccompanied Asylum Seeking Children	1,650	1,049
Ukraine Refugees Scheme	369	435
Holiday Activities and Food Programme	910	945
Adult Social Care Discharge Fund	1,005	-
Adult Social Care Grant	13,087	7,945
Adults Markets Sustainability Grant	1,979	571
Markets Sustainability & Improvement Fund	1,285	-
Homelessness Prevention Grant	623	506
Substance Misuse Treatment & recovery Funding	1,158	707
Other Grants	8,555	9,086
Total	117,457	109,605

The Council has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that will require the monies or property to be returned to the giver. The balances at the year end are as follows:

Capital and Revenue Grants Receipts in Advance	31 March 2024	31 March 2023
	£000s	£000s
Offenders' Learning and Skills Service	-	82
Other	183	7
Ukraine Refugee Schemes	1,492	1,377
Afghan Resettlement Schemes	1,464	213
PCC Elections	178	-
Asylum Seeker Schemes	-	213
Covid 19 - Various	-	20
Change Partnership Programme	319	-
Well Being For Education	-	24
Delivering Better Value	210	-
Discretionary Council Tax Energy Rebate	24	46
Foundation Learning	-	166
Total	3,870	2,148

Note 29: Financial Instruments

A financial instrument is a contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Non-exchange transactions, such as those relating to taxes and government grants, do not give rise to financial instruments.

Financial Liabilities

A financial liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash, financial assets or an obligation to exchange financial assets and liabilities with another entity that is potentially unfavourable to the Council. The majority of the Council's financial liabilities held during the year are measured at amortised cost and comprised:

- long-term loans from the Public Works Loan Board and commercial lenders
- overdraft with the NatWest bank
- lease payables
- Private Finance Initiative contracts
- trade payables for goods and services received

Financial Assets

A financial asset is a right to future economic benefits controlled by the Council that is represented by cash, equity instruments or a contractual right to receive cash or other financial assets or a right to exchange financial assets and liabilities with another entity that is potentially favourable to the Council. The financial assets held by the Council during the year are accounted for under the following three classifications:

- Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest.

Interest credited to the CIES is the amount receivable as per the loan agreement.

- Fair Value Through Other Comprehensive Income (FVOCI) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.
- Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur.

Financial assets held at amortised cost and some assets held at fair value through other comprehensive income are shown net of a loss allowance reflecting the statistical likelihood that the borrower or debtor will be unable to meet their contractual commitments to the Council.

Financial Instruments - Balances

The value of debtors and creditors reported in the tables below are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet also include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

The financial liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities (at Amortised Cost)	Long Term		Short Term	
	31 March 2024 £000s	31 March 2023 £000s	31 March 2024 £000s	31 March 2023 £000s
Loans	89,750	77,427	18,636	16,813
Bank Overdraft	0	0	5,723	4,520
Total Other Long-term Liabilities	5,551	6,793	604	251
Financial Liabilities Included in Creditors	182	272	44,801	43,436
Total Financial Liabilities	95,483	84,492	69,764	65,020

The financial assets disclosed in the Balance Sheet are analysed across the following categories:

Financial Assets	Long Term		Short Term	
	31 March 2024 £000s	31 March 2023 £000s	31 March 2024 £000s	31 March 2023 £000s
Loans to Companies and for Service Purposes at Amortised Cost	232	626	10	94
At Fair Value Through Other Comprehensive Income	0	0	0	0
At Fair Value Through Profit & Loss	13,028	13,557	8,300	15,000
Cash and Cash Equivalents at Amortised Cost	0	0	446	304
Financial Assets at Amortised Cost Included in Debtors	0	0	36,283	29,873
Total Financial Assets	13,260	14,183	45,039	45,271

Equity instruments elected to fair value through other comprehensive income

The Council has elected to account for the following investments in equity instruments at fair value through other comprehensive income because they are long-term strategic holdings and changes in their fair value are not considered to be part of the Council's annual financial performance.

Equity instruments	Fair Value		Dividends	
	31 March 2024 £000s	31 March 2023 £000s	31 March 2024 £000s	31 March 2023 £000s
Teesside Airport	0	0	0	0
Total Financial Assets	0	0	0	0

Financial Instruments - Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

Financial Instruments - Gains and Losses	Financial Liabilities	Financial Assets	2023-24 Total	2022-23 Total
	£'000	£'000	£'000	£'000
Interest expense on liabilities held at amortised cost	4,980	0	4,980	4,271
Losses from changes in fair value of assets held at fair value through profit and loss	0	529	529	2,676
Fees paid	7	0	7	2
Interest payable and similar charges	4,987	529	5,516	6,949
Interest income on assets held at amortised cost	0	(2,090)	(2,090)	(887)
Dividend income on assets held at fair value through profit and loss	0	(683)	(683)	(587)
Interest and investment income	0	(2,773)	(2,773)	(1,474)
Net impact on surplus/deficit on provision of services	4,987	(2,244)	2,743	5,475
Gains / Loss on revaluation	0	0	0	0
Gain on revaluation	0	0	0	0
Amounts recycled to surplus/deficit on provision of services	0	0	0	0
Impact on other comprehensive income	0	0	0	0
Net Gain/(Loss) for the Year	4,987	(2,244)	2,743	5,475

Financial Instruments - Fair Values

Financial instruments classified at amortised cost are carried in the Balance Sheet at amortised cost. Their fair values have been estimated by calculating the net present value of the remaining contractual cash flows at 31st March 2024, using the following methods and assumptions:

- Loans borrowed by the Council have been valued by discounting the contractual cash flows over the whole life of the instrument at the appropriate market rate for local authority loans.
- Discount rates for "Lender's Option Borrower's Option" (LOBO) loans have been reduced to reflect the value of the embedded options. The size of the reduction has been calculated using proprietary software.
- The fair values of other long-term loans and investments have been discounted at the market rates for similar instruments with similar remaining terms to maturity on 31st March.
- The fair values of finance lease assets and liabilities and of PFI scheme liabilities have been calculated by discounting the contractual cash flows (excluding service charge elements) at the appropriate AA-rated corporate bond yield.

- No early repayment or impairment is recognised for any financial instrument.
- The fair value of short-term instruments, including trade payables and receivables, is assumed to approximate to the carrying amount given the historically low interest rate environment.

Fair values are shown in the table below, split by their level in the fair value hierarchy:

- Level 1 – fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. Pooled Property Fund based on the latest market value from quarterly unaudited accounts.
- Level 2 – fair value is calculated from inputs other than quoted prices that are observable for the asset or liability. For PWLB loans payable, PWLB premature repayment rates. PFI Liabilities have been arrived at using a discounted cash flow analysis over the remaining term of the instrument.
- Level 3 – fair value is determined using unobservable inputs. Loans are based on estimated creditworthiness.

Financial Liabilities	Fair Value Level	Balance Sheet 31 March 2024 £000s	Fair Value 31 March 2024 £000s	Balance Sheet 31 March 2023 £000s	Fair Value 31 March 2023 £000s
<i>Financial liabilities held at amortised cost:</i>					
Long-term loans from PWLB	2	51,495	46,380	40,630	46,470
Long-term LOBO loans	2	37,000	43,807	37,000	44,786
Other long-term loans	2	1,255	15,393	1,131	269
Lease payables and PFI liabilities	2	6,155	6,550	7,044	4,125
Total		95,905	112,130	85,805	95,650
Liabilities for which fair value is not disclosed *		69,342		63,707	
Total Financial Liabilities		165,247		149,512	
<i>Recorded on balance sheet as:</i>					
Short-term creditors		51,128		48,207	
Short-term borrowing		18,636		16,813	
Short-term provisions		0		0	
Long-term creditors		182		272	
Long-term borrowing		89,750		77,427	
Long-term provisions		0		0	
Other long-term liabilities		5,551		6,793	
Total Financial Liabilities		165,247		149,512	

* The fair value of short-term financial liabilities held at amortised cost, including trade payables, is assumed to approximate to the carrying amount.

Financial Assets	Fair Value Level	Balance Sheet 31 March 2024	Fair Value 31 March 2024	Balance Sheet 31 March 2023	Fair Value 31 March 2023
		£000s	£000s	£000s	£000s
Financial assets held at fair value:					
Money market funds	1	8,300	8,300	15,000	15,000
Bond, equity and property funds	1	13,028	13,028	13,557	13,557
Shares in unlisted companies	3	0	0	0	0
Financial assets held at amortised cost:					
Long-term loans to local authorities	2	0	0	0	0
Long-term loans to companies	3	232	232	626	626
Lease receivables	3	0	0	0	0
Total		21,560	21,560	29,183	29,183
Assets for which fair value is not disclosed *		36,739		30,271	
Total Financial Assets		58,299		59,454	
Recorded on balance sheet as:					
Long-term debtors		232		626	
Long-term investments		13,028		13,557	
Short-term debtors		36,293		29,967	
Short-term investments		0		0	
Cash and cash equivalents		8,746		15,304	
Total Financial Assets		58,299		59,454	

* The fair value of short-term financial assets held at amortised cost, including trade receivables, is assumed to approximate to the carrying amount.

Financial Instruments - Risks

In line with the Treasury Management Code, the Council approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with financial instruments. The Council also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Council complies with CIPFA's Code of Practice on Treasury Management and Prudential Code for Capital Finance in Local Authorities, both revised in December 2021. The Treasury Management Strategy includes an Investment Strategy in compliance with the Department for Levelling Up, Housing and Communities Guidance on Local Government Investments. This Guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Council's Treasury Management Strategy and its Treasury Management Practices seek to achieve a suitable balance between risk and return or cost.

The main risks covered are:

Credit Risk: The possibility that the counterparty

to a financial asset will fail to meet its contractual obligations, causing a loss to the Council.

Liquidity Risk: The possibility that the Council might not have the cash available to make contracted payments on time.

Market Risk: The possibility that an unplanned financial loss will materialise because of changes in market variables such as interest rates or equity prices.

Credit Risk: Treasury Investments and Commitments

The Council manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Council has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Council has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

The table below summarises the credit risk exposures of the Council's treasury investment portfolio by credit rating and remaining time to maturity:

Credit Rating	31 March 2024		31 March 2023	
	Long-term £000s	Short-term £000s	Long-term £000s	Short-term £000s
AA-	0	8,300	0	15,000
A+	0	0	0	0
Unrated local authorities	0	0	0	0
Total	0	8,300	0	15,000
Credit risk not applicable	13,028	0	13,557	0
Total Investments	13,028	8,300	13,557	15,000

Credit Risk: Trade and Lease Receivables and Contract Assets

The Council's credit risk on lease receivables is mitigated by its legal ownership of the assets leased, which can be repossessed if the debtor defaults on the lease contract. The following analysis summarises the Council's trade and lease receivables, by due date. Only those receivables meeting the definition of a financial asset are included.

Credit Risk	31 March 2024	31 March 2023
	Trade & Lease Receivables	Trade & Lease Receivables
Current / Past due < 3 months	11,330	12,686
Past due 3-6 months	1,193	1,162
Past due 6-12 months	1,837	1,658
Past due 12+ months	5,397	3,630
Total Receivables	19,757	19,136

Liquidity Risk

The Council has ready access to borrowing at favourable rates from the Public Works Loan Board and other local authorities, and at higher rates from banks and building societies. There is no perceived risk that the Council will be unable to raise finance to meet its commitments. It is however exposed to the risk that it will need to refinance a significant proportion of its borrowing at a time of unfavourably high interest rates. This risk is managed by maintaining a spread of fixed rate loans and managing the maturities of loans in any financial year. The Council holds £8.7m (2023: £15.2m) of liquid financial assets that can be withdrawn or sold at short notice if required to meet cash outflows on financial liabilities.

The maturity analysis of financial instruments is as follows:

Time to maturity (years)	31 March 2024			31 March 2023		
	Liabilities	Assets	Net	Liabilities	Assets	Net
	£000s	£000s	£000s	£000s	£000s	£000s
Not over 1	18,636	(8,300)	10,336	16,813	(15,000)	1,813
Over 1 but not over 2	2,807	0	2,807	1,372	0	1,372
Over 2 but not over 5	18,810	0	18,810	9,249	0	9,249
Over 5 but not over 10	10,524	0	10,524	7,703	0	7,703
Over 10	57,609	0	57,609	59,103	0	59,103
Uncertain date	0	(13,028)	(13,028)	0	(13,557)	(13,557)
Total	108,386	(21,328)	87,058	94,240	(28,557)	65,683

The Council has £37m (2023: £37m) of "Lender's option, borrower's option" (LOBO) loans where the lender has the option to propose an increase in the rate payable; the Council will then have the option to accept the new rate or repay the loan without penalty. In the event that the lender exercises its option, the Council is likely to repay these loans.

Market Risks: Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the authority. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates - the interest expense will rise
- borrowings at fixed rates - the fair value of the liabilities will fall
- investments at variable rates - the interest income will rise
- investments at fixed rates - the fair value of the assets will fall.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services. Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

The financial effect if all interest rates had been 1% higher (with all other variables held constant)	31 March 2024	31 March 2023
	£000s	£000s
Increase in interest payable on variable rate borrowings	370	370
Increase in interest receivable on variable rate investments	(73)	(15)
Impact on Surplus or Deficit on the Provision of Services	297	355
Decrease in fair value of investments held at FVOCI	0	0
Impact on Comprehensive Income and Expenditure	297	355
Decrease in fair value of fixed rate borrowing *	(9,440)	(9,443)

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Market Risks: Price Risk

The Council's investment in a pooled property fund is subject to the risk of falling commercial property prices. A 5% fall in commercial property prices at 31 March 2024 would result in a £0.569m charge to the Surplus or Deficit on the Provision of Services which is then transferred to the Pooled Investment Funds Adjustment Account.

Note 30: Pensions Schemes accounted for as Defined Contribution Schemes

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.

Former NHS staff who transferred to the Council as part of the transfer of Public Health responsibilities are members of the NHS Pension Scheme that is administered by NHS Pensions on behalf of the Department of Health and Social Care. The scheme provides employees with specified benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

Both schemes are technically a defined benefit scheme. However, the schemes are unfunded and notional funds are used as the basis for calculating the employers' contribution rate paid by local authorities. The Council is not able to identify its share of underlying financial position and performance of the schemes with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, they are therefore accounted for on the same basis as defined contribution schemes.

Contributions to the schemes by the Council and contribution rate as a percentage of total pay are shown in the table below:

Scheme	Contributions 2023-24		Contributions 2022-23	
	£000s	%	£000s	%
Teachers' Pension Scheme	4,090	23.68	4,430	23.68
NHS Pension Scheme	12	13.10	12	13.10
	4,102		4,442	

There were no contributions remaining payable at the year end.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined benefit basis and detailed in Note 31.

Note 31: Defined Benefit Pension Schemes

Legal and Regulatory Uncertainty

The pension figures have been prepared on the basis of accounting for the impact of the McCloud / Sargent judgement and for full pension increases to be paid on GMP equalisation and indexation to individuals reaching pension age after April 2016. The actuary has previously carried out some approximate analysis across the scheme to understand the potential impact of implementing a solution to correct the past underpayment of spouses' benefits (Goodwin Treatment). The remedy is still uncertain but the actuary has estimated the potential impact of this to be very small for a typical Fund (c0.1% of obligations). The actuary therefore do not believe it is necessary or appropriate to make an adjustment to account for this at the moment, given the level of additional work and fees that would be involved for the Employer (and indeed the highly approximate nature of applying an unknown remedy).

Participation in Pension Schemes

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

The Council participates in The Local Government Pension Scheme, administered locally by Middlesbrough Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The principal risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme

(i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies note.

Discretionary Post-retirement Benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement

Defined Benefit Pension Scheme

2023-24	2022-23
£000s	£000s

Cost of Services:

• Current service cost	19,580	41,343
• Past service cost	562	902
• Settlements	(792)	(349)

Financing and Investment Income and Expenditure

Net interest cost	(4,746)	6,940
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Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services

14,604	48,836
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Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement

• Return on plan assets (excluding the amount included in the net interest expense)	(54,532)	11,900
• Actuarial gains and losses arising on changes in financial assumptions	132,413	(449,556)
• Actuarial gains and losses arising due to changes in demographic assumptions	(5,179)	(7,704)
• Actuarial gains and losses due to liability / Other experiences	29,592	65,620
• Actuarial gains and losses due to acquisitions	-	-

Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement

102,294	(379,740)
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Movement in Reserves Statement

• Reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(14,604)	(48,836)
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Actual amount charged against the General Fund Balance for pensions in the year:

• Employers' contributions payable to scheme	15,156	14,777
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Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the authority's obligation in respect of its defined benefit plans is as follows:

Defined Benefit Pension Scheme	2023-24	2021-22
	£000s	£000s
Present value of defined benefit obligation	(877,023)	(873,278)
Fair value of plan assets	877,023	975,020
Net asset / (liability) recognised in the Balance Sheet	0	101,742

Asset Ceiling

Following the pensions valuation by the Councils actuary, Hymans Robertson LLP, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2024 resulting in a pension plan asset for the first time. 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's calculated the asset ceiling as the net present value of future service costs less net present value of future contributions.

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	Defined Benefit Pension Scheme	
	2023-24	2022-23
	£000s	£000s
Opening fair value of scheme assets	975,020	972,605
Interest income	45,881	26,073
Remeasurement gains and (losses)	54,532	(11,900)
Contributions from the employer	13,286	12,805
Contributions from employees into the scheme	6,232	5,850
Other Experiences	(1,489)	(863)
Settlements	(180,900)	-
Benefits paid	(35,539)	(29,550)
Closing fair value of scheme assets at 31 March	877,023	975,020

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	Defined Benefit Pension Scheme	
	2023-24	2022-23
	£000s	£000s
Opening balance at 1 April	(873,278)	(1,216,544)
Current service cost	(19,580)	(41,343)
Interest cost	(41,135)	(33,013)
Contributions by scheme participants	(6,232)	(5,850)
Actuarial gains and losses - financial assumptions	48,487	449,556
Actuarial gains and losses - demographic assumptions	5,179	7,704
Actuarial gains and losses - liability experience	(29,592)	(65,620)
Benefits paid	37,409	31,522
Settlements	2,281	1,212
Past service cost	(562)	(902)
Closing balance at 31 March	(877,023)	(873,278)

Local Government Pension Scheme assets comprised:	Fair value of scheme assets			
	2023-24		2022-23	
	£000s	%	£000s	%
Equity investments (Quoted and un-quoted)	623,712	71.1	689,616	70.7
Property (Quoted and un-quoted)	86,854	9.9	85,619	8.8
Cash	31,856	3.6	64,896	6.7
Other Investments	134,601	15.3	134,889	13.8
Total Assets	877,023	100.0	975,020	100.0

Basis for Estimating Assets and Liabilities

Liabilities 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. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries; estimates for the Teesside Pension Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

	2023-24	2022-23
Mortality assumptions:		
<i>Longevity at 65 for current pensioners:</i>		
Men	20.5	20.6
Women	23.5	23.7
<i>Longevity at 65 for future pensioners:</i>		
Men	21.3	21.5
Women	25.0	25.2
Other assumptions:		
<i>Rate of inflation (CPI)</i>	2.8%	3.00%
<i>Rate of increase in salaries</i>	3.8%	4.0%
<i>Rate of increase in pensions</i>	2.8%	3.0%
<i>Rate for discounting scheme liabilities</i>	4.9%	4.8%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Scheme	Change in Assumption			
	Rate	+0.1% p.a. £000's	Base £000's	-0.1% p.a. £000's
Rate of increase in salaries	0.08%	877,746	877,023	876,300
Rate of increase in pensions in payment	1.71%	892,282	877,023	861,764
Rate for discounting scheme liabilities	-1.82%	861,326	877,023	892,720
		-1 year £000's	Base £000's	+1 year £000's
Post retirement mortality assumption	3.85%	912,104	877,023	841,942

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 18 years. Funding levels are monitored on an annual basis. The latest triennial valuation was carried out as at 31 March 2022.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service

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

The Council anticipates to pay £13.381m contributions to the scheme in 2024/25

The weighted average duration of the defined benefit obligation for scheme members is 18.0 years.

(Last year 18.0 years)..

Note 32: Termination Benefits

The Council terminated the contracts of a number of employees in 2023/24, incurring liabilities of £1.411m (£0.829m in 2022/23). The amounts have been payable in relation to officers from across the Council reflecting the end of specific grant funding and the rationalisation of services as part of the Council's programme of service reviews. Please note that these don't include termination payments made to senior officers and that senior officers payments are disclosed in note 10.

The numbers of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments)	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	
	2023-24	2022-23	2023-24	2022-23	2023-24	2022-23	2023-24 £000s	2022-23 £000s
£1 to £20,000	6	6	22	16	28	22	210	177
£20,001 to £40,000	6	3	8	6	14	9	397	237
£40,001 to £60,000	2	1	5	1	7	2	346	101
£60,001 to £80,000	-	1	4	2	4	3	266	215
£80,001 to £100,000	1	1	1	-	2	1	192	99
£100,001 to £150,000	-	-	-	-	-	-	-	-
£150,001 +	-	-	-	-	-	-	-	-
Total	15	12	40	25	55	37	1,411	829

Note 33: Provisions

The Council has established a provision for lost income that arises due to successful rating appeals by business rates payers. The Council's share of the provision at the balance sheet date stood at £4.802m (last year £6.321m).

Provisions	Ratings Appeals £000's
Balance at 1 April 2023	6,321
Provisions Released in 2023/24	-1,278
Amounts Used in 2023/24	-241
Balance at 31 March 2024	4,802

Note 34: Contingent Liabilities

A contingent liability is a potential liability which depends on the occurrence or non-occurrence of one or more uncertain future events. The Council has identified the following contingent liabilities as at 31 March 2024.

Achieving Real Change in Communities (ARCC)

ARCC is the new probation service for the Tees Valley that has been established in association with a number of partners. The Council has agreed to guarantee the performance of ARCC under the Services Agreement pursuant to a Guarantee with the Secretary of State for Justice. The total aggregate liability cap for all partners is £14.0m of which Stockton's share is £4.9m (34.7%).

Business Rate Appeals

The Council has made a provision for the loss of Business Rates that result from current and future appeals made by ratepayers. The total provision set aside at the end of March was £9.8m."

Note 35: Better Care Fund

The Council has entered into a pooled budget arrangement with NHS North East & North Cumbria Integrated Care Board (ICB), the Better Care Fund, for the commissioning of health and social care services for the residents of the Borough of Stockton-on-Tees. The arrangement was with NHS Tees Valley Clinical Commissioning Group (CCG) until the establishment of the ICB from 1st July 2022. The services will be provided by the Council or the NHS depending upon the mix required by clients. The Council and the ICB have an agreement in place for funding these services with the partners contributing funds to the pooled budget.

The pooled budget is hosted by the Council on behalf of the two partners to the agreement.

Better Care Fund	2023-24		2022-23
	£000s	£000s	£000s
Funding provided to the pooled budget:			
Stockton-on-Tees Borough Council	10,446		9,881
NHS North East & North Cumbria Integrated Care Board (ICB)	18,227		17,378
		28,673	27,259
Expenditure met from the pooled budget:			
Stockton-on-Tees Borough Council	(24,490)		(22,190)
NHS North East & North Cumbria Integrated Care Board (ICB)	(4,183)		(5,069)
		(28,673)	(27,259)
Net surplus arising on the pooled budget during the year			-
		-	-
Council share of the net surplus arising on the fund			-

Note 36: Events after the reporting period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period 31 March 2024 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 an event would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

There are no adjusting events after the balance sheet date.

Note 37: Cash Flow Statement - Reconciliation of liabilities arising from financing activities

Cash Flow Statement - Reconciliation of liabilities arising from financing activities	1 April 2023	Financing Cash Flows	Changes which are not financing cash flows		31 March 2024
			Acquisition	Other Non financing cash flows	
	£000s	£000s	£000s	£000s	£000s
Long Term Borrowing	77,427	12,323	-	-	89,750
Short Term Borrowing	16,813	1,823	-	-	18,636
Lease Liabilities	(2,166)	(638)	-	(804)	(3,608)
Other Balance Sheet PFI Liabilities	3,304	(604)	-	-	2,700
Total Liabilities From Financing Activities	95,378	12,904	-	(804)	107,478

Comparative Information	1 April 2022	Financing Cash Flows	Changes which are not financing cash flows		31 March 2023
			Acquisition	Other Non financing cash flows	
	£000s	£000's	£000's	£000's	£000s
Long Term Borrowing	78,538	(1,111)	-	-	77,427
Short Term Borrowing	5,925	10,888	-	-	16,813
Lease Liabilities	(864)	(1,012)	-	(290)	(2,166)
Other Balance Sheet PFI Liabilities	3,555	(251)	-	-	3,304
Total Liabilities From Financing Activities	87,154	8,514	-	(290)	95,378

Note 38: Statement of Accounting Policies

General Principles

The Statement of Accounts summarise the Council's transactions for the 2023/24 financial year and its position at the year-end of 31st March 2024. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets, supported by International Financial Reporting Standards (IFRS).

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

The concept of materiality has been applied in the process of preparing the accounts, such that insignificant items are excluded and fluctuations under an acceptable level of tolerance are permitted, provided that in aggregate they would not affect the interpretation of the accounts by an informed reader.

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.

Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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.

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 non-current 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
- amortisation of intangible non current assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. 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 the contribution in the General Fund Balance, the 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.

Council Tax and Non-Domestic Rates

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

Accounting for Council Tax and NDR

The council tax and NDR 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 NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required

by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. The Balance Sheet includes the Council's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Employee Benefits

Benefits Payable During Employment

Short term employee benefits such as wages and salaries, paid annual leave, sick leave and expenses are paid on a monthly basis and charged on an accruals basis to the relevant service line of the Comprehensive Income and Expenditure Statement.

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 and are charged on an accruals basis 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 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.

Post Employment Benefits

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by NHS Pensions on behalf of the Department of Health and Social Care.
- The Local Government Pensions Scheme, administered by Middlesbrough Council.

The schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council. However, the arrangements for the teachers' and NHS schemes mean that liabilities for these

benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet.

The Local Government Pension Scheme

- The Local Government Scheme is accounted for as a defined benefits scheme:
- The liabilities of the Teesside 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 the Hymans Robertson LLP Central AA Curve.
- The assets of the Teesside 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 pensions liability is analysed into the following components:

Service cost comprising:

- 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.
- net interest on the net defined benefit liability: i.e. net interest expense for the Council - the change during the period in the net defined

benefit liability 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 at the beginning of the period - taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- the return on plan assets - excluding amounts included in the net interest on the net defined benefit liability - 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 Teesside 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. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

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.

Events after the Reporting Period

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 Financial Statements are 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 Financial Statements are adjusted to reflect such events
- 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 financial statements.

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 (CIES) 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 most 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 CIES is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid within the general fund. 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 based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority 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 (CIES) 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 financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the authority has made loans to organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain 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.

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 CIES.

Expected Credit Loss Model

The authority 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 authority.

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.

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.
- The inputs to the measurement techniques are categorised in accordance with the following three levels:
 - Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.
 - Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
 - Level 3 inputs – unobservable inputs for the asset.

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

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 receipts in advance. 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.

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.

Heritage Assets

Heritage Assets are primarily held at the Authority's museum. There are 6 categories of Heritage Assets which are held in support of the primary objective of the authority's museum, i.e. increasing the knowledge, understanding and appreciation of the authority's history and local area. Heritage assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed in relation to heritage assets: where the cost of an asset cannot be identified with certainty, the value has been assessed by a suitably experienced officer or a suitably experienced external valuer. In certain cases, high value heritage assets that are on long term loan to the Council have been treated as though owned by the Council and included within the reported values.

The carrying amounts of heritage assets are reviewed where there is evidence of impairment of

heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. The Council will occasionally dispose of heritage assets which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts. The collections are relatively static and acquisitions, disposals and donations are rare.

Intangible Assets

Expenditure on nonmonetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Interest in Companies and Other Entities

The Council has interests in companies that require it to prepare group accounts. In the Council's own single entity accounts, the interest in companies are recorded as financial assets at cost, less any provision for losses.

Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is determined on the basis of the initial invoice price, except for stock held by Community Services, which is valued on the basis of last invoice price.

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, based on the amount at which the asset could be exchanged 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. 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.

Leases

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

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

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

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, plant and equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation, revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges 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 rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal and replaced by a long-term debtor in the Balance Sheet valued on the future income due under the finance lease.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease debtor (together with any premiums received), and
- a 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.

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 or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made 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). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the councils arrangements for accountability and financial performance.

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 and cost more than £10,000 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 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
- 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.

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

- 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).

Where there is no market based evidence of current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every three years. 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 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.

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.

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 following bases:

- buildings – straight line allocation over the useful life of the property as estimated by the valuer
- vehicles, plant, furniture and equipment – straight line over the useful life of the asset, as advised by a suitably qualified officer
- infrastructure – straight line allocation over a period of 10 to 80 years.

Where an item of property, plant and equipment has major components whose cost is significant in relation to the total cost of the item, the components will be depreciated separately if the change in depreciation cost is considered to be significant.

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.

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

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 losses previously 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. Mortgage receipts are treated as capital receipts irrespective of their value.

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.

Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of property, plant and equipment.

- The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

- Non current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- **fair value of the services received during the year** – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- **finance cost** – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **contingent rent** – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- **payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write downs is calculated using the same principles as for a finance lease)
- **lifecycle replacement costs** – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, plant and equipment when the relevant works are eventually carried out.

Provisions, Contingent Liabilities and Contingent Assets

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.

Contingent Liabilities & Contingent Asset

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities and contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

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 in the Movement in Reserves Statement 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, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

Revenue Expenditure Funded from Capital under Statute

Expenditure incurred during the year that may be capitalised under statutory provisions but that

does not result in the creation of a non current asset 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.

VAT

VAT on income and expenditure is included only to the extent that it is not recoverable from HM Revenue and Customs.

Schools

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets 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 local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not in 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.

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 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

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

The Council measures the fair value of an asset or liability on the same basis that market participants would use when pricing the asset or liability (assuming those market participants were acting 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 appropriate valuation techniques for each circumstance, maximising the use of relevant known data and minimising the use of estimates or unknowns. This takes into account the three levels of categories for inputs to valuations for fair value assets:

- Level 1 - quoted prices
- 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.

Going Concern

The accounts have been prepared on a going concern basis, under the assumption that the Council will continue in existence for the foreseeable future.

Revenue Recognition

Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient. Revenue is measured as the amount of the transaction price which is allocated to that performance obligation. Where the Council is acting as an agent of another organisation the amounts collected for that organisation are excluded from revenue.

Collection Fund Statement for the year ended 31 March 2024

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non domestic rates.

Collection Fund Statement for the year ended 31 March 2024	2023-24			2022-23		
	Council Tax	Business Rates	Total	Council Tax	Business Rates	Total
	£000	£000	£000	£000	£000	£000
Income						
Income from Council Tax payers	(131,320)		(131,320)	(125,306)		(125,306)
Contribution from General Fund	(46)		(46)	(46)		(46)
Income from business ratepayers		(77,652)	(77,652)		(79,553)	(79,553)
Total Income	(131,366)	(77,652)	(209,018)	(125,352)	(79,553)	(204,905)
Expenditure						
Precepts, demands and shares:						
Central Government		36,093	36,093		31,857	31,857
Stockton-on-Tees Borough Council	109,571	38,411	147,982	102,623	31,242	133,865
Police & Crime Commissioner for Cleveland	17,057		17,057	15,890		15,890
Cleveland Fire Authority	5,096	774	5,870	4,717	629	5,346
	131,724	75,278	207,002	123,230	63,728	186,958
Apportionment of Previous Year Estimated Surplus/Deficit						
Central Government		-	-		-	-
Stockton-on-Tees Borough Council	(471)	-	(471)	(471)	-	(471)
Police & Crime Commissioner for Cleveland	(74)		(74)	(74)		(74)
Cleveland Fire Authority	(22)	-	(22)	(22)	-	(22)
	(567)	-	(567)	(567)	-	(567)
Charges to Collection Fund						
Write off of uncollectable amounts	1,972	315	2,287	1,107	98	1,205
Change in Bad Debt Provision	(7,676)	(340)	(8,016)	1,017	1,335	2,352
Change in Provision for Appeals		(3,100)	(3,100)		(4,400)	(4,400)
Cost of Collection		231	231		234	234
	(5,704)	(2,894)	(8,598)	2,124	(2,733)	(609)
Surplus (-) / Deficit arising during the year	(5,913)	(5,268)	(11,181)	(565)	(18,558)	(19,123)
Balance at 1st April	682	(783)	(101)	1,247	17,775	19,022
Balance at 31st March	(5,231)	(6,051)	(11,282)	682	(783)	(101)

Note 1: Council Tax Base

Council Tax Base	2023-24		2022-23	
	Number in Category	Band D Equivalent	Number in Category	Band D Equivalent
Property Category and Council Tax Banding	No.	No.	No.	No.
A - up to £40,000	34,939	14,308.30	35,074	13,831.50
B - £40,001 to £52,000	17,298	10,484.00	17,196	10,421.90
C - £52,001 to £68,000	16,418	12,473.40	16,299	12,351.40
D - £68,001 to £88,000	10,144	9,067.10	10,010	8,931.80
E - £88,001 to £120,000	6,198	7,031.50	6,129	6,943.00
F - £120,001 to £160,000	2,817	3,835.90	2,744	3,743.00
G - £160,001 to £320,000	1,492	2,335.60	1,437	2,252.60
H - over £320,000	122	178.00	123	179.50
Gross Tax Base		59,713.80		58,654.70
Non Collection	1.75%	(1,045.00)	1.75%	(1,026.40)
Council Tax Base		58,668.80		57,628.30

Note 2: National Non Domestic (Business) Rates Gross Rateable Value

National Non Domestic (Business) Rates Gross Rateable Value	2023-24	2022-23
	£	£
Value at the year end	200,085,480	196,407,038

Note 3: National Non Domestic (Business) Rates Multiplier

National Non Domestic (Business) Rates Multiplier	2023-24	2022-23
	pence	pence
Standard Multiplier for the year	51.2p	51.2p



Group Accounts & Explanatory Notes

The purpose of the Group Accounts is to provide a picture of Stockton Borough Council and the group of companies, which are either controlled or are significantly influenced by the Council. The Group Accounts show the full extent of the Authority's wider assets and liabilities. The Group Accounts provide transparency and enable comparison with other entities that have different corporate entities.

The Group Accounts include the following:

- Group Comprehensive Income and Expenditure Statement - summarises the resources that have been generated and consumed in providing services and managing the Group during the year. It includes all day-to-day expenses and related income on an accruals basis.
- Group Movement in Reserves - shows the movement in the year on the Council's single entity usable and unusable reserves together with the Council's share of the Group reserves.
- Group Cash Flow Statement - shows the changes in cash and cash equivalents of the Group during the year. The statement shows how the Group generates and uses cash and cash equivalents by classifying cashflows as operating, financing and investing activities.
- Group Balance Sheet - shows the assets and liabilities of the group as at the 31st March 2024.
- Notes to the Group Accounts where the balances are materially different to those in the single entity accounts..

Subsidiaries

The following entities are 100% controlled by Stockton Council by virtue of 100% shareholding and are consolidated with Stockton Council. to form the group accounts.

Stockton Borough Holding Company Limited -
Registration Number 10523559

Stockton Hotels Company Limited - Registration
Number 10525068

Audit of the Accounts

Under s479A of the Company's Act 2006 a company is exempt from the requirements of the Act relating to audit of its individual accounts (but not any group accounts) for a financial year if the company is included in the consolidated accounts drawn up for that year and the parent undertaking discloses in the notes to the consolidated accounts that the company is exempt from the requirements of the Act relating to the audit of individual accounts by virtue of s479A.

The Board of Directors for Stockton Hotel Company and Stockton Borough Holding Company engaged an independent audit of both subsidiary companies, rather than utilise the exemption described above, due to delays in the approval of the Local Authority (and group) accounts in previous years.

Movement in Reserves Statement for the year ended 31 March 2024

The Movement in Reserves Statement shows the movement in year on reserve balances held by the Group.

Movement in Reserves Statement for the year ended 31 March 2023	Unearmarked General Fund Balance	Earmarked Schools Budget Reserve	Other Earmarked Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves	Council's share of group reserves	Total Authority reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2022	9,413	-	77,801	87,214	2,437	47,627	137,278	(47,791)	89,487	120	89,607
Movement in Reserve in 2022-23											
Total Comprehensive Income and Expenditure	(44,662)	-	-	(44,662)	-	-	(44,662)	390,915	346,253	133	346,386
Adjustments between accounting basis & funding basis under regulations (Note 6)	-	-	23,833	23,833	616	(1,354)	23,095	(23,095)	-		
Increase/Decrease before transfer to earmarked reserves	(44,662)	-	23,833	(20,829)	616	(1,354)	(21,567)	367,820	346,253	121	346,386
Transfers to / from earmarked reserves	43,249		(43,249)	-	-	-	-	-	-		(11)
Increase / Decrease in the year	(1,413)		(19,416)	(20,829)	616	(1,354)	(21,567)	367,820	346,253	121	346,375
Balance at 31 March 2023 carried forward	8,000		58,385	66,385	3,053	46,273	115,711	320,029	435,740	241	435,982
Balance at 1 April 2023	8,000	-	58,385	66,385	3,053	46,273	115,711	320,029	435,740	241	435,982
Movement in Reserve in 2023-24											
Total Comprehensive Income and Expenditure	1,917	-	-	1,917	-	-	1,917	(91,377)	(89,460)	59	(89,401)
Adjustments between accounting basis & funding basis under regulations (Note 6)	-	-	(19,815)	(19,815)	397	5,284	(14,134)	14,134	-	-	-
Increase/Decrease before transfer to earmarked reserves	1,917	-	(19,815)	(17,898)	397	5,284	(12,217)	(77,243)	(89,460)	59	(89,401)
Transfers to / from earmarked reserves	(1,917)	-	1,917		-	-	-	-	-	-	-
Increase / Decrease in the year	-	-	(17,898)	(17,898)	397	5,284	(12,217)	(77,243)	(89,460)	59	(89,401)
Balance at 31 March 2024 carried forward	8,000		40,487	48,487	3,450	51,557	103,494	242,786	346,280	300	346,580

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2024

The Comprehensive Income and Expenditure Statement (CIES) 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. Authorities raise taxation 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.

Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2024	2023-24			2022-23		
	£000s	£000s	£000s	£000s	£000s	£000s
	Expenditure	Income	Net	Expenditure	Income	Net
Adults & Health	132,037	(93,848)	38,189	121,789	(78,315)	43,474
Children's Services	189,227	(111,723)	77,504	174,343	(117,371)	56,972
Community Services, Environment & Culture	67,246	(8,309)	58,937	67,717	(10,132)	57,585
Corporate Management & Services	10,559	(5,513)	5,046	10,082	(2,624)	7,458
Finance, Development & Regeneration	86,151	(60,849)	25,302	91,409	(60,433)	30,976
Corporate Services	10,299	(1,070)	9,229	10,407	(738)	9,669
Cost of Services	495,519	(281,312)	214,207	475,747	(269,613)	206,134
Other Operating Expenditure:						
Parish council precepts	967	-	967	926	-	926
(Gain) or loss on the disposal of Investment Properties	-	(758)	(758)	-	-	-
(Gain) or loss on the disposal of non-current assets	-	-	-	4,493	(816)	3,677
Financing and Investment Income and Expenditure:						
Interest payable and similar charges	4,980	-	4,980	4,271	-	4,271
Net (gains)/losses on financial assets at fair value through profit and loss	529	-	529	2,676	(18)	2,658
Net interest on the net defined benefit liability/asset	41,135	(45,881)	(4,746)	33,013	(26,073)	6,940
Interest receivable and similar income		(2,538)	(2,538)		(1,449)	(1,449)
(Gain) or loss on trading accounts (not applicable to service)	20,094	(10,647)	9,447	18,490	(8,666)	9,824
Income & costs and changes in fair value relating to investment properties	415	(2,066)	(1,651)	1,506	(1,081)	425
Taxation and Non-Specific Grant Income:						
Council tax income	-	(113,972)	(113,972)	-	(102,576)	(102,576)
Retained Business Rates	-	(44,324)	(44,324)	-	(42,395)	(42,395)
Non-ringfenced government grants	3,593	(24,826)	(21,233)	4,874	(24,985)	(20,111)
Capital grants and contributions	-	(43,009)	(43,009)	-	(23,826)	(23,826)
(Surplus) or Deficit on Provision of Services	567,232	(569,333)	(2,101)	545,996	(501,498)	44,498
Tax Expenses of Subsidiary	125		125	31		31
Group Surplus or Deficit			(1,976)			44,529
(Surplus) or deficit on revaluation of non current assets			(10,917)			(11,180)
Re-measurements of the defined benefit liability			102,294			(379,740)
Other (gains) and losses						5
Other Comprehensive Income and Expenditure			91,377			(390,915)
Total Comprehensive Income and Expenditure			89,401			(346,386)

Group Balance Sheet as at 31 March 2024

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group.

Group Balance Sheet as at 31 March 2024	Note	31 March 2024 £000s	31 March 2023 £000s
Non-current assets			
Property, plant and equipment		405,112	383,386
Investment property		17,970	16,558
Intangible assets		567	555
Heritage Assets		11,028	10,728
Pension Fund Net Assets			101,742
Long term investments		13,028	13,557
Long Term Debtors		242	849
Total non-current assets		447,947	527,375
Current assets			
Inventories		773	443
Debtors	1 & 4	67,995	56,153
Cash and Cash Equivalents	2	9,632	16,666
Assets held for sale		136	136
Total current assets		78,536	73,398
Current liabilities			
Cash and Cash Equivalents	2	(5,723)	(4,520)
Short Term Borrowing		(18,636)	(16,813)
Short Term Creditors	3	(51,403)	(50,498)
Provisions		(4,799)	(6,321)
Total current liabilities		(80,561)	(78,152)
Long term liabilities			
Long Term Creditors		(172)	(272)
Long Term Borrowing		(89,750)	(77,427)
Other Long Term Liabilities		(5,551)	(6,793)
Grants Receipts in Advance		(3,870)	(2,148)
Total long term liabilities		(99,343)	(86,640)
Net Assets:		346,580	435,982
Reserves			
Usable reserves:			
General Fund Balance		8,000	8,000
Earmarked General Fund Reserves		40,487	58,385
Capital Receipts Reserve		3,450	3,053
Capital Grants Unapplied		51,557	46,273
Profit and Loss Reserve - Stockton Borough Holding Group		300	242
		103,794	115,953
Unusable Reserves:			
Revaluation Reserve		76,687	68,435
Capital Adjustment Account		168,131	158,761
Financial Instruments Adjustment Account		(55)	(116)
Pooled Fund Adjustment Account		(1,972)	(1,443)
Financial Instruments Revaluation Reserve		-	-
Deferred Capital Receipts Reserve		-	154
Pensions Reserve		-	101,742
Collection Fund Adjustment Account		7,332	(184)
Dedicated Schools Grant Adjustment Account		(6,052)	(6,052)
Accumulated Absences Account		(1,285)	(1,268)
		242,786	320,029
Total Reserves:		346,580	435,982

Group Cash Flow Statement For The Year Ended 31 March 2024

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group during the reporting period.

Group Cash Flow Statement For The Year Ended 31 March 2024	31 March 2024 £000s	31 March 2023 £000s
Net (surplus) or deficit on the provision of services	(1,976)	44,529
Adjustments to net surplus or deficit on the provision of services for non-cash movements:		
Depreciation, impairment and amortisation of non current assets	(30,405)	(31,194)
Revaluation (gains)/losses	4,693	8,629
Pension Fund adjustments	552	(34,059)
Carrying amount of Non-Current Assets Sold	(2,881)	(6,235)
Other non-cash movement	2,700	11,105
Increase/(Decrease) in Inventories (Stock)	330	(40)
Increase/(Decrease) in Debtors	12,075	7,841
(Increase)/Decrease in Creditors	(193)	(3,341)
(Increase)/Decrease in Provisions	1,519	2,156
Increase/(Decrease) in Long Term Debtors	(607)	(1,226)
	(12,217)	(46,363)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:		
Capital Grants credited to surplus or deficit on the provision of services	46,367	38,782
Proceeds from the disposal of non current assets	1,940	1,616
	48,307	40,398
Net cashflow from operating activities	34,114	38,564
Investing activities		
Purchase of property, plant and equipment, investment property and intangible assets	39,074	28,185
Derease in short term and long term investments	(529)	(3,053)
Proceeds from the sale of property, plant and equipment, investment property and intangibles	(1,940)	(1,616)
Proceeds from short term and long term investments	-	377
Other receipts from investing activities	(48,089)	(39,614)
Net cashflow from investing activities	(11,484)	(15,721)
Financing activities		
Other receipts from financing activities	(2,293)	(11,176)
Cash payments for liabilities relating to finance leases and PFI Contracts	2,046	1,553
Increase in short and long term borrowings	(14,146)	(9,777)
Increase in short and long term borrowings	-	(9,777)
Net cashflow from financing activities	(14,393)	(19,400)
Net (increase) or decrease in cash and cash equivalents	8,237	3,443
Cash and cash equivalents at the beginning of the reporting period	(12,146)	(15,589)
Cash and cash equivalents at the end of the reporting period	(3,909)	(12,146)

Group Notes

The group notes are largely the same as those specified with the Council only statement, however there are some slight divergencies from these within the group as detailed below.

Group Note 1: Debtors

	31 March 2024	31 March 2023
	£000s	£000s
Central Government	12,733	13,582
Local Government	5,804	5,594
National Health Service	4,077	2,198
Local Taxation	19,546	14,207
Other entities and individuals	25,835	20,572
	67,995	56,153

Group Note 2: Cash and Cash Equivalents

	31 March 2024	31 March 2023
	£000s	£000s
Bank and Imprests	936	1,426
Cash Equivalents	8,696	15,240
Bank Overdraft	(5,723)	(4,520)
	3,909	12,146

Group Note 3: Short Term Creditors

	31 March 2024	31 March 2023
	£000s	£000s
Central Government	(13,037)	(15,908)
Local Government	(5,719)	(3,784)
National Health Service	(3,116)	(2,035)
Local Taxation	(2,354)	(2,852)
Other entities and individuals	(27,176)	(25,918)
	(51,403)	(50,498)

Note 4: Group Financial Instruments

The value of debtors and creditors reported in the tables below are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet also include balances which do not meet the definition of a financial instrument, such as tax-based debtors.

The financial assets and liabilities disclosed in the Balance Sheet are analysed across the following categories:

Financial Liabilities (at Amortised Cost)	Long Term		Short Term	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£000s	£000s	£000s	£000s
Loans	89,750	77,427	18,636	16,813
Bank Overdraft	0	0	5,723	4,520
Total Other Long-term Liabilities	5,551	6,793	604	251
Financial Liabilities Included in Creditors	172	272	45,491	44,362
Total Financial Liabilities	95,473	84,492	70,454	65,946

Financial Assets	Long Term		Short Term	
	31 March 2024	31 March 2023	31 March 2024	31 March 2023
	£000s	£000s	£000s	£000s
Loans to Companies and for Service Purposes at Amortised Cost	232	146	10	94
At Fair Value Through Other Comprehensive Income	0	0	0	0
At Fair Value Through Profit & Loss	13,028	13,557	8,300	15,000
Cash and Cash Equivalents at Amortised Cost	0	0	1,332	1,666
Financial Assets at Amortised Cost Included in Debtors	0	0	36,369	30,152
Total Financial Assets	13,260	13,703	46,011	46,912

Responsibilities for the Annual Financial Statements

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 this Council, that officer is the Deputy Chief Executive and Director of Finance, Transformation & Performance;
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- approve the Annual Financial Statements by the date specified by the Secretary of State.

The Deputy Chief Executive and Director of Finance, Transformation & Performance Responsibilities

The Deputy Chief Executive and Director of Finance, Transformation & Performance is responsible for the preparation of the Council's Annual Financial Statements (and Group) in accordance with proper practice as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets.

In preparing the Annual Financial Statements, the Deputy Chief Executive and Director of Finance, Transformation & Performance has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Code of Practice.

The Deputy Chief Executive and Director of Finance, Transformation & Performance has also:

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

Certification of the accounts by the Deputy Chief Executive and Director of Finance, Transformation & Performance

In accordance with the requirements of the Accounts and Audit Regulations 2015, I certify that by signing this statement the Annual Financial Statements give a true and fair view of the financial position of the Council (and Group) at the accounting date and its income and expenditure for the year ended 31 March 2024.



G Cummings CPFA

Date: 27 July 2024

Deputy Chief Executive and Director of Finance, Transformation & Performance

Stockton Town Centre Regeneration

This incorporates the balance of funds being used by the Council to contribute to the Stockton Town Centre Regeneration project.

Approved Capital Schemes

To be used to assist the funding of capital expenditure in future years.

Fleet Renewals Fund

A reserve formed to cover the replacement of the Council's vehicle fleet.

Insurance Fund

The fund covers the insurance policy 'excess' on liability, motor and property claims. The 'excess' on liability covers any public, employers, officials and professional indemnity and libel and slander liability claims. A property 'excess' covers claims relating to property. The excess on motors covers claims relating to vehicles.

Commuted Lump Sums

These lump sums have been received to help cover the maintenance costs of bridges, play areas and open spaces, for which the Council has become responsible.

Pooled Funds and Interest Rate Risk

To offset the risk of increased interest rate costs to the authority in the high interest environment and to mitigate any reduction in the value of the authority's long term pooled fund investment.

ICT Infrastructure

Reserve to develop workflow technologies and flexible working arrangements, as detailed within the Council's ICT Strategy

Government Grants Income In Advance

Reserve holding grants received by the Council whose conditions may require repayment if the grant conditions are not met. This is an International Financial Reporting Standard requirement.

Transformation & Implementation Reserve

Reserve to support the Council as it responds to current and future budget pressures. It will fund items such as redundancy costs and the transformation agenda.

MTFP Transition Reserve

A reserve created to assist in dealing with budget pressures that will arise of the life of the Medium Term Financial Plan.

ARCC Probation Service

Funds set aside to support the Tees Valley-wide Probation Service partnership.

Health and Integration

Includes the ring-fenced Public Health reserve and funds retained for future use on initiatives to support the Better Care Fund objectives and other health and social care projects.

Collection Fund Deficit Reserve

Due to collection fund accounting rules funding has been set aside to offset collection fund deficits in future years.

NNDR S31 Grant

Based on estimates, an upfront payment of compensation for the cost of these reliefs was given to local authorities via a Section 31 Grant in 2021/22. Due to Collection Fund accounting rules, the additional costs of reliefs resulted in a Collection Fund deficit in 2021/22. Therefore, the upfront payment received in 2021/22 was set aside in reserves at year end to offset this deficit in 2022/23 and 2023/24.

Covid Recovery Funds

Funding for various schemes to support the Council in its Covid recovery.

Other Revenue Reserves, generally less than £1m and include:

Xentrall

Stockton Borough Council's share of any surplus generated from the Xentrall partnership with Darlington Borough Council.

Learning & Skills Surplus

Learning & Skills offers apprenticeships, E2E training programmes and adult education courses across the borough. A specific reserve has been created to ringfence funding for future developments and restructuring as funding for these projects is not guaranteed to remain at the same levels.

Miscellaneous

This reserve contains other smaller amounts which will be utilised in future years.

Town Centre Events / SIRF

Funding set aside to undertake increased activities during the forthcoming year.

Schools Related Reserves

Balances held by schools under a scheme of delegation

Balances retained by individual schools from their delegated budget.

Dedicated Schools Grant

Surplus on DSG spending over the previous two financial years. This is offset against the overall DSG deficit which is shown within the unusable reserves section of the balance sheet. See DSG note 24 for further information on the deficit.

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Amortised cost

The amount at which a financial asset or financial liability is measured at initial recognition, less principal repayments and plus or minus any unamortised original premium or discount. International Accounting Standard (IAS) 39 requires the amortised cost to be calculated using the effective interest method.

Capital Charge

A charge to service revenue accounts to reflect the cost of non current assets used in the provision of a service.

Capital Expenditure

Expenditure on the acquisition of a non current asset or expenditure designed to extend its useful life.

Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next is the same.

Contingency

A condition which exists at the balance sheet date, where the outcome will be confirmed only on the occurrence or non occurrence of one or more uncertain future events.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of a non current asset, whether arising from use, effluxion of time or obsolescence through technological or other changes.

Effective interest method

This is a method of calculating the amortised cost of a financial asset or financial liability, and of allocating the interest income or interest expense over the relevant period. The effective interest rate in a financial instrument is the rate that exactly discounts the cash flows associated with the instrument to the net carrying amount at initial recognition.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Extraordinary Items

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items, nor do they include prior period items, merely because they relate to a prior period.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction, less, where applicable, any grants receivable towards the purchase or use of the asset.

Finance Lease

A lease that transfers substantially all the risks and rewards of ownership of a non current asset to the lessee. Such a transfer of risks and rewards may be presumed to occur if at the inception of the lease the present value of the minimum lease payments, including any initial payment, amounts to substantially all of the fair value of the leased asset.

Going Concern

The concept that the Council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an Council in return for past or future compliance with certain conditions relating to the activities of the Council.

Heritage Assets

Heritage assets are held in support of the primary objective of increasing the knowledge, understanding and appreciation of the Council's history and local area. They include items such as works of art, museum collections and civic regalia.

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.

Inventories

Comprise the value of items held in the following categories:

- a) goods or other assets purchased for resale;
- b) consumable stores;
- c) raw materials and components purchased for incorporation into products for sale;
- d) products and services in intermediate stages of completion;
- e) long term contract balances; and
- f) finished goods.

Investments

A long term investment is an investment that is being 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 which do not meet the above criteria are classified as current assets.

Investment Properties

Interest in land and/or buildings:

- a) in respect of which construction work and development have been completed; and
- b) which is held for its investment potential, any rental income being negotiated at arm's length.

Long Term Contracts

A contract entered into for the design, manufacture or construction of a substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken to substantially complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long term contracts, if they are sufficiently material to the activity of the period.

Net Book Value

The amount at which non current assets are included in the balance sheet i.e. the historical cost or current value, less the cumulative amounts provided for depreciation.

Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use i.e. the costs of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Realisable Value

The open market value of the asset in its existing use (or open market value in the case of a non operational asset), less any expenses incurred in realising the asset.

Non Current Assets

Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

Non Operational Assets

Non current assets held by a council but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, pending sale or redevelopment.

Operating Lease

A lease other than a finance lease.

Operational Assets

Non current assets held and occupied, used or consumed by the Council in the direct delivery of those services for which it has either a statutory or discretionary responsibility.

Private Finance Initiative (PFI)

An agreement with the private sector to design, build and operate facilities specified by an authority in return for an annual payment.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Prior Year Adjustments

Those material adjustments applicable to prior 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 in prior years.

Prudence

The concept that revenue is not anticipated, but is recognised only when realised, in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Usable Reserves

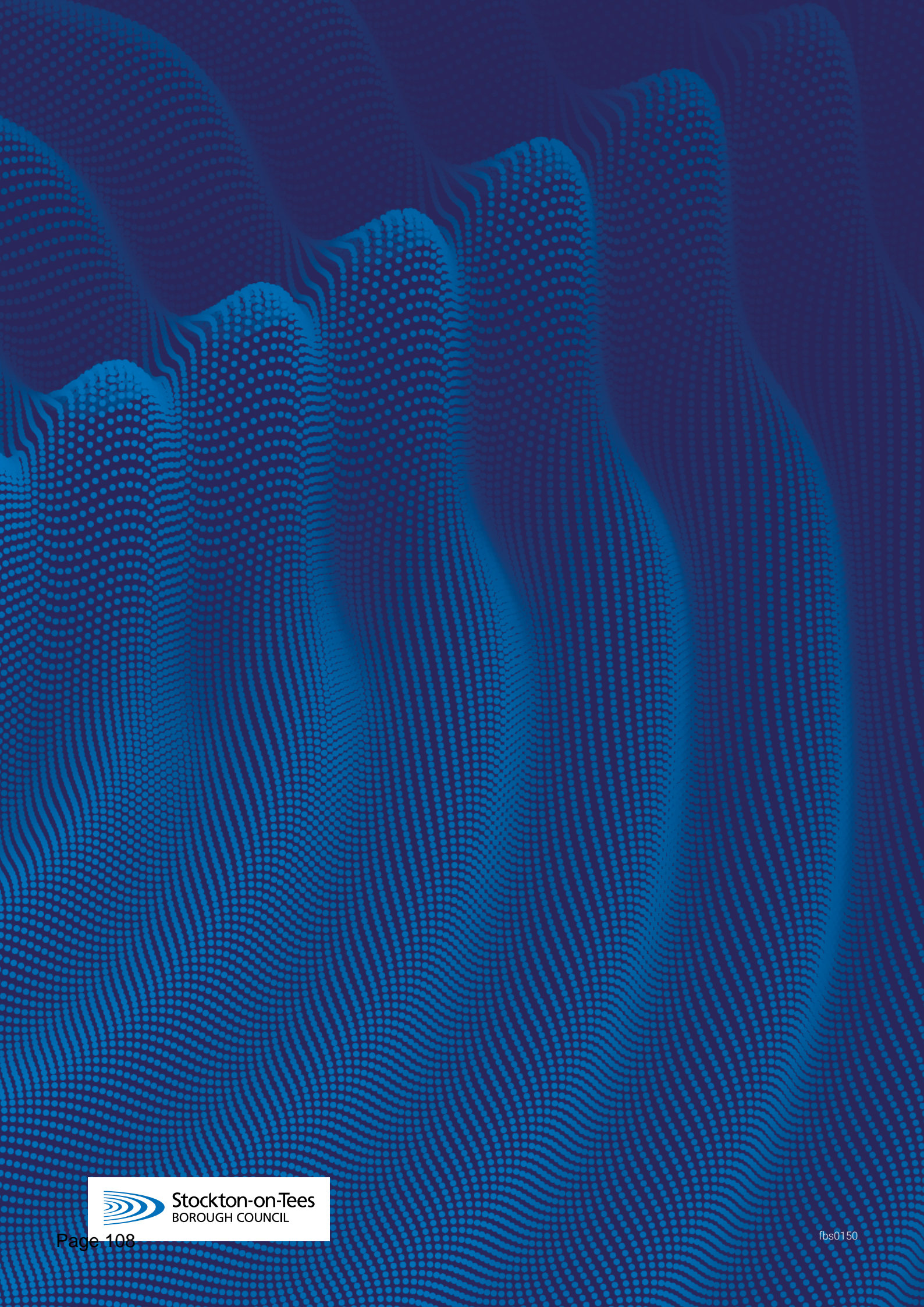
Amounts set aside to meet future costs, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use.

Unusable Reserves

Reserves that not available to spend; this category of reserves includes reserves that hold unrealised gains and losses and reserves that hold timing differences shown in the Movement in Reserves Statement line "Adjustments between accounting basis and funding basis under regulations".

Useful Life

The period over which the Council will derive benefits from the use of a non current asset.



Audit Committee Programme 2024/2025

Diary of Meetings & Work Programme

Date	Work Programme	
27-Jun-24	Annual Statement of Accounts 2023/24 Forward Plan	
29-Jul-24	Annual Financial Statements - Draft prior to Audit Draft Annual Governance Statement Health and Safety report External Audit - Audit Progress Report Risk Register Update and Audit Activity Work Programme 2024 - 2025	To be Confirmed To be Confirmed
30-Sep-24	Health and Safety report Annual Financial Statements - Approval after Audit Annual Governance Statement approval Treasury Management Annual Report External Audit - Audit Completion Report 2023/24 Risk Register Update and Audit Activity Work Programme 2024 - 2025	
25-Nov-24	External Audit - Audit Completion Report 2023/24 External Audit - Auditor's Annual Report Anti-Fraud and Corruption Strategy Treasury Management Mid Term Review Annual Report of the Audit Committee (For Discussion) Health and Safety report Risk Register Update and Audit Activity Work Programme 2024 - 2025	
24-Feb-25	Annual Report of the Audit Committee (Final) Constitutional Update if required External Audit - Audit Progress Report Risk Register Update and Audit Activity Internal Audit Charter Work Programme 2024 - 2025	

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