

# Statement of Accounts

2024-25

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Stockton-on-Tees  
BOROUGH COUNCIL



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# The Borough

Stockton-on-Tees is home - a warm and friendly place, where we welcome others and come together as a single community. We are a diverse and inspiring Borough, culturally rich and with confidence in a future that we can all share and be proud of. At the economic heart of Tees Valley, we are a dynamic, safe and healthy place, where everyone can grow and succeed. We work together to reduce inequalities and remove barriers to opportunity

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 27 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.

## Stockton on Tees Plan 2024 - 2028

This is our new Council Plan, agreed by Cabinet in October 2024. It sets out a vision for the future of our Borough, which has been developed following conversations with communities. The Stockton-on-Tees Plan is a framework that the Council, as well as our partners and communities, will use to ensure we work together towards a shared vision that brings our vision to life.

Our vision is:

*Stockton-on-Tees is home - a warm and friendly place, where we welcome others and come together as a single community. We are a diverse and inspiring Borough, culturally rich and with confidence in a future that we can all share and be proud of. At the economic heart of Tees Valley, we are a dynamic, safe and healthy place, where everyone can grow and succeed. We work together to reduce inequalities and remove barriers to opportunity. We are Team Stockton-on-Tees.*

The Plan marks a new way of working for the Council. Pressures on communities and public services have been growing for some time, which mean we can no longer afford to deliver services the way we have in the past.

We are confident we can work with local stakeholders to put in place new and innovative approaches that will reshape what we do in the best interests of our residents, whilst effectively managing the resources we have.

Our Priorities are:

- 1. Best start in life to achieve big ambitions** - A safe and inclusive community where everyone can thrive. Working hard to prevent the impact of poverty, creating a bright and healthy future with a shared sense of belonging. Supporting children in our care and creating equality of opportunity.
- 2. Healthy and resilient communities** - Building happy and healthy lives, supporting those who are experiencing poverty. Ensuring that our residents are resilient and independent.
- 3. A great place to live, work and visit** - A vibrant and diverse place with an environment that is well looked after and outdoor spaces to enjoy that residents can be proud of.
- 4. An inclusive economy** - Growing the local economy and cementing our role as the well-connected economic heart of Tees Valley. Ensuring that all residents can benefit from secure and sustainable jobs.
- 5. A sustainable Council** - A well run financially sustainable Council that improves outcomes for communities.

## OUR VISION

Stockton-on-Tees is home. It's a warm and friendly place where we welcome others and come together as a single community. We are a diverse and inspiring Borough, culturally rich and with confidence in a future that we can all share and be proud of. At the economic heart of the Tees Valley, we are a dynamic, safe and healthy place where everyone can grow and succeed. We will continue to work together to reduce inequalities and barriers to opportunity. **We are Team Stockton-on-Tees.**

### THE BEST START IN LIFE TO ACHIEVE BIG AMBITIONS

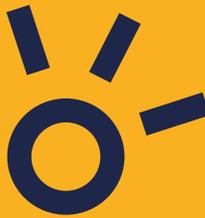
A safe and inclusive community where everyone can thrive. Working hard to prevent the impact of poverty, creating a bright and healthy future with a shared sense of belonging. Supporting children in our care and creating equality of opportunity.

### HEALTHY AND RESILIENT COMMUNITIES

Building happy and healthy lives, supporting those who are experiencing poverty. Ensuring that our residents are resilient, independent.

### A GREAT PLACE TO LIVE, WORK AND VISIT

A vibrant and diverse place with an environment that is well looked after and outdoor spaces to enjoy that residents can be proud of.



### AN INCLUSIVE ECONOMY

Growing the local economy and cementing our role as the well-connected, economic heart of Tees Valley. Ensuring that all residents can benefit from secure and sustainable jobs.

### SUSTAINABLE COUNCIL

A well-run financially sustainable Council that improves outcomes for communities.



## WE ALL HAVE A PART TO PLAY TO MAKE OUR VISION A REALITY.

### SOME OF THE THINGS WE WILL DO

- Support children and families with early development
- Increase access to screening and immunisations
- Work with communities to manage the impact of serious and organised crime
- Progress delivery of our exciting plans for regeneration
- Encourage inward investment from companies that have good and fair operating principles
- Support our residents to access secure and sustainable employment
- Continue to deliver a balanced budget while improving outcomes for communities

### SOME OF THE THINGS YOU CAN DO

- Get involved with our Family Hubs.
- Volunteer – see what's available at [www.stocktonvolunteers.co.uk](http://www.stocktonvolunteers.co.uk)
- Use and enjoy your local town and village centres
- Use our online forms or call us to report issues such as broken streetlights, damaged street furniture and potholes
- Support local businesses and shop close to home, helping local companies to succeed
- Boost your skills by taking a course with any of the great providers in the Borough
- Share your ideas for doing things differently in your area

### WHAT SUCCESS LOOKS LIKE:

- Our residents will feel like they belong to their community, live for longer and in good health.
- More of our children will have a good level of development and be ready for school when they reach reception age. More will achieve outstanding educational attainment and remain in education, employment and/or training at age 16, building a bright future in our Borough.
- Crime rates will reduce and more residents will feel safe at all times.
- More residents will be happy in their employment and accommodation.
- Employment rates and GVA will increase.
- We will do more with our partners and communities, recognising the part we all have to play in the future of our Borough.

Read the full plan



# Powering our future

**Powering Our Future** is a new, Mission-led way of working for Stockton-on-Tees Borough Council and will ensure we are set up to achieve the priorities in the Stockton on Tees plan.

We have set ourselves a Mission to be a Bold, Brave and Innovative Council, one that sees us work together with our partners to create a fair and equal place for our residents, where everyone is proud to live and work, where our communities flourish and people feel they belong.

This means putting in place new and innovative ways of working that will reshape what we do in the best interests of our residents, whilst effectively

managing the resources we have - an essential shift that can empower residents, encourage community engagement, and leverage local knowledge and resources.

The Powering Our Future programme is made up of 5 cross-cutting and interdependent Missions that together, can be greater than the sum of their individual parts. Together, they form our offer to local communities and government, with a new approach to place-leadership that can deliver a step-change in community outcomes, break down barriers to opportunity, and kickstart growth in thriving local places.

## Our Missions are:

	<p><b>Transformation Powering Our Future</b> - an ambitious programme of change, based around a new operating model for the Council</p>
	<p><b>Communities Powering Our Future</b> - empowering communities to use their strengths to increase independence and shape better outcomes</p>
	<p><b>Partnerships Powering Our Future</b> - ensuring we are stronger together and thinking as one 'public service', rather than separate institutions</p>
	<p><b>Regeneration Powering Our Future</b> - harnessing our local leadership role to shape great places where our communities and businesses can thrive</p>
	<p><b>Colleagues Powering Our Future</b> - recognising the talented workforce that will make this happen, and equipping them with the skills to do their best for communities</p>

Our mission-led approach is about setting clear, long-term objectives that tackle complex issues, allowing us to focus on outcomes rather than just the means to achieve them.

The following is a flavour of the Powering Our Future Programme highlights in 2024:

<b>Transformation Powering Our Future</b>
<ul style="list-style-type: none"> <li>• Cabinet agreed the headline focus of the first phase of transformation reviews in January 2024.</li> </ul>
<ul style="list-style-type: none"> <li>• Cabinet agreed the scope for each of the Transformation Reviews in Phase1 of the programme in April 2024.</li> </ul>
<ul style="list-style-type: none"> <li>• Delivered significant efficiencies, reshaping what we do for the better and in the best interests of our communities, realising savings of £5.8m in 2024/25.</li> </ul>
<b>Communities Powering Our Future</b>
<ul style="list-style-type: none"> <li>• The workstreams for the mission were confirmed as: Communications; Communities Engagement; Community Development.</li> </ul>
<ul style="list-style-type: none"> <li>• The 'Proud to Care Campaign' launched in May 2024. The campaign shares case studies of people who go the extra mile to build strong communities across our Borough.</li> </ul>
<ul style="list-style-type: none"> <li>• Continued to learn from our communities. Our Residents Survey, which closed in December 2024, gathered views from our communities, based around the National Wellbeing Measures. The findings will inform the Council's approach to community led development and service design.</li> </ul>
<ul style="list-style-type: none"> <li>• Developed a new approach and methodology for 'Let's Talk' Stockton-on-Tees. Using Appreciative Inquiry, we work with our communities to understand what is working well and how to build on it.</li> </ul>
<b>Partnerships Powering Our Future</b>
<ul style="list-style-type: none"> <li>• The Place Leadership Board continued to see strong engagement across partners. Project activity is progressing across all priority areas identified by the group, including; <ul style="list-style-type: none"> <li>• Developing skills for public service.</li> <li>• Attracting and retaining talent.</li> <li>• Building Pride in Place.</li> <li>• Maximising use of shared resources.</li> <li>• Health and Social Care Integration.</li> </ul> </li> </ul>
<ul style="list-style-type: none"> <li>• Cabinet agreed a Partnership Charter setting out terms of engagement for the Council to observe when entering into any Partnership. This seeks to ensure that the Council engages in strong partnerships that deliver better outcomes for our communities, efficiently and with available resources.</li> </ul>
<ul style="list-style-type: none"> <li>• Established a Business Ambassadors Group - providing a business led platform and support to build confidence in Stockton on Tees as a place to live, work and invest.</li> </ul>
<b>Regeneration Powering Our Future</b>
<ul style="list-style-type: none"> <li>• Cabinet agreed to focus the Regeneration mission on Place Making, providing a core foundation for the Council to achieve its placed based ambitions.</li> </ul>
<ul style="list-style-type: none"> <li>• Continued to deliver improvements and interventions across our six town centres to attract local communities, visitors and businesses.</li> </ul>
<ul style="list-style-type: none"> <li>• Continued to progress our Care, Health &amp; Innovation Zone plans which aim to create a nationally significant cluster of social care and health provision at Teesdale Business Park and the nearby Tees marshalling Yards. The development of a nationally renowned Care Health and Innovation Zone on a 110-hectare brownfield site will create a prime location for investment, homes, work and tourism while addressing our health inequalities.</li> </ul>
<b>Colleagues Powering Our Future</b>
<ul style="list-style-type: none"> <li>• Continued to empower our colleagues to do the best they can for communities.</li> </ul>
<ul style="list-style-type: none"> <li>• Cabinet agreed a Workforce Strategy in January 2024 which is based around 7 themes: Organisational Culture; Communication &amp; Engagement; Smarter Working; Attract &amp; Retain; Happy &amp; Healthy Workforce; Workforce Planning; Workforce Development.</li> </ul>
<ul style="list-style-type: none"> <li>• Developed a new set of values and behaviours which underpin our workplace culture.</li> </ul>

## 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. In the face of ongoing financial pressures and uncertainty in future government funding, the Council continues to adopt a prudent and strategic approach to budgeting.

Our financial planning is underpinned by a robust Medium Term Financial Plan (MTFP), which outlines our budgetary framework through to 2028. This plan ensures that we remain responsive to changing economic conditions while maintaining essential services and investing in the borough's future. Due to the financial pressures the Council is facing, the Council has a savings target, some of which has been identified so far. 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.

## Funding Position

On 18 December 2024 MHCLG announced the Provisional Local Government Finance Settlement for 2025/26. The settlement was for a one-year period only. The Final Local Government Settlement was announced on 3rd February 2025. This confirmed several of the key aspects from the Autumn Statement and presented information at a local authority level.

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.
- Employer National Insurance Contributions - The Government announced £515 million of new funding for Councils to support the cost of the increase from April.
- Recovery Grant - the Government have introduced a new one-off grant totalling £600 million nationally. The funding is distributed using a formula based on deprivation and council tax raising ability.
- The Social Care grant will be increased by £880 million compared to 2024/25 bringing the national allocation to £5.9 billion.
- The Improved Better Care Fund and Discharge Fund will be combined into a single grant; the Local Authority Better Care Grant, totalling £2.6 billion nationally. No inflation has been applied on the 2024/25 amount.
- The Market Sustainability and Improvement Fund will continue, worth £1.05 billion nationally.
- A new Children's Social Care Prevention Grant has been announced at £250 million. Grant conditions will be notified as part of the final settlement.
- Revenue Support Grant will be distributed in the same way as previous years and uplifted based on CIP changes to September 2024. There are several smaller grants which will be consolidated into RSG from April 2025 as part of the Government approach to simplifying grant funding.
- The Services Grant (£87million 2024/25) has been removed from 2025 onwards. The Provisional Financial Settlement has provided funding allocations for 2025/26 only.

The Provisional Financial Settlement has provided funding allocations for 2025/26 only. The Government have indicated that there will be reforms to Local Government Finance from 2026/27 onwards and will take forward the fair funding review, also considering the reset of Business Rates. Government have indicated there will be a multi-year settlement from 2026/27 onwards.

Extended Producer Responsibility - Local authorities will receive £1.1 billion of new funding in 2025-26 through the implementation of the Extended Producer Responsibility scheme. This funding is outside of the Local Government Finance Settlement. This is new funding from income generated from charges to businesses producing plastics and recycling, effectively to compensate Local Authorities delivering waste services. The 2025/26 allocation is £3.5m; it is not clear how future allocations would be calculated.

The Council is undertaking significant transformation work as part of the Powering our Futures Programme. Excellent progress is being made towards the original savings targets:

- The Powering our Futures report to Cabinet on 17 October 2024 outlined savings of £4.6m across a range of services.
- Transformation work within Children's Services, focusing on keeping children within the borough, continues to progress. So far, £1m per annum savings are anticipated to come in across the MTFP. Work continues to mitigate some of the external pressures in relation to the costs of Children in our Care.
- The Powering our Futures report in October outlined several changes to fees and charges, but did not cover the Council's approach to future inflationary uplifts. It is proposed that most of the Council's fees and charges will be increased in line with Consumer Price Index (CPI) as at September from the previous year, or reflective of a change in cost base, which is forecast to generate £200,000 per annum.
- The review of debt management involved a review of our current bad debt provision, allowing us to release £285,000 as a one-off in 2024/25.

The Council will continue with the transformation programme to ensure savings are delivered. The Council, like many Councils across the country, is continuing to see increased demand for children's and adults care services, together with increased cost of provision, which continues to place a strain on resources. If this continues, there is a future risk of further financial pressures. It is important that the programme continues to focus on prevention and innovation to look to reduce demand and provide services in the most efficient manner.

It is likely that to drive efficiencies, or to invest in measures to mitigate the impact of climate change, capital investment will be required. Any interventions will require a clear business case. The current MTFP includes £6m previously approved to support Children's Services, funded by prudential borrowing, and it is recommended that this is increased to £20m to support all service developments which would deliver efficiencies.

Investment will be required in further measures to reduce the Council's carbon emissions and adapt to the impacts of climate change. Investments are likely to be required in relation to decarbonisation of our fleet vehicles, installation of additional photo-voltaic panels on Council assets, retrofitting energy efficiency improvements for buildings, and measures to address the impact of climate change on our communities. It is expected that additional external funding will become available as the Government seeks to achieve the national carbon reduction targets, and the Council will seek to maximise any opportunities through the development of costed proposals and the allocation of match funding where that is required.

## Financial Position 2024/25

The following tables and charts provide an overview of the financial position at the end of the 2024/25 financial year.

### Revenue Expenditure 2024/25

Performance against revenue budgets for 2024/25 by Directorate is shown in the table below. Inflation and growth in service demand have contributed to significant pressures on expenditure budgets in 2024/25. Overall, the outturn position was a net overspend of £7.447 million. This has been funded from utilising available usable reserves.

<b>Service Departments</b>	<b>Approved Budget</b>	<b>Actual</b>	<b>Variance</b>
<b>Expenditure</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adults, Health & Wellbeing	97.424	99.626	2.202
Children's Services	58.153	64.223	6.070
Community Services, Environment & Culture	53.083	53.516	0.433
Corporate Management & Services	9.421	7.236	(2.185)
Corporate Services	11.284	11.150	(0.134)
Regeneration & Inclusive Growth	0.613	1.765	1.152
Finance, Transformation & Performance	14.505	14.414	(0.091)
<b>Net Expenditure on Services</b>	<b>244.483</b>	251.930	7.447
Transfer of Earmarked Reserves to Fund Overspend	0.000	(7.447)	(7.447)
<b>Net Expenditure on Services</b>	<b>244.483</b>	244.483	0.000

Significant variances against budget are as follows:

### **Adults & Health**

Growth in demand for residential placements, as well as for residents receiving care at home, has caused an overspend against budget. Several young people have transitioned from Children's Services into Adults Services in the year. These are significant high-cost packages and have also contributed to the overspend. Due to some of this increased activity being related to hospital discharge, additional Better Care Funding was secured to support this.

The Transformation programme includes a focus on early help and prevention, supporting people to live independently and Transitions to Adulthood and these reviews will all consider ways of supporting the overall position in future years.

### **Children's Services**

The Council has continued to experience significant financial pressures relating to Children in Our Care. There continues to be significant increases in the cost of residential placements as well as more complex needs of children, requiring greater levels of care.

The transformation programme includes a review of services for Children in Our Care, with a key focus on placement sufficiency. The work is wide ranging, linked to the overall Children's Services improvement journey, focusing on outcomes for children as well as cost.

### **Community Services, Environment and Leisure**

Provisions of Home to School Transport services has increased significantly due to increased numbers of children requiring transport, this has led to a financial pressure in year.

### **Regeneration & Inclusive Growth**

Securing income from planning applications has been challenging this year linked to a range of issues including changes to the National Planning Policy Framework and ongoing issues with Biodiversity Net Gain and Nutrient Neutrality. These have led to a significant budget pressure in this area. Wellington Square shopping centre income has been lower than anticipated due to vacant units and reduced car parking income, which has also led to a financial pressure in year.

## Capital Medium Term Financial Plan

To achieve the Councils vision for the future it has an ambitious capital programme. £56.57m was spent on capital items in 2024-25 with a further £185.48m forecast over the following three financial years spanning 2025-26 - 2027-28.

Expenditure	Outturn	Three Year Plan			Total
	2024/25	2025/26	2026/27	2027/28	
	£m	£m	£m	£m	£m
Schools Capital	8.793	11.378	0.591	0	20.762
Childrens Services	0.643	0.639	0	0	1.282
Housing Regeneration	0.23	1.158	0.541	0	1.929
Inclusive Growth & Development	0.868	6.322	0	0	7.19
Private Sector Housing	1.626	3.131	0	0	4.757
Office Accomodation	4.665	0.23	1.5	0	6.395
Stockton Town Centre	0.333	10.502	7	0	17.835
Reshaping Town Centres	1.185	11.89	8.713	17.417	39.205
Thornaby Town Centre	5.547	15.626	7.8	0.5	29.473
Yarm & Eaglescliffe LUF	9.612	9.219	1.1	0	19.931
Redevelopment Castlegate Site	9.692	16.648	0	0	26.34
Other Town Centre Regeneration Schemes	0	0.292	0	0	0.292
Local Transport Plans	6.949	6.173	3.667	0	16.789
Other Transport Schemes	0.452	7.941	0.633	0	9.026
Developer Agreements	0.119	0.278	0.246	0	0.643
Energy Management Schemes	0.096	0.4	0	0	0.496
Environment & Green Infrastructure	0.696	0.785	0	0	1.481
Building Management & Asset Review	1.353	1.173	0	0	2.526
Other	3.709	12.331	7.358	12.3	35.698
<b>Total Expenditure</b>	<b>56.568</b>	<b>116.116</b>	<b>39.149</b>	<b>30.217</b>	<b>242.05</b>
<b>Funding</b>					
Grants and Other Contributions	52.331	88.25	21.311	0.3	162.192
Capital Reciepts & Reserves	1.162	4.925	2.473	0	8.56
Borrowing	3.075	22.941	15.365	29.917	71.298
<b>Total Funding</b>	<b>56.568</b>	<b>116.116</b>	<b>39.149</b>	<b>30.217</b>	<b>242.05</b>

The capital programme continues to see significant sums planned to regenerate the six towns within the Borough. As these interventions progress, they will enhance 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 starting to occur across our towns and this is expected to continue 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, the settings are conducive to efficient and effective learning and that the provisions are 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 continue to work 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 clean energy initiatives. 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.

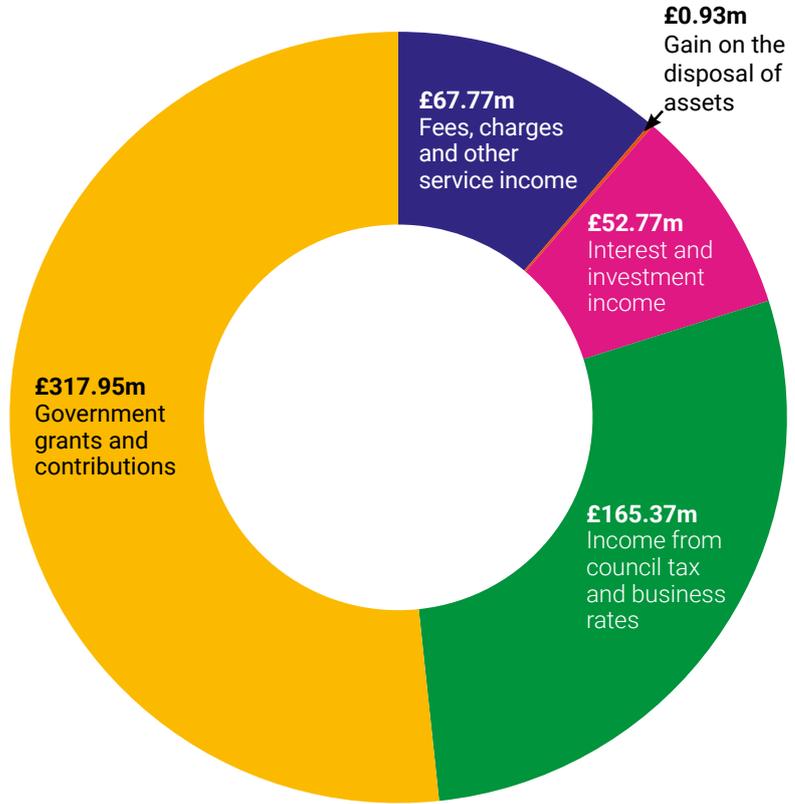
The Council's capital investments continue to meet changes in legislation, recent examples include the Simpler Recycling Reforms.

# 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.

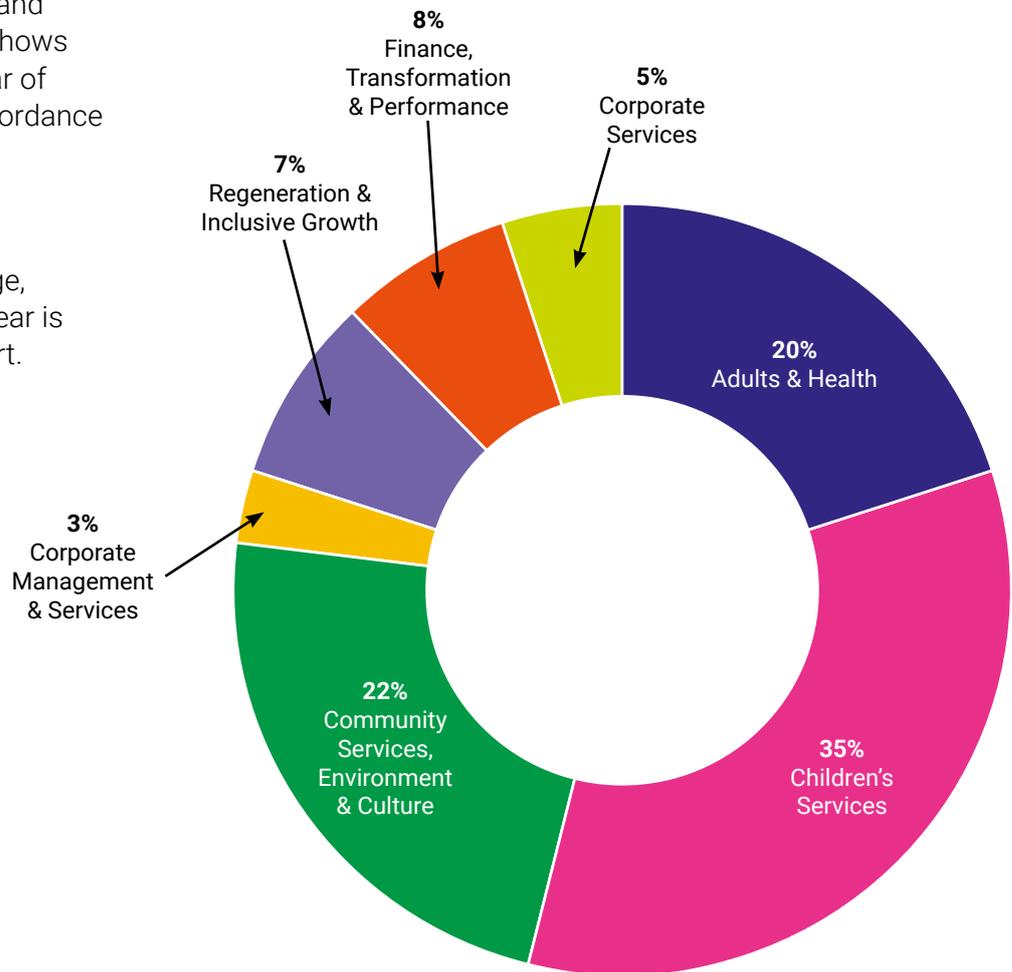
Income by source during 2024/25 is presented in the chart.

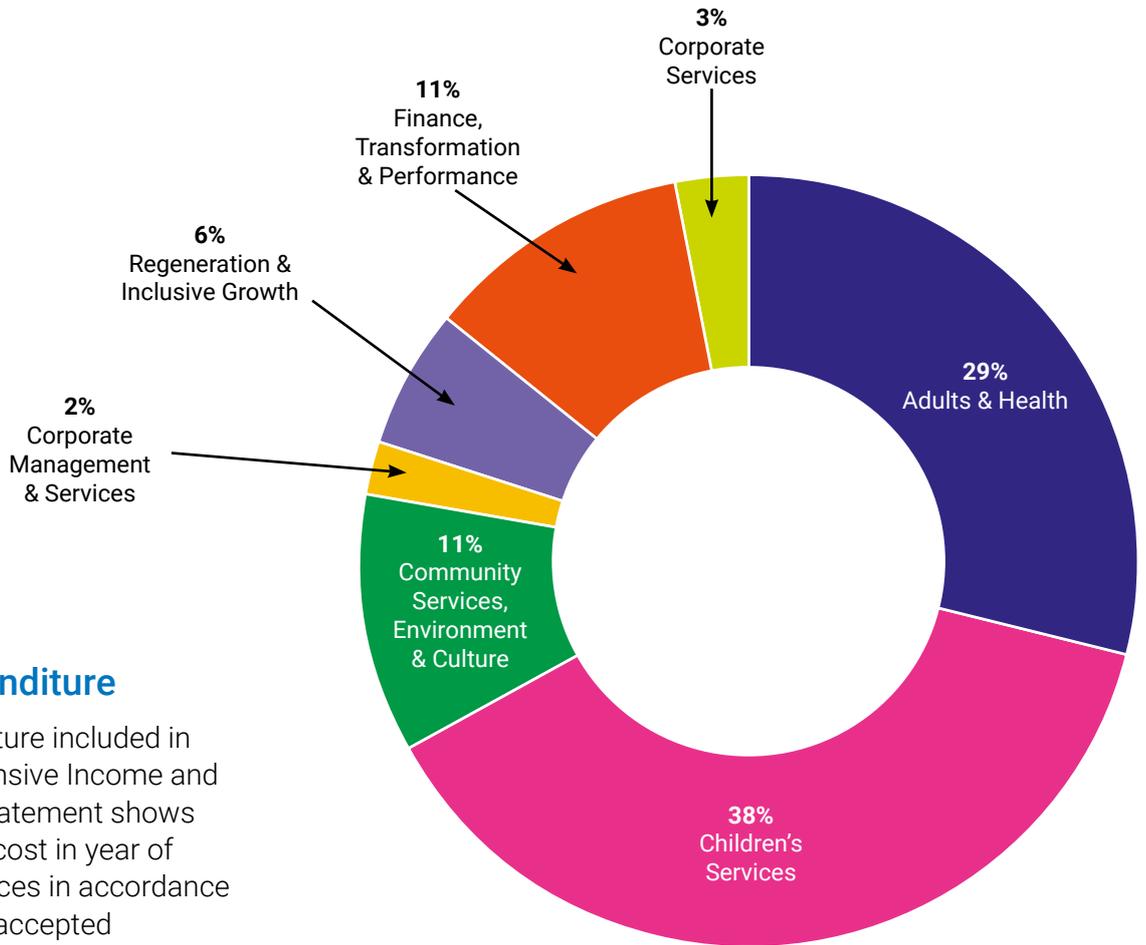


## Net Expenditure

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 2024/25 this totalled £208.8m. As a percentage, net expenditure for the year is demonstrated in the chart.

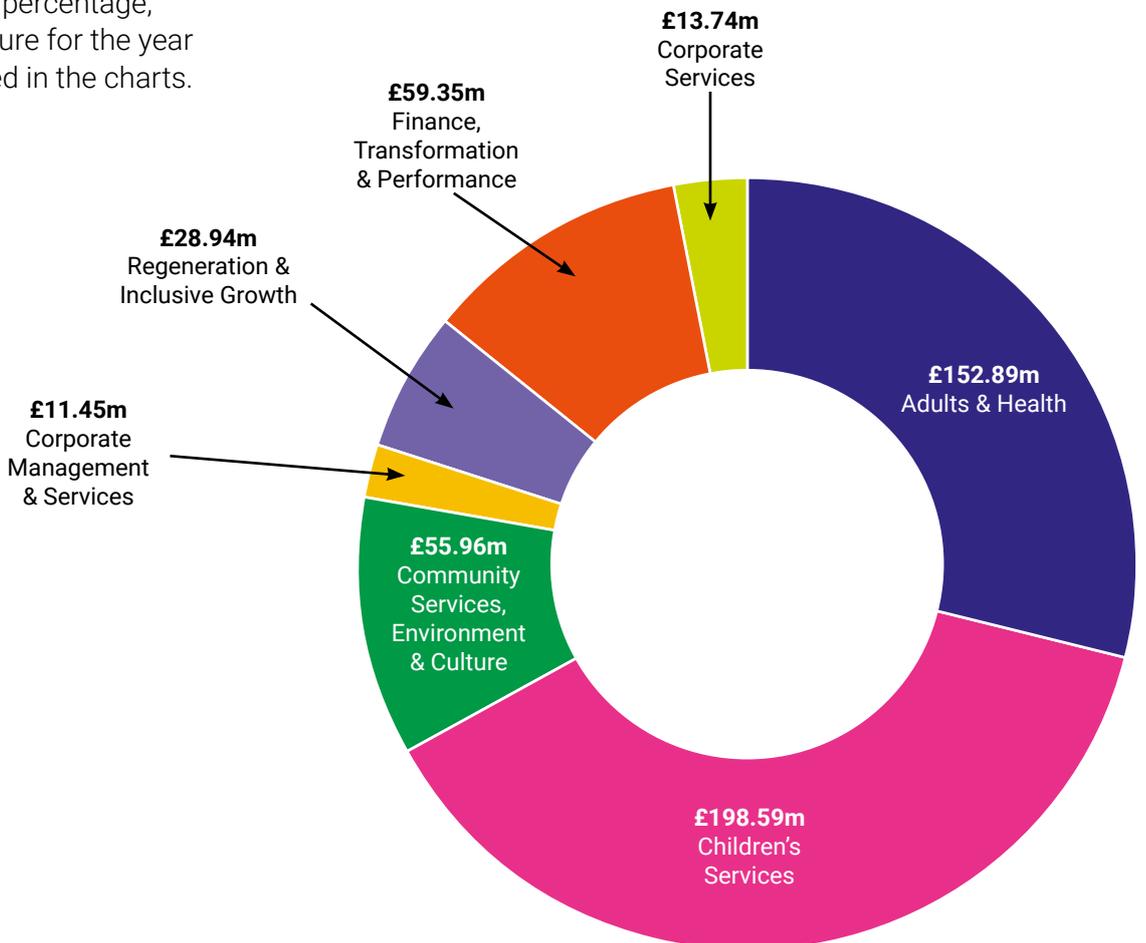




## Gross Expenditure

Gross 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 2024/25 this totalled £520.9m. As a percentage, gross expenditure for the year is demonstrated in the charts.



## 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

A thorough review of provisions linked to Council tax and Business Rates was undertaken as part of the budget setting for 2024/25 and repeated this year. Analysis of known data such as collection rates and levels of debt, as well as predictions regarding business rates appeals are considered. Although levels of debt are higher than pre-covid.

The Council holds £8m in General Fund balances, a sum of money the Council must maintain in case of a major unforeseen event leading to significant financial uncertainty. In the event that the Council must use these funds, they must commit to replenishing them back to the original level as quickly as possible.

As part of the annual budget setting process, the levels of balances and reserves are reviewed to ensure that the level is appropriate in the context of local circumstances. As described in the main body of the report, a thorough review of reserves has been undertaken again this year. This has identified a sum that can be redirected to fund the projected overspend within 2024/25.

When assessing the level of reserves, factors to take into account include historic trends against budget, current savings requirements and other potential future financial risks.

- a). The level of overspend the Council has experienced over the past three years has required the use of reserves and provisions to fund the overspend. This has caused the Council's reserves levels to reduce faster than planned.
- b). The MTFP does require savings to be made, amounting to £2.5m by 2026/27. As described above the Council has invested in building capacity to enable delivery of these savings and has already shown success in implementing over £5.8m worth of savings. This demonstrates proven commitment and reassures us that we can be cautiously optimistic in the likelihood of achieving the remaining targets.
- c). In setting the MTFP, officers have followed a process to try to identify potential future risk as far as possible. As discussed earlier there remain various challenges to staying within budget, however, we have implemented processes and demonstrated commitment to mitigating pressures.

The Council views the current level of general fund balances to be prudent and reflective of the current levels of risk facing them. 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.

Reserve levels are shown in the abbreviated Balance Sheet Table below. The table shows that the level of reserves the Council holds has reduced during 2024/25 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 2025 is set out below:

Balance Sheet	31-Mar-24	31-Mar-25
	£000's	£000's
Long Term Assets	452,488	486,128
Current Assets	77,921	102,780
Current Liabilities	-75,071	-125,521
Long Term Liabilities	-123,216	-123,221
<b>Net Assets</b>	<b>332,122</b>	<b>340,166</b>
General Fund Balances	8,000	8,000
Earmarked General Fund Reserves	40,487	28,321
Capital Receipts Reserve	3,450	4,436
Capital Grants Unapplied	51,557	45,397
Unusable Reserves	228,628	254,012
<b>Total Reserves</b>	<b>332,122</b>	<b>340,166</b>

The key headline messages to note in relation to the Balance Sheet on 31 March 2025 are as follows:

- Long-term assets have increased due to the completion of schemes within the capital programme and upward revaluation of assets.
- The movement on Current Assets and Current Liabilities are both related to the Council undertaking short-term borrowing for cash flow purposes at the end of the financial year.
- 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 Council's balance sheet is in a positive net worth position. (i.e. the assets are greater than the liabilities).

## International Financial Reporting Standard 16 (IFRS 16) - Leases

The Council adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024.

With effect from 1 April 2024, IFRS 16 also applies to service concession arrangements i.e. Public-Private Partnerships (PPP) and similar schemes. Under IFRS16, where indexation (or other changes in a rate) affects future service concession payments, the lease liability requires to be remeasured. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments.

# 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 2025. 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 2024/25, 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

## Prior Period Adjustments - Restatement of Income and Expenditure Comparators due to Change in Reporting Structure

The Expenditure & Funding Analysis (EFA), the Comprehensive Income & Expenditure Statement (CIES) and their supporting notes, are compiled based on the Council's reporting structure at the 31st March. This structure reflects the Directorate structure in place at that point in time.

During 2024/25 the Council's reporting structure was changed, however this restructure had no change to the overall net cost of services, Surplus/Deficit on Provision of Services, general fund balances, or the balance sheet. The financial statements and disclosures impacted by the restructuring are as follows:

- Expenditure & Funding Analysis
- Comprehensive Income & Expenditure Statement
- Notes to the Expenditure and Funding Analysis

## Statement of 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 Chief Financial Officer;
- 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 Chief Financial Officer Responsibilities

The Chief Financial Officer is responsible for the preparation of the Council's Annual Financial Statements amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets.

In preparing the Annual Financial Statements, the Chief Financial Officer has:

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

The Chief Financial Officer 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 Chief Financial Officer

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 2025.



**G Cummings CPFA** - Deputy Chief Executive and Director of Finance, Transformation & Performance

Date: 30 June 2025

These financial statements replace the unaudited financial statements certified by the Deputy Chief Executive and Director of Finance, Transformation & Performance on 30th June 2025.

**C Harper CPFA** - Chief Financial Officer

Date: 23 February 2026

### Approval Of Statement Of Accounts

The Statement of Accounts was approved by Stockton Councils Audit and Governance Committee.

**Councillor Barry Woodhouse** - Chairman of the Audit and Governance Committee

Date: 23 February 2026

# Financial Statements and Explanatory Notes



## Movement in Reserves Statement for the year ended 31 March 2025

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' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

<b>Movement in Reserves Statement for the year ended 31 March 2024</b>	Unearmarked General Fund Reserve	Other Earmarked Reserves	<b>General Fund Balance</b>	Capital Receipts Reserve	Capital Grants Unapplied	<b>Total Usable Reserves</b>	Unusable Reserves	<b>Total Council Reserves</b>
	£000s	£000s	<b>£000s</b>	£000s	£000s	<b>£000s</b>	£000s	<b>£000s</b>
<b>Balance at 1 April 2023</b>	8,000	58,385	<b>66,385</b>	3,053	46,273	<b>115,711</b>	320,029	<b>435,740</b>
<b>Movement in reserves during 2023-24</b>								
Total Comprehensive Income and Expenditure	(363)	-	<b>(363)</b>	-	-	<b>(363)</b>	(103,255)	<b>(103,618)</b>
Adjustments between accounting basis & funding basis under regulations (Note 6)	-	(17,448)	<b>(17,448)</b>	397	5,284	<b>(11,767)</b>	11,767	-
<b>Increase/Decrease before transfer to earmarked reserves</b>	<b>(363)</b>	<b>(17,448)</b>	<b>(17,811)</b>	<b>397</b>	<b>5,284</b>	<b>(12,130)</b>	<b>(91,488)</b>	<b>(103,618)</b>
Transfers to / from earmarked reserves	363	(450)	<b>(87)</b>			<b>(87)</b>	87	-
<b>Increase/Decrease in the Year</b>	<b>-</b>	<b>(17,898)</b>	<b>(17,898)</b>	<b>397</b>	<b>5,284</b>	<b>(12,217)</b>	<b>(91,401)</b>	<b>(103,618)</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>8,000</b>	<b>40,487</b>	<b>48,487</b>	<b>3,450</b>	<b>51,557</b>	<b>103,494</b>	<b>228,628</b>	<b>332,122</b>
<b>Opening Balance 01 April 2024</b>	8,000	40,487	<b>48,487</b>	3,450	51,557	<b>103,494</b>	228,628	<b>332,122</b>
<b>Movement in Reserve in 2024-25</b>								
Total Comprehensive Income and Expenditure	(104)	-	<b>(104)</b>	-	-	<b>(104)</b>	8,148	<b>8,044</b>
Adjustments between accounting basis & funding basis under regulations (Note 6)	-	(11,811)	<b>(11,811)</b>	986	(6,160)	<b>(16,985)</b>	16,985	-
<b>Increase/Decrease before transfer to earmarked reserves</b>	<b>(104)</b>	<b>(11,811)</b>	<b>(11,915)</b>	<b>986</b>	<b>(6,160)</b>	<b>(17,089)</b>	<b>25,133</b>	<b>8,044</b>
Transfers to / from earmarked reserves	104	(355)	<b>(251)</b>			<b>(251)</b>	251	-
<b>Increase / Decrease in the year</b>	<b>-</b>	<b>(12,166)</b>	<b>(12,166)</b>	<b>986</b>	<b>(6,160)</b>	<b>(17,340)</b>	<b>25,384</b>	<b>8,044</b>
<b>Balance at 31 March 2025 carried forward</b>	<b>8,000</b>	<b>28,321</b>	<b>36,321</b>	<b>4,436</b>	<b>45,397</b>	<b>86,154</b>	<b>254,012</b>	<b>340,166</b>
<b>General Fund analysed over:</b>								
Amounts earmarked (Note 7)	28,321							
Amounts uncommitted	8,000							
<b>"Total General Fund Reserve at 31 March 2025"</b>	<b>36,321</b>							

# Comprehensive Income and Expenditure Statement for the year ended 31 March 2025

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.

**2023/24 Restatement** - The Comprehensive Income & Expenditure Statement (CIES) and their supporting notes, are compiled based on the Council's reporting structure at the 31st March. This structure reflects the Directorate structure in place at that point in time. During 2024/25 the Council's reporting structure was changed, however this restructure had no change to the overall net cost of services, Surplus/Deficit on Provision of Services.

	Restated 2023 - 24			2024-25		
	£000s	£000s	£000s	£000s	£000s	£000s
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Adults, Health & Wellbeing	137,329	(95,889)	41,440	152,894	(110,809)	<b>42,085</b>
Children's Services	186,693	(111,569)	75,124	198,589	(125,713)	<b>72,876</b>
Community Services, Environment & Culture	66,829	(8,422)	58,407	55,957	(9,172)	<b>46,785</b>
Corporate Management & Services	10,137	(5,078)	5,059	11,454	(5,941)	<b>5,513</b>
Regeneration & Inclusive Growth	10,564	(7,864)	2,700	28,316	(13,086)	<b>15,230</b>
Finance, Transformation & Performance	71,707	(47,315)	24,392	59,354	(43,836)	<b>15,518</b>
Corporate Services	13,695	(1,943)	11,752	13,738	(2,913)	<b>10,825</b>
<b>Cost of Services</b>	<b>496,954</b>	<b>(278,080)</b>	<b>218,874</b>	<b>520,302</b>	<b>(311,470)</b>	<b>208,832</b>
<b>Other Operating Income &amp; Expenditure:</b>						
Parish council precepts	967	-	967	1,005	-	1,005
(Gain) or loss on the disposal of Investment Properties	-	-	-	-	-	-
(Gain) or loss on the disposal of non-current assets	2,756	(1,901)	855	4,929	(895)	4,034
(Gain) or loss on trading accounts (not applicable to service)	17,038	(10,059)	6,979	17,088	(9,226)	7,862
<b>Financing and Investment Income and Expenditure:</b>						
Interest payable and similar charges	4,980	-	4,980	5,542	-	5,542
Net (gains) / losses on financial assets at fair value through profit and loss	529	-	529	-	(251)	(251)
Net interest on the net defined benefit liability/asset	41,070	(45,813)	(4,743)	51,778	(50,783)	995
Interest receivable and similar income	-	(2,750)	(2,750)	-	(1,963)	(1,963)
Income & expenditure in relation to investment properties and changes in their fair value	415	(2,728)	(2,313)	880	(1,717)	(837)
Revaluation (Gain) / loss on Assets Held for Sale	-	-	-	-	(130)	(130)
<b>Taxation and Non-Specific Grant Income:</b>						
Council tax income	-	(113,972)	(113,972)	-	(117,554)	(117,554)
Non-domestic rates income and expenditure	-	(44,324)	(44,324)	-	(47,818)	(47,818)
Non-ringfenced government grants	3,593	(24,826)	(21,233)	3,372	(25,138)	(21,766)
Capital grants and contributions	-	(43,484)	(43,484)	-	(37,847)	(37,847)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>568,300</b>	<b>(567,937)</b>	<b>363</b>	<b>604,896</b>	<b>(604,792)</b>	<b>104</b>
(Surplus) or deficit on revaluation of non current assets			(18,151)			(4,709)
Re-measurements of the defined benefit liability			121,320			(3,691)
Other (gains) and losses			86			252
<b>Other Comprehensive Income and Expenditure</b>			<b>103,255</b>			<b>(8,148)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>103,618</b>			<b>(8,044)</b>

## Balance Sheet as at 31 March 2025

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 2025 £000s	31 March 2024 £000s
<b>Non-current assets</b>			
Property, plant and equipment	11	443,831	409,442
Investment property	13	16,686	17,970
Intangible assets		829	567
Heritage Assets	12	11,274	11,239
Long term investments	29	13,279	13,028
Long Term Debtors	29	229	242
<b>Total non-current assets</b>		<b>486,128</b>	452,488
<b>Current assets</b>			
Inventories		906	763
Debtors	15 & 29	73,339	67,909
Cash and Cash Equivalents	16	26,071	8,746
Assets held for sale		2,464	503
<b>Total current assets</b>		<b>102,780</b>	77,921
<b>Current liabilities</b>			
Cash and Cash Equivalents	16	(1,432)	(5,723)
Short Term Borrowing	29	(64,708)	(18,636)
Short Term Creditors	17 & 29	(59,381)	(50,712)
<b>Total current liabilities</b>		<b>(125,521)</b>	(75,071)
<b>Long term liabilities</b>			
Long Term Creditors	29	(172)	(172)
Long Term Borrowing	29	(86,072)	(89,750)
Provisions	33	(3,699)	(4,799)
Other Long Term Liabilities	18 & 29	(26,385)	(24,625)
Grants Receipts in Advance	28	(6,893)	(3,870)
<b>Total long term liabilities</b>		<b>(123,221)</b>	(123,216)
<b>Net Assets:</b>		<b>340,166</b>	332,122
<b>Reserves</b>			
<b>Usable reserves:</b>			
General Fund Reserve		8,000	8,000
Earmarked General Fund Reserves	7	28,321	40,487
Capital Receipts Reserve		4,436	3,450
Capital Grants Unapplied		45,397	51,557
<b>Total Usable Reserves</b>		<b>86,154</b>	103,494
<b>Unusable Reserves:</b>			
Revaluation Reserve	20	82,833	82,246
Capital Adjustment Account	19	196,389	167,488
Financial Instruments Adjustment Account		(13)	(55)
Pooled Fund Adjustment Account		(1,721)	(1,972)
Pensions Reserve	31	(17,239)	(19,074)
Collection Fund Adjustment Account	21	1,558	7,332
Accumulated Absences Account		(1,070)	(1,285)
Dedicated Schools Grant Adjustment Account	24	(6,725)	(6,052)
<b>Total Unusable Reserves</b>		<b>254,012</b>	228,628
<b>Total Reserves:</b>		<b>340,166</b>	332,122

# Cash Flow Statement for the year ended 31 March 2025

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.

	Note	31 March 2025 £000s	31 March 2024 £000s
<b>Net (surplus) or deficit on the provision of services</b>		<b>104</b>	363
<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements:</b>			
Depreciation, impairment and amortisation of non current assets		(18,932)	(31,455)
Revaluation (gains)/losses		6,325	3,492
Movement in net pension liability		(1,856)	504
Carrying amount of Non-Current Assets Sold		(5,446)	(3,123)
Other non-cash movement		1,546	2,550
Increase/(Decrease) in Inventories (Stock)		143	332
Increase/(Decrease) in Debtors		518	12,151
(Increase)/Decrease in Creditors		(3,909)	(323)
(Increase)/Decrease in Provisions		1,103	1,519
Increase/(Decrease) in Long Term Debtors		(13)	(1,087)
		<b>(20,521)</b>	(15,440)
<b>Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:</b>			
Capital Grants credited to surplus or deficit on the provision of services		46,022	46,217
Proceeds from the disposal of non current assets		1,074	1,940
		<b>47,096</b>	48,157
<b>Net cashflow from operating activities</b>		<b>26,679</b>	33,080
<b>Investing activities</b>			
Purchase of property, plant and equipment, investment property and intangible assets		46,208	39,482
Increase in short term and long term investments		251	(529)
Proceeds from the sale of property, plant and equipment, investment property and intangibles		(1,074)	(1,940)
Other receipts from investing activities		(49,045)	(47,939)
<b>Net cashflow from investing activities</b>		<b>(3,660)</b>	(10,926)
<b>Financing activities</b>			
Other receipts from financing activities		(1,298)	(2,293)
Cash payments for liabilities relating to leases and PFI Contracts		(944)	2,046
Increase in short and long term borrowings		(42,393)	(14,146)
<b>Net cashflow from financing activities</b>		<b>(44,635)</b>	(14,393)
<b>Net (increase) or decrease in cash and cash equivalents</b>		<b>(21,616)</b>	7,761
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>(3,023)</b>	(10,784)
<b>Cash and cash equivalents at the end of the reporting period</b>	16	<b>(24,639)</b>	(3,023)
<b>The cashflow for operating activities includes the following items:</b>			
Interest received		<b>(1,382)</b>	(2,141)
Dividends received		<b>(665)</b>	(683)
Interest paid		<b>4,902</b>	3,442

# 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	Restated 2023-24			2024-25		
	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 & Wellbeing	68,932	(27,492)	41,440	76,772	(34,687)	42,085
Children's Services	58,068	17,056	75,124	63,754	9,122	72,876
Community Services, Environment & Culture	36,526	21,881	58,407	36,447	10,338	46,785
Corporate Management & Services	4,229	830	5,059	7,495	(1,982)	5,513
Regeneration & Inclusive Growth	1,670	1,030	2,700	1,596	13,635	15,231
Finance, Transformation & Performance	14,190	10,202	24,392	15,628	(110)	15,518
Corporate Services	12,340	(588)	11,752	11,150	(326)	10,825
<b>Net Cost of Services</b>	195,955	22,919	218,874	<b>212,842</b>	<b>(4,010)</b>	<b>208,832</b>
Other Income and Expenditure	(195,955)	(22,556)	(218,511)	(212,842)	4,114	(208,728)
Surplus or Deficit	0	363	363	-	104	104
<b>Opening General Fund Reserve</b>	(8,000)			<b>(8,000)</b>		
Less/Plus (Surplus) or Deficit	0			-		
<b>Closing General Fund Reserve at 31 March</b>	<b>(8,000)</b>			<b>(8,000)</b>		

## Note 2: Notes to the Expenditure & Funding Analysis

### Adjustments between Funding and Accounting Basis 2024-25

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 & Wellbeing	1,187	43	(35,917)	(34,687)
Children's Services	6,173	70	2,879	9,122
Community Services, Environment & Culture	(1,717)	24	12,031	10,338
Corporate Management & Services	(2,594)	12	600	(1,982)
Regeneration & Inclusive Growth	12,858	8	769	13,635
Finance, Transformation & Performance	(1,618)	690	818	(110)
Corporate Services	-	14	(340)	(326)
<b>Net Cost of Services</b>	<b>14,289</b>	<b>861</b>	<b>(19,160)</b>	<b>(4,010)</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(34,398)	995	37,517	4,114
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Surplus or Deficit on the Provision of Services</b>	<b>(20,109)</b>	<b>1,856</b>	<b>18,357</b>	<b>104</b>

### Restated 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 & Wellbeing	574	708	(28,774)	(27,492)
Children's Services	14,492	1,186	1,378	17,056
Community Services, Environment & Culture	12,994	391	8,496	21,881
Corporate Management & Services	(1,442)	198	2,074	830
Regeneration & Inclusive Growth	-	118	912	1,030
Finance, Transformation & Performance	7,274	1,435	1,493	10,202
Corporate Services	(3)	203	(788)	(588)
<b>Net Cost of Services</b>	<b>33,889</b>	<b>4,239</b>	<b>(15,209)</b>	<b>22,919</b>
Other Income and Expenditure from the Expenditure and Funding Analysis	(43,426)	(4,743)	25,613	(22,556)
<b>Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Surplus or Deficit on the Provision of Services</b>	<b>(9,537)</b>	<b>(504)</b>	<b>10,404</b>	<b>363</b>

## 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 i.e. 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

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 2025/26 Code. New or amended standards that are expected to be introduced in the 2025/26 Code that apply from 1 April 2025 are:

- a). IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as requiring the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- b). IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

- c). The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

The impact of these changes has not yet been fully assessed 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:

**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.

## 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 different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2025 which contain estimates are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
<b>Pension Assets / Liabilities</b>	<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 £12.787 million. Note 31 provides further details.</p>
<b>Property Plant and Equipment</b>	<p>To meet CIPFA Code requirements asset valuations are based on current value and valuations are carried out on a 3 or 5-year rolling programme (higher-value assets every 3 years, and the lower-value assets every 5 years) meaning that there is a possibility of material changes in value between these periods. To ensure that the Council does not materially misstate its non-current assets a desk top exercise assessment of those assets not revalued in year is undertaken supported by annual indexation to the 'best available' indices in the intervening years. 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 £0.880 million for every year that useful lives had to be reduced. See Note 11 for further information.</p>
<b>Revaluations</b>	<p>Valuations are carried out on a 3 or 5 year rolling programme, 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 current value of assets as at the 31 March are not materially misstated.</p>	<p>At 31 March 2025, the Council revalued Property Plant and Equipment to the value of £443.831 million, and investment properties to the value of £16.686 million. A 1% change in the estimation of these property values would lead to a £4.44 million change in the value of the Council's land and buildings and £0.167 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. See Note 11 for further information.</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.

2024-25	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)	(28,813)			28,813
Adjustments involving the Revaluation Reserve	4,122			(4,122)
Adjustments involving the Capital Grants Unapplied Account	6,160		(6,160)	-
Adjustments involving the Capital Receipts Reserve	(1,075)	986		89
Adjustments involving Dedicated Schools Grant Adjustment Account	673			(673)
Adjustments involving the Financial Instruments Adjustment Account	(42)			42
Adjustments involving the Pensions Reserve	1,856			(1,856)
Adjustments Involving the Pooled Fund Adjustment Account	(251)			251
Adjustments involving the Collection Fund Adjustment Account (see note 21)	5,774			(5,774)
Adjustments involving the Accumulated Absences Adjustment Account	(215)			215
<b>Total Adjustments</b>	<b>(11,811)</b>	<b>986</b>	<b>(6,160)</b>	<b>16,985</b>

2023-24 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)	(7,182)			7,182
Adjustments involving the Revaluation Reserve	4,340			(4,340)
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 the Financial Instruments Adjustment Account	(61)			61
Adjustments involving the Pensions Reserve	(504)			504
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)
<b>Total Adjustments</b>	<b>(17,448)</b>	<b>397</b>	<b>5,284</b>	<b>11,767</b>

## 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 2024-25. 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 2023	Transfers Out 2023- 24	Transfers In 2023-24	Balance at 31 March 2024	Transfers Out 2024- 25	Transfers In 2024-25	Balance at 31 March 2025
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Capital Reserves</b>							
Stockton Town Centre Regeneration	(633)	125	-	(508)	98	-	(410)
Approved Capital Schemes	(8,661)	-	(1,214)	(9,875)	5,533	(99)	(4,441)
Fleet Renewals Fund	(2,080)	1,147	(549)	(1,482)	149	(524)	(1,857)
<b>Total Capital Reserves</b>	<b>(11,374)</b>	<b>1,272</b>	<b>(1,763)</b>	<b>(11,865)</b>	<b>5,780</b>	<b>(623)</b>	<b>(6,708)</b>
<b>Revenue Reserves</b>							
Insurance Fund	(7,376)	3,000	(1,656)	(6,032)	1,000	(160)	(5,192)
Commuted Lump Sums	(998)	66	4	(928)	928	-	-
Pooled Funds and Interest Rate Risk	(807)	-	(893)	(1,700)	-	(262)	(1,962)
ICT Infrastructure	(757)	357	-	(400)	260	-	(140)
Government Grants Income In Advance	(345)	3	-	(342)	342	-	-
Transformation & Implementation	(2,941)	1,232	(692)	(2,401)	1,409	(515)	(1,507)
MTFP Transition Reserve	(6,272)	6,091	-	(181)	-	(1,000)	(1,181)
ARCC Probation Service	(1,289)	-	-	(1,289)	1,289	-	-
Health & Integration	(8,586)	3,066	(173)	(5,693)	4,495	(96)	(1,294)
Collection Fund Deficit Reserve	(544)	544	-	-	-	-	-
NNDR S31 Grant	(1,425)	-	(769)	(2,194)	2,194	-	-
MTFP Resilience Reserve	-	-	-	-	7,019	(7,935)	(916)
Covid Recovery Funds	(195)	63	-	(132)	132	-	-
Other Revenue Reserves	(9,797)	9,025	(767)	(1,539)	2,485	(6,999)	(6,053)
<b>Total Revenue Reserves</b>	<b>(41,332)</b>	<b>23,447</b>	<b>(4,946)</b>	<b>(22,831)</b>	<b>21,553</b>	<b>(16,967)</b>	<b>(18,245)</b>
<b>Schools Related Reserves</b>							
Balances held by schools under a scheme of delegation	(3,493)	432	(476)	(3,537)	364	(195)	(3,368)
Dedicated Schools Grant	(2,186)	-	(68)	(2,254)	2,254	-	-
<b>Total Schools Related Reserves</b>	<b>(5,679)</b>	<b>432</b>	<b>(544)</b>	<b>(5,791)</b>	<b>2,618</b>	<b>(195)</b>	<b>(3,368)</b>
<b>Total Earmarked Reserves</b>	<b>(58,385)</b>	<b>25,151</b>	<b>(7,253)</b>	<b>(40,487)</b>	<b>29,951</b>	<b>(17,785)</b>	<b>(28,321)</b>

## 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	2024-25 £000s	Restated 2023-24 £000s
<b>Services</b>		
Adults, Health & Wellbeing	(21,446)	(19,276)
Childrens Services	(6,579)	(6,158)
Community Services, Environment & Culture	(5,061)	(5,449)
Corporate Management & Services	(3,008)	(2,430)
Finance, Transformation & Performance	(1,827)	(1,911)
Regeneration & Inclusive Growth	(4,992)	(529)
Corporate Services	(695)	(5,627)
Other Income	(8,161)	(7,538)
<b>Total income analysed on a segmental basis</b>	<b>(51,769)</b>	<b>(48,918)</b>

## 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 £726,101 (last year: £723,319).

Members' Allowances	2024-25 £000s	2023-24 £000s
Basic Allowances	518	518
Special Responsibility Allowances	208	205
Travel & Expenses	0	0
<b>Total</b>	<b>726</b>	<b>723</b>

## 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			
	2024-25	2023-24	2024-25	2023-24
	Council	Council	Schools	Schools
£50,000 - £54,999	95	70	40	30
£55,000 - £59,999	54	38	23	18
£60,000 - £64,999	13	20	13	11
£65,000 - £69,999	15	15	4	12
£70,000 - £74,999	13	6	8	6
£75,000 - £79,999	5	4	3	2
£80,000 - £84,999	6	6	6	4
£85,000 - £89,999	6	3	4	1
£90,000 - £94,999	-	4	1	1
£95,000 - £99,999	7	10	-	-
£100,000 - £104,999	5	3	1	-
£105,000 - £109,999	3	1	-	-
£110,000 - £114,999	1	-	-	1
£125,000 - £129,999	-	-	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 2024-25

Post holder information	Salary (Including fees & Allowances)	Expense Allowances	Benefits in kind	Total Remuneration excluding pension contributions 24/25	Compensation for Loss of Office	Pension contributions	Total Remuneration including pension contributions 24/25
	£	£	£	£	£	£	£
Chief Executive (Mike Greene)	173,252	-	1,056	<b>174,308</b>	-	26,036	<b>200,344</b>
Deputy Chief Executive & Director of Finance, Transformation & Performance	147,703	152	-	<b>147,855</b>	-	20,088	<b>167,943</b>
Director of Children's Services	131,205	-	1,558	<b>132,763</b>	-	16,778	<b>149,541</b>
Director Adults, Health and Wellbeing	138,463	-	-	<b>138,463</b>	-	18,949	<b>157,412</b>
Director of Regeneration & Inclusive Growth	72,763	82	-	<b>72,845</b>	-	9,896	<b>82,741</b>
Director of Corporate Services (Monitoring Officer)	139,333	-	1,628	<b>140,961</b>	-	17,660	<b>158,621</b>
Director of Community Services, Environment & Culture	139,333	-	-	<b>139,333</b>	-	18,405	<b>157,738</b>
	<b>942,052</b>	<b>234</b>	<b>4,242</b>	<b>946,528</b>	<b>0</b>	<b>127,812</b>	<b>1,074,340</b>

During 2024/25 the post of Director Regeneration & Inclusive Growth was created. The Officer commenced employment with the Council in September 2024. The new Director of Children's Service commenced employment in April 2024.

### 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	<b>169,730</b>	-	22,134	<b>191,864</b>
Deputy Chief Executive & Director of Finance, Transformation & Performance	146,865	149	-	<b>147,014</b>	-	19,239	<b>166,253</b>
Director of Children's Services	56,640	-	-	<b>56,640</b>	-	7,420	<b>64,059</b>
Director Adults, Health and Wellbeing	103,309	-	-	<b>103,309</b>	-	12,925	<b>116,234</b>
Director of Adults and Health	45,312	-	-	<b>45,312</b>	-	5,936	<b>51,248</b>
Director of Corporate Services (Monitoring Officer)	135,935	-	-	<b>135,935</b>	-	17,808	<b>153,743</b>
Director of Community Services, Environment & Culture	135,935	-	656	<b>136,591</b>	-	17,021	<b>153,612</b>
	<b>793,022</b>	<b>149</b>	<b>1,360</b>	<b>794,531</b>	<b>0</b>	<b>102,483</b>	<b>897,013</b>

During 2023/24 both the Director of Children's Services (31/08/2023) and Director of Adults and Health (31/07/2023) 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.

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

Movements in 2024-25	Other Land & Buildings	Vehicles, Plant & Equipment	Right of Use Assets	Community Assets	Surplus Assets	PP&E Under Construction	Total
	£000s	£000s		£000s	£000s	£000s	£000s
<b>Cost or Valuation</b>							
At 1 April 2024	230,794	24,210	-	210	3,517	1,254	<b>259,985</b>
Opening balance adjustment	-		7,292				<b>7,292</b>
Additions	24,103	1,598	2,288	393	137	9,260	<b>37,779</b>
Accumulated depreciation written off on revaluation	(8,840)		(221)		(16)		<b>(9,077)</b>
Accumulated depreciation & impairment written off to Gross Carrying Amount (GCA)						-	-
Revaluation increases/(decreases) recognised in the Revaluation Reserve	4,709		-	-	-		<b>4,709</b>
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on provision of services	6,420			-	(174)		<b>6,246</b>
Derecognition - disposals	(5,297)	(403)		-	-		<b>(5,700)</b>
Reclassified to/from held for sale/surplus	(193)						<b>(193)</b>
Reclassified to/from ROU Assets **		(6,260)	6,260				-
Other reclassifications *	(9,598)	(695)		-	-	-	<b>(10,293)</b>
<b>At 31 March 2025</b>	<b>242,098</b>	<b>18,450</b>	<b>15,619</b>	<b>603</b>	<b>3,464</b>	<b>10,514</b>	<b>290,748</b>
<b>Accumulated Depreciation and Impairment</b>							
At 1 April 2024	(22,665)	(13,386)	-	-	-	-	<b>(36,051)</b>
Depreciation Charge	(8,958)	(2,767)	(415)		(16)		<b>(12,156)</b>
Accumulated depreciation written off on revaluation	8,840		221		16		<b>9,077</b>
Impairment losses/reversals recognised in the (Surplus)/Deficit on provision of services	(2,900)	(884)		(43)	-	(38)	<b>(3,865)</b>
Derecognition - disposals	378	389			-		<b>767</b>
Reclassified to/from ROU Assets **		2,809	(2,809)				-
Other reclassifications	9,598	695			-	-	<b>10,294</b>
<b>At 31 March 2025</b>	<b>(15,707)</b>	<b>(13,144)</b>	<b>(3,003)</b>	<b>(43)</b>	<b>-</b>	<b>(38)</b>	<b>(31,934)</b>
<b>Net Book Value</b>							
<b>At 31 March 2025</b>	<b>226,391</b>	<b>5,306</b>	<b>12,616</b>	<b>560</b>	<b>3,464</b>	<b>10,476</b>	<b>258,814</b>
<b>At 31 March 2024</b>	<b>208,129</b>	<b>10,823</b>	<b>-</b>	<b>210</b>	<b>3,517</b>	<b>1,254</b>	<b>223,934</b>

\* Reduction in the cost or valuation and accumulated depreciation to write out 2023/24 impaired capital expenditure included in the brought forward balances.

\*\*The Council has adopted IFRS 16 Leases with effect from 1 April 2025. Although the code requires that the Council applies IFRS 16 retrospectively, as if the accounting standard had always been recognised, comparative figures for the prior year are not restated, the code requires that cumulative effect to be recognised as at 1 April 2024.

\*\*\*The NBV of PFI asset totals £1.826m as at 31st March 2025, this is included within other Land & Buildings total.

Detail of the opening balance adjustment and ROU Asset by asset classification are included in the table below.

Right of Use Asset	L&B Commercial Lease	L&B Non Commercial Lease	Vehicle Lease	PPE Lease	Total
	£000s	£000s	£000s	£000s	£000s
<b>Cost or Valuation</b>					
At 1 April 2024					
Opening Balance Adjustment (Recognition of ROU Assets on transition)	1,792	5,427		72	7,291
Additions			2,288		2,288
Accumulated Depreciation & Impairment written off to GCA		(221)			(221)
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on provision of services					-
Reclassification to ROU Assets			6,260		6,260
<b>At 31 March 2025</b>	<b>1,792</b>	<b>5,206</b>	<b>8,548</b>	<b>72</b>	<b>15,618</b>
<b>Accumulated Depreciation and Impairment</b>					
At 1 April 2024					-
Depreciation Charge	(157)	(221)		(36)	(415)
Accumulated Depreciation written off to GCA		221			221
Reclassification to ROU Assets			(2,809)		(2,809)
<b>At 31 March 2025</b>	<b>(157)</b>	<b>(0)</b>	<b>(2,809)</b>	<b>(36)</b>	<b>(3,003)</b>
<b>Net Book Value</b>					
<b>At 31 March 2025</b>	<b>1,635</b>	<b>5,206</b>	<b>5,739</b>	<b>36</b>	<b>12,616</b>
<b>At 31 March 2024</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

### Right of Use (ROU) Valuations

Assets included within L&B Commercial, Vehicles and PPE have been valued using the cost model as this is considered an appropriate proxy for current value in existing use (or fair value).

Assets included within L&B non commercial include peppercorn leases and leases provided for nil or nominal consideration. These valuations have been undertaken by District Valuers 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 the valuations in 24-25 is 31st March 2025.

### Infrastructure Assets

In accordance with the Temporary Relief offered by 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.

The authority has determined in accordance with Regulation [30M England or 24L Wales] 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.

<b>Infrastructure Assets Net Book Value</b>	<b>Total</b>
<b>At 31 March 2024</b>	<b>185,508</b>
Additions	9,557
Depreciation	(9,927)
Other	(121)
<b>At 31 March 2025</b>	<b>185,017</b>

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

<b>Total Non Current Assets Net Book Value</b>	<b>Total</b>
<b>At 31 March 2024</b>	<b>409,442</b>
<b>At 31 March 2025</b>	<b>443,831</b>

<b>Movements in 2023-24</b>	<b>Other Land &amp; Buildings</b>	<b>Vehicles, Plant &amp; Equipment</b>	<b>Community Assets</b>	<b>Surplus Assets</b>	<b>PP&amp;E Under Construction</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
<b>Cost or Valuation</b>						
At 1 April 2023	210,448	22,648	210	3,606	1,131	<b>238,043</b>
Additions	21,909	3,556	-	-	123	<b>25,588</b>
Accumulated depreciation & impairment written off to Gross Carrying Amount (GCA)	(7,022)	-	-	(16)	-	<b>(7,038)</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	18,551	-	-	(73)	-	<b>18,478</b>
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on provision of services	1,390	-	-	-	-	<b>1,390</b>
Derecognition - disposals	(2,857)	(1,576)	-	-	-	<b>(4,433)</b>
Reclassified to/from held for sale/surplus	(368)	-	-	-	-	<b>(368)</b>
Other reclassifications	(11,257)	(418)	-	-	-	<b>(11,675)</b>
<b>At 31 March 2024</b>	<b>230,794</b>	<b>24,210</b>	<b>210</b>	<b>3,517</b>	<b>1,254</b>	<b>259,985</b>
<b>Accumulated Depreciation and Impairment</b>						
At 1 April 2023	(22,668)	(12,186)	-	-	-	<b>(34,854)</b>
Depreciation Charge	(8,799)	(2,439)	-	(16)	-	<b>(11,254)</b>
Accumulated depreciation written off on revaluation	7,022	-	-	16	-	<b>7,038</b>
Impairment losses/reversals recognised in the (Surplus)/Deficit on provision of services	(9,598)	(695)	-	-	-	<b>(10,293)</b>
Derecognition - disposals	121	1,515	-	-	-	<b>1,636</b>
Other reclassifications	11,257	418	-	-	-	<b>11,675</b>
<b>At 31 March 2024</b>	<b>(22,665)</b>	<b>(13,386)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(36,051)</b>
<b>Net Book Value</b>						
<b>At 31 March 2024</b>	<b>208,129</b>	<b>10,823</b>	<b>210</b>	<b>3,517</b>	<b>1,254</b>	<b>223,934</b>
<b>At 31 March 2023</b>	<b>187,780</b>	<b>10,461</b>	<b>210</b>	<b>3,606</b>	<b>1,131</b>	<b>203,190</b>

<b>Infrastructure Assets Net Book Value</b>	<b>Total</b>
<b>At 31 March 2023</b>	<b>180,191</b>
Additions	14,962
Depreciation	(9,610)
Other	(35)
<b>At 31 March 2024</b>	<b>185,508</b>

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

<b>Total Non Current Assets Net Book Value</b>	<b>Total</b>
<b>At 31 March 2023</b>	<b>383,381</b>
<b>At 31 March 2024</b>	<b>409,442</b>

## **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

### **Capital Commitments**

At 31 March 2025, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2024/25 and future years of which the major schemes are as follows:

School place extensions/ alterations - £4.705m

Carriageway Resurfacing - £0.839m

Urban Park and Land Bridge - £13.326m

Preston Park Museum and Grounds - £0.722m

Preston Park Café & Avairy - £0.475m

## 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 for higher value assets and every five years for lower value assets; this replaces a programme that previously required valuations to be carried out at least every three years. The majority of valuations were carried out internally with a small number carried out by the Valuation Office Agency and Knight Frank. 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 24/25 is 31st March 2025.

<b>Operational Assets</b>	<b>Other Land &amp; Buildings £000s</b>	<b>Right of Use Assets £000s</b>	<b>Vehicles, Plant &amp; Equipment £000s</b>	<b>Community Assets £000s</b>	<b>Surplus Assets £000s</b>	<b>Total £000s</b>
<b>Valued at historical cost</b>		8,620	18,450			27,070
<b>Valued at current value as at:</b>						
Current Year	89,312	6,999		603	3,464	100,378
2023/2024	50,855					50,855
2022/2023	62,971				-	62,971
2021/2022	18,563					18,563
2020/2021	20,397					20,397
<b>Total</b>	<b>242,098</b>	<b>15,619</b>	<b>18,450</b>	<b>603</b>	<b>3,464</b>	<b>280,234</b>

## Note 12: Non Current Assets - Heritage Assets

The majority of the authority's heritage assets are held at Preston Hall Museum. These assets are held in support of the primary objective of the authority's museum i.e. increasing the knowledge and understanding and appreciation of the Boroughs history. The reconciliation of the carrying value of heritage assets held by the authority is shown in the table below.

2024-25	Artworks	Ceramics Glass Silverware & Decorative Art	Weapons & Militaria	Transport	Archaeological	Civic Regalia	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Valuation</b>							
At 1 April 2024	6,500	1,464	2,538	47	510	180	<b>11,239</b>
Additions	35	-	-	-	-	-	<b>35</b>
Revaluations	-	-	-	-	-	-	<b>-</b>
<b>At 31 March 2025</b>	<b>6,535</b>	<b>1,464</b>	<b>2,538</b>	<b>47</b>	<b>510</b>	<b>180</b>	<b>11,274</b>

2023-24	Artworks	Ceramics Glass Silverware & Decorative Art	Weapons & Militaria	Transport	Archaeological	Civic Regalia	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
<b>Valuation</b>							
At 1 April 2023	6,500	1,464	2,538	47	35	144	<b>10,728</b>
Additions	-	-	-	-	475	-	<b>475</b>
Revaluations	-	-	-	-	-	36	<b>36</b>
<b>At 31 March 2024</b>	<b>6,500</b>	<b>1,464</b>	<b>2,538</b>	<b>47</b>	<b>510</b>	<b>180</b>	<b>11,239</b>

### 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:

	<b>31 March 2025</b>	31 March 2024
	<b>£000s</b>	£000s
Rental income from investment property	1,040	1,038
Direct operating expenses arising from investment property	(109)	(136)
<b>Net gain/(loss)</b>	<b>931</b>	<b>902</b>

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:

	<b>31 March 2025</b>	31 March 2024
	<b>£000s</b>	£000s
<b>Balance at the start of the year</b>	<b>17,970</b>	16,558
Additions:		
Purchases	628	-
Construction	-	-
Subsequent expenditure	-	-
Disposals	(182)	-
Net gains/(losses) from fair value adjustments	(94)	1,412
Transfers:		
To/from Assets Held for Sale	(1,636)	-
Other changes	-	-
<b>Balance at the end of the year</b>	<b>16,686</b>	<b>17,970</b>

The Council's largest investment is the Hampton by Hilton Hotel on the North Shore development (£12.1m). The Council's interests in the Hotel have been valued by a specialist at 31st March 2025.

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.

The Hotel valuation was undertaken by HVS with the remaining valuations undertaken internally and by Knight Frank.

Valuations of investment property 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 24/25 is 31st March 2025.

## Note 14: Expenditure and Income Analysed by Nature

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

<b>The Council's expenditure and income</b>	<b>31 March 2025</b>	31 March 2024
	<b>£000s</b>	£000s
<b>Expenditure</b>		
Employee benefits expenses	168,009	162,558
Other services expenses	333,446	313,992
Depreciation, amortisation and impairment	40,252	42,459
Interest payments	5,043	4,667
Interest payments - IAS19 Pensions	51,778	41,070
Precepts and levies	1,382	798
Loss on the disposal of assets	4,986	2,756
<b>Total Expenditure</b>	<b>604,896</b>	568,300
<b>Income</b>		
Fees, charges and other service income	(67,773)	(68,191)
Gain on the disposal of assets	(929)	(1,901)
Interest and investment income	(1,991)	(2,773)
Interest and investment income - IAS19 Pensions	(50,783)	(45,813)
Income from council tax and business rates	(165,372)	(158,298)
Government grants and contributions	(317,944)	(290,961)
<b>Total Income</b>	<b>(604,792)</b>	(567,937)
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>104</b>	363

## Note 15: Debtors

<b>Debtors</b>	<b>31 March 2025</b>	31 March 2024
	<b>£000s</b>	£000s
Central Government	11,074	12,733
Local Government	10,635	5,804
National Health Service	2,200	4,077
Local Taxation	21,019	19,546
Other entities and individuals	28,411	25,749
	<b>73,339</b>	67,909

### Credit Risk - Receivables

The Council does not generally allow credit for customers, although £10.9 million of £20.7 million of raised debtor invoices balances are past their due date for payment. As the Council maintains a credit loss provision for debts based on age of debt and nature of dispute, no further assessment of the fair value has needed to be made. The amounts are carried on the Balance Sheet at their amounts outstanding and no amounts have been included in the table above for the Council's exposure to default. The £20.7 million above relates to invoiced debt only and is an element of the Debtor total in Note 15.

## 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:

<b>Debtors for Local Taxation</b>	<b>31 March 2025</b>	31 March 2024
	<b>£000s</b>	£000s
Less than three months	942	1,191
Three to six months	1,021	624
Six months to one year	6,290	5,820
More than one year	12,766	11,911
	<b>21,019</b>	<b>19,546</b>

## Note 16: Cash & Cash Equivalents

<b>Cash &amp; Cash Equivalents</b>	<b>31 March 2025</b>	31 March 2024
	<b>£000s</b>	£000s
Bank and Imprests	4	50
Cash Equivalents	26,067	8,696
Bank Overdraft	(1,432)	(5,723)
	<b>24,639</b>	<b>3,023</b>

## Note 17: Short Term Creditors

<b>Short Term Creditors</b>	<b>31 March 2025</b>	31 March 2024
	<b>£000s</b>	£000s
Central Government	(12,635)	(13,037)
Local Government	(6,928)	(5,719)
National Health Service	(2,098)	(3,116)
Local Taxation	(2,820)	(2,354)
Other entities and individuals	(34,900)	(26,486)
	<b>(59,381)</b>	<b>(50,712)</b>

## Note 18: Other Long Term Liabilities

<b>Other Long Term Liabilities</b>	<b>31 March 2025</b>	31 March 2024
	<b>£000s</b>	£000s
Lease liability	(5,385)	(2,851)
PFI liability	(3,761)	(2,700)
Net Unfunded pensions liability	(17,239)	(19,074)
	<b>(26,385)</b>	<b>(24,625)</b>

## 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.

	2024-25		2023-24
	£000s	£000s	£000s
<b>Balance at 1 April</b>		<b>(167,488)</b>	(158,761)
<b>Opening Balance Adjustment IFRS16 Transition</b>		<b>(1,171)</b>	
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	22,997		28,606
• Revaluation losses on property, plant and equipment	(6,052)		(1,754)
• Revaluation losses / (gain) on AHFS & Investment Properties	(36)		(1,412)
• Amortisation of intangible assets	141		122
• Revenue expenditure funded from capital under statute	12,235		14,630
• Amounts of non-current assets written off on disposal or sale	4,372		1,183
		<b>33,657</b>	41,375
Capital financing applied in the year:			
• Use of the Capital Receipts Reserve to finance new capital expenditure	(88)		(1,544)
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(26,618)		(21,718)
• Application of grants to capital financing from the Capital Grants Unapplied Account	(25,565)		(19,690)
• Statutory provision for the financing of capital investment charged against the General Fund balance	(4,424)		(3,285)
• Capital expenditure charged against the General Fund balance	(7,034)		(3,864)
		<b>(63,729)</b>	(50,101)
<b>Balance at 31 March</b>		<b>(196,389)</b>	(167,488)

## 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.

	<b>2024-25</b>	2023-24
	<b>£000s</b>	£000s
<b>Balance at 1 April</b>	<b>(82,246)</b>	(68,435)
Upward revaluation of assets	(21,469)	(19,147)
Downward revaluation of assets and impairment losses not charged to the (surplus)/deficit on the provision of services	16,760	996
Surplus or deficit on revaluation of non-current assets not posted to the (surplus)/deficit on the provision of services	<b>(4,709)</b>	(18,151)
Difference between fair value depreciation and historical cost depreciation	3,381	2,727
Accumulated gains on assets sold or scrapped	741	1,613
Amount written off to the Capital Adjustment Account	4,122	4,340
<b>Balance at 31 March</b>	<b>(82,833)</b>	(82,246)

## 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.

<b>Collection Fund Adjustment Account</b>	<b>2024-25</b>	2023-24
	<b>£000s</b>	£000s
<b>Balance at 1 April</b>	(7,332)	184
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	4,345	(4,919)
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	1,428	(2,598)
<b>Balance at 31 March</b>	<b>(1,558)</b>	(7,332)

## 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 2024/25 is shown in Note 9. During 2024/25, £111k in value of goods and services were purchased from companies where members have a controlling interest (last year: £4k). 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 £712k (last year: £1.412m) from these companies during the year. At the 31st March 2025 the Council owed £0k (Last Year: £0k) from subsidiaries and they in turn owed £217k (Last Year: £397k) to the Council.

A number of elected members and senior officers sit on the management committees or boards of local organisations. During 2024/25 the Council had net transactions that totalled £4.532m (last year: £5.476m) to bodies that included Cleveland Fire Authority, The Police and Crime Commissioner for Cleveland, North East Autism Society, Catalyst Stockton-on-Tees, Stockton Shopmobility, BCT Aspire, Stockton & District Advice and Information Service, Friends of Ropner, Tees Active Limited, Hardwick in Partnership, Eastern Ravens Trust, FRADE, North East Regional Employers Organisation, and Tees Music Alliance. Billingham, Ingleby Barwick, Yarm and Thornaby Town Councils. The transactions consisted of services provided to the Council totalling £2.827m and grants and payments for services made by the Council totalling £7.325m. At the 31st March 2025 the Council owed £74k (Last Year: £85k) to related party suppliers and they in turn owed £1.111m (Last Year: £1.118m) 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:

<b>External Audit Costs</b>	<b>2024-25</b>	2023-24
	<b>£000s</b>	£000s
Fees payable to Forvis Mazars LLP with regard to external audit services	375	347
Fees payable to Forvis Mazars LLP for the certification of grant claims	15	14
Fees payable in respect of other services provided by Forvis Mazars LLP	7	7
	<b>397</b>	<b>368</b>
<i>Government Funding Additional Audit Requirements</i>	<i>(48)</i>	<i>(48)</i>

## 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 2024/25 are as follows:

2024/25	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final Dedicated Schools Grant for 2024/25 before academy and high needs recoupment			233,378
Academy and high needs figure recouped for 2024/25			(141,189)
<b>Total DSG after Academy and high needs recoupment for 2024/25</b>			<b>92,189</b>
Plus: Brought forward from 2023/24			2,254
Less: Carry-forward to 2025/26 agreed in advance			-
<b>Agreed initial budgeted distribution in 2024/25</b>	<b>36,179</b>	<b>58,264</b>	<b>94,443</b>
In year adjustments	-	(1,100)	(1,100)
<b>Final budgeted distribution for 2024/25</b>	<b>36,179</b>	<b>57,164</b>	<b>93,343</b>
Less: Actual central expenditure	36,852		36,852
Less: Actual ISB deployed to schools		57,164	57,164
Plus: Local authority contribution for 2024/25	-	-	-
<b>In Year Carry-forward Surplus / (Deficit) to 2024/25</b>	<b>(673)</b>	<b>-</b>	<b>(673)</b>
Plus: Carry-forward to 2025/26 agreed in advance			-
<b>Carry-forward to 2025/26</b>			<b>-</b>
DSG unusable reserve at the end of 2023/24			<b>6,052</b>
Addition to DSG unusable reserve at the end of 2024/25			<b>673</b>
Total of DSG unusable reserve at the end of 2024/25			<b>6,725</b>
<b>Net DSG position at the end of 2024/25</b>			<b>(6,725)</b>

At 31st March 2025, the DSG shows a cumulative deficit balance of £6.725million. 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 2024-25 the net position has declined by £0.673m.

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 (£6.725m), 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.

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)
<b>Total DSG after Academy and high needs recoupment for 2023/24</b>			<b>82,567</b>
Plus: Brought forward from 2022/23			2,186
Less: Carry-forward to 2024/25 agreed in advance			-
<b>Agreed initial budgeted distribution in 2023/24</b>	<b>34,309</b>	<b>50,444</b>	<b>84,753</b>
In year adjustments	-	456	456
<b>Final budgeted distribution for 2023/24</b>	<b>34,309</b>	<b>50,900</b>	<b>85,209</b>
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	-	-	-
<b>In Year Carry-forward Surplus / (Deficit) to 2023/24</b>	<b>2,254</b>	<b>-</b>	<b>2,254</b>
Plus: Carry-forward to 2024/25 agreed in advance			-
<b>Carry-forward to 2024/25</b>			<b>2,254</b>
DSG unusable reserve at the end of 2022/23			<b>6,052</b>
Addition to DSG unusable reserve at the end of 2023/24			-
Total of DSG unusable reserve at the end of 2023/24			<b>6,052</b>
<b>Net DSG position at the end of 2023/24</b>			<b>(3,798)</b>

## 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 2025 have been recalculated under IFRS 16 Leases requirements which the authority adopted from 1st April 2024, (excluding any estimation of inflation and availability/performance deductions) are as follows:

The Council has adopted the IFRS 16 accounting standard for the 2024/25 financial year. In relation to PFI contracts the major change is that under the previous (IAS 17) standard liabilities were not remeasured when payments change and any increased payment was treated as contingent rent, a form of interest, and expensed. The PFI contract is linked to inflation (Retail Price Index). Under IFRS 16 there is a requirement to remeasure liabilities when the payments change and the lease liability (the Net Present Value of future payments) has been recalculated based on the revised level of unitary charge payment. The impact of adopting IFRS16 has resulted in an increase to the overall liability of £2,927m and increase in the value of the PFI asset of £1.118m.

<b>Future Payments</b>	<b>Payment for Services</b>	<b>Reimbursement of Capital Expenditure</b>	<b>Interest</b>	<b>Total</b>
	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>	<b>£000s</b>
Payment due:				
In 2025-26	873	1,500	396	2,769
Within two to five years	2,439	3,761	494	6,694
	<b>3,312</b>	<b>5,261</b>	<b>890</b>	<b>9,463</b>

## Note 26: Leases

### Council as a Lessee

The Council has adopted IFRS16 Leases with effect from the 1st April 2024.

The Council has a number of leases for Land & Buildings, Vehicles and Equipment which are recognised as Right of Use Assets carried on the balance sheet at the following net book value. (Please refer to Note 11).

<b>Leased Assets</b>	<b>2024-25</b>
	<b>£000s</b>
Land and Buildings	7,061
Vehicles	5,739
Plant and Equipment	36
	<b>12,836</b>

CIPFA has mandated that Councils use a modified retrospective approach to adopting IFRS16. Wherever applicable, opening balances brought forward from 31st March 2024 have been adjusted on transition to show IFRS 16 restated balances as at 1st April 2024.

The Council classifies contracts as leases based on their substance. Contracts and part of contracts, including those described as contracts for services, are analysed to demine whether they convey the right to control the use of an identified asset, through rights to obtain substantially all of the economic benefits or service potential from that asset and to direct its use. Leases are recognised as right of use assets with a corresponding liability at the date from which the asset is available for use (or the IFRS16 transition date if later). This includes arrangements with nil consideration, peppercorn or nominal payments.

Right of Use Asset (ROU)	L&B Commercial Lease	L&B Non Commercial Lease	Vehicle Lease	PPE Lease	Total
	£000s	£000s	£000s	£000s	£000s
<b>Cost or Valuation</b>					
<b>At 1 April 2024</b>					-
Opening Balance Adjustment (Recognition of ROU Assets on transition)	1,792	5,426		72	<b>7,291</b>
Additions			2,288		<b>2,288</b>
Accumulated Depreciation & Impairment written off to GCA*		(221)			<b>(221)</b>
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on provision of services					-
Reclassification to ROU Assets			6,260		<b>6,260</b>
<b>At 31 March 2025</b>	<b>1,792</b>	<b>5,205</b>	<b>8,548</b>	<b>72</b>	<b>15,618</b>

<b>Accumulated Depreciation and Impairment</b>					
<b>At 1 April 2024</b>					-
Depreciation Charge	(157)	(221)		(36)	<b>(415)</b>
Accumulated Depreciation written off to GCA*		221			<b>221</b>
Reclassification to ROU Assets			(2,809)		<b>(2,809)</b>
<b>At 31 March 2025</b>	<b>(157)</b>	<b>(0)</b>	<b>(2,809)</b>	<b>(36)</b>	<b>(3,003)</b>

<b>Net Book Value</b>					
<b>At 31 March 2025</b>	<b>1,635</b>	<b>5,205</b>	<b>5,739</b>	<b>36</b>	<b>12,615</b>
At 31 March 2024	0	0	0	0	0

\*GCA - Gross Carrying Amount

The council leases various non current assets for example Vehicles to enable to delivery of Council Services such as Waste Collection.

The council is committed to making minimum lease payments under these leases comprising settlement of the long - term interest in the Property Plant and Equipment and the finance costs that will be payable by the Council in future years while the liability remains outstanding.

The minimum lease payments are made up of the following:

<b>L&amp;B Commercial Leases</b>	<b>2024-25</b>	
	<b>£000s</b>	
Not later than one year	239	The weighed average incremental borrowing rate applied to lease liability recognised in the Balance Sheet as at 1 April 2024 was 5.03%.
Later than 1 year and not later than 5 years	809	The liability as at 1st April 2024 was nil, therefore the impact of adopting IFRS16 totals £2.140m as at 31st March 2025.
Later than 5 years	1,092	
	<b>2,140</b>	

<b>Equipment Leases</b>	<b>2024-25</b>	
	<b>£000s</b>	
Not later than one year	39	The weighed average incremental borrowing rate applied to lease liability recognised in the Balance Sheet as at 1 April 2024 was 5.59%
Later than 1 year and not later than 5 years	-	The liability as at 1st April 2024 was nil, therefore the impact of adopting IFRS16 totals £0.039m as at 31st March 2025.
Later than 5 years	-	
	<b>39</b>	

<b>Vehicle Leases</b>	<b>2024-25</b>	
	<b>£000s</b>	
Not later than one year	2,357	The weighed average incremental borrowing rate applied to lease liability recognised in the Balance Sheet as at 1 April 2024 was 8.79%
Later than 1 year and not later than 5 years	4,334	The impact of adopting IFRS16 totals £2.288m as at 31st March 2025.
Later than 5 years	-	
	<b>6,691</b>	

## Council as a Lessor

The council leases various Land & Buildings to third parties under operating leases. The leases are provide suitable accommodation for local business but also include the lease of buildings that enable the delivery of community services such as Leisure Centres.

The future minimum lease receipts receivable are as follows;

	<b>2024-25</b>	<b>2023-24</b>
	<b>£000s</b>	<b>£000s</b>
Not later than one year	2,683	2,703
Later than 1 year and not later than 5 years	8,341	9,280
Later than 5 years	19,014	32,211
	<b>30,038</b>	<b>44,194</b>

The net book value of the assets that the Council leases to third parties totals £90.161m as at 31st March 2025

## 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 lease 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.

<b>Capital Expenditure and Financing</b>	<b>31 March 2025</b>	31 March 2024
	<b>£000s</b>	£000s
<b>Opening Capital Financing Requirement</b>	<b>189,987</b>	184,161
<b>Right of Use Assets IFRS16 Transition - Adjustment to Opening Balance</b>	<b>5,812</b>	
<b>Capital investment</b>		
Property, plant and equipment	51,028	40,549
Intangible assets	525	274
Revenue expenditure funded from capital under statute	12,235	14,630
<b>Sources of Finance</b>		
Capital receipts	(88)	(1,544)
Government grants and other contributions	(52,182)	(40,934)
<i>Sums set aside from revenue:</i>		
Direct revenue contributions	(7,034)	(3,864)
Minimum Revenue Provision (MRP)	(4,424)	(3,285)
<b>Closing Capital Financing Requirement</b>	<b>195,859</b>	189,987
<b>Explanation of movements in year</b>		
Increase/(Reduction) in underlying need to borrow	(1,349)	5,022
PFI Remeasurement IFRS16 Opening Transition	(2,430)	-
PFI Remeasurement IFRS16 In Year	59	-
Assets acquired under leases IFRS16 In Year	2,288	-
Assets acquired under leases IFRS16 Opening Transition	7,304	804
<b>Increase/(decrease) in Capital Financing Requirement</b>	<b>5,872</b>	5,826

## Note 28: Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024-25. This excludes Dedicated Schools Grant which is detailed in Note 24.

<b>Credited to Taxation and Non Specific Grant Income</b>	<b>2024-25</b>	2023-24
	<b>£000s</b>	£000s
<u>Non-ringfenced government grants</u>		
RSG	6,503	6,099
New Homes Bonus	652	519
NNDR s31 Grant	14,334	12,895
Other Services Grant	277	1,604
Other Revenue Income	-	336
Household Support Fund	3,372	3,373
	<b>25,138</b>	<b>24,826</b>
<u>Capital grants and contributions</u>		
DCSF Capital Grants	-	4,284
TVCA (CRST / Local Transport Plan)	5,770	5,399
Pathfinder Programme (previously Future High Street Fund/ Town Deal/Levelling Up)	11,246	26,052
Homes England	-	139
TVCA	6,332	1,589
National Lottery	-	279
Disabled Facilities Grant	622	-
Food Waste Collection Grant	1,460	-
Other Capital grants	1,179	1,038
Other Capital Contributions	11,238	4,704
	<b>37,847</b>	<b>43,484</b>
<b>Total - Non Specific Grant Income</b>	<b>62,985</b>	<b>68,310</b>
<u>Credited to Services</u>		
Public Health	15,825	15,336
Housing Benefit and Council Tax Benefit Administration	574	590
Adult Education	19	1,893
Basic need	1,529	10,430
School Condition Allowance	-	85
SEND Higher Needs Capital Grant	622	309
Childcare Extension Grant	402	-
Rent Rebates	177	17
Rent Allowance Subsidy	37,372	39,329
Covid 19 - Service Specific	-	641
Pupil Premium	4,394	4,646
Universal Infant Free School Meals	526	530
Primary PE & Sports Grant	286	332
Arts Council Music Grant	938	882
Adoption Reform Grant	990	801
Disabled Facilities Grant	1,618	2,229
Youth Justice Grant	477	475
Improved Better Care Fund	7,172	7,172
Pathfinder Programme (previously Future High Street Fund/ Town Deal and Levelling Up)	3,529	500
Supporting Families Grant - Troubled Families	1,236	1,114
Unaccompanied Asylum Seeking Children	1,823	1,650
Ukraine Refugees Scheme	350	369
Holiday Activities and Food Programme	903	910
Adult Social Care Discharge Fund	1,676	1,005
Adult Social Care Grant	17,169	13,087
Adults Markets Sustainability Grant	3,698	1,979
Markets Sustainability & Improvement Fund	-	1,285
Homelessness Prevention Grant	656	623
Substance Misuse Treatment & Recovery Funding	2,235	1,158
Other Grants	11,971	8,080
<b>Total</b>	<b>118,167</b>	<b>117,457</b>

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:

<b>Capital and Revenue Grants Receipts in Advance</b>	<b>31 March 2025</b>	<b>31 March 2024</b>
	<b>£000s</b>	<b>£000s</b>
Other	152	183
Ukraine Refugee Schemes	1,293	1,492
Afghan Resettlement Schemes	1,207	1,464
PCC Elections	-	178
Waste Collection Grant	335	-
Asylum Seeker Schemes	1,363	-
Extended Duties Grant	192	-
Change Partnership Programme	424	319
Delivering Better Value	583	210
Nutrient Migration Funding	100	-
Virtual School Grants	310	-
Rough Sleepers	195	-
Discretionary Council Tax Energy Rebate	-	24
Early Years	739	-
<b>Total</b>	<b>6,893</b>	<b>3,870</b>

## 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. Long term assets related to the CCLA Property fund and Short term are applicable to Money Market Funds and Bank Balances.

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 2025	31 March 2024	31 March 2025	31 March 2024
	£000s	£000s	£000s	£000s
Loans	86,072	89,750	64,708	18,636
Bank Overdraft	0	0	1,432	5,723
Total Other Long-term Liabilities	0	0	0	0
Financial Liabilities Included in Creditors	172	172	49,183	44,801
<b>Total Financial Liabilities</b>	<b>86,244</b>	<b>89,922</b>	<b>115,323</b>	<b>69,160</b>

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

Financial Assets	Long Term		Short Term	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000s	£000s	£000s	£000s
Loans to Companies and for Service Purposes at Amortised Cost	219	232	10	10
At Fair Value Through Other Comprehensive Income	0	0	0	0
At Fair Value Through Profit & Loss	13,279	13,028	22,300	8,300
Cash and Cash Equivalents at Amortised Cost	0	0	3,771	446
Financial Assets at Amortised Cost Included in Debtors	0	0	38,990	36,283
<b>Total Financial Assets</b>	<b>13,498</b>	<b>13,260</b>	<b>65,071</b>	<b>45,039</b>

### 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 2025	31 March 2024	31 March 2025	31 March 2024
	£000s	£000s	£000s	£000s
Teesside Airport	0	0	0	0
<b>Total Financial Assets</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

## 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:

<b>Financial Instruments - Gains and Losses</b>	<b>Financial Liabilities</b>	<b>Financial Assets</b>	<b>2024-25 Total</b>	<b>2023-24 Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Interest expense on liabilities held at amortised cost	5,966	0	5,966	4,980
(Profit) / Losses from changes in fair value of assets held at fair value through profit and loss	0	(251)	(251)	529
Fees paid	7	0	7	7
<b>Interest payable and similar charges</b>	<b>5,973</b>	<b>(251)</b>	<b>5,722</b>	<b>5,516</b>
Interest income on assets held at amortised cost	0	(1,299)	(1,299)	(2,090)
Dividend income on assets held at fair value through profit and loss	0	(664)	(664)	(683)
<b>Interest and investment income</b>	<b>0</b>	<b>(1,963)</b>	<b>(1,963)</b>	<b>(2,773)</b>
<b>Net impact on surplus/deficit on provision of services</b>	<b>5,973</b>	<b>(2,214)</b>	<b>3,759</b>	<b>2,743</b>
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
<b>Impact on other comprehensive income</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Net Gain/(Loss) for the Year</b>	<b>5,973</b>	<b>(2,214)</b>	<b>3,759</b>	<b>2,743</b>

## 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 2025, 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.
- 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 that are observable for the asset or liability, other than quoted prices.
- **Level 3** - fair value is determined using unobservable inputs. Loans are based on estimated creditworthiness.

<b>Financial Liabilities</b>	<b>Fair Value Level</b>	<b>Balance Sheet 31 March 2025 £000s</b>	<b>Fair Value 31 March 2025 £000s</b>	<b>Balance Sheet 31 March 2024 £000s</b>	<b>Fair Value 31 March 2024 £000s</b>
<i>Financial liabilities held at amortised cost:</i>					
Long-term loans from PWLB	<b>2</b>	68,687	62,795	51,495	46,380
Long-term LOBO loans	<b>2</b>	16,000	16,658	37,000	43,807
Other long-term loans	<b>2</b>	1,385	292	1,255	324
<b>Total</b>		<b>86,072</b>	<b>79,745</b>	89,750	90,511
Liabilities for which fair value is not disclosed *		115,495		69,332	
<b>Total Financial Liabilities</b>		<b>201,567</b>		159,082	
<i>Recorded on balance sheet as:</i>					
Short-term creditors		50,615		50,524	
Short-term borrowing		64,708		18,636	
Long-term creditors		172		172	
Long-term borrowing		86,072		89,750	
Other long-term liabilities		0		0	
<b>Total Financial Liabilities</b>		<b>201,567</b>		159,082	

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

<b>Financial Assets</b>	<b>Fair Value Level</b>	<b>Balance Sheet 31 March 2025 £000s</b>	<b>Fair Value 31 March 2025 £000s</b>	<b>Balance Sheet 31 March 2024 £000s</b>	<b>Fair Value 31 March 2024 £000s</b>
<b>Financial assets held at fair value:</b>					
Money market funds	<b>1</b>	22,300	22,300	8,300	8,300
Bond, equity and property funds	<b>1</b>	13,279	13,279	13,028	13,028
<b>Financial assets held at amortised cost:</b>					
Long-term loans to companies	<b>3</b>	219	219	232	232
Lease receivables	<b>3</b>	0	0	0	0
<b>Total</b>		<b>35,798</b>	<b>35,798</b>	21,560	21,560
Assets for which fair value is not disclosed *		42,771		36,739	
<b>Total Financial Assets</b>		<b>78,569</b>		58,299	
<b>Recorded on balance sheet as:</b>					
Long-term debtors		219		232	
Long-term investments		13,279		13,028	
Short-term debtors		39,000		36,293	
Cash and cash equivalents		26,071		8,746	
<b>Total Financial Assets</b>		<b>78,569</b>		58,299	

\* 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 Ministry of Housing, Communities & Local Government (MHCLG) 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:

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 2025		31 March 2024	
	Long-term £000s	Short-term £000s	Long-term £000s	Short-term £000s
AAA	0	22,300	0	8,300
AA-	0	3,200	0	0
<b>Total</b>	<b>0</b>	<b>25,500</b>	<b>0</b>	<b>8,300</b>
Credit risk not applicable	13,279	0	13,028	0
<b>Total Investments</b>	<b>13,279</b>	<b>25,500</b>	<b>13,028</b>	<b>8,300</b>

## 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 2025	31 March 2024
	Trade & Lease Receivables	Trade & Lease Receivables
Current / Past due < 3 months	11,335	11,330
Past due 3-6 months	1,114	1,193
Past due 6-12 months	1,864	1,837
Past due 12+ months	6,418	5,397
<b>Total Receivables</b>	<b>20,731</b>	<b>19,757</b>

### Credit Risk - Receivables

The Council does not generally allow credit for customers, although £10.9 million of the £20.7 million debtors invoices balance is past its due date for payment.

As the Council maintains a credit loss provision for debts based on age of debt and nature of dispute, no further assessment of the fair value has needed to be made. The amounts are carried on the Balance Sheet at their amounts outstanding and no amounts have been included in the table above for the Council's exposure to default. The £20.731 million above relates to invoiced debt only and is an element of the Debtor total in Note 15.

### 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 £26.1m (2024: £8.7m) 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 2025			31 March 2024		
	Liabilities £000s	Assets £000s	Net £000s	Liabilities £000s	Assets £000s	Net £000s
Not over 1	64,709	(25,500)	39,209	18,636	(8,300)	10,336
Over 1 but not over 2	27,873	0	27,873	2,807	0	2,807
Over 2 but not over 5	13,839	0	13,839	18,810	0	18,810
Over 5 but not over 10	11,726	0	11,726	10,524	0	10,524
Over 10	32,633	0	32,633	57,609	0	57,609
Uncertain date	0	(13,279)	(13,279)	0	(13,028)	(13,028)
<b>Total</b>	<b>150,780</b>	<b>(38,779)</b>	<b>112,001</b>	<b>108,386</b>	<b>(21,328)</b>	<b>87,058</b>

The Council has £16m (2024: £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 2025	31 March 2024
	£000s	£000s
Increase in interest payable on variable rate borrowings	160	370
Increase in interest receivable on variable rate investments	(194)	(73)
<b>Impact on Surplus or Deficit on the Provision of Services</b>	<b>(34)</b>	297
Decrease in fair value of investments held at FVOCI	0	0
<b>Impact on Comprehensive Income and Expenditure</b>	<b>(34)</b>	297
Decrease in fair value of fixed rate borrowing *	(4,473)	(9,440)

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 31st March 2025 would result in a £0.532m 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 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 2024-25		Contributions 2023-24	
	£000s	%	£000s	%
Teachers' Pension Scheme	4,776	28.68	4,090	23.68
NHS Pension Scheme	12	14.38	12	14.38
	<b>4,788</b>		<b>4,102</b>	

There were no contributions remaining payable at the year end. Future contributions are estimated to be approximately £4.5m per annum but will be dependant on future school academisation and employer contribution increases or decreases.

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. A further ruling on GMP equalisation is unlikely to have a significant impact on the pension obligations. 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 (c 0.1% 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).

### Section 37 confirmations (Virgin Media vs NTL Pension Trustees II Limited ruling)

The actuary has not made any additional allowance within the accounting balance sheet for this June 2023 legal judgement. They have taken this approach because at the time of writing:

- the ruling only applies to the above-named private sector pension scheme
- the legal judgement was subject to appeal (however the Court of Appeal dismissed in July 2024 and the original ruling stands)
- it is unknown whether Section 37 certificates exist for prior LGPS scheme amendments
- it is unknown whether there would be any potential remedy required to public service schemes (including the LGPS)
- it is unknown what the impact of any potential remedy would be
- DWP are being asked by pension bodies to look at pragmatic solutions where schemes are unable to evidence historic section 37 confirmation (eg introduce legislation that would allow retrospective section 37 certificates to be produced now to validate historic changes).

In September 2025 the Government published new provisions to the Pension Schemes Bill designed to address this issue. The amendments create a pragmatic, statutory process for trustees to obtain actuarial confirmation of past scheme alterations made while the scheme was contracted out. Where retrospective confirmation is provided, the amendments should be treated as valid. No allowance has been made for this in the accounts but the position will continue to be monitored to assess any potential impact on the LGPS net asset / liability.

### 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 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:

	<b>Defined Benefit Pension Scheme</b>	
	<b>2024/25</b>	2023/24
	<b>£000s</b>	£000s
<b>Comprehensive Income and Expenditure Statement</b>		
<b>Cost of Services:</b>		
• Current service cost	18,209	19,580
• Past service cost	53	562
• Settlements	(1,244)	(747)
<b>Financing and Investment Income and Expenditure</b>		
Net interest cost	995	(4,743)
<b>Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services</b>	<b>18,013</b>	<b>14,652</b>
<b>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>		
• Return on plan assets (excluding the amount included in the net interest expense)	21,200	(54,466)
• Impact of asset ceiling	113,210	199,787
• Actuarial gains and losses arising on changes in financial assumptions	(128,436)	(48,384)
• Actuarial gains and losses arising due to changes in demographic assumptions	(1,531)	(5,173)
• Actuarial gains and losses due to liability / Other experiences	(8,134)	29,556
• Actuarial gains and losses due to acquisitions	-	-
<b>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(3,691)</b>	<b>121,320</b>
<b>Movement in Reserves Statement</b>		
• Reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(18,013)	(14,652)
<b>Actual amount charged against the General Fund Balance for pensions in the year:</b>		
• Employers' contributions payable to scheme	16,157	15,156

## 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	
	2024/25 £000s	2023/24 £000s
Present value of funded defined benefit obligation	(746,457)	(856,694)
Present value of unfunded defined benefit obligation	(17,239)	(19,074)
Impact of Asset Ceiling	(322,687)	(199,787)
Fair value of plan assets	1,069,144	1,056,481
<b>Net asset / (liability) recognised in the Balance Sheet</b>	<b>(17,239)</b>	<b>(19,074)</b>

### Pension Reserve

	Defined Benefit Pension Scheme	
	2024/25 £000s	2023/24 £000s
<b>Balance at 1 April</b>	<b>(19,074)</b>	<b>(17,913)</b>
Remeasurement of the net defined benefit asset	1,069,144	1,056,481
Surplus not recognised	(1,065,453)	(1,058,146)
Reversal of items relating to retirement benefit debited or credited to the Income and Expenditure Statement	(18,013)	(14,652)
Employers pension contributions and direct payments to pensioners payable in year	16,157	15,156
<b>Balance at 31 March</b>	<b>(17,239)</b>	<b>(19,074)</b>

### Asset Ceiling

Following the pensions valuation by the Councils actuary, Hymans Robertson LLP, the Council determined that the fair value of its pension plan assets outweighed the present value of the plan obligations at 31 March 2025 resulting in a pension plan asset.

IAS 19 Employee Benefits requires that, where a pension plan asset exists, it is measured at the lower of:

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

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

The asset ceiling is only applied to the funded element of the pension fund and not the unfunded.

	Reconciliation of the effect of the Asset Ceiling	
	2024/25 £000s	2023/24 £000s
Effects of asset ceiling at 1 April	199,787	0
Interest on the effect of the asset ceiling	9,690	0
Change in the effect of the asset ceiling	113,210	199,787
<b>Effects of asset ceiling at 31 March</b>	<b>322,687</b>	<b>199,787</b>

<b>Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets</b>	<b>Defined Benefit Pension Scheme</b>	
	<b>2024/25</b>	<b>2023/24</b>
	<b>£000s</b>	<b>£000s</b>
Opening fair value of scheme assets	1,056,481	975,020
Interest income	50,783	45,813
Remeasurement gains and (losses)	(21,200)	54,466
Contributions from the employer	14,152	13,286
Contributions from employees into the scheme	6,593	6,232
Settlements	(3,153)	(2,797)
Benefits paid	(34,512)	(35,539)
<b>Closing fair value of scheme assets at 31 March</b>	<b>1,069,144</b>	<b>1,056,481</b>

<b>Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)</b>	<b>Defined Benefit Pension Scheme</b>	
	<b>2024/25</b>	<b>2023/24</b>
	<b>£000s</b>	<b>£000s</b>
Opening balance at 1 April	(875,768)	(873,278)
Current service cost	(18,209)	(19,580)
Interest cost	(42,088)	(41,070)
Contributions by scheme participants	(6,593)	(6,232)
Actuarial gains and losses - financial assumptions	128,436	48,384
Actuarial gains and losses - demographic assumptions	1,531	5,173
Actuarial gains and losses - liability experience	8,134	(29,556)
Benefits paid	36,517	37,409
Settlements	4,397	3,544
Past service cost	(53)	(562)
<b>Closing balance at 31 March</b>	<b>(763,696)</b>	<b>(875,768)</b>

<b>Local Government Pension Scheme assets comprised:</b>	<b>Fair value of scheme assets</b>			
	<b>2024-25</b>		<b>2023-24</b>	
	<b>£000s</b>	<b>%</b>	<b>£000s</b>	<b>%</b>
Equity investments (Quoted and un-quoted)	704,566	65.9	751,337	71.1
Property (Quoted and un-quoted)	117,606	11.0	104,626	9.9
Cash	86,601	8.1	38,375	3.6
Other Investments	160,372	15.0	162,143	15.3
<b>Total Assets</b>	<b>1,069,144</b>	<b>100.0</b>	<b>1,056,481</b>	<b>100.0</b>

## 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:

	2024-25	2023-24
Mortality assumptions:		
Longevity at 65 for current pensioners:		
Men	20.4	20.5
Women	23.4	23.5
Longevity at 65 for future pensioners:		
Men	21.2	21.3
Women	24.9	25.0
Other assumptions:		
Rate of inflation (CPI)	2.8%	2.8%
Rate of increase in salaries	3.8%	3.8%
Rate of increase in pensions	2.8%	2.8%
Rate for discounting scheme liabilities	5.8%	4.9%

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%	764,304	763,696	763,088
Rate of increase in pensions in payment	1.61%	776,228	763,696	751,164
Rate for discounting scheme liabilities	-1.70%	750,909	763,696	776,483
		+1 year £000's	Base £000's	-1 year £000's
Post retirement mortality assumption	3.85%	794,244	763,696	733,148

## 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 £15.105m contributions to the scheme in 2025/26

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 2024/25, incurring liabilities of £0.384m (£1.432m in 2023/24). 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	
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	2024-25 £000s	2023-24 £000s
£1 to £20,000	4	6	9	23	13	29	77	228
£20,001 to £40,000	-	6	2	7	2	13	55	377
£40,001 to £60,000	-	2	2	5	2	7	111	348
£60,001 to £80,000	1	-	1	3	2	3	141	201
£80,001 to £100,000	-	1	-	2	-	3	-	278
<b>Total</b>	<b>5</b>	<b>15</b>	<b>14</b>	<b>40</b>	<b>19</b>	<b>55</b>	<b>384</b>	<b>1,432</b>

## 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 £3.699m (last year £4.802m).

Provisions	Ratings Appeals £000's
Balance at 1 April 2024	4,802
Provisions Released in 2024/25	-1,584
Amounts Used in 2024/25	481
<b>Balance at 31 March 2025</b>	<b>3,699</b>

## 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 2025.

### 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. This guarantee ceases at the end of the 2026/27 financial year. At the 31st March 2025 the total aggregate liability cap for all partners is £0.250m of which Stockton's share is £87k (34.7%).

## 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	2024-25		2023-24
	£000s	£000s	£000s
Funding provided to the pooled budget:			
Stockton-on-Tees Borough Council	11,356		10,446
NHS North East & North Cumbria Integrated Care Board (ICB)	19,866		18,227
		31,222	28,673
Expenditure met from the pooled budget:			
Stockton-on-Tees Borough Council	(24,663)		(24,490)
NHS North East & North Cumbria Integrated Care Board (ICB)	(5,929)		(4,183)
		(30,592)	(28,673)
Net surplus arising on the pooled budget during the year		630	-
		-	
Council share of the net surplus arising on the fund		<b>630</b>	-

The 2024/25 surplus relates to unapplied capital grants for Disabled Facility Grants which will be spent in 2025/26.

## 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 2025 and the 30th June 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 or non 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 2024	Financing Cash Flows	Changes which are not financing cash flows		31 March 2025
			Acquisition	Other Non financing cash flows	
	£000s	£000s	£000s	£000s	£000s
Long Term Borrowing	(89,750)	3,678	-	-	(86,072)
Short Term Borrowing	(18,636)	(46,071)	-	-	(64,707)
Lease Liabilities	(2,851)	1,618	-	(4,152)	(5,385)
Other Balance Sheet PFI Liabilities	(2,700)	(2,562)	-	-	(5,262)
<b>Total Liabilities From Financing Activities</b>	<b>(113,937)</b>	<b>(43,338)</b>	<b>-</b>	<b>(4,152)</b>	<b>(161,427)</b>
<b>Comparative Information</b>	<b>1 April 2023</b>	<b>Financing Cash Flows</b>	<b>Changes which are not financing cash flows</b>		<b>31 March 2024</b>
			Acquisition	Other Non financing cash flows	
	£000s	£000's	£000's	£000's	£000s
Long Term Borrowing	(77,427)	(12,323)	-	-	(89,750)
Short Term Borrowing	(16,813)	(1,823)	-	-	(18,636)
Lease Liabilities	(3,489)	1,442	-	(804)	(2,851)
Other Balance Sheet PFI Liabilities	(3,304)	604	-	-	(2,700)
<b>Total Liabilities From Financing Activities</b>	<b>(101,033)</b>	<b>(12,100)</b>	<b>-</b>	<b>(804)</b>	<b>(113,937)</b>

## Note 38: Statement of Accounting Policies

### General Principles

The Statement of Accounts summarise the Council's transactions for the 2024/25 financial year and its position at the year-end of 31st March 2025. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, 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 2024/25.

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 or 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 and therefore have prepared 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

In previous years, Property Plant and Equipment and similar assets secured via a lease arrangement were only brought onto the Councils Balance Sheet where the Council secured substantially all the risks and rewards incidental to ownership of the leased item (finance leases). For all other leases (operating leases, no assets were recognised and expenses charged when they became payable.

in 2024/25, the Council applied IFRS16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (ie without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought onto the balance sheet as at 1 April 2024. Leases for items of low value and leases that expire on or before the 31 March 2025 are exempt from the new arrangements.

IFRS has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. Right of Use Assets and lease liabilities have been calculated as if IFRS16 had always applied but recognised in 2024/24 and not by adjusting prior years figures.

From 1st April 2024, an asset representing the right to use the asset over the lease term is recognised for all leases (except those that are low value (£10k) or leases with less than 12 months outstanding). Liabilities are also recognised in the balance sheet for the obligations that the Council has to pay for the right acquired, which are discounted to their present value.

### The Council as Lessee

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

## Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined.

Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Council is reasonably certain to exercise;
- lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. (Cost Model)

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value. (Revaluation Model)

Subsequent measurement of right of use assets  
The right-of-use asset is subsequently measured using the current value model. The Council considers the cost model to be a reasonable proxy for current value except for:

- assets held under non-commercial leases;
- leases where rent reviews do not necessarily reflect market conditions;
- leases with terms of more than five years
- leases where rent reviews will be at periods of more than five years.
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

### **Lease expenditure**

For these leases, the asset is carried at a revalued amount. Assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

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

Those assets carried at re-valued amount will be re-valued on a 3 or 5 year rolling programme (higher value assets every 3 years and lower-value assets every 5 years).

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

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

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

### **Low value and short lease exemption**

As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed. Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### **The Council as Lessor**

Leases are classified as finance leases where the terms of the lease substantially transfers all of 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.

### **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. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal.

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

Lease rentals receivable are apportioned between:

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

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

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

### **Operating Leases**

Where the Council grants an operating lease over a property 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 or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (eg 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.

### **Right Of Use Assets**

The Council adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024. The Council has elected to apply recognition exemptions to low value assets (below £10,000 when new) and to short-term leases i.e. existing leases that expire on or before 31 March 2025, and new leases with a duration of less than 12 months. A contract is, or contains a lease, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

### **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.

Higher value assets are valued every three years and lower value assets every five 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 15 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:

- a). **fair value of the services received during the year** - debited to the relevant service in the Comprehensive Income and Expenditure Statement
- b). **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
- c). **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)
- d). **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.

## **Private Finance Initiative (PFI)**

Private Finance Initiatives were previously accounted for in accordance with IFRIC12. With effect from 1 April 2024, PFI contracts need to be accounted for under IFRS16. Under IFRS16, where indexation affects future service concession costs, the lease liability requires remeasurement. Instead of expensing the increased payment, the net present value of future payments that comprise the liability is recalculated based on the revised level of payments, with an equal increase in the lease liability. The balance sheet asset will be revalued back to the fair value of the asset resulting in an accounting loss which will be reversed out of the Movement in Reserves Statement.

## **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 Assets**

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 2024/25, 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 should be prepared on the assumption that the functions of the authority will continue in operational 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 2025

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.

	2024-25			2023-24		
	Council Tax	Business Rates	Total	Council Tax	Business Rates	Total
	£000	£000	£000	£000	£000	£000
<b>Income</b>						
Income from Council Tax payers	(141,909)		<b>(141,909)</b>	(131,320)		(131,320)
Contribution from General Fund	(52)		<b>(52)</b>	(46)		(46)
Income from business ratepayers		(87,442)	<b>(87,442)</b>		(79,870)	(79,870)
<b>Total Income</b>	<b>(141,961)</b>	<b>(87,442)</b>	<b>(229,403)</b>	<b>(131,366)</b>	<b>(79,870)</b>	<b>(211,236)</b>
<b>Expenditure</b>						
Precepts, demands and shares:						
Central Government		42,781	<b>42,781</b>		39,203	39,203
Stockton-on-Tees Borough Council	116,878	41,925	<b>158,803</b>	109,571	38,419	147,990
Police & Crime Commissioner for Cleveland	18,115		<b>18,115</b>	17,057		17,057
Cleveland Fire Authority	5,336	856	<b>6,192</b>	5,096	784	5,880
	<b>140,329</b>	<b>85,562</b>	<b>225,891</b>	<b>131,724</b>	<b>78,406</b>	<b>210,130</b>
<b>Apportionment of Previous Year Estimated Surplus/Deficit</b>						
Central Government		2,912	<b>2,912</b>		(489)	(489)
Stockton-on-Tees Borough Council	5,074	2,853	<b>7,927</b>	(471)	(479)	(950)
Police & Crime Commissioner for Cleveland	790		<b>790</b>	(74)		(74)
Cleveland Fire Authority	236	58	<b>294</b>	(22)	(10)	(32)
	<b>6,100</b>	<b>5,823</b>	<b>11,923</b>	<b>(567)</b>	<b>(978)</b>	<b>(1,545)</b>
<b>Charges to Collection Fund</b>						
Write off of uncollectable amounts	1,577	274	<b>1,851</b>	1,972	315	2,287
Change in Bad Debt Provision	(818)	580	<b>(238)</b>	(7,676)	(340)	(8,016)
Change in Provision for Appeals		(2,251)	<b>(2,251)</b>		(3,100)	(3,100)
Interest Payments Appeals & Refunds		137	<b>137</b>		34	34
Cost of Collection		231	<b>231</b>		231	231
	<b>759</b>	<b>(1,029)</b>	<b>(270)</b>	<b>(5,704)</b>	<b>(2,860)</b>	<b>(8,564)</b>
Surplus (-) / Deficit arising during the year	<b>5,227</b>	<b>2,914</b>	<b>8,141</b>	<b>(5,913)</b>	<b>(5,302)</b>	<b>(11,215)</b>
<b>Balance at 1st April</b>	<b>(5,231)</b>	<b>(6,085)</b>	<b>(11,316)</b>	<b>682</b>	<b>(783)</b>	<b>(101)</b>
<b>Balance at 31st March</b>	<b>(4)</b>	<b>(3,171)</b>	<b>(3,175)</b>	<b>(5,231)</b>	<b>(6,085)</b>	<b>(11,316)</b>

## Note 1: Council Tax Base

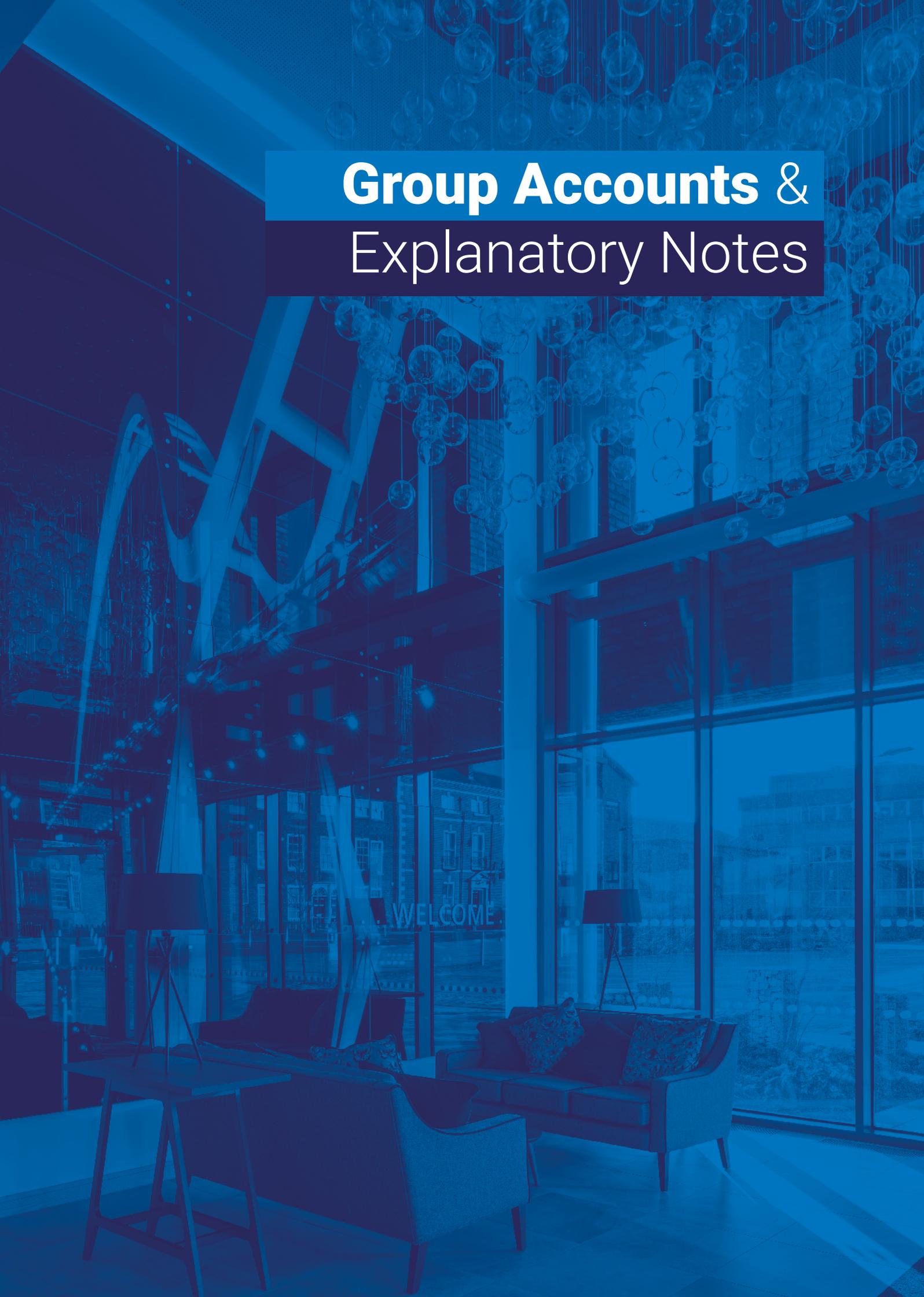
Council Tax Base	2024-25		2023-24	
	Number in Category	Band D Equivalent	Number in Category	Band D Equivalent
<b>Property Category and Council Tax Banding</b>	<b>No.</b>	<b>No.</b>	No.	No.
<b>A</b> - up to £40,000	34,918	14,938.8	34,939	14,308.3
<b>B</b> - £40,001 to £52,000	17,366	10,466.3	17,298	10,484.0
<b>C</b> - £52,001 to £68,000	16,581	12,505.6	16,418	12,473.4
<b>D</b> - £68,001 to £88,000	10,237	9,141.6	10,144	9,067.1
<b>E</b> - £88,001 to £120,000	6,309	7,116.8	6,198	7,031.5
<b>F</b> - £120,001 to £160,000	2,902	3,938.0	2,817	3,835.9
<b>G</b> - £160,001 to £320,000	1,544	2,414.0	1,492	2,335.6
<b>H</b> - over £320,000	125	183.5	122	178.0
<b>Gross Tax Base</b>		60,704.6		59,713.8
Non Collection	1.75%	(1,062.3)	1.75%	(1,045.0)
<b>Council Tax Base</b>		<b>59,642.3</b>		<b>58,668.8</b>

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

	2024-25	2023-24
National Non Domestic (Business) Rates Gross Rateable Value	£	£
Value at the year end	205,693,469	200,085,480

## Note 3: National Non Domestic (Business) Rates Multiplier

	2024-25	2023-24
National Non Domestic (Business) Rates Multiplier	pence	pence
Standard Multiplier for the year	54.6p	51.2p
Small Business Multiplier for the year	49.9p	n/a



# **Group Accounts & Explanatory Notes**

## Introduction

**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 but note the Group Accounts are a non material component of the overall accounts.**

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 2025.
- Notes to the Group Accounts where the balances are materially different to those in the single entity accounts.

The Group Accounting Policies are consistent with those of Stockton Council which are presented in Note 38 of the 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. The accounting reporting period end for both companies is 31st March and both companies financial statements are prepared in accordance with Financial Reporting Standard 102.

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 2025

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

	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
<b>Balance at 1 April 2023</b>	8,000	-	58,385	<b>66,385</b>	3,053	46,273	<b>115,711</b>	320,029	<b>435,740</b>	<b>241</b>	<b>435,982</b>
<b>Movement in Reserve in 2023-24</b>											
Total Comprehensive Income and Expenditure	(615)	-	-	<b>(615)</b>	-	-	<b>(615)</b>	(103,255)	<b>(103,870)</b>	<b>459</b>	<b>(103,411)</b>
Adjustments between accounting basis & funding basis under regulations (Note 6)	-	-	(17,448)	<b>(17,448)</b>	397	5,284	<b>(11,767)</b>	11,767	-		
<b>Increase/Decrease before transfer to earmarked reserves</b>	<b>(615)</b>	-	<b>(17,448)</b>	<b>(18,063)</b>	<b>397</b>	<b>5,284</b>	<b>(12,382)</b>	<b>(91,488)</b>	<b>(103,870)</b>	<b>459</b>	<b>(103,411)</b>
Transfers to / from earmarked reserves	615	-	(701)	<b>(86)</b>	-	-	<b>(86)</b>	86	-		-
<b>Increase / Decrease in the year</b>			<b>(18,149)</b>	<b>(18,149)</b>	<b>397</b>	<b>5,284</b>	<b>(12,468)</b>	<b>(91,402)</b>	<b>(103,870)</b>	<b>459</b>	<b>(103,411)</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>8,000</b>		<b>40,236</b>	<b>48,236</b>	<b>3,450</b>	<b>51,557</b>	<b>103,243</b>	<b>228,628</b>	<b>331,870</b>	<b>700</b>	<b>332,571</b>
<b>Balance at 1 April 2024</b>	8,000	-	40,236	<b>48,236</b>	3,450	51,557	<b>103,243</b>	228,628	<b>331,870</b>	<b>700</b>	<b>332,571</b>
<b>Movement in Reserve in 2024-25</b>											
Total Comprehensive Income and Expenditure	(106)	-	-	<b>(106)</b>	-	-	<b>(106)</b>	8,148	<b>8,042</b>	<b>102</b>	<b>8,144</b>
Adjustments between accounting basis & funding basis under regulations (Note 6)	-	-	(11,811)	<b>(11,811)</b>	986	(6,160)	<b>(16,985)</b>	16,985	-	-	-
<b>Increase/Decrease before transfer to earmarked reserves</b>	<b>(106)</b>	-	<b>(11,811)</b>	<b>(11,917)</b>	<b>986</b>	<b>(6,160)</b>	<b>(17,091)</b>	<b>25,133</b>	<b>8,042</b>	<b>102</b>	<b>8,144</b>
Transfers to / from earmarked reserves	106	-	(357)	<b>(251)</b>	-	-	<b>(251)</b>	251	-	-	-
<b>Increase / Decrease in the year</b>	-	-	<b>(12,168)</b>	<b>(12,168)</b>	<b>986</b>	<b>(6,160)</b>	<b>(17,342)</b>	<b>25,384</b>	<b>8,042</b>	<b>102</b>	<b>8,144</b>
<b>Balance at 31 March 2025 carried forward</b>	<b>8,000</b>		<b>28,068</b>	<b>36,068</b>	<b>4,436</b>	<b>45,397</b>	<b>85,901</b>	<b>254,012</b>	<b>339,912</b>	<b>802</b>	<b>340,715</b>

## Group Comprehensive Income and Expenditure Statement for the year ended 31 March 2025

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.

**2023/24 Restatement** - The Comprehensive Income & Expenditure Statement (CIES) and their supporting notes, are compiled based on the Council's reporting structure at the 31st March. This structure reflects the Directorate structure in place at that point in time. During 2024/25 the Council's reporting structure was changed, however this restructure had no change to the overall net cost of services, Surplus/Deficit on Provision of Services.

	Restated 2023-24			2024-25		
	£000s	£000s	£000s	£000s	£000s	£000s
	Expenditure	Income	Net	Expenditure	Income	Net
Adults, Health & Wellbeing	137,327	(95,889)	41,438	152,894	(110,809)	<b>42,085</b>
Children's Services	186,693	(111,569)	75,124	198,589	(125,713)	<b>72,876</b>
Community Services, Environment & Culture	66,716	(8,309)	58,407	55,923	(9,138)	<b>46,785</b>
Corporate Management & Services	10,137	(5,078)	5,059	11,454	(5,941)	<b>5,513</b>
Regeneration & Inclusive Growth	10,564	(7,864)	2,700	28,316	(13,086)	<b>15,230</b>
Finance, Transformation & Performance	74,401	(51,219)	23,182	62,093	(47,484)	<b>14,609</b>
Corporate Services	13,695	(1,943)	11,752	13,738	(2,913)	<b>10,825</b>
<b>Cost of Services</b>	<b>499,533</b>	<b>(281,871)</b>	<b>217,662</b>	<b>523,007</b>	<b>(315,084)</b>	<b>207,923</b>
<b>Other Operating Expenditure:</b>						
Parish council precepts	967	-	967	1,005	-	1,005
(Gain) or loss on the disposal of non-current assets	2,756	(1,901)	855	4,929	(895)	4,034
(Gain) or loss on trading accounts (not applicable to service)	17,038	(10,059)	6,979	17,088	(9,226)	7,862
<b>Financing and Investment Income and Expenditure:</b>			-			
Interest payable and similar charges	4,980	-	4,980	5,542	-	5,542
Net (gains)/losses on financial assets at fair value through profit and loss	529	(475)	54	-	(251)	(251)
Net interest on the net defined benefit liability/asset	41,070	(45,813)	(4,743)	51,778	(50,783)	995
Interest receivable and similar income		(2,538)	(2,538)		(1,963)	(1,963)
Income & costs and changes in fair value relating to investment properties	415	(2,066)	(1,651)	880	(1,027)	(147)
Revaluation loss / (Profit) on Assets Held for Sale			-		(130)	(130)
			-			
<b>Taxation and Non-Specific Grant Income:</b>						
Council tax income	-	(113,972)	(113,972)	-	(117,554)	(117,554)
Retained Business Rates	-	(44,324)	(44,324)	-	(47,818)	(47,818)
Non-ringfenced government grants	3,593	(24,826)	(21,233)	3,372	(25,138)	(21,766)
Capital grants and contributions	-	(43,009)	(43,009)	-	(37,847)	(37,847)
<b>(Surplus) or Deficit on Provision of Services</b>	<b>570,881</b>	<b>(570,854)</b>	<b>27</b>	<b>607,601</b>	<b>(607,716)</b>	<b>(115)</b>
<b>Tax Expenses of Subsidiary</b>	<b>129</b>		<b>129</b>	<b>119</b>		<b>119</b>
<b>Group Surplus or Deficit</b>			<b>156</b>			<b>4</b>
(Surplus) or deficit on revaluation of non current assets			(18,151)			(4,709)
Re-measurements of the defined benefit liability			121,320			(3,691)
Other (gains) and losses			86			252
<b>Other Comprehensive Income and Expenditure</b>			<b>103,255</b>			<b>(8,148)</b>
<b>Total Comprehensive Income and Expenditure</b>			<b>103,411</b>			<b>(8,144)</b>

## Group Balance Sheet as at 31 March 2025

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

	Note	31 March 2025 £000s	31 March 2024 £000s
<b>Non-current assets</b>			
Property, plant and equipment		443,853	409,450
Investment property		16,686	17,970
Intangible assets		829	567
Heritage Assets		11,274	11,239
Long term investments		13,279	13,028
Long Term Debtors		229	242
<b>Total non-current assets</b>		<b>486,150</b>	452,496
<b>Current assets</b>			
Inventories		915	773
Debtors	1 & 4	73,572	68,113
Cash and Cash Equivalents	2	27,076	9,632
Assets held for sale		2,464	503
<b>Total current assets</b>		<b>104,027</b>	79,021
<b>Current liabilities</b>			
Cash and Cash Equivalents	2	(1,432)	(5,723)
Short Term Borrowing		(64,708)	(18,636)
Short Term Creditors	3	(60,101)	(51,371)
<b>Total current liabilities</b>		<b>(126,241)</b>	(75,730)
<b>Long term liabilities</b>			
Long Term Creditors		(172)	(172)
Long Term Borrowing		(86,072)	(89,750)
Provisions		(3,699)	(4,799)
Other Long Term Liabilities		(26,385)	(24,625)
Grants Receipts in Advance		(6,893)	(3,870)
<b>Total long term liabilities</b>		<b>(123,221)</b>	(123,216)
<b>Net Assets:</b>		<b>340,715</b>	332,571
<b>Reserves</b>			
<b>Usable reserves:</b>			
General Fund Reserve		8,000	8,000
Earmarked General Fund Reserves		28,068	40,236
Capital Receipts Reserve		4,436	3,450
Capital Grants Unapplied		45,397	51,557
Profit and Loss Reserve - Stockton Borough Holding Group		802	700
		<b>86,703</b>	103,943
<b>Unusable Reserves:</b>			
Revaluation Reserve		82,833	82,246
Capital Adjustment Account		196,389	167,488
Financial Instruments Adjustment Account		(13)	(55)
Pooled Fund Adjustment Account		(1,721)	(1,972)
Pensions Reserve		(17,239)	(19,074)
Collection Fund Adjustment Account		1,558	7,332
Dedicated Schools Grant Adjustment Account		(6,725)	(6,052)
Accumulated Absences Account		(1,070)	(1,285)
		<b>254,012</b>	228,628
<b>Total Reserves:</b>		<b>340,715</b>	332,571

## Group Cash Flow Statement For The Year Ended 31 March 2025

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

	<b>31 March 2025</b>	31 March 2024
	<b>£000s</b>	£000s
<b>Net (surplus) or deficit on the provision of services</b>	<b>4</b>	156
<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements:</b>		
Depreciation, impairment and amortisation of non current assets	(18,918)	(31,453)
Revaluation (gains)/losses	6,325	3,492
Movement in net pension liability	(1,856)	504
Carrying amount of Non-Current Assets Sold	(5,446)	(3,123)
Other non-cash movement	1,546	2,550
Increase/(Decrease) in Inventories (Stock)	141	331
Increase/(Decrease) in Debtors	545	12,177
(Increase)/Decrease in Creditors	(3,966)	(173)
(Increase)/Decrease in Provisions	1,103	1,519
Increase/(Decrease) in Long Term Debtors	(13)	(607)
	<b>(20,539)</b>	<b>(14,783)</b>
<b>Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:</b>		
Capital Grants credited to surplus or deficit on the provision of services	46,021	46,217
Proceeds from the disposal of non current assets	1,074	1,940
	<b>47,095</b>	<b>48,157</b>
<b>Net cashflow from operating activities</b>	<b>26,560</b>	<b>33,530</b>
<b>Investing activities</b>		
Purchase of property, plant and equipment, investment property and intangible assets	46,208	39,480
Increase in short term and long term investments	251	(529)
Proceeds from the sale of property, plant and equipment, investment property and intangibles	(1,074)	(1,940)
Proceeds from short term and long term investments	-	0
Other receipts from investing activities	(49,045)	(47,911)
<b>Net cashflow from investing activities</b>	<b>(3,660)</b>	<b>(10,900)</b>
<b>Financing activities</b>		
Other receipts from financing activities	(1,298)	(2,293)
Cash payments for liabilities relating to leases and PFI Contracts	(944)	2,046
Increase in short and long term borrowings	(42,393)	(14,146)
Dividends Paid / (Received)	-	-
<b>Net cashflow from financing activities</b>	<b>(44,635)</b>	<b>(14,393)</b>
<b>Net (increase) or decrease in cash and cash equivalents</b>	<b>(21,735)</b>	<b>8,237</b>
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<b>(3,909)</b>	<b>(12,146)</b>
<b>Cash and cash equivalents at the end of the reporting period</b>	<b>(25,644)</b>	<b>(3,909)</b>

## 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.

<b>Group Note 1: Debtors</b>	<b>31 March 2025</b>	<b>31 March 2024</b>
	<b>£000s</b>	<b>£000s</b>
Central Government	11,074	12,733
Local Government	10,635	5,804
National Health Service	2,200	4,077
Local Taxation	21,019	19,546
Other entities and individuals	28,644	25,953
	<b>73,572</b>	<b>68,113</b>

<b>Group Note 2: Cash and Cash Equivalents</b>	<b>31 March 2025</b>	<b>31 March 2024</b>
	<b>£000s</b>	<b>£000s</b>
Bank and Imprests	1,009	936
Cash Equivalents	26,067	8,696
Bank Overdraft	(1,432)	(5,723)
	<b>25,644</b>	<b>3,909</b>

<b>Group Note 3: Short Term Creditors</b>	<b>31 March 2025</b>	<b>31 March 2024</b>
	<b>£000s</b>	<b>£000s</b>
Central Government	(12,635)	(13,037)
Local Government	(6,928)	(5,719)
National Health Service	(2,098)	(3,116)
Local Taxation	(2,820)	(2,354)
Other entities and individuals	(35,619)	(27,144)
	<b>(60,101)</b>	<b>(51,371)</b>

#### 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 2025	31 March 2024	31 March 2025	31 March 2024
	£000s	£000s	£000s	£000s
Loans	86,072	89,750	64,707	18,636
Bank Overdraft	0	0	1,432	5,723
Total Other Long-term Liabilities	0	0	0	0
Financial Liabilities Included in Creditors	172	172	49,902	45,456
<b>Total Financial Liabilities</b>	<b>86,244</b>	<b>89,922</b>	<b>116,041</b>	<b>69,815</b>

Financial Assets	Long Term		Short Term	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
	£000s	£000s	£000s	£000s
Loans to Companies and for Service Purposes at Amortised Cost	219	232	10	10
At Fair Value Through Other Comprehensive Income	0	0	0	0
At Fair Value Through Profit & Loss	13,279	13,028	22,300	8,300
Cash and Cash Equivalents at Amortised Cost	0	0	4,775	1,332
Financial Assets at Amortised Cost Included in Debtors	0	0	39,223	36,484
<b>Total Financial Assets</b>	<b>13,498</b>	<b>13,260</b>	<b>66,308</b>	<b>46,126</b>

#### Note 5: External Audit Costs

The Group has incurred the following costs in relation to the audit of the Hotel Company and Holding Company Accounts.

Audit Costs	31 March 2025	31 March 2024
	£000s	£000s
Fees payable to Tindles LLP	13	13

## **Capital Schemes Reserves**

### **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.

## **Revenue Reserves**

### **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 future maintenance costs of bridges, play areas and open spaces, for which the Council has become responsible following developments.

### **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. These funds were fully repaid during 2024/25.

### **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. This has now been fully utilised.

### **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. These funds were fully utilised in 2024/25.

### **MTFP Resilience Reserve**

A reserve created to assist in dealing with in year budget pressures.

### **Covid Recovery Funds**

Funding for various schemes to support the Council in its Covid recovery. These funds were fully utilised in 2024/25.

## **Other Revenue Reserves**

### ***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.

### ***Community Participation***

Councillors specific funding to be utilised on specific schemes within their wards over a number of years

### ***Stockton Hotel Fixtures Fittings & Equipment Reserve***

Funding set from the profits of the Hotel to fund replacements associated with fixtures fittings and equipment.

### ***Miscellaneous***

Various small time limited reserves which will be utilised in future years.

## **Schools Related Reserves**

### ***Balances held by schools under a scheme of delegation***

Balances retained by individual schools from their delegated budget.

### ***Dedicated Schools Grant (DSG)***

This reserve was fully utilised during 2024/25. The DSG is in a deficit position 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 is accounted for when it is earned and expenditure when it is incurred, rather than when the money is received or paid.

**Amortised cost**

A term that applies to Intangible Assets and Capital Grants. It is an accounting adjustment that spreads the cost of an asset over its useful life.

**Asset**

Any object tangible or intangible, that is of value to its owner. Tangible assets include land and buildings, plant and machinery, fixtures, and fittings & stock. Intangible assets include goodwill, patents, licences, copyrights, and trademarks.

**Billing Authority**

The local authority responsible for administering the collection fund. In shire areas the District Council is the billing authority.

**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.

**Capital Financing**

The method of financing capital expenditure being, capital receipts, the Major Repairs Reserve, government grants and revenue contributions.

**Capital Receipts**

Monies received from the sale of assets, which may be used to finance new capital expenditure or to repay outstanding loan debt as laid down within rules set by Central Government.

**Cash Equivalents**

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**Chartered Institute of Public Finance and Accountancy (CIPFA)**

CIPFA is the main professional body for accountants working in the public service. It draws up the Accounting Code of Practices and issues professional guidance that is used to compile these accounts.

**Collection Fund**

The Collection Fund is a separate account kept by every billing authority into which Council Tax and Business Rates are paid.

**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.

**Creditors**

Amounts owed by the Council for goods and services provided for which payment has not been made at the end of the financial year.

**Debtors**

Sums of money due to the Council but not received at the end of the financial year.

**Deferred Capital Receipts**

This represents capital income still to be received. These transactions arise when fixed assets are sold and the amounts owed by the purchasers are repaid over a number of years. The balance is reduced by the amount repayable in any financial year.

## **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.

## **Earmarked General Fund Reserves**

These are amounts set aside for a specific purpose or a particular service, to meet future liabilities, for which it is not appropriate to establish provisions.

## **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**

Investment property is property (land or a building) held solely to earn rentals or for capital appreciation.

## **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.



