

Statement of Accounts

2025-26

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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

Over 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.

Going places and getting further

The Borough is highly productive, with GVA per hour worked of £43.20, which is higher than the England average. 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.

Tackling inequality

Inequality is a challenge in the Borough. We have affluent areas alongside areas of deprivation. 19% (or almost 1 in 5) of our neighbourhoods are amongst the ten per cent most deprived in the country, and there is an almost 16 year life expectancy gap between our most and least deprived areas for males and around a 14 year gap for females. Stockton has the most deprived neighbourhood in the Tees Valley and the 2nd most deprived neighbourhood in all the North East region. We're committed to fighting this discrepancy and making sure more people enjoy a healthy and happy life here.

Children and young people thriving in education

Children and young people in Stockton-on-Tees continue to thrive educationally, with performance across early years, primary and secondary phases consistently exceeding national benchmarks. Children and young people with special educational needs or disabilities (SEND) also continue to demonstrate positive progress, reflecting our commitment to inclusion and high-quality support. These outcomes demonstrate the collective commitment of our schools and education partners to nurturing ambition and ensuring every child in the Borough is supported to progress, achieve and thrive.

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

The Stockton-on-Tees Plan sets out a vision for the future of our Borough, developed with communities for communities. The Plan is a framework that the Council, as well as our partners and communities 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.

Working with local stakeholders we are reshaping 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
-  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 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.

Our Mission is 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. We want everyone in our Borough to participate in building a brighter future for all of us.

We are putting in place new and innovative ways of working, reshaping 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:

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

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 2025:

Transformation Powering Our Future
• The free school meals auto enrolment project saw a cross-directorate group deliver a free school meal auto enrolment scheme. In collaboration with schools, parents and carers, the scheme has achieved an extra 2324 pupils registered for free school meals across 62 schools, with £421,400 pupil premium per annum funding secured for the primary and secondary schools. In addition, all pupils are also eligible for the Holidays are Fun programme providing activities and a free meal during the school holidays. • A new Green waste collections service started across the Borough, with many households signed up. The changes are estimated to provide up to £600,000 income in year 1 and £1,200,000 in year 2 and future years. Engagement Officers have been recruited to work with our communities to educate residents, schools and community groups on recycling and help them to understand the upcoming changes to the waste and recycling service. • As corporate parents, supporting the children in our care is a priority for us all. We have increased local provision of long-term, stable placements for children in our care. Work is also ongoing to increase and modernise our foster care offer and residential homes, improving outcomes for children and financial stability. • The supporting people to live independently review looked at how we can support people to live independently in their own homes following hospital discharge via a single provider approach. We are working to improve how people access our adult social care services what we call our “front door” to make it easier and more effective. This includes how we support people to access self-help resources and how we can use more technology at the front door and to help people remain independent at home, even as their care needs increase. Our aim is to support people to live comfortably and safely in their own homes for as long as possible. • Following a comprehensive transformation review, proposals have been developed to address the decline in foster carers and to reduce the reliance on costly external placements for our children in care. The new model will introduce an enhanced support package to attract and retain foster carers, recognising the vital role they play in providing safe and loving homes for children in our Borough.
Communities Powering Our Future
• We want to continue to grow our conversation with communities to ensure we are delivering the right services in the right way. Earlier this year, an updated approach was agreed which builds on the discovery, research, and the range of community engagement activity taking place. This refreshed approach will focus on a broader set of activities including upskilling and supporting our communities, making better use of our community assets and spaces, and applying community-based intelligence and insights to inform our decision-making, allowing us to tailor our services more effectively.
Partnerships Powering Our Future
• Partnerships Powering our Future or ‘Team Stockton-on-Tees’, brings together partners from across the Borough including Cleveland Police, Cleveland Fire Brigade, NHS, TEWV, Teesside University, Thirteen, Catalyst, Tees Active, TVCA, TEWV, Tees Valley Collaborative Trust and the Education Training Collective to work together to make a positive difference to our communities. The team meets every other month to discuss how they can work together to remove boundaries and improve the services our communities can access. • Central Stockton and Portrack have been chosen as part of the government’s nationwide Pride in Place initiative and will receive funding of up to £20m over a 10 year period. The initiative forms part of the Government’s ‘Plan for Neighbourhoods’. The investment targets the most deprived areas, supporting communities to drive forward the changes they want to see in their neighbourhoods, champion local leadership, foster community engagement and strengthen social cohesion.
Regeneration Powering Our Future
• During 2025/26 we refreshed the Council’s Regeneration Mission, with a focus on ‘Place Making’ that aligns with the Stockton-on Tees Plan priorities including a great place to live, work and visit and an inclusive economy. The Regeneration Mission provides a core foundation for the Council to achieve our place-based ambitions. • Stockton Waterfront urban park is in the final stages of construction and will welcome its first visitors in June 2026. • Continued to deliver improvements and interventions across our six town centres to attract local communities, visitors and businesses. • The Council has produced the Central Stockton and North Thornaby Blueprint, namely progression of key work strands linked to Care Health Innovation Zone and steps to bring about increased residential development across key sites and initial work to bring about the long-term redevelopment of Tees Marshalling Yards under the new term for the area, Tees Central.

Colleagues Powering Our Future

- Continued to empower our colleagues to do the best they can for communities.
- Over the past year, we have worked together with over 500 colleagues as part of group discussions to develop a new set of values and behaviours - sharing their vision of what makes Stockton-on-Tees Borough Council a great place to work.
- The health and wellbeing of our colleagues is a key priority. A new Health and Wellbeing guide has been created by employee representatives across the Council to provide employees with everything they need to know to ensure they are happy and healthy at work.
- A new Annual Colleague Awards Ceremony has been developed to recognise and reward colleagues.

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.

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.

Improving outcomes within the Special Education Needs and Disability (SEND) system. The main controls are the delivery of the Stockton on Tees Local Area Reform Plan.

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, closer working with other agencies such as health, collaboration with regional Councils and a better understanding of demand drivers.

Through the Council’s Powering Our Future missions, a number of opportunities have been identified to reduce costs and improve service delivery. The Transformation mission has been the key driver in supporting the Council’s Medium Term Financial Plan, and we are now entering Phase 2 of transformation reviews. Alongside this, all mission areas have contributed to identifying efficiencies and improvements, reflecting the Council’s ongoing commitment to financial sustainability.

These include:

Using digital technology more effectively and efficiently and to continue to assess and use artificial intelligence where appropriate.	Opportunity to redevelop, re-invigorate and re-shape Town Centres.
Developing a Family Help Point as a first point of contact for anyone worried about a child’s safety or wellbeing.	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).
A greater focus on preventative and strength-based working to stem demand for services.	

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 2029.

This plan ensures that we remain responsive to changing economic conditions while maintaining essential services and investing in the borough’s future. Like many councils across the country, we are currently facing significant financial pressures. The approved Medium Term Financial Plan (MTFP) identifies a budget gap over the coming years, and the Council has embarked on a programme of transformation reviews and savings to close that gap, which will not only deliver savings but also improve outcomes for our residents.

Funding Position

On 17 December 2025 MHCLG announced the Provisional Local Government Finance Settlement for 2026/27, together with indicative funding allocations for 2027/28 and 2028/29. This represents the first multi-year settlement in over a decade. While indicative allocations have been provided for future years, these remain subject to change and will be influenced by future Spending Review decisions.

The Provisional Settlement confirmed the outcome of the Fair Funding Review 2.0 and, for the first time, presented information at a local authority level. The Final Local Government Finance Settlement was announced on 9th February 2026.

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

- Referendum limits are set at 3% for core council tax and 2% for the Adult Social Care levy.
- The introduction of a new Fair Funding Assessment to distribute resources based on updated measures of need and resources reflected in Relative Needs Formula.
- A full reset of the Business Rates Retention system from 2026-27. The reset of the Business Rates Retention system will remove the Council's locally retained growth since the last reset, rebasing funding in line with need and resource assessments.
- Continuation of the Recovery Grant, which was introduced for the first time in 2025/26 with the aim of providing funding to areas with greater need and demand for services, for the next three years.
- The continued ringfencing of the Local Authority Better Care Grant through the Better Care Fund.
- Transitional arrangements will see damping applied to cushion the impact of funding changes to individual local authorities because of the new formulas. This is funded from within the overall national total of funding available to fund local authorities and is applied across the three-year settlement period.

Significant funding simplification of local government funding, with the consolidation of over 30 separate funding streams worth over £56 billion over the three years (2026/27 to 2028/29) of the multi-year settlement. This includes the rolling in of

18 funding streams into the 2026-27 Revenue Support Grant, worth nearly £35 billion over the three years. As well as bringing all prior business rates under indexation compensation funding, worth £9.7 billion over three years into the 2026-27 Revenue Support Grant.

Four new consolidated grants have been created from 2026-27, worth £21.5 billion over the three years of the multi-year Settlement.

The Homelessness, Rough Sleeping and Domestic Abuse Grant will bring together the following funding streams into a single consolidated grant, and will be worth a total of over £2.4 billion over the three years of the multi-year settlement:

- The Prevention, Relief and Staffing element of the Homelessness Prevention Grant (HPG), worth almost £1.1 billion,
- Rough Sleeping Prevention and Recovery Grant (RSPARG) and Rough Sleeping Accommodation Programme (RSAP) funding, worth £879 million, and
- The Domestic Abuse Safe Accommodation Grant, worth £499 million

The Children, Families and Youth Grant will bring together the following five funding streams into a single consolidated grant and will be worth £3.1 billion over the three years of the multi-year Settlement.

- Funding for the Families First Partnership programme worth over £2.4 billion. Consisting of: The Children's Social Care Prevention Grant, worth £809 million; Families First Partnership programme funding (previously Supporting Families) within the Children and Families Grant, worth £760 million; and new funding worth £866 million. This includes £319 million from the Transformation Fund announced at the Spending Review and £547 million confirmed in the Policy Statement.
- The Holiday, Activities and Food Grant (HAF), worth over £623 million. This includes funding worth £12.9 million for the 2026-27 financial year to support local authority capacity on school-age childcare during school term-time and holidays.
- The Pupil Premium Plus Post-16 Grant, worth £41.5 million.

From April 2026, funding from the following will be consolidated into the Public Health Grant (PH Grant), and will be worth £13.45 billion over the three years of the multi-year Settlement:

- Drug and Alcohol Treatment and Recovery Improvement Grant (DATRIG), worth £1 billion. This includes the Rough Sleeping Drug and Alcohol Treatment grant.
- Individual Placement and Support Grant (IPSG), worth £67.3 million.
- Local Stop Smoking Services and Support Grant (LSSSSG), worth £210 million.
- Swap to Stop scheme, worth £50 million.

The Crisis and Resilience Fund (CRF) will bring together the Household Support Fund and Discretionary Housing Payments funding into a single consolidated grant and will total £2.5 billion over the three years of the multi-year Settlement.

The Council's Powering Our Future Programme provided a framework to modernise ways of working, focused on improving outcomes for residents, whilst ensuring the Council remained financially sustainable and resilient in the context of rising demand, budget pressures and increasing complexity. Powering Our Future included a Transformation Mission, and a series of reviews that sought to maximise use of resources, whilst

continuing to support strong, inclusive and resilient communities across the Borough. Phase 1 of Transformation activity had already identified £9.9m of savings, and a number of key projects were in delivery.

The budget report to Council in February 2026 highlighted ongoing financial pressures arising from demand pressures and rising costs across several services, particularly Children's and Adults' Social Care, Home to School Transport and support for children with special educational needs. Demand was growing in both volume and complexity, while funding was not keeping pace with cost pressures, resulting in an estimated budget gap of £6.7m in 2026/27, rising to £13.8m in 2027/28 and £18.4m in 2028/29.

To address this, a second Phase of Transformation Reviews were introduced focused on day-to-day efficiencies, council wide initiatives and outcome-based service reviews. The report provided Cabinet with an update on progress, and the contribution of activity towards closing the Medium-Term Financial Plan budget gap. It focused primarily on Efficiency Reviews, where savings were front-loaded. Separate reports would be brought to Cabinet on the detail of Outcome-based Reviews as part of a planned approach and key milestones that ensured robust options and impact analysis.

Financial Position 2025/26

The following tables and charts provide an overview of the financial position at the end of the 2025/26 financial year.

Revenue Expenditure 2025/26

Performance against revenue budgets for 2025/26 by Directorate is shown in the table below. Inflation and growth in service demand have contributed to significant pressures on expenditure budgets in 2025/26. Overall, the outturn position was a net overspend of £3.865 million. This has been funded from utilising available usable reserves.

Service Departments	Approved Budget	Actual	Variance
Expenditure	£m	£m	£m
Adults, Health & Wellbeing	107.384	107.391	0.007
Children's Services	63.735	67.858	4.123
Community Services, Environment & Culture	58.163	58.003	(0.160)
Finance, Transformation & Performance	14.407	13.396	(1.011)
Corporate Services	12.203	11.954	(0.249)
Regeneration & Inclusive Growth	3.301	3.235	(0.066)
Corporate Management & Services	7.449	8.670	1.221
Net Expenditure on Services	266.642	270.507	3.865
Transfer of Earmarked Reserves to Fund Overspend	0.000	(3.865)	(3.865)
Net Expenditure on Services	266.642	266.642	0.000

Significant variances against budget are as follows:

Adults & Health

Growth in demand for residential placements across all types of care has caused an overspend against budget. This has been partly mitigated through savings in community-based care budgets and 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 supporting people to live independently and implementation of a Home First approach which aims to tackle escalating demand in residential placements.

There has been an increase in outstanding Adult Social Care debt which led to a significant contribution to the provision for bad debt at the year-end. The pressures experienced in Adult Social Care have been offset through savings generated through maximization of income and grants across other service areas of the directorate.

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 early intervention, preventing escalation of need and 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

The Home to School Transport service has seen increased demand, due to rising numbers of children requiring transport and complexity of needs of children requiring additional support creating a significant financial pressure in year.

The catering service has experienced financial pressures this year, with income being insufficient to cover the cost of operating the service. This service now is being considered as part of the Transformation programme in the year ahead. There have been savings against building running costs and additional income in traded services which have offset the above.

Regeneration & Inclusive Growth

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. These pressures have been offset through savings on staffing and maximization of grant funding across other service areas within the directorate.

Finance, Transformation & Performance

There have been significant staffing savings and maximisation of grant funding and other income sources across the Directorate this financial year.

Corporate Services

There have been staffing savings across the Directorate during the financial year.

Corporate Management & Services

The Government has announced funding to address some of the Dedicated Schools Grant deficits which have accrued up to 31 March 2026. All local authorities with a SEND deficit will be eligible to receive a High Needs Stability Grant, subject to approval of a Local SEND Reform Plan by the Department of Education, covering 90% of their High Needs-related DSG deficit accrued up to the end of 2025-26. Local authorities need to plan to meet the cost of the residual deficit 10%. The required amount of £1.7m has been set in reserves at the end of the financial year.

Throughout the year, grants have been reviewed to maximise opportunities for savings to be identified. This review has enabled income to be offset against a range of wider council services and has offset the above entry.

Capital Medium Term Financial Plan

To achieve the Councils vision for the future, it has an ambitious and wide-ranging capital programme. £51.2m was spent on capital items in 2025-26 with a further £159.3m forecast over the following three financial years spanning 2026-27 - 2028-29.

Expenditure	Outturn	Three Year Plan			Total
	2025/26	2026/27	2027/28	2028/29	
	£m	£m	£m	£m	£m
Schools Capital	6.617	15.842	2.325	0	24.784
Childrens Services	0.448	1.911	0	0	2.359
Housing Regeneration	0.271	0.248	0	0	0.519
Inclusive Growth & Development	2.692	2.22	0	0	4.912
Private Sector Housing	1.748	1.165	0	0.541	3.454
Office Accomodation	0.228	1.5	0	0	1.728
Stockton Town Centre	0.383	5.559	11.398	0	17.34
Reshaping Town Centres	0.117	11.34	18.419	7.663	37.539
Thornaby Town Centre	6.228	18.655	1.5	0	26.383
Yarm & Eaglescliffe LUF	3.395	6.926	0	0	10.321
Redevelopment Castlegate Site	13.392	2.964	0	0	16.356
Other Town Centre Regeneration Schemes	0.157	0.373	0	0	0.53
Local Transport Plans	6.648	4.556	0	0	11.204
Other Transport Schemes	1.393	8.286	0	0	9.679
Developer Agreements	0.308	0.549	0	0	0.857
Energy Management Schemes	0.698	0.015	0	0	0.713
Environment & Green Infrastructure	0.443	1.413	0	0	1.856
Building Management & Asset Review	1.039	3.039	0	0	4.078
Other	4.98	8.383	9.717	12.836	35.916
Total Expenditure	51.185	94.944	43.359	21.04	210.528
Funding					
Grants and Other Contributions	43.565	72.43	11.838	0.157	127.99
Capital Reciepts & Reserves	0.686	4.623	0	1.451	6.760
Borrowing	6.934	17.891	31.521	19.432	75.778
Total Funding	51.185	94.944	43.359	21.04	210.528

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 has received Future High Streets Funding, Town Deal and Levelling Up monies from Government and these are now all wrapped up as part of MHCLG's Local Regeneration Fund. These allied to funding from Tees Valley Combined Authority, the Council's own resources and third-party investment result in transformational change starting to occur across our towns. The pending opening of the Urban Park, significant investment in Preston Hall Museum and Gardens and a multitude of active travel networks account for a significant proportion for the previous year's expenditure. 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 can 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. Significant investment is planned to create further SEND provision in the medium term to mitigate some of the ongoing pressures being seen in the High Needs Block of the Dedicated Schools Grant (DSG).

The Authority continue to work closely with colleagues at the Tees Valley Combined Authority to deliver both new transport infrastructure and ensure regular 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. Prioritisation is also given to ensuring that the current transport network is maintained.

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 ongoing 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 have some interface with the Council's obligations under Biodiversity Net Gain legislation.

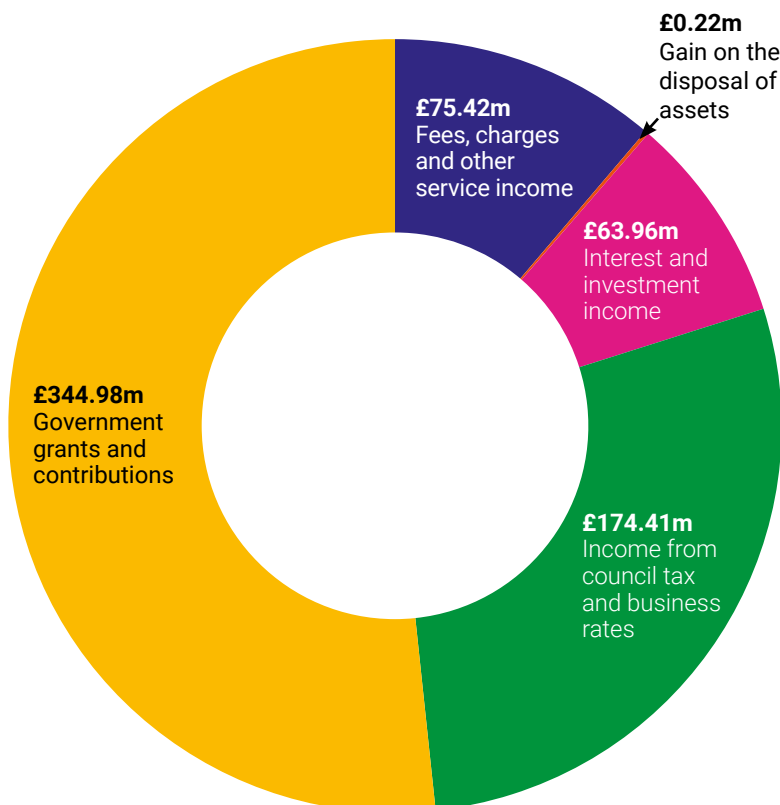
The Council's capital investments continue to ensure changes in legislation are adhered to and as such ongoing work is being carried out to ensure that infrastructure is in place to effectively deliver the 'Simpler Recycling' reforms.

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.

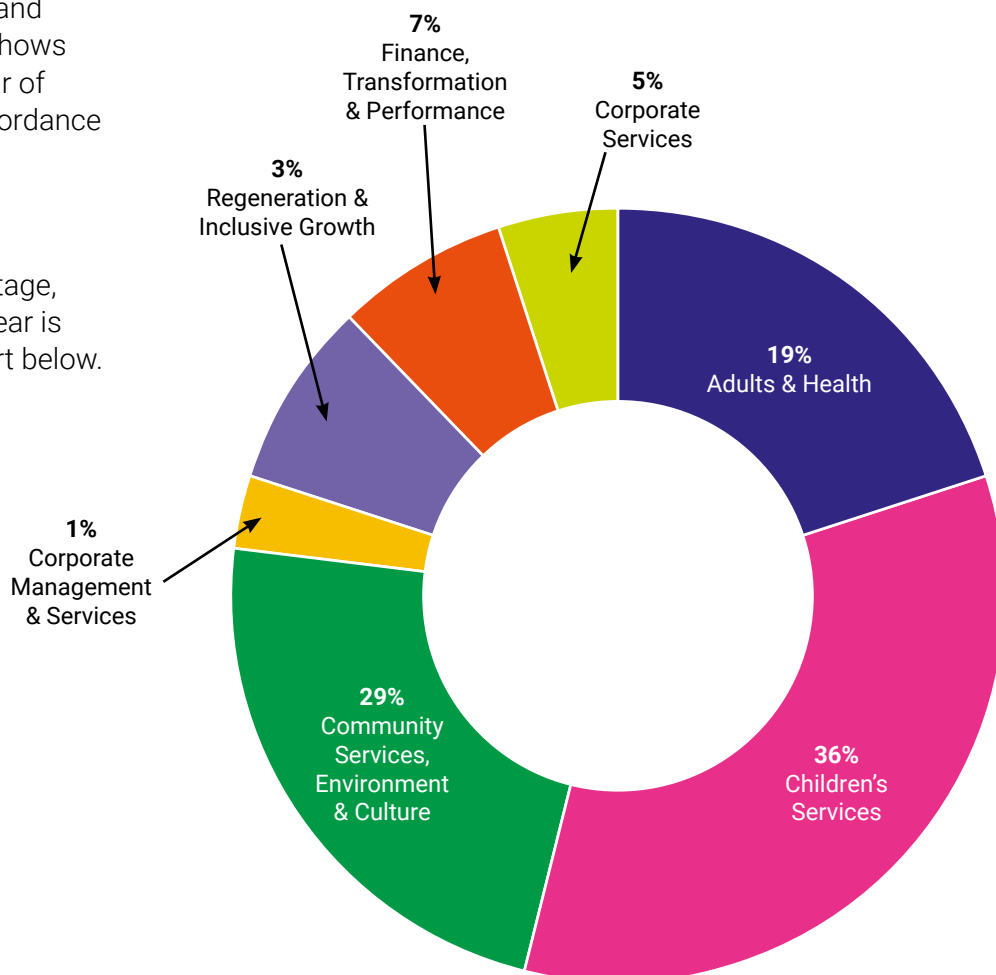
Income by source during 2025/26 is presented in the table below;

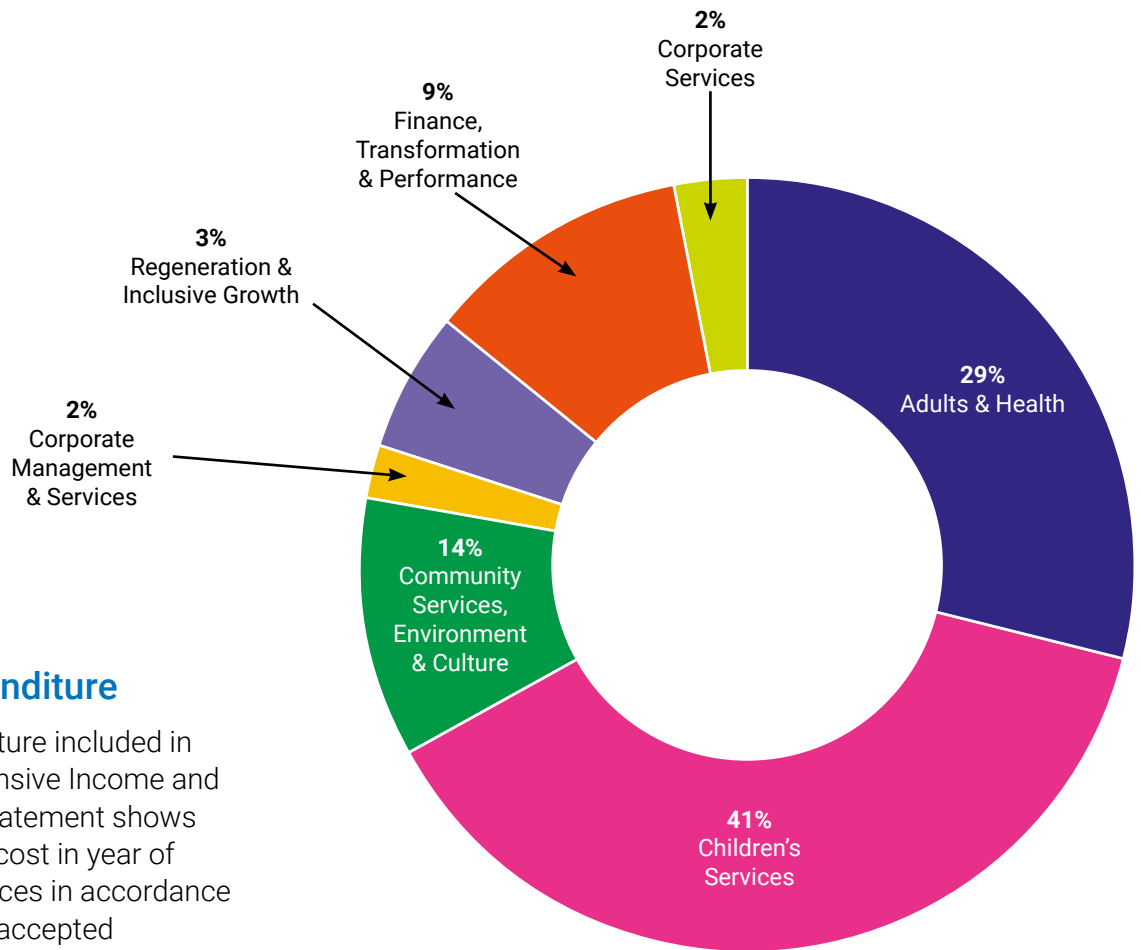


Net Expenditure

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 2025/26 this totalled £217.934m. As a percentage, net expenditure for the year is demonstrated in the chart below.

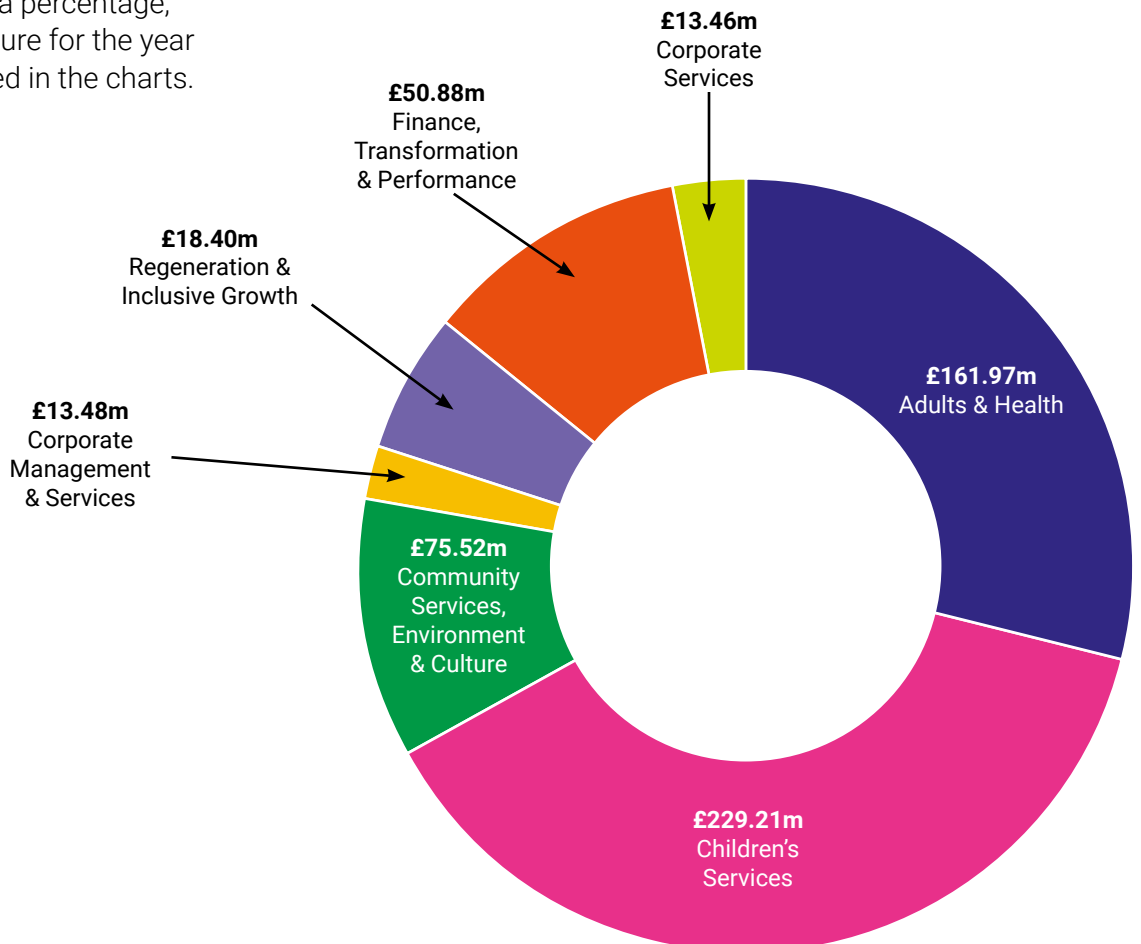




Gross Expenditure

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 2025/26 this totalled £562.91m. 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

The Council holds General Fund Balances which is a working balance to help cushion the impact of cash flows and unexpected events and emergencies. The Council also holds several earmarked reserves for specific purposes to meet known and predicted liabilities.

Like many councils across the Country over recent years the Council has experienced unprecedented demand and cost pressures upon services and budgets. This has resulted in a number of overspends, which have been funded by earmarked reserves.

This is also the case during 2025-26. As a result, the level of earmarked reserves has reduced considerably, and we must ensure we have a prudent level of reserves to mitigate the risks of future pressures. The budget and MTFP must ensure the Council's financial resilience and sustainability, and having an appropriate level of reserves to smooth the impact of financial uncertainty is critical.

Reserves have been reviewed and options considered to identify ways to replenish these. The Council's Reserves Policy sets out details of this review and recommendations to increase reserves. This Medium-Term Financial Plan includes an allocation to increase general fund balances and earmarked reserves. This will be reviewed annually as part of the budget setting process each year, reflecting on the updated levels of reserves, as well as the impact of known and future projected risks.

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 2025/26 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 2026 is set out below:

Balance Sheet	31-Mar-25	31-Mar-26
	£000's	£000's
Long Term Assets	486,128	506,455
Current Assets	102,780	97,235
Current Liabilities	-125,521	-131,754
Long Term Liabilities	-123,221	-125,926
Net Assets	340,166	346,010
General Fund Balances	8,000	8,000
Earmarked General Fund Reserves	28,321	27,466
Capital Receipts Reserve	4,436	4,536
Capital Grants Unapplied	45,397	48,620
Unusable Reserves	254,012	257,388
Total Reserves	340,166	346,010

The key headline messages to note in relation to the Balance Sheet on 31 March 2026 are as follows:

- Long-term assets have increased due to the completion of schemes within the capital programme and upward revaluation of assets.
- The reduction in Current Assets relates to the use of cash during the year to fund the capital programme.
- Current Liabilities has increased due to the Council undertaking short-term borrowing for cash flow purposes at the end of the financial year which has been offset by a reduction in short term creditors.
- 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).

Treasury Management

The Council's year-end treasury debt position for 2025-26 compared to 2024-25 is summarised in the table below;

31-Mar-25		31-Mar-26
£000's	Borrowing	£000's
72,003	Public Loans Work Board	109,947
16,201	Lender Option Borrower Option	16,199
62,757	Loans with Other Local Authorities	42,828
150,961	Net Assets	168,974

Due to the overall financial position and the underlying need to borrow for capital purposes (the Capital Financing Requirement CFR) new PWLB borrowing undertaken this year was £38m. These loans also replaced some of the previous year's short-term borrowings.

The Council had £43m of short-term loans with other local authorities on 31st March 2026; a decrease of £20m from the previous year.

The Council's year-end treasury investment position for 2025-26 compared to 2024-25 is summarised in the table below;

31-Mar-25		31-Mar-26
£000's	Borrowing	£000's
229	Loans	219
26,071	Treasury Investments & Bank	17,374
13,279	Property Fund	13,278
39,579	Net Assets	30,871

Due to the cash outflows across the financial year treasury investment balances at the 31st of March 2026 had reduced to £17m. The value of the Council's holdings in the CCLA Property Fund remained stable across the financial years. Dividend payments of £0.620m were received

in year from this fund which supports council services.

Further details on loans and investments can be found in disclosure note number 29 of these accounts.

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 2026. 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 2025/26, 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.

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:

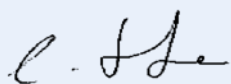
- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Local Authority Code of Practice.

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 2026.



C Harper CPFA - *Chief Financial Officer*

Date: 30 June 2026

Financial Statements and Explanatory Notes



Movement in Reserves Statement for the year ended 31 March 2026

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.

	Unearmarked General Fund Reserve	Other Earmarked Reserves	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Council Reserves
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Balance at 1 April 2024	8,000	40,487	48,487	3,450	51,557	103,494	228,628	332,122
Movement in reserves during 2024-25								
Total Comprehensive Income and Expenditure	(104)	-	(104)	-	-	(104)	8,148	8,044
Adjustments between accounting basis & funding basis under regulations (Note 6)	-	(11,811)	(11,811)	986	(6,160)	(16,985)	16,985	-
Increase/Decrease before transfer to earmarked reserves	(104)	(11,811)	(11,915)	986	(6,160)	(17,089)	25,133	8,044
Transfers to / from earmarked reserves	104	(355)	(251)			(251)	251	-
Increase/Decrease in the Year	-	(12,166)	(12,166)	986	(6,160)	(17,340)	25,384	8,044
Balance at 31 March 2025 carried forward	8,000	28,321	36,321	4,436	45,397	86,154	254,012	340,166
Balance at 1 April 2025	8,000	28,321	36,321	4,436	45,397	86,154	254,012	340,166
Movement in Reserve in 2025-26								
Total Comprehensive Income and Expenditure	(2,196)	-	(2,196)	-	-	(2,196)	8,040	5,844
Adjustments between accounting basis & funding basis under regulations (Note 6)	-	618	618	100	3,223	3,941	(3,941)	-
Increase/Decrease before transfer to earmarked reserves	(2,196)	618	(1,578)	100	3,223	1,745	4,099	5,844
Transfers to / from earmarked reserves	2,196	(1,473)	723			723	(723)	-
Increase / Decrease in the year	-	(855)	(855)	100	3,223	2,468	3,376	5,844
Balance at 31 March 2026 carried forward	8,000	27,466	35,466	4,536	48,620	88,622	257,388	346,010
General Fund analysed over:								
Amounts earmarked (Note 7)	27,466							
Amounts uncommitted	8,000							
Total General Fund Reserve at 31 March 2026	35,466							

Comprehensive Income and Expenditure Statement for the year ended 31 March 2026

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.

	2024 - 25			2025-26		
	£000s	£000s	£000s	£000s	£000s	£000s
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
Adults, Health & Wellbeing	152,894	(110,809)	42,085	161,967	(120,365)	41,602
Children's Services	198,589	(125,713)	72,876	229,213	(150,045)	79,168
Community Services, Environment & Culture	55,957	(9,172)	46,785	75,517	(11,802)	63,715
Corporate Management & Services	11,454	(5,941)	5,513	13,483	(13,261)	222
Regeneration & Inclusive Growth	28,316	(13,086)	15,230	18,395	(12,462)	5,933
Finance, Transformation & Performance	59,354	(43,836)	15,518	50,875	(35,444)	15,431
Corporate Services	13,738	(2,913)	10,825	13,459	(1,595)	11,864
Cost of Services	520,302	(311,470)	208,832	562,909	(344,974)	217,935
Other Operating Income & Expenditure:						
Parish council precepts	1,005	-	1,005	1,073	-	1,073
(Gain) or loss on the disposal of non-current assets	4,929	(895)	4,034	7,297	(224)	7,073
(Gain) or loss on trading accounts (not applicable to service)	17,088	(9,226)	7,862	18,125	(9,179)	8,946
Financing and Investment Income and Expenditure:						
Interest payable and similar charges	5,542	-	5,542	6,775	-	6,775
Net (gains) / losses on financial assets at fair value through profit and loss		(251)	(251)	1	-	1
Net interest on the net defined benefit liability/asset	51,778	(50,783)	995	62,551	(61,696)	855
Interest receivable and similar income	-	(1,963)	(1,963)	-	(2,250)	(2,250)
Income & expenditure in relation to investment properties and changes in their fair value	880	(1,717)	(837)	2,451	(1,594)	857
Revaluation (Gain) / loss on Assets Held for Sale	-	(130)	(130)	-	-	-
Taxation and Non-Specific Grant Income:						
Council tax income	-	(117,554)	(117,554)	-	(126,957)	(126,957)
Non-domestic rates income and expenditure	-	(47,818)	(47,818)	-	(47,451)	(47,451)
Non-ringfenced government grants	3,372	(25,138)	(21,766)	-	(27,776)	(27,776)
Capital grants and contributions	-	(37,847)	(37,847)	-	(36,885)	(36,885)
(Surplus) or Deficit on Provision of Services	604,896	(604,792)	104	661,182	(658,986)	2,196
(Surplus) or deficit on revaluation of non current assets			(4,709)			(9,477)
Re-measurements of the defined benefit liability			(3,691)			2,160
Other (gains) and losses			252			(723)
Other Comprehensive Income and Expenditure			(8,148)			(8,040)
Total Comprehensive Income and Expenditure			(8,044)			(5,844)

Balance Sheet as at 31 March 2026

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 2026 £000s	31 March 2025 £000s
Non-current assets			
Property, plant and equipment	11	466,051	443,831
Investment property	13	14,890	16,686
Intangible assets		718	829
Heritage Assets	12	11,299	11,274
Long term investments	29	13,278	13,279
Long Term Debtors	29	219	229
Total non-current assets		506,455	486,128
Current assets			
Inventories		1,301	906
Debtors	15 & 29	76,442	73,339
Cash and Cash Equivalents	16	17,374	26,071
Assets held for sale		2,118	2,464
Total current assets		97,235	102,780
Current liabilities			
Cash and Cash Equivalents	16	(3,513)	(1,432)
Short Term Borrowing	29	(75,346)	(64,708)
Short Term Creditors	17 & 29	(52,895)	(59,381)
Total current liabilities		(131,754)	(125,521)
Long term liabilities			
Long Term Creditors	29	(172)	(172)
Long Term Borrowing	29	(93,628)	(86,072)
Provisions	33	(2,919)	(3,699)
Other Long Term Liabilities	18 & 29	(25,086)	(26,385)
Grants Receipts in Advance	28	(4,121)	(6,893)
Total long term liabilities		(125,926)	(123,221)
Net Assets:		346,010	340,166
Reserves			
Usable reserves:			
General Fund Reserve		8,000	8,000
Earmarked General Fund Reserves	7	27,466	28,321
Capital Receipts Reserve		4,536	4,436
Capital Grants Unapplied		48,620	45,397
Total Usable Reserves		88,622	86,154
Unusable Reserves:			
Revaluation Reserve	20	87,803	82,833
Capital Adjustment Account	19	205,004	196,389
Financial Instruments Adjustment Account		23	(13)
Pooled Fund Adjustment Account		(1,722)	(1,721)
Pensions Reserve	31	(15,946)	(17,239)
Collection Fund Adjustment Account	21	603	1,558
Accumulated Absences Account		(1,242)	(1,070)
Dedicated Schools Grant Adjustment Account	24	(17,135)	(6,725)
Total Unusable Reserves		257,388	254,012
Total Reserves:		346,010	340,166

Cash Flow Statement for the year ended 31 March 2026

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 2026 £000s	31 March 2025 £000s
Net (surplus) or deficit on the provision of services		2,196	104
Adjustments to net surplus or deficit on the provision of services for non-cash movements:			
Depreciation, impairment and amortisation of non current assets		(28,604)	(18,932)
Revaluation (gains)/losses		(75)	6,325
Movement in net pension liability		3,453	(1,856)
Carrying amount of Non-Current Assets Sold		(7,086)	(5,446)
Other non-cash movement		(386)	1,546
Increase/(Decrease) in Inventories (Stock)		395	143
Increase/(Decrease) in Debtors		6,502	518
(Increase)/Decrease in Creditors		5,059	(3,909)
(Increase)/Decrease in Provisions		780	1,103
Increase/(Decrease) in Long Term Debtors		(10)	(13)
		(19,972)	(20,521)
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:			
Capital Grants credited to surplus or deficit on the provision of services		46,071	46,022
Proceeds from the disposal of non current assets		720	1,074
		46,791	47,096
Net cashflow from operating activities		29,015	26,679
Investing activities			
Purchase of property, plant and equipment, investment property and intangible assets		38,409	46,208
Increase in short term and long term investments		(1)	251
Proceeds from the sale of property, plant and equipment, investment property and intangibles		(1,089)	(1,074)
Other receipts from investing activities		(43,300)	(49,045)
Net cashflow from investing activities		(5,981)	(3,660)
Financing activities			
Other receipts from financing activities		(310)	(1,298)
Cash payments for liabilities relating to leases and PFI Contracts		6,248	(944)
Increase in short and long term borrowings		(18,194)	(42,393)
Net cashflow from financing activities		(12,256)	(44,635)
Net (increase) or decrease in cash and cash equivalents		10,778	(21,616)
Cash and cash equivalents at the beginning of the reporting period		(24,639)	(3,023)
Cash and cash equivalents at the end of the reporting period	16	(13,861)	(24,639)
The cashflow for operating activities includes the following items:			
Interest received		(1,415)	(1,382)
Dividends received		(867)	(665)
Interest paid		5,806	4,902

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	2024-25			2025-26		
	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	76,772	(34,687)	42,085	83,832	(42,230)	41,602
Children's Services	63,754	9,122	72,876	67,462	11,706	79,168
Community Services, Environment & Culture	36,447	10,338	46,785	46,344	17,371	63,715
Corporate Management & Services	7,495	(1,982)	5,513	4,671	(4,449)	222
Regeneration & Inclusive Growth	1,596	13,635	15,231	2,770	3,163	5,933
Finance, Transformation & Performance	15,628	(110)	15,518	14,568	863	15,431
Corporate Services	11,150	(326)	10,825	11,953	(90)	11,864
Net Cost of Services	212,842	(4,010)	208,832	231,600	(13,666)	217,935
Other Income and Expenditure	(212,842)	4,114	(208,728)	(231,600)	15,861	(215,739)
Surplus or Deficit	0	104	104	0	2,196	2,196
Opening General Fund Reserve	(8,000)			(8,000)		
Less/Plus (Surplus) or Deficit	0			0		
Closing General Fund Reserve at 31 March	(8,000)			(8,000)		

Note 2: Notes to the Expenditure & Funding Analysis

Adjustments between Funding and Accounting Basis 2025-26

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	870	(1,137)	(41,963)	(42,230)
Children's Services	3,667	(1,777)	9,816	11,706
Community Services, Environment & Culture	14,093	(906)	4,184	17,371
Corporate Management & Services	(1,999)	(323)	(2,127)	(4,449)
Regeneration & Inclusive Growth	4,435	(207)	(1,065)	3,163
Finance, Transformation & Performance	-	389	474	863
Corporate Services	-	(347)	257	(90)
Net Cost of Services	21,066	(4,308)	(30,424)	(13,666)
Other Income and Expenditure from the Expenditure and Funding Analysis	(27,773)	855	42,779	15,861
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Surplus or Deficit on the Provision of Services	(6,707)	(3,453)	12,356	2,196

Restated 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)
Net Cost of Services	14,289	861	(19,160)	(4,010)
Other Income and Expenditure from the Expenditure and Funding Analysis	(34,398)	995	37,517	4,114
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Surplus or Deficit on the Provision of Services	(20,109)	1,856	18,357	104

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 2026/27 Code. New or amended standards that are expected to be introduced in the 2026/27 Code that apply from 1 April 2026 are:

- a). Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- b). Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- c). Annual improvements to IFRS accounting standards - Volume 11 issued in July 2024
- d). Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024.

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.

In accordance with the CIPFA Code, the Council applies indexation to asset values to ensure they are materially updated for changes in relevant variables. The choice of indices is based on expert guidance, with judgement and decision made by qualified valuers.

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 2026 which contain estimates are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pension Assets / Liabilities	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. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.	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 £11.507 million. Note 31 provides further details.
Property Plant and Equipment	To meet CIPFA Code requirements asset valuations are based on current value and valuations are carried out on 5-year rolling programme, supported by indexation in intervening years. A desktop valuation will be undertaken in year 3 where no indexation is available. This is to ensure that the Council does not materially misstate non current assets. 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.	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 £0.986 million for every year that useful lives had to be reduced. See Note 11 for further information.
Revaluations	To meet the CIPFA Code requirements valuations are carried out on a 5 year rolling programme, meaning that there is a possibility of material changes in value between valuations. The risk is minimised by indexation in intervening years alongside a desk top valuation in year three where no indexation is available. An annual impairment review is also carried out to ensure that current value of annual valuations of all significant assets to ensure that the current value of assets as at the 31 March are not materially misstated.	At 31 March 2026, the Council revalued Property Plant and Equipment to the value of £466.051 million, and investment properties to the value of £14.890 million. A 1% change in the estimation of these property values would lead to a £4.661 million change in the value of the Council's land and buildings and £0.149 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.

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.

2025-26	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)	(7,994)			7,994
Adjustments involving the Revaluation Reserve	4,507			(4,507)
Adjustments involving the Capital Grants Unapplied Account	(3,223)		3,223	-
Adjustments involving the Capital Receipts Reserve	(721)	100		621
Adjustments involving Dedicated Schools Grant Adjustment Account	10,410			(10,410)
Adjustments involving the Financial Instruments Adjustment Account	(36)			36
Adjustments involving the Pensions Reserve	(3,453)			3,453
Adjustments Involving the Pooled Fund Adjustment Account	1			(1)
Adjustments involving the Collection Fund Adjustment Account (see note 21)	955			(955)
Adjustments involving the Accumulated Absences Adjustment Account	172			(172)
Total Adjustments	618	100	3,223	(3,941)

2024-25 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)	(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
Total Adjustments	(11,811)	986	(6,160)	16,985

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 2025-26. 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 2024	Transfers Out 2024-25	Transfers In 2024-25	Balance at 31 March 2025	Transfers Out 2025-26	Transfers In 2025-26	Balance at 31 March 2026
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Capital Reserves							
Stockton Town Centre Regeneration	(508)	98	-	(410)	113	-	(297)
Approved Capital Schemes	(9,875)	5,533	(99)	(4,441)	1,044	(1,463)	(4,860)
Fleet Renewals Fund	(1,482)	149	(524)	(1,857)	2,210	(491)	(138)
Total Capital Reserves	(11,865)	5,780	(623)	(6,708)	3,367	(1,954)	(5,295)
Revenue Reserves							
Insurance Fund	(6,032)	1,000	(160)	(5,192)	676	-	(4,516)
Commuted Lump Sums	(928)	928	-	-	-	-	-
Pooled Funds and Interest Rate Risk	(1,700)	-	(262)	(1,962)	962	-	(1,000)
ICT Infrastructure	(400)	260	-	(140)	140	-	-
Government Grants Income in Advance	(342)	342	-	-	-	-	-
Transformation & Implementation	(2,401)	1,409	(515)	(1,507)	-	(3,253)	(4,760)
MTFP Transition Reserve	(181)	-	(1,000)	(1,181)	882	-	(299)
ARCC Probation Service	(1,289)	1,289	-	-	-	-	-
Health & Integration	(5,693)	4,495	(96)	(1,294)	945	(427)	(776)
NNDR S31 Grant	(2,194)	2,194	-	-	-	-	-
MTFP Resilience Reserve	-	7,019	(7,935)	(916)	2,559	(2,708)	(1,065)
Covid Recovery Funds	(132)	132	-	-	-	-	-
Other Revenue Reserves	(1,539)	2,485	(6,999)	(6,053)	2,575	(1,783)	(5,261)
Total Revenue Reserves	(22,831)	21,553	(16,967)	(18,245)	8,739	(8,171)	(17,677)
Schools Related Reserves							
Balances held by schools under a scheme of delegation	(3,537)	364	(195)	(3,368)	785	(211)	(2,794)
Dedicated Schools Grant	(2,254)	2,254	-	-	-	(1,700)	(1,700)
Total Schools Related Reserves	(5,791)	2,618	(195)	(3,368)	785	(1,911)	(4,494)
Total Earmarked Reserves	(40,487)	29,951	(17,785)	(28,321)	12,891	(12,036)	(27,466)

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	2025-26	2024-25
	£000s	£000s
Services		
Adults, Health & Wellbeing	(21,482)	(21,446)
Childrens Services	(5,863)	(6,579)
Community Services, Environment & Culture	(7,702)	(5,061)
Corporate Management & Services	(4,749)	(3,008)
Finance, Transformation & Performance	(2,252)	(1,827)
Regeneration & Inclusive Growth	(4,606)	(4,992)
Corporate Services	(860)	(695)
Other Income	(7,785)	(8,161)
Total income analysed on a segmental basis	(55,299)	(51,769)

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 £726,523 (last year: £726,101).

Members' Allowances	2025-26	2024-25
	£000s	£000s
Basic Allowances	520	518
Special Responsibility Allowances	206	208
Travel & Expenses	0	0
Total	726	726

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			
	2025-26	2024-25	2025-26	2024-25
	Council	Council	Schools	Schools
£50,000 - £54,999	143	95	49	40
£55,000 - £59,999	53	54	30	23
£60,000 - £64,999	23	13	17	13
£65,000 - £69,999	21	15	9	4
£70,000 - £74,999	14	13	3	8
£75,000 - £79,999	7	5	7	3
£80,000 - £84,999	4	6	1	6
£85,000 - £89,999	2	6	5	4
£90,000 - £94,999	11	-	2	1
£95,000 - £99,999	1	7	1	-
£100,000 - £104,999	6	5	-	1
£105,000 - £109,999	5	3	1	-
£110,000 - £114,999	2	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 2025-26

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)	178,795	0	2,600	181,395	0	24,318	205,713
Deputy Chief Executive & Director of Finance, Transformation & Performance	55,467	0	716	56,183	0	5,908	62,091
Chief Financial Officer	96,562	0	1,354	97,916	0	14,125	112,041
Director of Children's Services	143,792	0	2,122	145,914	0	19,678	165,592
Director Adults, Health and Wellbeing	141,954	0	1,052	143,006	0	20,361	163,366
Director of Regeneration & Inclusive Growth	143,792	0	0	143,792	0	20,994	164,786
Director of Corporate Services (Monitoring Officer)	143,792	0	1,628	145,420	0	19,610	165,030
Director of Community Services, Environment & Culture	143,792	0	0	143,792	0	20,994	164,786
	1,047,945	0	9,472	1,057,417	0	145,986	1,203,404

In July 2025 the Deputy Chief Executive & Director of Finance, Transformation & Performance retired from the authority with the post of Chief Financial Officer being created to undertake the statutory section 151 requirements. The Chief Financial Officer undertook the acting Section 151 position from July 2026 until the posts was approved by Council in November 2026.

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	0	1,056	174,308	0	26,036	200,344
Deputy Chief Executive & Director of Finance, Transformation & Performance	147,703	152	0	147,855	0	20,088	167,943
Director of Children's Services	131,205	0	1,558	132,763	0	16,778	149,541
Director Adults, Health and Wellbeing	138,463	0	0	138,463	0	18,949	157,412
Director of Regeneration & Inclusive Growth	72,763	82	0	72,845	0	9,896	82,741
Director of Corporate Services (Monitoring Officer)	139,333	0	1,628	140,961	0	17,660	158,621
Director of Community Services, Environment & Culture	139,333	0	0	139,333	0	18,405	157,738
	942,052	234	4,242	946,528	0	127,812	1,074,340

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.

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

Movements in 2025-26	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
Cost or Valuation							
At 1 April 2025	242,098	18,450	15,619	603	3,464	10,514	290,748
Additions	8,434	3,447	4,917		310	16,857	33,965
Accumulated depreciation written off on revaluation	(12,817)	0	0	0	0	0	(12,817)
Accumulated depreciation & impairment written off to Gross Carrying Amount (GCA)	0	0	0	0	(63)	0	(63)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	9,447	0	0	0	30	0	9,477
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on provision of services	1,387	0	0	0	(243)	0	1,144
Derecognition - disposals	(7,883)	(234)	0	0	(79)	0	(8,196)
Other reclassifications *	(3,527)	(884)	0	0	0	(39)	(4,450)
At 31 March 2026	237,139	20,779	20,536	603	3,419	27,332	309,808
Accumulated Depreciation and Impairment							
At 1 April 2025	(15,707)	(13,143)	(3,002)	(43)	0	(38)	(31,933)
Depreciation Charge	(9,843)	(1,420)	(2,006)	0	(17)	0	(13,286)
Accumulated depreciation written off on revaluation	12,817	0	0	0	17	0	12,834
Impairment losses/reversals recognised in the (Surplus)/Deficit on provision of services	(1,936)	(2,194)	0	0	(143)	0	(4,273)
Derecognition - disposals	578	193	0	0	0	0	771
Other reclassifications	3,527	884	0	0	0	39	4,450
At 31 March 2026	(10,564)	(15,680)	(5,008)	(186)	0	1	(31,437)
Net Book Value							
At 31 March 2026	226,575	5,099	15,528	417	3,419	27,333	278,371
At 31 March 2025	226,391	5,306	12,616	560	3,464	10,476	258,814

* Reduction in the cost or valuation and accumulated depreciation to write out 2024/25 impaired capital expenditure included in the brought forward balances.

The NBV of PFI asset totals £2.370m as at 31st March 2026, this is included within other Land & Buildings total.

A summary of the Right of Use asset per class is shown below.

Right of Use Assets	L&B Commercial Lease	L&B Non Commercial Lease	Vehicle Lease	PPE Lease	Total
	£000s	£000s	£000s	£000s	£000s
Cost or Valuation					
At 1 April 2025	1,792	5,205	8,548	72	15,617
Additions	0	0	4,917	0	4,917
At 31 March 2026	1,792	5,205	13,465	72	20,534
Accumulated Depreciation and Impairment					
At 1 April 2025	(157)	-	(2,809)	(36)	(3,002)
Depreciation Charge	(164)	(221)	(1,585)	(36)	(2,006)
At 31 March 2026	(321)	(221)	(4,394)	(72)	(5,008)
Net Book Value					
At 31 March 2026	1,471	4,984	9,071	0	15,526
At 31 March 2025	1,635	5,205	5,739	36	12,615

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 25-26 is 31st March 2026.

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.

Infrastructure Assets Net Book Value	Total
At 31 March 2025	185,017
Additions	12,556
Depreciation	(9,871)
Other	(22)
At 31 March 2026	187,680

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

Total Non Current Assets Net Book Value	Total
At 31 March 2025	443,831
At 31 March 2026	466,051

Movements in 2024-25	Other Land & Buildings	Vehicles, Plant & Equipment	Right of Use Asset	Community Assets	Surplus Assets	PP&E Under Construction	Total
	£000s	£000s		£000s	£000s	£000s	£000s
Cost or Valuation							
At 1 April 2024	230,794	24,210	0	210	3,517	1,254	259,985
Opening balance adjustment **	0	0	7,292	0	0	0	7,292
Additions	24,103	1,598	2,288	393	137	9,260	37,779
Accumulated depreciation written off on revaluation	(8,840)	0	(221)	0	(16)	0	(9,077)
Revaluation increases/(decreases) recognised in the Revaluation Reserve	4,709	0	0	0	0	0	4,709
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on provision of services	6,420	0	0	0	(174)	0	6,246
Derecognition - disposals	(5,297)	(403)	0	0	0	0	(5,700)
Reclassified to/from held for sale/surplus	(193)	0	0	0	0	0	(193)
Reclassified to/from ROU Assets **	0	(6,260)	6,260	0	0	0	0
Other reclassifications *	(9,598)	(695)	0	0	0	0	(10,293)
At 31 March 2025	242,098	18,450	15,619	603	3,464	10,514	290,748
Accumulated Depreciation and Impairment							
At 1 April 2024	(22,665)	(13,386)	0	0	0	0	(36,051)
Depreciation Charge	(8,958)	(2,767)	(415)	0	(16)	0	(12,156)
Accumulated depreciation written off on revaluation	8,840	0	221	0	16	0	9,077
Impairment losses/reversals recognised in the (Surplus)/Deficit on provision of services	(2,900)	(884)	0	(43)	0	(38)	(3,865)
Derecognition - disposals	378	389		0	0	0	767
Reclassified to/from ROU Assets **	0	2,809	(2,809)	0	0	0	0
Other reclassifications *	9,598	695		0	0	0	10,293
At 31 March 2025	(15,707)	(13,143)	(3,002)	(43)	0	(38)	(31,934)
Net Book Value							
At 31 March 2025	226,391	5,306	12,616	560	3,464	10,476	258,814
At 31 March 2024	208,129	10,823	0	210	3,517	1,254	223,935

* Reduction in the cost or valuation and accumulated depreciation to write out 2024/25 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.

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

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

Right of Use Assets	L&B Commercial Lease	L&B Non Commercial Lease	Vehicle Lease	PPE Lease	Total
	£000s	£000s	£000s	£000s	£000s
Cost or Valuation					
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)
Reclassification to ROU Assets			6,260		6,260
At 31 March 2025	1,792	5,206	8,548	72	15,617
Accumulated Depreciation and Impairment					
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)
At 31 March 2025	(157)	(0)	(2,809)	(36)	(3,002)
Net Book Value					
At 31 March 2025	1,635	5,206	5,739	36	12,615
At 31 March 2024	0	0	0	0	0

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

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

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

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 2026, the Authority has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2026/27 and future years of which the major schemes are as follows:

School place extensions/ alterations - £0.661m

Carriageway Resurfacing - £2m

Urban Park and Land Bridge - £1.518m

Durham Lane Industrial Estate - £1.727m

Cycleways - £7.406m

Thornaby Pool - £12.216

Revaluations

From the 1st April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the code) requirements changed in respect of revaluations of property, plant and equipment.

- Property, plant and equipment revaluing valuations once every 5 years or on a rolling basis and supported by indexation in intervening years.
- Alternatively, a desk top valuation in year three where no indexation is available.
- Transitional arrangements when applying these changes so that they are applied prospectively, with no restatement of prior year figures.

The changes to the code apply to the following asset categories:

- Other Land & Buildings
- Vehicles, plant, Furniture and equipment
- Surplus Assets
- Right of Use Assets measured at current value.

The Council has implemented rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued every five years. This replaces a programme that previously revalued higher value assets every three years and lower value assets every 5 years. The 2025/26 valuations have been carried out internally, District valuer Service, Knight Frank and Sanderson Weathall. 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 25/26 is 31st March 2025.

Operational Assets	Other Land & Buildings £000s	Right of Use Assets £000s	Vehicles, Plant & Equipment £000s	Community Assets £000s	Surplus Assets £000s	Total £000s
Valued at historical cost		13,537	20,536			34,073
Valued at current value as at:						
Current Year	98,524	7,242			3,419	109,185
2024/2025	83,124			603		83,727
2023/2024	39,741				-	39,741
2022/2023	10,249					10,249
2021/2022	5,501					5,501
Total	237,139	20,779	20,536	603	3,419	282,476

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.

2025-26	Artworks	Ceramics Glass Silverware & Decorative Art	Weapons & Militaria	Transport	Archaeological	Civic Regalia	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s
Valuation							
At 1 April 2025	6,535	1,464	2,538	47	510	180	11,274
Additions	-	-	-	25	-	-	25
Revaluations	-	-	-	-	-	-	-
At 31 March 2026	6,535	1,464	2,538	72	510	180	11,299

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

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:

	31 March 2026	31 March 2025
	£000s	£000s
Rental income from investment property	1,063	1,040
Direct operating expenses arising from investment property	(146)	(109)
Net gain/(loss)	917	931

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:

	31 March 2026	31 March 2025
	£000s	£000s
Balance at the start of the year	16,686	17,970
Additions:		
Purchases	-	628
Construction	-	-
Subsequent expenditure	-	-
Disposals	-	(182)
Net gains/(losses) from fair value adjustments	(1,774)	(94)
Transfers:		
To/from Assets Held for Sale	(22)	(1,636)
Other changes	-	-
Balance at the end of the year	14,890	16,686

The Council's largest investment is the Hampton by Hilton Hotel on the North Shore development (£9.8m). The Council's interests in the Hotel have been valued by a specialist at 31st March 2026.

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 25/26 is 31st March 2026.

Note 14: Expenditure and Income Analysed by Nature

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

The Council's expenditure and income	31 March 2026	31 March 2025
	£000s	£000s
Expenditure		
Employee benefits expenses	167,980	168,009
Other services expenses	372,992	333,446
Depreciation, amortisation and impairment	43,057	40,252
Interest payments	6,217	5,043
Interest payments - IAS19 Pensions	62,551	51,778
Precepts and levies	1,088	1,382
Loss on the disposal of assets	7,297	4,986
Total Expenditure	661,182	604,896
Income		
Fees, charges and other service income	(75,416)	(67,773)
Gain on the disposal of assets	(224)	(929)
Interest and investment income	(2,263)	(1,991)
Interest and investment income - IAS19 Pensions	(61,696)	(50,783)
Income from council tax and business rates	(174,408)	(165,372)
Government grants and contributions	(344,979)	(317,944)
Total Income	(658,986)	(604,792)
(Surplus) or Deficit on the Provision of Services	2,196	104

Note 15: Debtors

Debtors	31 March 2026	31 March 2025
	£000s	£000s
Central Government	13,851	11,074
Local Government	9,164	10,635
National Health Service	5,929	2,200
Local Taxation	20,393	21,019
Other entities and individuals	27,105	28,411
	76,442	73,339

Credit Risk - Receivables

The Council does not generally allow credit for customers, although £11.2 million of £21.0 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 £21.0 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:

Debtors for Local Taxation	31 March 2026	31 March 2025
	£000s	£000s
Less than three months	1,299	942
Three to six months	879	1,021
Six months to one year	7,005	6,290
More than one year	11,210	12,766
	20,393	21,019

Note 16: Cash & Cash Equivalents

Cash & Cash Equivalents	31 March 2026	31 March 2025
	£000s	£000s
Bank and Imprests	17	4
Cash Equivalents	17,357	26,067
Bank Overdraft	(3,513)	(1,432)
	13,861	24,639

Note 17: Short Term Creditors

Short Term Creditors	31 March 2026	31 March 2025
	£000s	£000s
Central Government	(8,017)	(12,635)
Local Government	(7,189)	(6,928)
National Health Service	(1,531)	(2,098)
Local Taxation	(2,966)	(2,820)
Other entities and individuals	(33,192)	(34,900)
	(52,895)	(59,381)

Note 18: Other Long Term Liabilities

Other Long Term Liabilities	31 March 2026	31 March 2025
	£000s	£000s
Lease liability	(6,593)	(5,385)
PFI liability	(2,547)	(3,761)
Net Unfunded pensions liability	(15,946)	(17,239)
	(25,086)	(26,385)

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.

	2025-26		2024-25
	£000s	£000s	£000s
Balance at 1 April		(196,389)	(158,761)
Opening Balance Adjustment IFRS16 Transition		-	1,171
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	24,093		22,997
• Revaluation losses on property, plant and equipment	(1,141)		(6,052)
• Revaluation losses / (gain) on AHFS & Investment Properties	1,774		(36)
• Amortisation of intangible assets	141		141
• Revenue expenditure funded from capital under statute	9,613		12,235
• Amounts of non-current assets written off on disposal or sale	6,733		4,372
		41,213	33,657
Capital financing applied in the year:			
• Use of the Capital Receipts Reserve to finance new capital expenditure	(621)		(88)
• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(23,604)		(26,618)
• Application of grants to capital financing from the Capital Grants Unapplied Account	(19,245)		(25,565)
• Statutory provision for the financing of capital investment charged against the General Fund balance	(5,552)		(4,424)
• Capital expenditure charged against the General Fund balance	(806)		(7,034)
		(49,828)	(63,729)
Balance at 31 March		(205,004)	(196,389)

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.

	2025-26	2024-25
	£000s	£000s
Balance at 1 April	(82,833)	(82,246)
Upward revaluation of assets	(14,047)	(21,469)
Downward revaluation of assets and impairment losses not charged to the (surplus)/deficit on the provision of services	4,570	16,760
Surplus or deficit on revaluation of non-current assets not posted to the (surplus)/deficit on the provision of services	(9,477)	(4,709)
Difference between fair value depreciation and historical cost depreciation	3,447	3,381
Accumulated gains on assets sold or scrapped	1,060	741
Amount written off to the Capital Adjustment Account	4,507	4,122
Balance at 31 March	(87,803)	(82,833)

Note 21: Collection Fund Adjustment Account

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

Collection Fund Adjustment Account	2025-26	2024-25
	£000s	£000s
Balance at 1 April	(1,558)	(7,332)
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	(1,458)	4,345
Amount by which business rates income credited to the Comprehensive Income and Expenditure Statement is different from business rates income calculated for the year in accordance with statutory requirements	2,412	1,428
Balance at 31 March	(603)	(1,558)

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 2025/26 is shown in Note 9. During 2025/26, £50k in value of goods and services were purchased from companies where members have a controlling interest (last year: £111k). 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 £853k (last year: £712k) from these companies during the year. At the 31st March 2026 the Council owed £0k (Last Year: £0k) from subsidiaries and they in turn owed £217k (Last Year: £217k) to the Council.

The Council is a shareholder in Tees Valley Energy Recovery Limited (TVERL), a Special Purpose Vehicle (SPV) formed by

Darlington, Durham, Hartlepool, Middlesbrough, Newcastle, Redcar & Cleveland, and Stockton-on-Tees councils to manage the development of the Tees Valley Energy Recovery Facility (TV ERF).

The project is valued at approximately £2bn over a 29-year period and is expected to become operational in 2029.

The Council holds a £1 ordinary share in TVERL, alongside the six other partner authorities, and jointly exercises control over the entity. TVERL was incorporated on 18 December 2025 and will prepare its first set of financial statements to 31 March 2027.

There were no transactions between the Council and TVERL during the financial year, and no balances were outstanding at the year-end. The Council may enter into transactions and commitments with TVERL in future periods in relation to the development and operation of the facility. TV ERL have entered into a number of contracts to support the company post-Financial Close, such as legal, technical and financial support. All costs incurred by TV ERL will be allocated on a proportional basis between the 7 authorities, in accordance with the Waste Supply and Support Agreement.

A number of elected members and senior officers sit on the management committees or boards of local organisations. During 2025/26 the Council had net transactions that totalled £7.943m (last year: £4.532m) to bodies that included Cleveland Fire Authority, 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, North East Procurement Organisation, EID Fusion Festival, PD Ports, Tees Esk & Wear Valley NHS Trust and The Junction Foundation. Billingham, Ingleby Barwick, Yarm and Thornaby Town Councils. The transactions consisted of services provided by the Council totalling £1.577m and grants and payments for services made to related party organisations totalling £10.329m. At the 31st March 2026 the Council owed £0k (Last Year: £74k) to related party suppliers and they in turn owed £1.017m (Last Year: £1.111m) to the Council.

Note 23: External Audit Costs

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

External Audit Costs	2025-26	2024-25
	£000s	£000s
Fees payable to Forvis Mazars LLP with regard to external audit services	390	375
Fees payable to Forvis Mazars LLP for the certification of grant claims	16	15
Fees payable in respect of other services provided by Forvis Mazars LLP	8	7
	414	397
Government Funding Additional Audit Requirements	(47)	(48)

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 2025/26 are as follows:

2025/26	Central Expenditure £000s	Individual Schools Budget £000s	Total £000s
Final Dedicated Schools Grant for 2025/26 before academy and high needs recoupment			258,183
Academy and high needs figure recouped for 2025/26			(156,107)
Total DSG after Academy and high needs recoupment for 2025/26			102,076
Plus: Brought forward from 2023/24			-
Less: Carry-forward to 2026/27 agreed in advance			-
Agreed initial budgeted distribution in 2025/26	36,538	65,538	102,076
In year adjustments	-	20	20
Final budgeted distribution for 2025/26	36,538	65,558	102,096
Less: Actual central expenditure	47,794		47,794
Less: Actual ISB deployed to schools		64,712	64,712
Plus: Local authority contribution for 2025/26	-	-	-
In Year Carry-forward Surplus / (Deficit) to 2026/27	(11,256)	846	(10,410)
Plus: Carry-forward to 2026/27 agreed in advance			-
Carry-forward to 2026/27			-
DSG unusable reserve at the end of 2024/25			6,725
Addition to DSG unusable reserve at the end of 2025/26			10,410
Total of DSG unusable reserve at the end of 2025/26			17,135
Net DSG position at the end of 2025/26			(17,135)

At 31st March 2025, the DSG shows a cumulative deficit balance of £17.135m. 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 2025-26 the net position has declined by £10.410m.

As part of the Governments finance settlement they have agreed to fund 90% of this deficit if certain conditions are met, this is estimated to be £15.422m. If these conditions are met then funding will be received in the Autumn of 2026. At the moment the detailed conditions of grant have not yet been published and the HNSG will only be paid in 2026-27 on the basis of the Local SEND reform plan which has not yet been submitted.

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. Regulation 30L of The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 ("the Statutory Override") further extended the override which now ends at the end of the 2027/28 financial year.

The Authority must charge the amount of the deficit (£17.135m), 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.

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)
Total DSG after Academy and high needs recoupment for 2024/25			92,189
Plus: Brought forward from 2023/24			2,254
Less: Carry-forward to 2025/26 agreed in advance			-
Agreed initial budgeted distribution in 2024/25	36,179	58,264	94,443
In year adjustments	-	(1,100)	(1,100)
Final budgeted distribution for 2024/25	36,179	57,164	93,343
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	-	-	-
In Year Carry-forward Surplus / (Deficit) to 2024/25	(673)	-	(673)
Plus: Carry-forward to 2025/26 agreed in advance			-
Carry-forward to 2025/26			-
DSG unusable reserve at the end of 2023/24			6,052
Addition to DSG unusable reserve at the end of 2024/25			673
Total of DSG unusable reserve at the end of 2024/25			6,725
Net DSG position at the end of 2024/25			(6,725)

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 2026 have been recalculated under IFRS 16 Leases requirements.

Future Payments	Payment for Services	Reimbursement of Capital Expenditure	Interest	Total
	£000s	£000s	£000s	£000s
Payment due:				
In 2026-27	1,228	1,325	292	2,845
Within two to five years	1,266	2,547	217	4,030
	2,494	3,872	509	6,875

Note 26: Leases

Council as a Lessee

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).

Leased Assets	2025-26	2024-25
	£000s	£000s
Land and Buildings	6,455	6,841
Vehicles	9,073	5,739
Plant and Equipment	0	36
	15,528	12,616

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 determine 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.

A summary of the right of use assets per class is shown below;

Right of Use Assets (ROU)	L&B Commercial Lease	L&B Non Commercial Lease	Vehicle Lease	PPE Lease	Total
Cost or Valuation	£000s	£000s	£000s	£000s	£000s
At 1 April 2025	1,792	5,205	8,548	72	15,618
Additions	0	0	4,917	0	4,917
At 31 March 2026	1,792	5,205	13,465	72	20,535

Accumulated Depreciation and Impairment					
At 1 April 2025	(157)	(0)	(2,809)	(36)	(3,003)
Depreciation Charge	(164)	(221)	(1,583)	(36)	(2,004)
At 31 March 2026	(321)	(221)	(4,392)	(72)	(5,007)

Net Book Value					
At 31 March 2026	1,471	4,984	9,073	0	15,528
At 31 March 2025	1,635	5,205	5,739	36	12,615

*GCA - Gross Carrying Amount

Right of Use Assets (ROU)	L&B Commercial Lease	L&B Non Commercial Lease	Vehicle Lease	PPE Lease	Total
Cost or Valuation	£000s	£000s	£000s	£000s	£000s
At 1 April 2024					
Opening Balance Adjustment (Recognition of ROU Assets on transition)	1,792	5,426	0	72	7,291
Additions	0	0	2,288	0	2,288
Accumulated Depreciation & Impairment written off to GCA*	0	(221)	0	0	(221)
Revaluation Increases/(decreases) recognised in the Surplus/Deficit on provision of services	0	0	0	0	0
Reclassification to ROU Assets	0	0	6,260	0	6,260
At 31 March 2025	1,792	5,205	8,548	72	15,618

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

Net Book Value					
At 31 March 2025	1,635	5,205	5,739	36	12,615
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 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:

L&B Commercial Leases	2025-26	2024-25
	£000s	£000s
Not later than one year	212	239
Later than 1 year and not later than 5 years	788	809
Later than 5 years	902	1,092
	1,902	2,140

The weighed average incremental borrowing rate applied to lease liability recognised in the Balance Sheet as at 31st March 2026 was 5.03%.

Equipment Leases	2025-26	2024-25
	£000s	£000s
Not later than one year	0	39
Later than 1 year and not later than 5 years	0	0
Later than 5 years	0	0
	0	39

The weighed average incremental borrowing rate applied to lease liability recognised in the Balance Sheet as at 31 March 2026 was nil.

Vehicle Leases	2025-26	2024-25
	£000s	£000s
Not later than one year	2,395	2,357
Later than 1 year and not later than 5 years	7,487	4,334
Later than 5 years	1,313	0
	11,195	6,691

The weighed average incremental borrowing rate applied to lease liability recognised in the Balance Sheet as at 31st March 2026 was 10.51%

Council as a Lessor

The council leases various Land & Buildings to third parties under operating leases. The leases are to 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;

	2025-26	2024-25
	£000s	£000s
Not later than one year	2,795	2,683
Later than 1 year and not later than 5 years	8,856	8,341
Later than 5 years	18,461	19,014
	30,112	30,038

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

The net book value of the assets that the Council leases to third parties totals £87.106m as at 31st March 2026.

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.

Capital Expenditure and Financing	31 March 2026	31 March 2025
	£000s	£000s
Opening Capital Financing Requirement	195,859	189,987
Right of Use Assets IFRS16 Transition - Adjustment to Opening Balance	-	5,812
Capital investment		
Property, plant and equipment	46,547	51,028
Intangible assets	78	525
Revenue expenditure funded from capital under statute	9,613	12,235
Sources of Finance		
Capital receipts	(621)	(88)
Government grants and other contributions	(42,849)	(52,182)
<i>Sums set aside from revenue:</i>		
Direct revenue contributions	(806)	(7,034)
Minimum Revenue Provision (MRP)	(5,552)	(4,424)
Closing Capital Financing Requirement	202,269	195,859
Explanation of movements in year		
Increase/(Reduction) in underlying need to borrow	1,382	(1,349)
PFI Remeasurement IFRS16 Opening Transition	111	(2,430)
PFI Remeasurement IFRS16 In Year	-	59
Assets acquired under leases IFRS16 In Year	4,917	2,288
Assets acquired under leases IFRS16 Opening Transition	-	7,304
Increase/(decrease) in Capital Financing Requirement	6,410	5,872

Note 28: Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025-26. This excludes Dedicated Schools Grant which is detailed in Note 24.

Credited to Taxation and Non Specific Grant Income	2025-26	2024-25
	£000s	£000s
<u>Non-ringfenced government grants</u>		
RSG	6,686	6,503
New Homes Bonus	603	652
NNDR s31 Grant	14,242	14,334
Other Services Grant	-	277
Other Revenue Income	5,399	-
Household Support Fund	846	3,372
	27,776	25,138
<u>Capital grants and contributions</u>		
TVCA (CRST / Local Transport Plan)	5,571	5,770
Pathfinder Programme (previously Future High Street Fund/ Town Deal/Levelling Up)	12,541	11,246
TVCA	15,184	6,332
Disabled Facilities Grant	-	622
Food Waste Collection Grant	-	1,460
Other Capital grants	1,808	1,179
Other Capital Contributions	1,781	11,238
	36,885	37,847
Total - Non Specific Grant Income	64,661	62,985
Credited to Services		
Public Health	16,762	15,825
Housing Benefit and Council Tax Benefit Administration	541	574
Basic need	4,068	1,529
Asylum Seeker Dispersal	2,337	171
SEND Higher Needs Capital Grant	-	622
Childcare Extension Grant	-	402
Rent Allowance Subsidy	30,738	37,549
Pupil Premium	3,858	4,394
Universal Infant Free School Meals	486	526
Primary PE & Sports Grant	219	286
DFE Change Programme	2,006	-
Arts Council Music Grant	1,049	938
Adoption Reform Grant	688	990
Disabled Facilities Grant	1,713	1,618
Youth Justice Grant	443	477
Improved Better Care Fund / Discharge Grant	8,848	8,848
Pathfinder Programme (previously Future High Street Fund/ Town Deal and Levelling Up)	2,303	3,529
Supporting Families Grant - Troubled Families	-	1,236
Children's Social Care Prevention Grant	1,172	-
Children and Families Grant	2,096	-
Unaccompanied Asylum Seeking Children	1,753	1,823
Ukraine Refugees Scheme	329	350
Holiday Activities and Food Programme	884	903
Adult Social Care Grant	20,163	17,169
Adults Markets Sustainability Grant	3,698	3,698
Extended Producer Responsibility	3,521	-
Food Waste Collection grant	352	-
Homelessness Prevention Grant	1,390	656
Substance Misuse Treatment & Recovery Funding	2,336	2,235
Other Revenue Grants	9,442	11,699
Other Capital Grants	1,103	120
Other Capital Grants	124,298	118,167

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

Capital and Revenue Grants Receipts in Advance	31 March 2026	31 March 2025
	£000s	£000s
Other	470	152
Ukraine Refugee Schemes	1,137	1,293
Afghan Resettlement Schemes	1,320	1,207
Waste Collection Grant	-	335
Asylum Seeker Schemes	-	1,363
Extended Duties Grant	-	192
Change Partnership Programme	-	424
Delivering Better Value	403	583
Nutrient Migration Funding	-	100
Virtual School Grants	25	310
Rough Sleepers	-	195
Pride in Place	266	-
Care & Health Corodinator	140	-
Early Years	360	739
Total	4,121	6,893

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 2026 £000s	31 March 2025 £000s	31 March 2026 £000s	31 March 2025 £000s
Loans	93,628	86,072	75,346	64,708
Bank Overdraft	0	0	3,511	1,432
Total Other Long-term Liabilities	0	0	0	0
Financial Liabilities Included in Creditors	172	172	42,601	49,183
Total Financial Liabilities	93,800	86,244	121,458	115,323

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

Financial Assets	Long Term		Short Term	
	31 March 2026 £000s	31 March 2025 £000s	31 March 2026 £000s	31 March 2025 £000s
Loans to Companies and for Service Purposes at Amortised Cost	214	219	5	10
At Fair Value Through Other Comprehensive Income	0	0	0	0
At Fair Value Through Profit & Loss	13,278	13,279	17,300	22,300
Cash and Cash Equivalents at Amortised Cost	0	0	74	3,771
Financial Assets at Amortised Cost Included in Debtors	0	0	39,961	38,990
Total Financial Assets	13,492	13,498	57,340	65,071

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 2026 £000s	31 March 2025 £000s	31 March 2026 £000s	31 March 2025 £000s
Teesside Airport	0	0	0	0
Total Financial Assets	0	0	0	0

Financial Instruments - Gains and Losses

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

Financial Instruments - Gains and Losses	Financial Liabilities £'000	Financial Assets £'000	2025-26 Total £'000	2024-25 Total £'000
Interest expense on liabilities held at amortised cost	6,775	0	6,775	5,966
(Profit) / Losses from changes in fair value of assets held at fair value through profit and loss	0	1	1	(251)
Fees paid	54	0	54	7
Interest payable and similar charges	6,829	1	6,830	5,722
Interest income on assets held at amortised cost	0	(1,630)	(1,630)	(1,299)
Dividend income on assets held at fair value through profit and loss	0	(620)	(620)	(664)
Interest and investment income	0	(2,250)	(2,250)	(1,963)
Net impact on surplus/deficit on provision of services	6,829	(2,249)	4,580	3,759
Gains / Loss on revaluation	0	0	0	0
Gain on revaluation	0	0	0	0
Amounts recycled to surplus/deficit on provision of services	0	0	0	0
Impact on other comprehensive income	0	0	0	0
Net Gain/(Loss) for the Year	6,829	(2,249)	4,580	3,759

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.

Financial Liabilities	Fair Value Level	Balance Sheet 31 March 2026 £000s	Fair Value 31 March 2026 £000s	Balance Sheet 31 March 2025 £000s	Fair Value 31 March 2025 £000s
<i>Financial liabilities held at amortised cost:</i>					
Long-term loans from PWLB	2	75,814	100,755	68,687	62,795
Long-term LOBO loans	2	16,000	16,548	16,000	16,658
Other long-term loans	2	1,814	392	1,385	292
Total		93,628	117,695	86,072	79,745
Liabilities for which fair value is not disclosed *		121,630		115,495	
Total Financial Liabilities		215,258		201,567	
<i>Recorded on balance sheet as:</i>					
Short-term creditors		46,112		50,615	
Short-term borrowing		75,346		64,708	
Long-term creditors		172		172	
Long-term borrowing		93,628		86,072	
Other long-term liabilities		0		0	
Total Financial Liabilities		215,258		201,567	

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

Financial Assets	Fair Value Level	Balance Sheet 31 March 2026 £000s	Fair Value 31 March 2026 £000s	Balance Sheet 31 March 2025 £000s	Fair Value 31 March 2025 £000s
Financial assets held at fair value:					
Money market funds	1	17,300	17,300	22,300	22,300
Bond, equity and property funds	1	13,278	13,278	13,279	13,279
Financial assets held at amortised cost:					
Long-term loans to companies	3	214	214	219	219
Lease receivables	3	0	0	0	0
Total		30,792	30,792	35,798	35,798
Assets for which fair value is not disclosed *		40,040		42,771	
Total Financial Assets		70,832		78,569	
Recorded on balance sheet as:					
Long-term debtors		213		219	
Long-term investments		13,278		13,279	
Short-term debtors		39,967		39,000	
Cash and cash equivalents		17,374		26,071	
Total Financial Assets		70,832		78,569	

* 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:

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 2026		31 March 2025	
	Long-term £000s	Short-term £000s	Long-term £000s	Short-term £000s
AAA	0	0	0	22,300
AA-	0	3,900	0	3,200
A+	0	13,400	0	0
Total	0	17,300	0	25,500
Credit risk not applicable	13,278	0	13,279	0
Total Investments	13,278	17,300	13,279	25,500

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 2026	31 March 2025
	Trade & Lease Receivables	Trade & Lease Receivables
Current / Past due < 3 months	10,712	11,335
Past due 3-6 months	1,192	1,114
Past due 6-12 months	1,950	1,864
Past due 12+ months	7,164	6,418
Total Receivables	21,018	20,731

Credit Risk - Receivables

The Council does not generally allow credit for customers, although £11.2 million of the £21.0 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 £21.018 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 £17.4m (2025: £26.1m) 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 2026			31 March 2025		
	Liabilities £000s	Assets £000s	Net £000s	Liabilities £000s	Assets £000s	Net £000s
Not over 1	75,346	(17,300)	58,046	64,709	(25,500)	39,209
Over 1 but not over 2	17,854	0	17,854	27,873	0	27,873
Over 2 but not over 5	33,913	0	33,913	13,839	0	13,839
Over 5 but not over 10	10,431	0	10,431	11,726	0	11,726
Over 10	31,429	0	31,429	32,633	0	32,633
Uncertain date	0	(13,278)	(13,278)	0	(13,279)	(13,279)
Total	168,974	(30,578)	138,396	150,780	(38,779)	112,001

The Council has £16m (2025: £16m) 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 2026	31 March 2025
	£000s	£000s
Increase in interest payable on variable rate borrowings	160	160
Increase in interest receivable on variable rate investments	(150)	(194)
Impact on Surplus or Deficit on the Provision of Services	10	(34)
Decrease in fair value of investments held at FVOCI	0	0
Impact on Comprehensive Income and Expenditure	10	(34)
Decrease in fair value of fixed rate borrowing *	(4,576)	(4,473)

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 2026 would result in a £0.627m 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 2025-26		Contributions 2024-25	
	£000s	%	£000s	%
Teachers' Pension Scheme	4,313	28.68	4,776	28.68
NHS Pension Scheme	13	14.38	12	14.38
	4,326		4,788	

There were no contributions remaining payable at the year end. Future contributions are estimated to be approximately £4.0m 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 its LGPS clients 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 we estimate the potential impact of this to be very small for a typical Fund (c0.1% of obligations). We 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 (e.g. introduce legislation that would allow retrospective section 37 certificates to be produced now to validate historic changes).

- the government responded on 5 June 2025 that it will introduce legislation to deal with issues arising from the June 2023 legal judgement
- the government notes that the "legislation will give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards" and that "scheme obligations will otherwise be unaffected"
- legislation permitting to this issue was included in the government's Pension Scheme Bill (Amendments) tabled on 1 September 2025 .

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.

Other Court Cases

The actuary is also aware of the following court cases, which may also impact LGPS benefits in the future:

Walker;

O'Brien;

It's their understanding these are unlikely to be significant judgements in terms of impact on the pension obligations of a typical employer. As a result, and until further guidance is released from the relevant governing bodies in the LGPS, they have not made any allowance for the potential remedies to these judgements.

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:

	Defined Benefit Pension Scheme	
	2025/26	2024/25
	£000s	£000s
Comprehensive Income and Expenditure Statement		
Cost of Services:		
• Current service cost	13,695	18,209
• Past service cost	118	53
• Settlements	(459)	(1,244)
Financing and Investment Income and Expenditure		
Net interest cost	855	995
Total Post Employment Benefit Charged to the (Surplus) or Deficit on the Provision of Services	14,209	18,013
Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement		
• Return on plan assets (excluding the amount included in the net interest expense)	(72,651)	21,200
• Impact of asset ceiling	106,974	113,210
• Actuarial gains and losses arising on changes in financial assumptions	(17,483)	(128,436)
• Actuarial gains and losses arising due to changes in demographic assumptions	8,643	(1,531)
• Actuarial gains and losses due to liability / Other experiences	(23,323)	(8,134)
• Actuarial gains and losses due to acquisitions	-	-
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	2,160	(3,691)
Movement in Reserves Statement		
• Reversal of net charges made to the (Surplus) or Deficit for the Provision of Services for post employment benefits in accordance with the Code	(14,209)	(18,013)
Actual amount charged against the General Fund Balance for pensions in the year:		
• Employers' contributions payable to scheme	17,662	16,157

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	
	2025/26	2024/25
	£000s	£000s
Present value of funded defined benefit obligation	(744,805)	(746,457)
Present value of unfunded defined benefit obligation	(15,946)	(17,239)
Impact of Asset Ceiling	(448,364)	(322,687)
Fair value of plan assets	1,193,169	1,069,144
Net asset / (liability) recognised in the Balance Sheet	(15,946)	(17,239)

	Defined Benefit Pension Scheme	
	2025/26	2024/25
	£000s	£000s
Balance at 1 April	(17,239)	(19,074)
Remeasurement of the net defined benefit asset	1,193,169	1,069,144
Surplus not recognised	(1,195,329)	(1,065,453)
Reversal of items relating to retirement benefit debited or credited to the Income and Expenditure Statement	(14,209)	(18,013)
Employers pension contributions and direct payments to pensioners payable in year	17,662	16,157
Balance at 31 March	(15,946)	(17,239)

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 2026 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.

	2025/26	2024/25
	£000s	£000s
Effects of asset ceiling at 1 April	322,687	199,787
Interest on the effect of the asset ceiling	18,703	9,690
Change in the effect of the asset ceiling	106,974	113,210
Effects of asset ceiling at 31 March	448,364	322,687

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets	Defined Benefit Pension Scheme	
	2025/26	2024/25
	£000s	£000s
Opening fair value of scheme assets	1,069,144	1,056,481
Interest income	61,696	50,783
Remeasurement gains and (losses)	72,651	(21,200)
Contributions from the employer	15,737	14,152
Contributions from employees into the scheme	6,868	6,593
Settlements	(1,855)	(3,153)
Other Experiences	(491)	-
Benefits paid	(30,581)	(34,512)
Closing fair value of scheme assets at 31 March	1,193,169	1,069,144

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)	Defined Benefit Pension Scheme	
	2025/26	2024/25
	£000s	£000s
Opening balance at 1 April	(763,696)	(875,768)
Current service cost	(13,695)	(18,209)
Interest cost	(43,848)	(42,088)
Contributions by scheme participants	(6,868)	(6,593)
Actuarial gains and losses - financial assumptions	17,483	128,436
Actuarial gains and losses - demographic assumptions	(8,643)	1,531
Actuarial gains and losses - liability experience	23,814	8,134
Benefits paid	32,506	36,517
Settlements	2,314	4,397
Past service cost	(118)	(53)
Closing balance at 31 March	(760,751)	(763,696)

Local Government Pension Scheme assets comprised:	Fair value of scheme assets			
	2025-26		2024-25	
	£000s	%	£000s	%
Equity investments (Quoted and un-quoted)	815,269	68.4	704,566	65.9
Property (Quoted and un-quoted)	113,625	9.5	117,606	11.0
Cash	88,545	7.4	86,601	8.1
Other Investments	175,730	14.7	160,371	15.0
Total Assets	1,193,169	100.0	1,069,144	100.0

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Local Government Pension Scheme and discretionary benefits liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries; estimates for the Teesside Pension Fund being based on the latest full valuation of the scheme as at 31 March 2025.

The significant assumptions used by the actuary have been:

Mortality assumptions:

Longevity at 65 for current pensioners:

Men	21.0	20.4
Women	24.0	23.4

Longevity at 65 for future pensioners:

Men	21.8	21.2
Women	25.3	24.9

Other assumptions:

<i>Rate of inflation (CPI)</i>	3.0%	2.8%
<i>Rate of increase in salaries</i>	4.0%	3.8%
<i>Rate of increase in pensions</i>	3.0%	2.8%
<i>Rate for discounting scheme liabilities</i>	6.2%	5.8%

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

Impact on the Defined Benefit Obligation in the Scheme

	Change in Assumption			
	Rate	+0.1% p.a. £000's	Base £000's	-0.1% p.a. £000's
Rate of increase in salaries	0.07%	761,294	760,751	760,208
Rate of increase in pensions in payment	1.42%	771,703	760,751	749,799
Rate for discounting scheme liabilities	-1.54%	749,244	760,751	772,258
		+1 year £000's	Base £000's	-1 year £000's
Post retirement mortality assumption	3.85%	791,181	760,751	730,321

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 16 years. Funding levels are monitored on an annual basis. The latest triennial valuation was carried out as at 31 March 2025.

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 £14.016m contributions to the scheme in 2026/27

The weighted average duration of the defined benefit obligation for scheme members is 16.0 years.

(Last year 18.0 years).

Note 32: Termination Benefits

The Council terminated the contracts of a number of employees in 2025/26, incurring liabilities of £0.395m (£0.384m in 2024/25). 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	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26 £000s	2024-25 £000s
£1 to £20,000	6	4	4	9	10	13	73	77
£20,001 to £40,000	3	-	2	2	5	2	135	55
£40,001 to £60,000	-	-	1	2	1	2	59	111
£60,001 to £80,000	1	1	1	1	2	2	128	141
Total	10	5	8	14	18	19	395	384

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 £2.919m (last year £3.699m).

	Ratings Appeals £000's
Balance at 1 April 2025	3,699
Provisions Released in 2025/26	-2,384
Amounts Used in 2025/26	1,604
Balance at 31 March 2026	2,919

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 2026. .

Achieving Real Change in Communities (ARCC)

ARCC was the probation service for the Tees Valley that was 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 2026 the total aggregate liability cap for all partners is £100k of which Stockton's share is £34.7k (34.7%).

A **Contingent Asset** is a possible asset that may arise from past events, whose existence depends on uncertain future events not fully under the control of the entity. The Council has identified the following contingent asset as at 31 March 2026.

High Needs Stability Grant (HNSG)

The Council is currently carrying a deficit against its Dedicated School Grant. The total deficit as at the 31st March 2026 was £17.135m. As part of the Governments finance settlement they have agreed to fund 90% of this deficit if certain conditions are met, this is estimated to be £15.422m. If these conditions are met then funding will be received in the Autumn of 2026. At the moment the detailed conditions of grant have not yet been published and the HNSG will only be paid in 2026-27 on the basis of the Local SEND reform plan which has been submitted but not yet approved.

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	2025-26		2024-25
	£000s	£000s	£000s
Funding provided to the pooled budget:			
Stockton-on-Tees Borough Council	25,937		11,356
NHS North East & North Cumbria Integrated Care Board (ICB)	6,384		19,866
		32,321	31,22
Expenditure met from the pooled budget:			
Stockton-on-Tees Borough Council	(25,193)		(24,663)
NHS North East & North Cumbria Integrated Care Board (ICB)	(5,813)		(5,929)
		(31,006)	(30,592)
Net surplus arising on the pooled budget during the year		1,315	630
Council share of the net surplus arising on the fund		1,315	630

The 2025/26 surplus relates to unapplied capital grants for Disabled Facility Grants which will be spent in 2026/27.

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 2026 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 2025	Financing Cash Flows	Changes which are not financing cash flows		31 March 2026
			Acquisition	Other Non financing cash flows	
	£000s	£000s	£000s	£000s	£000s
Long Term Borrowing	(86,072)	(7,556)	-	-	(93,628)
Short Term Borrowing	(64,708)	(10,638)	-	-	(75,346)
Lease Liabilities	(5,385)	3,709	-	(4,917)	(6,593)
Other Balance Sheet PFI Liabilities	(5,262)	2,539	-	-	(2,723)
Total Liabilities From Financing Activities	(161,427)	(11,946)	-	(4,917)	(178,290)

Comparative Information	1 April 2024	Financing Cash Flows	Changes which are not financing cash flows		31 March 2025
			Acquisition	Other Non financing cash flows	
	£000s	£000's	£000's	£000's	£000s
Long Term Borrowing	(89,750)	3,678	-	-	(86,072)
Short Term Borrowing	(18,636)	(46,072)	-	-	(64,708)
Lease Liabilities	(2,851)	1,618	-	(4,152)	(5,385)
Other Balance Sheet PFI Liabilities	(2,700)	(2,562)	-	-	(5,262)
Total Liabilities From Financing Activities	(113,937)	(43,338)	-	(4,152)	(161,427)

Note 38: Statement of Accounting Policies

GENERAL PRINCIPLES

The Statement of Accounts summarise the Council's transactions for the 2025/26 financial year and its position at the year-end of 31st March 2026. 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 2025/26.

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 but due to materiality chooses not to prepare group 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

Property Plant and Equipment and similar assets secured via a lease arrangement are recognised as a right-of-use asset and a lease liability.

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 a lessee (Right-of-Use Assets).

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 that do not have any provision for rent reviews; and
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. 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 5 year rolling programme, supported by indexation in intervening 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
- 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

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.

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)

The PFI contract is linked to inflation (Retail Price Index). As per 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 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 2025/26, 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. 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 concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. As an authority cannot be created or dissolved without statutory prescription, therefore the authority has prepared the financial statements on a going concern basis of accounting.

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 2026

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.

	2025-26			2024-25		
	Council Tax	Business Rates	Total	Council Tax	Business Rates	Total
	£000	£000	£000	£000	£000	£000
Income						
Income from Council Tax payers	(152,261)		(152,261)	(141,909)		(141,909)
Contribution from General Fund	(113)		(113)	(52)		(52)
Income from business ratepayers		(88,285)	(88,285)		(87,442)	(87,442)
Total Income	(152,374)	(88,285)	(240,659)	(141,961)	(87,442)	(229,403)
Expenditure						
Precepts, demands and shares:						
Central Government		45,678	45,678		42,781	42,781
Stockton-on-Tees Borough Council	125,612	45,217	170,829	116,878	41,925	158,803
Police & Crime Commissioner for Cleveland	19,407		19,407	18,115		18,115
Cleveland Fire Authority	5,769	914	6,683	5,336	856	6,192
	150,788	91,809	242,597	140,329	85,562	225,891
Apportionment of Previous Year Estimated Surplus/Deficit						
Central Government		965	965		2,912	2,912
Stockton-on-Tees Borough Council	-	945	945	5,074	2,853	7,927
Police & Crime Commissioner for Cleveland	-		-	790		790
Cleveland Fire Authority	-	19	19	236	58	294
	-	1,929	1,929	6,100	5,823	11,923
Charges to Collection Fund						
Write off of uncollectable amounts	3,126	884	4,010	1,577	274	1,851
Change in Bad Debt Provision	(3,293)	(359)	(3,652)	(818)	580	(238)
Change in Provision for Appeals		(1,592)	(1,592)		(2,251)	(2,251)
Interest Payments Appeals & Refunds		306	306		137	137
Cost of Collection		231	231		231	231
	(167)	(530)	(697)	759	(1,029)	(270)
Surplus (-) / Deficit arising during the year	(1,753)	4,923	3,170	5,227	2,914	8,141
Balance at 1st April	(4)	(3,171)	(3,175)	(5,231)	(6,085)	(11,316)
Balance at 31st March	(1,757)	1,752	(5)	(4)	(3,171)	(3,175)

Note 1: Council Tax Base

Council Tax Base	2025-26		2024-25	
	Number in Category	Band D Equivalent	Number in Category	Band D Equivalent
Property Category and Council Tax Banding	No.	No.	No.	No.
A - up to £40,000	34,908	15,446.6	34,918	14,938.8
B - £40,001 to £52,000	17,499	10,668.3	17,366	10,466.3
C - £52,001 to £68,000	16,838	12,814.4	16,581	12,505.6
D - £68,001 to £88,000	10,377	9,269.5	10,237	9,141.6
E - £88,001 to £120,000	6,399	7,226.8	6,309	7,116.8
F - £120,001 to £160,000	2,977	4,053.7	2,902	3,938.0
G - £160,001 to £320,000	1,586	2,492.1	1,544	2,414.0
H - over £320,000	129	195.5	125	183.5
Gross Tax Base		62,166.9		60,704.6
Non Collection	1.75%	(1,087.9)	1.75%	(1,062.3)
Council Tax Base		61,079.0		59,642.3

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

	2025-26	2024-25
National Non Domestic (Business) Rates Gross Rateable Value	£	£
Value at the year end	234,972,158	205,693,469

Note 3: National Non Domestic (Business) Rates Multiplier

	2025-26	2024-25
National Non Domestic (Business) Rates Multiplier	pence	pence
Standard Multiplier for the year	55.5p	54.6p
Small Business Multiplier for the year	49.9p	49.9p

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 were 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 over 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.

NNDR S31 Grant

This was an upfront payment of compensation for the cost of reliefs which were 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 (10% Unfunded)

DSG surpluses were fully utilised during the 2024/25 financial year to offset the growing deficit on this ringfenced account. The Council is currently carrying a deficit against its Dedicated School Grant. The total deficit as at the 31st March 2026 was £17.135m. As part of the Government's finance settlement they have agreed to fund 90% of this deficit if certain conditions are met, this is estimated to be £15.422m.

The remaining 10% is a future cost to the councils general fund and this reserve has been created to offset this charge.

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.

Depreciated Replacement Cost (DRC)

A method of valuation that provides a proxy for the market value of specialist assets.

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

Derecognition

Where financial assets and liabilities are removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

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.

Impairment

A reduction in the value of assets below its value brought forward in the Balance Sheet. Examples of factors which may cause such a reduction in value include general price decreases, a significant decline in a non-current asset's market value and evidence of obsolescence or physical damage to the asset.

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.

Liabilities

These are amounts due to individuals or organisations which will have to be paid at some time in the future. Current liabilities are usually payable within one year of the Balance Sheet date

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.

Minimum Revenue Provision (MRP)

MRP is the minimum amount which must be charged to an Authority's revenue account each year and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

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.

Precept

The amount collected by the Council on behalf of other bodies. For 2025/26 the major precepts were payable in relation to the Police & Crime Commissioner for Cleveland and Cleveland Fire.

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.

Subsidiary

A subsidiary is an entity, including an unincorporated entity such as a partnership, which is controlled by the Council.

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 are 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.

