

Draft Statement of Accounts

2024/2025 Financial Year



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Narrative Statement

Introduction

As the Council's Chief Finance Officer, I am pleased to present the Statement of Accounts for the year ended 31 March 2025. The Statement aims to provide information to all stakeholders, so they can understand the overall financial position and performance of the Council for 2024/2025.

The Statement has been prepared and published in accordance with the Code of Practice on Local Authority Accounting 2024/2025 issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit (Amendment) Regulations.

The Statement should be read in the context of continuing economic, social and demographic challenges on the services provided by the Council and the level of resources available to fund them. There remains significant uncertainty about the level of future Government funding pending the outcome, timing and impact of future spending reviews, the Fair Funding Review, Business Rates Reset and other grant funding streams.

The future financial standing of the Council will be dependent on its ability to manage demand within finite resources. As a consequence, the Council is progressing with transformation activities, which along with the review of current services and service level provision, and the identification of opportunities for additional income generation, will be critical to the Council's ongoing financial sustainability.

Overview

Despite the combined challenges of social care demand, a dynamic economic environment and pay and inflationary pressures, the Council was able to report a balanced financial position at year end. Where overspends against service budgets have been reported, these have been offset by underspends in other areas, additional funding and the drawdown of reserves. Whilst the level of reserves reduced over a number of years, these are now being rebuilt through the recent budget process and a review of balance sheet provisions.

Whilst the overall direction of travel is positive, further action is still required to deliver long term financial sustainability and to address identified funding gaps in future years of the medium-term financial plan. In order to bring spending down to manageable levels on a recurrent basis, a range of priority actions have been identified and detailed within the Council's 2025/2026 business plan.

Economic conditions and cost pressures are continuing to impact on the Council's activities, and these will need to be carefully managed over the medium-term financial planning period. Despite the challenges the Council remains committed to the achievement of financial sustainability by embracing the area's economic potential, growing the local tax base, and delivering efficient and affordable public services.

During 2024/2025, the Council's programme of capital investment has been progressing despite the challenging financial and economic conditions. The Council has delivered £63.6m of its approved capital programme in year on a range of schemes designed to deliver significant benefits to the place.

Whilst borrowing costs are increasing, the Council continues to operate within its approved Treasury Management Strategy, and investment plans are designed to deliver long term payback in terms of additional income or reduced costs.

Background

North East Lincolnshire is a unitary authority area with borough status in Lincolnshire, England. It borders the borough of North Lincolnshire and districts of West Lindsey and East Lindsey. The population of the district is approximately 160,000. The administrative centre and largest settlement is Grimsby and the borough includes the towns of Cleethorpes and Immingham as well as the villages of New Waltham, Waltham, Humberston, Healing and Great Coates. The borough is also home to the Port of Grimsby and Port of Immingham as well as Cleethorpes beach.

Narrative Statement

Governance

Decisions on the setting of the Council's budget and adoption of key strategies are taken by the Full Council. Key decisions, which are those with a significant impact, are made by the Council's Cabinet. The current Cabinet is made up of seven elected members, including the Leader and Deputy Leader of the Council. Each Cabinet member has responsibility and individual decision-making powers for a portfolio of services.

There is a process of overview and scrutiny to make sure that Councillors are fully accountable for decisions. This process allows elected members who are not on the Cabinet to act as a check and balance to the Council's decision makers and to contribute to the development of future policies and strategies that will help improve services for local people.

The Audit and Governance Committee holds responsibility for monitoring the Council's financial controls as well as its risk management, anti-fraud and partnership governance arrangements. The Committee is led by an independent Chair who brings external expertise and provides stability within a political environment.

Details of the Council's governance arrangements, its identified potential risks and the planned mitigation of those risks is set out in the Annual Governance Statement (AGS).

Risk management

An effective approach to risk management, including the maintenance of a strategic risk register, supports the delivery of the Council's strategic aims by identifying, evaluating and then mitigating those issues which could result in them not being effectively delivered. The Strategic Risk Register is subject to regular updates with each strategic risk being reviewed by the relevant risk owner. This exercise includes a review and sign off by the Council's Senior Leadership Team in its role as the Assurance Board.

Corporate Plan – Our Vision and Aims

The Council Plan for 2025 to 2028 sets out the aims of the authority as it supports the continued regeneration of the borough and the growth of its people. It puts an ambition for a Stronger Economy and Stronger Communities at its heart and details the progress that all the council services are making to realise that ambition.



Narrative Statement

We have worked with colleagues from across Greater Lincolnshire to create a Mayoral combined county authority which came into existence in February 2025. This will enable the Council to explore opportunities for collaboration and closer working between the upper tier councils.

Performance

Delivery of the priorities identified within the Council Plan has been challenging throughout 2024/2025 in terms of our capacity to support a number of large-scale projects including the transformation of our Children's and Adult's Services, high profile regeneration works, and increasing demand in the day-to-day business of demand-led services.

The table to the right provides a Red/Amber/Green assessment for each area of the organisation for performance and finance during 2024/2025.

- A green assessment indicates performance is as planned.
- An amber assessment means that the service area is under target with planned delivery/performance, with plans in place to improve.
- A red assessment indicates under target with longer term plans in place to mitigate over the medium term financial plan period.

The link to a live dashboard is on our Council Plan website here:

[Council Plan – Our vision and aims | NELC \(nelincs.gov.uk\)](https://nelincs.gov.uk)

2024/2025 Performance Summary:

Service Area	Performance	Finance
Resources	Green	Green
Environment & Regulatory	Green	Green
Regeneration	Amber	Green
Housing, Highways & Transport	Amber	Amber
Safeguarding & Early Help	Amber	Red
Regulated provision	Amber	Red
Education	Amber	Red
Safer & stronger place	Green	Green
Adult Services	Green	Green
Public Health	Amber	Green

Narrative Statement

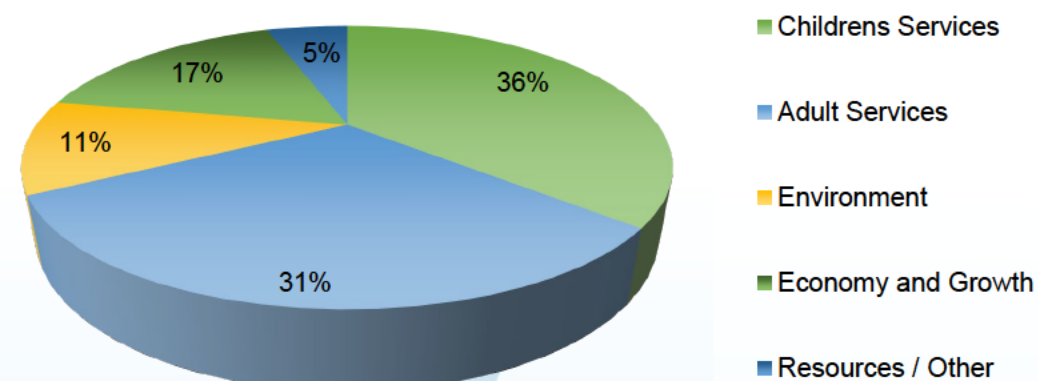
Financial Performance

Income and Expenditure

The Council spent a total of £385.5m providing services to the local population during the year. After considering service-based grants and income of £185.7m, net expenditure on services totalled £199.8m in 2024/2025.

The Council recorded an underspend against its approved service budget. The service underspend was largely due to the position within Environmental Services, driven by the initial establishment of income generation within Port Health. Challenges remain ongoing within Children's Services, with work on improvement plans continuing.

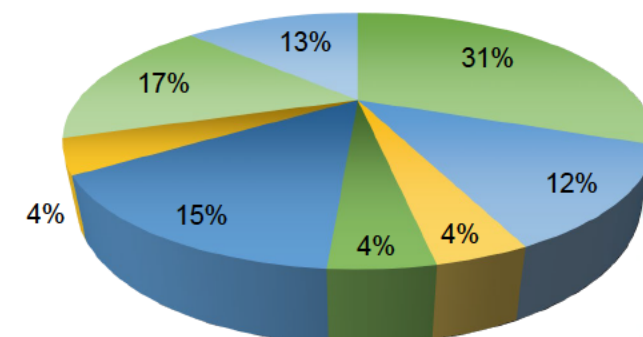
Where the money was spent (net spend)



The Council's spending was financed through a combination of local taxation (council tax and business rates), grants and fees and charges. It should be noted that an increasing proportion of the Council's spending is now funded locally with reducing reliance on central government grants. An analysis of where the money came from is detailed in the chart below.

Where the money came from (gross income)

- Council Tax
- Rent Allowances
- Revenues Support Grant
- Public Health Grant
- Non Domestic Rates
- Business Rate Relief
- Dedicated Schools Grant
- Other Grants and Income



Balance sheet

The Council has reported a decrease of £7.0m in its overall net worth during the year with net assets of £163.6m reported at year end.

The Council has reported an overall £20.3m increase in its long-term assets balance at year end. This increase in net assets predominantly reflects the net impact of investments the Council has made in its fixed asset base during the year.

Narrative Statement

The Council continues to operate within its approved Treasury Management Strategy and focus is on the efficient management of working capital. Returns on investments remain lower than those payable on borrowing and therefore the strategy is to minimise cash balances to reduce the cost of carry.

The Council is experiencing ongoing pressures and uncertainty in relation to business rates which are being negatively affected by valuations and appeals and ongoing financial and economic uncertainty. The Council continues to hold a provision in its accounts based upon the level of appeals received from businesses, the likelihood of success and potential write offs. The provision is subject to regular review considering the number of appeals and the latest information on the probability of success.

Reserves and Balances

The overall financial standing of the Council is being continually monitored with a focus upon the adequacy of reserves and the stewardship of public funds. General fund reserves, set aside to deal with any unforeseen events, remain at £8.3m. This is in line with the medium-term financial plan and considered to be a prudent level taking into account the increased level of risk to which the Council is currently exposed.

In addition, the Council maintains earmarked reserves to address key risk areas such as business rate income fluctuations, the management of change, debt financing and self-insurance. These are reviewed regularly and considered as part of the monitoring and planning process throughout the year. Earmarked reserves will continue to be utilised to support transformational change and initiatives designed to deliver long term returns.

Capital Investment

Despite ongoing budget challenges, an ambitious programme of investment within the Borough has been progressing. However, the Council has seen some impact as a result of ongoing financial and economic instability in our ability to deliver the capital programme. The Council has delivered 77% of its revised capital programme in 2024/2025. Where underspends against capital allocations have been reported, these have been challenged to ensure spending is timely and in accordance with corporate priorities.

The Council continues to fund its capital programme through a mix of borrowing, capital receipts, grants and other contributions. Funding for capital projects is integrated into financial planning processes and aligned to the delivery of the Council's strategic priorities. Capital and long-term investment is necessary to deliver the Council's key priorities and ambitions. However, affordability is a key factor when considering any long-term investment. Based upon the current approved capital programme, financing costs are forecast to be maintained within an affordable envelope.

Borrowing therefore needs to be in accordance with prudential borrowing principles. The Council has well established appraisal processes in place and any new borrowing will be predicated on the preparation of a sound business case which is closely aligned to the Council's key outcomes and financial strategy. The Council's current strategy is to use cash balances to fund the capital programme where possible. This approach, referred to as internal borrowing, minimises the cost of borrowing and reduces credit risk on investments. Overall borrowing levels remain manageable and under continuous review.

At year end, the Council had £190.8m of external borrowing, up by £28.4m last financial year. The council has operated within its prudential borrowing limit during the year and no problems are anticipated for future years at this stage. Net financing costs remained below 10% in 2024/2025 and are projected to continue to do so in 2025/2026.

Whilst the Council is undertaking further borrowing over the medium-term financial planning period to support its economic and regeneration ambitions, these investments are expected to lead to an overall increase in the Council's overall tax base.

Narrative Statement

Strategic Outlook

The Council faces a range of challenges including demographic demand, cost of living and economic instability. Inflationary pressures are continuing to impact across the board, leading to potential further cost pressures across a range of areas, including within the capital programme.

North East Lincolnshire, along with many other areas across the country, continues to face significant challenges in relation to social care – both adults and children – with increasing demand and rising costs. In response, the Council is continuing to support the vulnerable and focus upon system wide review and transformation.

The Council's long term financial strategy remains focused on the achievement of financial sustainability by embracing economic potential and growing the tax base. Increasingly, the Council is taking a more commercial approach and is working alongside Government and private investors to accelerate growth across the Borough. Notably, significant external funding has been generated through the Towns Fund and Future High Streets fund to support the Council's regeneration ambitions. Opportunities around Freeports and Carbon Zero agenda also offer unique and ambitious growth potential across the Borough. Our focus remains firmly on Place, reflected within our vision for a Stronger Economy and Stronger Community, and this includes our approach to integrated Health and Social Care.

As in 2024/2025, the Council received a one-year financial settlement from Government for 2025/2026 with changes to the financial model being postponed. However, the Government has now confirmed that a multi year settlement will be provided for the period 2026/2027 – 2028/2029 with an associated real terms increase in funding.

Statement of Accounts and Basis of Preparation

The Statement of Accounts summarise the Council's financial performance during the 2024/2025 year and its financial position on 31 March 2025. The accounting statements comprise:

- Comprehensive Income and Expenditure Statement – a summary of the resources generated and used over the year.
- Movement in Reserves Statement – the in-year movement in reserves held.
- Balance Sheet – a summary of assets, liabilities, and reserves at the year end.
- Cash Flow Statement – the inflow and outflow of cash during the year.
- Collection Fund – the level of non-domestic rates and council tax that has been received during the year and the distribution of these funds.



Statement of Responsibilities

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 Section 151 Officer.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

Section 151 Officer Responsibilities

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

In preparing this Statement of Accounts, the Section 151 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.

The Section 151 Officer has also:

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



Certificate of Chief Financial Officer

I certify that:

- a) The Statement of Accounts for the year ended 31 March 2025 has been prepared in the form directed by the Code and under the accounting policies set out in Note 1.
- b) In my opinion the Statement of Accounts presents fairly the income and expenditure and cash flows for the financial year and the financial position as at the end of the financial year.
- c) The statement of accounts is unaudited and may be subject to change.



Guy Lonsdale

Interim S151 Officer

Date of certification: 30.06.2025

Authority Approval of Statement of Accounts

Tim Render

Audit and Governance Committee

Date of approval:

Independent Auditor's Report to the Members of North East Lincolnshire Council

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Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with International Financial Reporting Standards (IFRS), rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with statutory requirements, which may be different from the accounting cost. The taxation position is shown in both the Expenditure Funding Analysis and the Movement in Reserves Statement.

	Note	2024/2025 Gross Expenditure £000	2024/2025 Gross Income £000	2024/2025 Net Expenditure £000	2023/2024 Gross Expenditure £000	2023/2024 Gross Income £000	2023/2024 Net Expenditure £000
Resources		59,748	(42,908)	16,840	51,534	(40,519)	11,015
Economy & Growth		57,587	(21,385)	36,202	42,848	(15,393)	27,455
Environment		35,329	(11,529)	23,800	23,950	(7,436)	16,514
Children's Service		150,020	(74,151)	75,869	139,753	(67,265)	72,488
Public Health		14,782	(14,684)	98	13,069	(12,517)	552
Adult Services		68,065	(17,088)	50,977	64,612	(15,910)	48,702
Other Corporate Budgets		0	(3,985)	(3,985)	0	(1,706)	(1,706)
Cost of Service		385,531	(185,730)	199,801	335,766	(160,746)	175,020
Other Operating Expenditure	11	10,753	(4,966)	5,787	5,584	(21,517)	(15,933)
Financing and Investment Income and Expenditure	12	16,102	(19,968)	(3,866)	21,129	(15,672)	5,457
Taxation and Non-Specific Grant Income and Expenditure	13	0	(194,736)	(194,736)	0	(183,723)	(183,723)
(Surplus) or Deficit on Provision of Service				6,986			(19,179)
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment	14,15			333			(9,697)
Impairment Losses and Reversals on Non-Current Assets Charged to the Revaluation Reserve	14,15			(1,018)			(790)
Re-measurement of the Net Defined Benefit Liability/(Asset)	39			1,907			39,205
Other Comprehensive Income and Expenditure				1,222			28,718
Total Comprehensive Income and Expenditure				8,208			9,539

* The 2023/2024 comparator figures have been reanalysed to reflect a management restructure within the council during the 2024/2025 financial year.

Movement in Reserves Statement

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' and other 'unusable reserves'.

The statement shows how the in-year movements of the council's reserves are broken down between gains and losses incurred in accordance with International Financial Reporting Standards (IFRS) 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 these adjustments.

	General Fund Balance £000	Earmarked General Fund Reserves £000	Total General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Total Unusable Reserves £000	Total Reserves £000
Balance Sheet as at 1 April 2023	8,300	17,791	26,091	8	5,933	32,032	148,108	180,140
Movement in Reserves during the Year:								
Total Comprehensive Income and Expenditure	19,179	0	19,179	0	0	19,179	(28,718)	(9,539)
Adjustments between Accounting Basis & Funding Basis Under Regulations - Note 9	(19,598)	0	(19,598)	14,014	2,426	(3,158)	3,158	0
Net Increase / (Decrease) before Transfers to Earmarked Reserves	(419)	0	(419)	14,014	2,426	16,021	(25,560)	(9,539)
Transfers to or from Earmarked Reserves	419	(419)	0	0	0	0	0	0
Increase / (Decrease) in 2023/2024	0	(419)	(419)	14,014	2,426	16,021	(25,560)	(9,539)
Balance Sheet as at 31 March 2024	8,300	17,372	25,672	14,022	8,359	48,053	122,548	170,601
Adjustments on transition to IFRS16 accounting arrangements for leases	0	0	0	0	0	0	1,245	1,245
Adjusted Opening Balance as at 1 April 2024	8,300	17,372	25,672	14,022	8,359	48,053	123,793	171,846
Movement in Reserves during the Year:								
Total Comprehensive Income and Expenditure	(6,986)	0	(6,986)	0	0	(6,986)	(1,222)	(8,208)
Adjustments Between Accounting Basis & Funding Basis Under Regulations - Note 9	17,299	0	17,299	(9,911)	(6,231)	1,157	(1,157)	0
Net Increase / (Decrease) before Transfers to Earmarked Reserves	10,313	0	10,313	(9,911)	(6,231)	(5,829)	(2,379)	(8,208)
Transfers to or from Earmarked Reserves	(10,313)	10,313	0	0	0	0	0	0
Increase / (Decrease) in 2024/2025	0	10,313	10,313	(9,911)	(6,231)	(5,829)	(2,379)	(8,208)
Balance Sheet as at 31 March 2025	8,300	27,685	35,985	4,111	2,128	42,224	121,414	163,638

Balance Sheet

The Balance Sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the council. The net assets of the council (assets less liabilities) are matched by the reserves held by the council. Reserves are reported in two categories.

The first category of reserve 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 reserve are those that the council is not able to use to provide services. This category of reserve 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'.

	Note	31 March 2025 £000	31 March 2024 £000
Property, Plant & Equipment	14	306,634	291,428
Heritage Assets	15	2,192	2,192
Investment Property	16	72,524	70,130
Intangible Assets	17	3,884	2,398
Long-Term Debtors	18, 20	3,447	2,240
Long Term Assets		388,681	368,388
Inventories	-	0	0
Short Term Debtors	20	56,549	48,973
Cash and Cash Equivalents	21	33,637	8,415
Assets Held for Sale	22	11,546	13,854
Current Assets		101,732	71,242
Short-Term Borrowing	18	(62,389)	(24,453)
Short-Term Creditors	18, 23	(36,067)	(29,459)
Provisions	24	(703)	(1,126)
Capital Grants Received in Advance	34	(52,881)	(29,648)
Current Liabilities		(152,040)	(84,686)
Provisions	24	(1,470)	(2,210)
Long Term Borrowing	18	(128,420)	(137,946)
Other Long-Term Liabilities – Pensions	39	(39,582)	(44,187)
Other Long-Term Liabilities – Leases	37	(5,263)	0
Long Term Liabilities		(174,735)	(184,343)
Net Assets / (Liabilities)		163,638	170,601
Usable Reserves	MIRS	42,224	48,053
Unusable Reserves	25	121,414	122,548
Total Reserves		163,638	170,601

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the council during the reporting period. The statement shows how the council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the council are funded by way of taxation and grant income or from the recipients of services provided by the council.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the council's future service delivery.

Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e., borrowing) to the council.

	Note	2024/2025 £000	2023/2024 £000
Net surplus or (deficit) on the provision of services		(6,986)	19,179
Adjustment to surplus or deficit on the provision of services for non-cash movements	26	27,534	15,146
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	(35,346)	(51,831)
Net cash flows from operating activities		(14,798)	(17,506)
Net cash flows from investing activities	27	15,705	27,721
Net cash flows from financing activities	28	24,315	(16,009)
Net increase or (decrease) in cash and cash equivalents		25,222	(5,794)
Cash and cash equivalents at the beginning of the reporting period	21	8,415	14,209
Cash and cash equivalents at the end of the reporting period	21	33,637	8,415

Notes to the Accounts

Note 1 – Accounting Policies

i. General Principles

The Statement of Accounts summarises the council's transactions for the 2024/2025 financial year and its position at the year-end of 31 March 2025. The Accounts and Audit Regulations 2015 require the council to prepare an annual Statement of Accounts in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/2025, supported by International Financial Reporting Standards (IFRS).

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

ii. 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. In particular:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as inventories on the Balance Sheet where individual inventory categories are above £100k.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected. In respect of both capital and revenue transactions, the council operates on the normal accruals concept of income and expenditure above the council's de minimis threshold of £10k. However, this de minimis threshold does not apply to creditor accruals auto identified within the finance system, or where failure to accrue would result in the loss of a time limited grant.

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

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

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

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

Notes to the Accounts

Note 1 – Accounting Policies continued:

iv. 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 assets attributable to the service.

The council is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisation. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement, equal to an amount calculated on a prudent basis in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the contribution in the General Fund Balance (MRP), by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

v. Council Tax and Non-Domestic Rates

The Collection Fund shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities, central government and precepting bodies of council tax and non-domestic rates (NDR). There is no requirement for a separate Collection Fund Balance Sheet since the assets and liabilities arising from the collecting non-domestic rates and council tax belong to the bodies (i.e., major preceptors, central government and billing authorities).

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.

vi. 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 reflected as expenditure in the relevant service line in the Comprehensive Income and Expenditure Statement.

Termination Benefits

When the council is demonstrably committed to the termination of the employment of an officer or group of officers, or making an offer to encourage voluntary redundancy, these costs are charged on an accruals basis to the respective service line in the Comprehensive Income and Expenditure Statement.

Post-employment Benefits

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

- The Local Government Pension Scheme, administered by East Riding of Yorkshire Council.
- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by the NHS Business Services Authority

Notes to the Accounts

Note 1 – Accounting Policies continued:

These schemes provide 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. These 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 Children's Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pension Scheme in the year. The Public Health line within the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

The Local Government Pension Scheme

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

- The liabilities of the East Riding 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.
- The assets of East Riding pension fund attributable to the council are included in the Balance Sheet at their fair value.

The change in the net pension 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 (asset), i.e. net interest expense for the council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Re-measurements comprising:

- The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
- Contributions paid to the East Riding 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 transfers 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

Notes to the Accounts

Note 1 – Accounting Policies continued:

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 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.

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

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

viii. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the council becomes a party to the contractual provisions of a financial instrument and are initially measured at

fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable and interest charged to the Comprehensive Income and Expenditure Statement 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. 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

The council'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 council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the

Notes to the Accounts

Note 1 – Accounting Policies continued:

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.

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

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

The council has a small portfolio of loans to individuals, small businesses and other entities, which have been grouped as follows when assessing expected loss allowances:

- Group 1 – these loans, which are secured against the property, were issued to home owners and owners of derelict land and commercial properties to help pay for repairs and other urgent works to bring accommodations up to current decency standards or to facilitate bringing the properties back into use within the community. Loss allowances for these loans can be assessed on an individual basis.

- Group 2 – under a government initiative that aimed to release the economic and productivity potential of the most deprived areas across the country, the council provided loans to individuals and small businesses to aid entrepreneurial activity and support sustainable growth.
- Group 3 – for the residual group of loans, the council relies on past due information and calculates losses based on expected lifetime credit losses.

Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

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.

Notes to the Accounts

Note 1 – Accounting Policies continued:

Instruments Entered into Before 1 April 2006

The council entered into a number of financial guarantees that are not required to be accounted for as financial instruments. These guarantees are reflected in the Statement of Accounts to the extent that provisions might be required or a contingent liability note is needed under the policies set out in the section on Provisions, Contingent Liabilities and Contingent Assets.

ix. 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 in the form of the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-specific Grant Income and Expenditure (non-ring-fenced 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.

x. 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 (in the ordinary course of operations).

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but are revalued annually according to market conditions at the year-end. 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 £10k) the Capital Receipts Reserve.

Notes to the Accounts

Note 1 – Accounting Policies continued:

xi. Leases

The Council as Lessee

The authority 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.

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 options to extend.

The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority'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 authority is reasonably certain to exercise.
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option.
- penalties for early termination of a lease, unless the authority 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.

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

Subsequent measurement

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

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

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while 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 on a straight-line basis over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured 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 authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

Notes to the Accounts

Note 1 – Accounting Policies continued:

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

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10k 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 authority is reasonably certain to exercise and any termination options that the authority 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 transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

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).

xii. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Property Plant & Equipment Asset Categories

The following six reporting categories fall within the classification of property, plant and equipment:

- Other Land & Buildings.
- Vehicles, Plant & Equipment.

Notes to the Accounts

Note 1 – Accounting Policies continued:

- **Infrastructure Assets** – Inalienable assets, expenditure on which is only recoverable by continued use of the asset created, i.e., there is no prospect of sale or alternative use; examples include highways infrastructure assets, coastal defences, water supply and drainage systems. Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g., bridges), street lighting, street furniture (e.g., illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.
- **Community Assets** - Assets that an authority intends to hold in perpetuity, which have no determinable useful life and that may, in addition, have restrictions on their disposal.
- **Assets Under Construction.**
- **Surplus Assets** – Assets that are not being used to deliver services, but that do not meet the Code criteria to be classified as either investment properties or non-current assets held for sale.

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. Additionally, expenditure on the acquisition or creation of an asset is only recognised as property, plant and equipment when it exceeds the capital de minimis threshold of £10k, with the notable exception of bulk purchased items which are recognised when the total combined value of the individual items exceeds the £10k threshold. 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 bring the asset to the location and condition necessary for it to be capable of operation in the manner intended by management.

The council does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e., it will not lead to a variation in the cash flows of the council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-specific Grant Income and Expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. 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.

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:

- Assets under construction and community assets (without a determinable finite useful life) – historical cost.
- Infrastructure assets and community assets (with a determinable finite useful life) – depreciated historical cost. However, with regards to highways infrastructure assets, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994, which was determined at that time to be historical cost.
- All other assets are measured at current value.

Where there is no market-based evidence of current value, because of the specialist nature of an asset and the asset is rarely sold, an estimate of current value is made on a depreciated replacement cost (DRC) basis.

Notes to the Accounts

Note 1 – Accounting Policies continued:

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum 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 Surplus or Deficit on the Provision of Services 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 & 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.

Material assets are recognised into components for depreciation purposes when the component is of significant cost compared to the total cost of the item and has a materially different useful life to the main asset. Enhancement expenditure requires the de-recognition of the component replaced or refurbished, and the new component reflected in the carrying amount, even where parts of an asset have not previously been recognised as a separate component.

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 subsequently reversed, 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 normally charged in the first full year of operational use, except where stated, and calculated on the following bases:

- Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer.
- Vehicles, plant, furniture and equipment – straight-line allocation over estimated life of the asset or as advised by a suitably qualified officer.
- Infrastructure – straight-line allocation over the estimated useful life.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Notes to the Accounts

Note 1 – Accounting Policies continued:

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any 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, or component of the highways network, 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 £10k are categorised as capital receipts. The receipts are transferred to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement. The reserves 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).

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.

xiii. Provisions, Contingent Liabilities and Contingent Assets

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 when the council has an obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g., from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the council settles the obligation.

Notes to the Accounts

Note 1 – Accounting Policies continued:

Contingent Liabilities

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. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

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 assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xiv. Reserves

The council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance in the Movement in Reserves Statement. 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 transferred 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, local taxation, retirement and employee benefits and do not represent usable resources for the council – these reserves are explained in the relevant policies.

xv. 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.

xvi. Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority maintained schools (i.e., those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements (and not the Group Accounts). Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the council as if they were the transactions, cash flows and balances of the council.

Notes to the Accounts

Note 1 – Accounting Policies continued:

xvii. 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 using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the council's financial statements are categorised within the fair value hierarchy, as follows:

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

Note 2 – Accounting Standards Issued, Not Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2024/2025 (the Code), the council is required to disclose information setting out the impact of an accounting change required by a new accounting standard that has been issued but not yet adopted by the Code.

At the Balance Sheet date, the following new standards, or amendments to existing standards, have been issued but not adopted:

- The changes to the measurement of non-investment assets within the 2025/2026 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8 – Accounting Policies, Changes in Accounting Estimates and Errors. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy.

Whilst the adoption of the above changes will bring clarity and lead to improved reporting, it is not anticipated that they will have a significant impact on the amounts to be reported in the financial statements.

Notes to the Accounts

Note 3 – Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the council has had to make certain judgements about complex transactions or those involving uncertainty about future events. There are no specific judgements that require disclosure at this point in time.

Note 4 – 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 taking into account historical experience, current trends, and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the council's Balance Sheet as of 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Property, Plant and Equipment

Uncertainties

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets.

Effect if Actual Results Differ from Assumptions

If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings would increase by approximately £0.861m if the average useful life of the council's buildings fell by one year.

Pension Liability

Uncertainties

Estimation of the net 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 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.

Effect if Actual Results Differ from Assumptions

The assumptions interact in complex ways. During 2024/2025 the council's actuary advised that the net pension liability had decreased by £4.605m as result of updating the assumptions, actual contributions made, and taking into account the asset ceiling adjustment.

A sensitivity analysis, highlighting the impact on net liability from variations to the key assumptions can be seen in Note 39 Defined Benefit Pension Schemes.

National Non-Domestic Rates (NNDR) Provision

Uncertainties

The council has set aside, from its Collection Fund, £1.863m as a provision against the cost of the future settlement of current appeals outstanding against NNDR rateable values. The council's share of this provision, £0.913m, is shown in Note 24 Provisions.

Effect if Actual Results Differ from Assumptions

The impact of appeals is uncertain and outside of the control of the council.

Notes to the Accounts

*Note 4 – Assumptions Made about the Future and Other Major Sources of Estimation
Uncertainty continued:*

Fair Value Measurement

Uncertainties

When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e., Level 1 inputs), their fair value is measured using valuation techniques (e.g., quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the council's assets and liabilities.

Where Level 1 inputs are not available, the council employs relevant experts to identify the most appropriate valuation techniques to determine fair value (for example, for investment properties, the council's chief valuation officer and external valuer). Information about the valuation techniques and inputs used in determining the fair value of the council's assets and liabilities is disclosed in Note 14 Property, Plant and Equipment, and Note 16 Investment Properties.

Effect if Actual Results Differ from Assumptions

The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels, occupancy levels and others.

Significant changes in any of the unobservable inputs would result in a significantly lower or higher fair value measurements.

Note 5 – Material Items of Income and Expense

A material item of income and expense would be greater than £5m. There have been no material items of income and expenditure during 2024/2025 that are not already disclosed elsewhere in the accounts.

Note 6 – Events After the Balance Sheet Date

The council is not aware of any significant post balance sheet events.



Notes to the Accounts

Note 7 – Expenditure and Funding Analysis and Associated Notes

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, fees and charges, council tax and business rates) by local authorities in comparison with those resources consumed or earned by councils in accordance with International Financial Reporting Standards (IFRS). It also shows how this expenditure is allocated for decision making purposes between the council's directorates.

Income and expenditure accounted for under IFRS is presented more fully in the Comprehensive Income and Expenditure Statement.

	2024/2025	2024/2025	2024/2025	2024/2025	2024/2025	2023/2024	2023/2024	2023/2024
	Budget Monitoring Outturn	Adjustments Between Outturn and Net Expenditure Chargeable to the General Fund	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES
	£000	£000	£000	£000	£000	£000	£000	£000
Resources	12,286	(9,935)	2,351	14,489	16,840	7,413	3,602	11,015
Economy & Growth	34,969	(8,162)	26,807	9,395	36,202	14,167	13,288	27,455
Environment	23,702	(3,005)	20,697	3,103	23,800	14,960	1,554	16,514
Children's Services	75,778	(14,317)	61,461	14,408	75,869	59,866	12,622	72,488
Public Health	106	1,132	1,238	(1,140)	98	1,107	(555)	552
Adult Services	64,330	(14,430)	49,900	1,077	50,977	44,010	4,692	48,702
Other Corporate Budgets	(1,349)	14,159	12,810	(16,795)	(3,985)	35,986	(37,692)	(1,706)
Net Cost of Services	209,822	(34,558)	175,264	24,537	199,801	177,509	(2,489)	175,020
Other Income and Expenditure	(209,822)	34,558	(175,264)	(17,551)	(192,815)	(177,509)	(16,690)	(194,199)
(Surplus) or Deficit	0	0	0	6,986	6,986	0	(19,179)	(19,179)
Opening General Fund Balance			8,300			8,300		
Surplus or (Deficit) on General Fund Balance in Year			0			0		
Closing General Fund Balance			8,300			8,300		

* The 2023/2024 comparator figures have been reanalysed to reflect a management restructure within the council during the 2024/2025 financial year.

Notes to the Accounts

Note 7 – Expenditure and Funding Analysis and Associated Notes continued:

Adjustments from General Fund to Arrive at the Comprehensive Income and Expenditure Statement Amounts

2024/2025 Financial Year	Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total £000
Resources	14,207	(705)	987	14,489
Economy & Growth	10,016	(127)	(494)	9,395
Environment	3,893	(317)	(473)	3,103
Children's Services	7,398	(1,006)	8,016	14,408
Public Health	6	(89)	(1,057)	(1,140)
Adult Services	1,139	(14)	(48)	1,077
Other Corporate Budgets	(3,134)	(4,254)	(9,407)	(16,795)
Net Cost of Services	33,525	(6,512)	(2,476)	24,537
Other Income and Expenditure from the Expenditure and Funding Analysis	(20,519)	0	2,968	(17,551)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	13,006	(6,512)	492	6,986
2023/2024 Financial Year	Adjustments for Capital Purposes £000	Net Change for Pensions Adjustments £000	Other Differences £000	Total £000
Resources	3,333	(405)	674	3,602
Economy & Growth	13,012	(66)	342	13,288
Environment	(300)	(200)	2,054	1,554
Children's Services	8,400	(634)	4,856	12,622
Public Health	0	(63)	(492)	(555)
Adult Services	33	(9)	4,668	4,692
Other Corporate Budgets	(25,296)	(3,227)	(9,169)	(37,692)
Net Cost of Services	(818)	(4,604)	2,933	(2,489)
Other Income and Expenditure from the Expenditure and Funding Analysis	(21,366)	0	4,676	(16,690)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	(22,184)	(4,604)	7,609	(19,179)

* The 2023/2024 comparator figures have been reanalysed to reflect a management restructure within the council during the 2024/2025 financial year.

Notes to the Accounts

Note 7 – Expenditure and Funding Analysis and Associated Notes continued:

Segmental Income

The following analysis shows revenues from external customers included within the Net Expenditure chargeable to the General Fund in the Expenditure and Funding Analysis:

Revenue from External Customers	2024/2025 £000	2023/2024 £000
Resources	(9,551)	(8,808)
Economy & Growth	(14,688)	(13,895)
Environment	(10,546)	(7,262)
Children's Services	(10,480)	(8,336)
Public Health	(2,244)	(2,518)
Adult Services	(165)	(233)
Other Corporate Budgets	(6,240)	(23,168)
Total Income Analysed on a Segmental Basis	(53,914)	(64,220)

* The 2023/2024 comparator figures have been reanalysed to reflect a management restructure within the council during the 2024/2025 financial year.

Revenue from External Customers: Income from organisations/individuals from outside the council, excluding any grant income.

Note 8 – Expenditure and Income Analysed by Nature

The Council's expenditure and income are analysed as shown within the following table:

Expenditure / Income	2024/2025 £000	2023/2024 £000
Expenditure:		
Employee Benefits Expenses	80,913	82,004
Other Services Expenditure	259,094	233,402
Depreciation, Amortisation, Impairment	16,205	14,076
Interest Payments	6,717	6,191
Precepts and Levies	1,859	1,688
(Gain)/Loss on the Disposal of Assets	3,768	(18,105)
Other Expenditure	29,313	18,755
Total Expenditure	397,869	338,011
Income:		
Fees, Charges and Other Service Income	(39,417)	(34,744)
Interest and Investment Income	(1,461)	(1,599)
Income for Council Tax & Non-Domestic Rates	(131,886)	(123,588)
Government Grants and Contributions	(209,270)	(188,928)
Other Income	(8,849)	(8,331)
Total Income	(390,883)	(357,190)
(Surplus) or Deficit on the Provision of Services	6,986	(19,179)

Notes to the Accounts

Note 9 – Adjustments between Accounting Basis and Funding Basis under Regulations

	2024/2025 Usable Reserve General Fund Balance £000	2024/2025 Usable Reserve Capital Receipts Reserve £000	2024/2025 Usable Reserve Capital Grants Unapplied £000	2024/2025 Movement in Unusable Reserves £000	2023/2024 Usable Reserve General Fund Balance £000	2023/2024 Usable Reserve Capital Receipts Reserve £000	2023/2024 Usable Reserve Capital Grants Unapplied £000	2023/2024 Movement in Unusable Reserves £000
Adjustments to Revenue Resources:								
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements								
Pension Cost (transferred to (or from) the Pensions Reserve)	(6,512)	0	0	6,512	(4,604)	0	0	4,604
Council Tax and NDR (transfers to or from the Collection Fund)	2,872	0	0	(2,872)	4,624	0	0	(4,624)
Dedicated Schools Grant Deficit (transfers to or from the DSG Adjustment Account)	7,957	0	0	(7,957)	2,502	0	0	(2,502)
Holiday pay (transferred to the Accumulated Absences Reserve)	(24)	0	0	24	64	0	0	(64)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	26,566	0	0	(26,566)	9,647	0	0	(9,647)
Total Adjustments to Revenue Resources	30,859	0	0	(30,859)	12,233	0	0	(12,233)
Adjustments between Revenue and Capital Resources:								
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(3,298)	3,298	0	0	(22,174)	22,174	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	82	(82)	0	0	40	(40)	0	0
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(2,705)	0	0	2,705	0	0	0	0
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	(6,878)	0	0	6,878	(7,198)	0	0	7,198
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	(35)	0	0	35	(15)	0	0	15
Total Adjustments between Revenue and Capital Resources	(12,834)	3,216	0	9,618	(29,347)	22,134	0	7,213
Adjustments to Capital Resources:								
Use of the capital receipts reserve to finance capital expenditure	0	(13,184)	0	13,184	0	(8,120)	0	8,120
Application of capital grants to finance capital expenditure	(726)	0	(6,231)	6,957	(2,484)	0	2,426	58
Cash payments in relation to deferred capital receipts	0	57	0	(57)	0	0	0	0
Total Adjustments to Capital Resources	(726)	(13,127)	(6,231)	20,084	(2,484)	(8,120)	2,426	8,178
Total Adjustments	17,299	(9,911)	(6,231)	(1,157)	(19,598)	14,014	2,426	3,158

Notes to the Accounts

Note 10 – Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund Expenditure in 2024/2025.

	Balance as at 31 March 2023 £000	Transfers In 2023/2024 £000	Transfers Out 2023/2024 £000	Balance as at 31 March 2024 £000	Transfers In 2024/2025 £000	Transfers Out 2024/2025 £000	Balance as at 31 March 2025 £000
Individual Schools Budget Reserve	1,595	1,522	(1,595)	1,522	1,539	(1,522)	1,539
Dedicated Schools Grant Reserve	64	0	(64)	0	0	0	0
Business Rates Reserve	2,946	2,854	(3,600)	2,200	2,657	0	4,857
Management of Change	0	0	0	0	2,704	0	2,704
Debt Financing Reserve	0	2,538	(1,038)	1,500	0	0	1,500
Transformation Programme	0	2,478	(2,324)	154	2,407	(544)	2,017
IFRS Revenue Grant	5,260	1,551	(2,781)	4,030	2,540	(2,273)	4,297
Health & Wellbeing Board Public Health Priorities	131	0	(81)	50	0	0	50
Council Tax Hardship Fund	283	84	(50)	317	100	(254)	163
Social & Democratic Demand Reserve	3,085	700	(3,084)	701	700	(700)	701
Medium Term Financial Plan	0	2,000	0	2,000	0	0	2,000
Major Contracts Reserve	0	1,000	0	1,000	0	(65)	935
Housing Priorities Reserve	0	0	0	0	1,000	0	1,000
Resort Investment Fund	0	0	0	0	250	0	250
Service Specific Reserves:							
Resources	535	219	(270)	484	321	(323)	482
Economy & Growth	369	0	(78)	291	75	(8)	358
Environment	0	0	0	0	56	0	56
Children's Services	205	330	(181)	354	691	(211)	834
Public Health	2,037	1,128	(618)	2,547	1,857	(633)	3,771
Adult Services	1,281	123	(1,182)	222	49	(100)	171
Total Earmarked Reserves	17,791	16,527	(16,946)	17,372	16,946	(6,633)	27,685

Notes to the Accounts

Note 10 – Transfer from/to Earmarked Reserves continued:

Service Specific Reserves

A number of service specific reserves were established in respect of a programme of projects that met a service need identified since the Medium-Term Financial Plan (MTFP) was approved or was planned/committed spending that was not completed during 2024/2025.

Individual Schools Budget Reserve

This balance is comprised of unspent revenue balances of schools and other educational establishments at the year-end, which may be applied in the following year. The balances are not available for general use.

Dedicated Schools Grant Reserve

This reserve was established to hold surplus balances on the Dedicated Schools Grant (DSG). In accordance with the current statutory provisions regarding the accounting treatment of DSG deficits, the deficit on the DSG at the end of the 2024/2025 financial year is held within the DSG Adjustment Account which can be seen in Note 25 Unusable Reserves.

Major Contracts Reserve

This reserve has been established to support costs specifically associated with significant changes in major contracts.

Business Rates Reserve

A specific reserve to mitigate for fluctuations in business rates income between years.

Debt Financing Reserve

This reserve is to mitigate the risks associated with treasury management activity (cash flow, interest rate volatility, debt restructuring and use of internal borrowing) and to cushion the increasing debt management costs in the Medium-Term Financial Plan.

Transformation Reserve

Funding set aside to support the delivery of the council's transformation programme.

Social and Demographic Demand Reserve

This reserve is held to smooth demand cost fluctuations.

IFRS Revenue Grant Reserve

Under IFRS, revenue grants that do not have outstanding conditions attached at the year-end must be recognised as income immediately, even if specific plans and restrictions for spending the grant are in place. These grants are carried forward and utilised through this earmarked reserve to ensure that they can continue to be used to match future service spending plans.

Health and Well Being Board Public Health Priorities

Reserve established to support public health priorities.

Council Tax Hardship Fund

Reserve to specifically support council taxpayers who fall within the scope of the Council Tax Support Scheme.

Management of Change

Established to support significant changes within the organisation required to improve efficiencies and service delivery.

Medium Term Finance Plan Reserve

This reserve has been established to mitigate risks in the MTFP, considering the uncertainty of future funding and changing service demands.

Housing Priorities Reserve

Reserve established to support the delivery of the councils housing priorities.

Resort Investment Reserve

Reserve held to fund identified improvements to the resort.

Notes to the Accounts

Note 11 – Other Operating Expenditure

	2024/2025 £000	2023/2024 £000
Parish Council Precepts	924	864
Levies	935	824
(Gains)/Losses on Disposal of Non-Current Assets	3,928	(17,621)
Total	5,787	(15,933)

Note 12 – Financing and Investment Income and Expenditure

	2024/2025 £000	2023/2024 £000
Interest Payable and Similar Charges	6,717	6,191
Net Interest on the Net Defined Benefit Liability/(Asset)	(3,126)	(1,465)
Interest Receivable and Similar Income	(1,461)	(1,599)
Income and Expenditure in relation to Investment Properties and Changes in their Fair Value	(5,996)	2,330
Total	(3,866)	5,457

Note 13 – Taxation and Non-Specific Grant Income and Expenditure

	2024/2025 £000	2023/2024 £000
Council Tax Income	(89,084)	(84,419)
Non-Domestic Rates Income and Expenditure	(42,802)	(39,169)
Business Rates Relief	(12,438)	(12,344)
Revenue Support Grant	(11,362)	(10,656)
Social Care Grant	(17,047)	(12,961)
Services Grant	(277)	(1,607)
Other Non-Ring-Fenced Government Grants	(1,207)	(1,201)
Capital Grants and Contributions	(20,519)	(21,366)
Total	(194,736)	(183,723)

Notes to the Accounts

Note 14 – Property, Plant and Equipment

2024/2025 Financial Year	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	PPE Under Construction £000	Surplus Assets £000	Total £000
Cost or Valuation:						
Balance as at 1 April 2024	94,236	22,889	24,372	22,451	2,790	166,738
Adjustments on transition to IFRS16 accounting arrangements for leases	7,581	0	216	0	0	7,797
Adjusted Opening Balance as at 1 April 2024	101,817	22,889	24,588	22,451	2,790	174,535
Additions	6,803	1,678	1,123	13,176	22	22,802
Donations	0	0	0	0	0	0
Revaluation increases/(decreases) to Revaluation Reserve	(2,022)	0	0	0	196	(1,826)
Revaluation increases/(decreases) to Surplus or Deficit on the Provision of Services	(10,036)	0	0	0	186	(9,850)
De-Recognition - Disposals	(4,217)	(859)	0	0	0	(5,076)
Reclassifications & Transfers	6,438	0	(521)	(5,564)	(978)	(625)
Reclassified to/from Held for Sale	(1,611)	0	0	(3,058)	(513)	(5,182)
Other Movements	0	0	0	0	0	0
Balance as at 31 March 2025	97,172	23,708	25,190	27,005	1,703	174,778
Depreciation and Impairment:						
Balance as at 1 April 2024	(3,535)	(14,068)	(10,512)	(1,821)	(1)	(29,937)
Depreciation Charge	(6,451)	(2,168)	(1)	0	(2)	(8,622)
Depreciation written out on Revaluation Reserve	1,492	0	0	0	1	1,493
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	7	0	0	0	1	8
Impairment losses/reversals to Revaluation Reserve	1,017	0	0	0	1	1,018
Impairment losses/reversals To Surplus or Deficit on the Provision of Services	(1,495)	0	0	0	0	(1,495)
De-Recognition – Disposals	215	855	0	0	0	1,070
Reclassifications & Transfers	(1,153)	0	521	1,070	0	438
Eliminated on reclassification to Held for Sale	222	0	0	275	0	497
Balance as at 31 March 2025	(9,681)	(15,381)	(9,992)	(476)	0	(35,530)
Net Book Value:						
Balance as at 31 March 2025	87,491	8,327	15,198	26,529	1,703	139,248
Balance as at 31 March 2024	90,701	8,821	13,860	20,630	2,789	136,801
Analysis of Net Book Value Balance as at 31 March 2025:	87,491	8,327	15,198	26,529	1,703	139,248
Council Owned Assets	79,915	8,327	14,983	26,529	1,703	131,457
Right of Use Assets	7,576	0	215	0	0	7,791

Notes to the Accounts

Note 14 – Property, Plant and Equipment continued:

2023/2024 Financial Year	Other Land and Buildings £000	Vehicles, Plant & Equipment £000	Community Assets £000	PPE Under Construction £000	Surplus Assets £000	Total £000
Cost or Valuation:						
Balance as at 1 April 2023	96,592	26,083	22,755	13,371	2,233	161,034
Additions	2,609	1,455	1,576	13,340	1	18,981
Donations	0	0	0	0	0	0
Revaluation increases/(decreases) to Revaluation Reserve	328	0	41	0	108	477
Revaluation increases/(decreases) to Surplus or Deficit on the Provision of Services	2,181	0	0	0	(589)	1,592
De-Recognition - Disposals	(3,456)	(4,649)	0	(148)	0	(8,253)
Reclassifications & Transfers	(4,018)	0	0	(78)	1,407	(2,689)
Reclassified to/from Held for Sale	0	0	0	(4,034)	(370)	(4,404)
Other Movements	0	0	0	0	0	0
Balance as at 31 March 2024	94,236	22,889	24,372	22,451	2,790	166,738
Depreciation and Impairment:						
Balance as at 1 April 2023	(12,308)	(15,746)	(8,961)	(276)	0	(37,291)
Depreciation Charge	(4,877)	(2,968)	0	0	(1)	(7,846)
Depreciation written out on Revaluation Reserve	8,736	0	23	0	211	8,970
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	869	0	0	0	1	870
Impairment losses/reversals to Revaluation Reserve	791	0	0	0	(1)	790
Impairment losses/reversals To Surplus or Deficit on the Provision of Services	946	0	(1,574)	0	0	(628)
De-Recognition - Disposals	382	4,646	0	0	0	5,028
Reclassifications & Transfers	1,926	0	0	(1,545)	(211)	170
Eliminated on reclassification to Held for Sale	0	0	0	0	0	0
Balance as at 31 March 2024	(3,535)	(14,068)	(10,512)	(1,821)	(1)	(29,937)
Net Book Value:						
Balance as at 31 March 2024	90,701	8,821	13,860	20,630	2,789	136,801
Balance as at 31 March 2023	84,284	10,337	13,794	13,095	2,233	123,743

Notes to the Accounts

Note 14 – Property, Plant and Equipment continued:

Infrastructure Assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The council has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

Net Book Value - Modified Historical Cost	2024/2025 £000	2023/2024 £000
Balance as at 1 April	154,627	147,023
Additions	18,233	12,711
Reclassifications & Transfers	115	0
Depreciation	(5,589)	(5,107)
Balance as at 31 March	167,386	154,627

The council has determined, in accordance with Regulation 30M 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.

Reconciliation of Infrastructure Assets and Other Property Plant and Equipment

Net Book Value	31 March 2025 £000	31 March 2024 £000
Infrastructure Assets	167,386	154,627
Other property, plant & equipment	139,248	136,801
Total Property, Plant & Equipment as per the Balance Sheet	306,634	291,428

Capital Commitments

At 31 March 2025, the council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in future years. Of these contracts, those considered to be major contracts are those having outstanding commitments in excess of £1m. As at 31 March 2025, the following contracts met this criterion:

- Depot Rationalisation – £2.2m
- A180 Structures – £5.4m
- Schools - Basic Need Sufficiency of Places – £15.5m
- Towns Fund St James House – £1.5m
- Freshney Place Development – £32m
- Cleethorpes Masterplan Sea Road – £3.5m
- Town Deal investment – £5.1m

Effects of Changes in Estimates

No material changes in estimates have been made in year. Useful lives are assessed as part of the valuation rolling programme.

Notes to the Accounts

Note 14 – Property, Plant and Equipment continued:

Depreciation

The following asset lives have been used in the calculation of depreciation:

- Other Land and Buildings – Up to 999 years
- Vehicles, Plant, Furniture and Equipment – Between 1 and 10 years
- Infrastructure – Between 25 and 80 Years

Revaluations

The council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is revalued at least every five years. 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. Valuations of vehicles, plant, furniture and equipment are based on current prices where there is an active second-hand market or latest list prices adjusted for the condition of the asset.

The significant assumptions applied in estimating the current values of property, plant and equipment are:

- That good title can be shown, and all valid planning permissions and statutory approvals are in place.
- That the occupier will have the benefit of access, services and rights to enable occupation on a normal commercial basis.
- That all easements, rights of way, restrictions or other encumbrances have been considered.
- That the properties are in good repair unless otherwise stated.
- That no deleterious or hazardous materials have been used in the construction, nor any existing or potential environmental factors are known, that could affect the values.

Valuation Of PPE	Land and Buildings £000	Vehicles, Plant & Equipment £000	Surplus Assets £000	Other PPE £000	Total PPE £000
Carried at Historical Cost	0	8,327	0	209,114	217,441
Valued at Fair Value as at:					
31/03/2025	16,458	0	1,703	0	18,161
31/03/2024	56,940	0	0	0	56,940
31/03/2023	3,836	0	0	0	3,836
31/03/2022	10,050	0	0	0	10,050
31/03/2021	206	0	0	0	206
Total Cost or Valuation	87,490	8,327	1,703	209,114	306,634

Notes to the Accounts

Note 14 – Property, Plant and Equipment continued:

Fair Value Measurement for Surplus Assets and Investment Properties

See Note 1 Accounting Policies (section xviii. Fair Value Measurement) for an explanation of fair value and the fair value level.

Fair Value Hierarchy

Details of the council's surplus assets and investment properties, as at 31 March 2025, are as follows:

Recurring Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	Fair Value as at 31 March 2025 £000	Fair Value as at 31 March 2024 £000
Surplus Assets:		
All Surplus Assets	1,703	2,789
Total Surplus Assets	1,703	2,789
Investment Properties:		
Agricultural Properties	1,466	1,457
Office Units	4,718	4,811
Commercial Units	66,340	63,862
Total Investment Properties	72,524	70,130

Determined Value Level, Valuation Process and Techniques

There is limited evidence in respect of actual transactions for this region and no publicly available market reports for North East Lincolnshire. Much of the evidence of actual sales comes for this region from North East Lincolnshire Council itself. Adjustments are required to reflect the location, size, age, use and condition of the assets. The council's assets are therefore categorised as Level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements and there is no reasonably available information that indicates that market participants would use different assumptions.

The assets have been valued by the council's Estates Team in accordance with the methodologies and bases for estimation set out in the Valuation Terms of Engagement and professional standards of the Royal Institution of Chartered Surveyors (RICS). In estimating the fair value of the council's surplus assets and investment properties, the highest and best use of the properties is their current use.

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

Reconciliation of Fair Value Measurements

Assets Categorised Within Level 3	Surplus Assets 31 March 2025 £000	Investment Properties 31 March 2025 £000	Surplus Assets 31 March 2024 £000	Investment Properties 31 March 2024 £000
Opening Balance	2,789	70,130	2,233	74,142
Reclassifications in at Level 3	72	3,367	1,196	3,046
Reclassifications out at Level 3	(1,563)	(2,406)	(370)	(1,740)
Total gains/losses for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in fair value	186	1,845	(589)	(6,131)
Total to Revaluation Reserve	197	0	318	0
Additions	22	465	1	986
Disposals	0	(877)	0	(173)
Closing Balance	1,703	72,524	2,789	70,130

Notes to the Accounts

Note 14 – Property, Plant and Equipment continued:

Gains arising from changes in the fair value of surplus assets are recognised in the Revaluation Reserve, unless they reverse a previous impairment charged to the Surplus or Deficit on the Provision of Services. Losses arising from changes in the fair value of surplus assets firstly reduce any Revaluation Reserve balance relating to that asset and, thereafter, are recognised in the Surplus or Deficit on the Provision of Services.

Gains or losses arising from changes in the fair value of investment properties are recognised in Surplus or Deficit on the Provision of Services – Financing and Investment Income and Expenditure line.

Quantitative Information about Fair Value

Subcategory at Fair Value Level 3	31 March 2025 £000	Valuation Technique Used to Measure Fair Value	Unobservable Inputs	Sensitivity
Surplus Assets:				
Land	725	Market Comparison / Residual	Sale Levels, Finance /Construction Costs, Build Period	Significant changes in sale levels, finance and construction costs will result in a significantly lower or higher fair value
Buildings	978	Market Comparison / Residual	Sale Levels, Finance /Construction Costs, Build Period	Significant changes in sale levels, finance and construction costs will result in a significantly lower or higher fair value
Investment Properties:				
Industrial and Commercial Units	66,340	Market Comparison / Investment Method	Rent Growth, Vacancy Levels, Yields	Significant changes in rental income, rent growth, vacancy levels or yields will result in a significantly lower or higher fair value
Office Units	4,718	Market Comparison / Investment Method	Rent Growth, Vacancy Levels, Yields	Significant changes in rental income, rent growth, vacancy levels or yields will result in a significantly lower or higher fair value
Agricultural Units	1,466	Market Comparison	Rent Growth, Vacancy Levels, Yields	Significant changes in sales comparables and certain tenancies affecting when vacant possession can be achieved will significantly lower or higher fair value

Notes to the Accounts

Note 15 – Heritage Assets

Cost or Valuation	Civic Regalia £000	Museum Collection £000	Other Heritage Assets £000	Total Heritage Assets £000
Balance as at 31 March 2023	426	1,426	83	1,935
Additions	0	7	0	7
Movements – Revaluations	21	229	0	250
Reclassifications	20	(20)	0	0
Balance as at 31 March 2024	467	1,642	83	2,192
Additions	0	0	0	0
Movements – Revaluations	0	0	0	0
Reclassifications	0	0	0	0
Balance as at 31 March 2025	467	1,642	83	2,192

Note 16 – Investment Properties

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

	2024/2025 £000	2023/2024 £000
Rental income from investment property	(12,911)	(11,951)
Direct operating expenses arising from investment property	8,508	8,465
Net (Gain)/Loss	(4,403)	(3,486)

There are no restrictions on the council's ability to realise the value inherent in its investment property and none on the council's right to the remittance of income and the proceeds of disposal. The council has no contractual obligations to purchase, construct or develop investment property or on repairs, maintenance, or enhancement.

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

	2024/2025 £000	2023/2024 £000
Balance at start of the year	70,130	74,142
Additions	465	986
Disposals	(877)	(173)
Net gains/losses from fair value adjustments	1,433	(6,300)
Transfers:		
To/from Assets Held for Sale	888	(1,213)
To/from Property, Plant and Equipment	485	2,688
Balance at end of the year	72,524	70,130

Notes to the Accounts

Note 17 – Intangible Assets

The council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of property, plant and equipment. The intangible assets include both purchased licenses and internally generated software.

All software is given a finite useful life based on assessments, by an appropriate expert, of the period that the software is expected to be of use to the council. Currently the useful lives assigned to intangible assets held by the council are between 2 and 10 years.

The carrying amount of intangible assets is amortised on a straight-line basis. The amortisation of £569k charged to revenue in 2024/2025 was charged to the following lines in the Cost of Services – £462k Resources, £92k Children's Services, and £15k Environment.

	2024/2025 £000	2023/2024 £000
Balance at start of the year	5,217	5,675
Accumulated amortisation	(2,819)	(3,814)
Net carrying amount at start of year	2,398	1,861
Additions	2,055	1,032
Reclassifications	0	0
Disposals	(236)	(1,490)
Amortisation for the period	(569)	(495)
Amortisation written off on disposal	236	1,490
Net carrying amount at the end of the year	3,884	2,398
Comprising:		
Gross carrying amount	7,036	5,217
Accumulated amortisation	(3,152)	(2,819)
Net carrying amount at the end of the year	3,884	2,398

Notes to the Accounts

Note 18 – Financial Instruments

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

	31 March 2025 Long Term £000	31 March 2024 Long Term £000	31 March 2025 Short Term £000	31 March 2024 Short Term £000
Financial Assets:				
Loans and Receivables at Amortised Cost	3,447	2,240	968	934
Debtors carried at Amortised Cost	0	0	14,158	14,453
Total Financial Assets	3,447	2,240	15,126	15,387
Financial Liabilities:				
Borrowings at Amortised Cost	128,420	137,946	62,389	24,453
Creditors carried at Contract Amount	0	0	24,371	17,399
Total Financial Liabilities	128,420	137,946	86,760	41,852

Amounts relating to financial instruments recognised in the Comprehensive Income and Expenditure Statement:

Financial Liabilities Measured at Amortised Cost	2024/2025 £000	2023/2024 £000
Interest Expense	6,235	6,125
Total Expense in Surplus or Deficit on the Provision of Services	6,235	6,125

Information as to the council's treatment of financial assets and liabilities within the accounts, including the basis of fair value measurements, is included within Note 1 Accounting Policies (section viii. Financial Instruments).

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

Except for the financial assets carried at fair value, all other financial liabilities and financial assets represented by amortised cost and long-term debtors and creditors are carried on the balance sheet at amortised cost. The fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the Public Works Loans Board (PWL) payable, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures. The council has a continuing ability to borrow at concessionary rates from the PWLB rather than from markets.
- For non-PWLB loans payable, as market lenders to the sector compete with PWLB their rates have to be comparable, therefore PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures. The value of "Lender's Option Borrower's Option" (LOBO) loans have been adjusted by the value of the embedded options. Lender's options to propose an increase to the interest rate on the loan have been valued according to a proprietary model for Bermudan cancellable swaps. Borrower's contingent options to accept the increase rate or repay the loan have been valued at zero, on the assumption that lenders will only exercise their options when market rates have risen above the contractual loan rate for the remainder of the loan term.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

Notes to the Accounts

Note 18 – Financial Instruments continued:

Local Authorities sometimes give financial guarantees that require them to make specified payments to reimburse the holder of a debt if the debtor fails to make payment when due. The council has provided a financial guarantee to Barclays Bank PLC in respect of Lincs Inspire Limited. The fair values of financial guarantees are measured at the higher of the amount recognised initially and the amount determined in accordance with IAS 37. Therefore, the carrying amount of the financial guarantee will remain at the original amount estimated at inception unless payment under the guarantee becomes probable.

This table shows the carrying value and fair value of the loans to the council by the PWLB and other organisations.

	Fair Value Level	31 March 2025 Carrying Amount £000	31 March 2025 Fair Value £000	31 March 2025 Effect of 1% Rise in Interest Rates £000	31 March 2024 Carrying Amount £000	31 March 2024 Fair Value £000
PWLB Debt	2	94,465	84,338	(7,237)	74,331	70,931
Non PWLB Debt	2	54,023	49,349	(7,687)	63,615	67,362
Temporary Borrowing	2	42,321	42,321	0	24,453	24,453
Total Debt		190,809	176,008	(14,924)	162,399	162,746

The prevailing elevated interest rate environment has created a discount between the fair value of the debt and the carrying amount. If rates were to rise by a further 1% this would further reduce the fair value below the carrying amount.

Note 19 – Nature and Extent of Risks Arising from Financial Instruments

The council's activities expose it to a variety of financial risks. The key risks are:

- Credit risk – the possibility that other parties might fail to pay amounts due to the council.
- Liquidity risk – the possibility that the council might not have funds available to meet its commitments to make payments.
- Re-financing and Maturity risk – the possibility that the council might need to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- Market risk – the possibility that financial loss might arise for the council as a result of changes in such measures as interest rates and stock market movements.

The procedures for risk management are set out through a legal framework based on the Local Government Act 2003 and associated regulations. These require the council to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and investment guidance

The council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services.

Risk management is carried out by a central treasury team, under policies approved by the council in the annual Treasury Management Strategy – the Treasury Management Strategy for 2024/2025 was approved by full Council in February 2024. The council maintains written principles for overall risk management, as well as written policies (covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash).

Notes to the Accounts

Note 19 – Nature and Extent of Risks Arising from Financial Instruments continued:

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the council's customers.

Credit risk is managed through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria, as rated by S & P Global, Fitch, and/or Moody's Ratings Services. The council further uses the creditworthiness service provided by MUFG Treasury Services. This service provides a sophisticated modelling approach with credit ratings from all three rating agencies, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies.
- CDS spreads to give early warning of likely changes in credit ratings.
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The Annual Investment Strategy also imposes a maximum amount and time limits with any financial institution located within each category.

The council's maximum exposure to credit risk in relation to its investments in banks and building societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. A risk of non-recovery applies to all the council's deposits, but there was no evidence at the 31 March 2025 that this was likely to crystallise.

Amounts Arising from Expected Credit Losses

Analysis shows that the application of the above methods (in particular, the monitoring of counterparty rating and management of deposit term) results in a non-material expected credit loss on its investments when applying an historic rating-linked default probability.

Liquidity Risk

The council manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports), as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when needed.

The council has ready access to borrowing from the money markets to cover any day-to-day cash flow need, and the PWLB and money markets for access to longer term funds. The council is also required to set a balanced budget through the Local Government Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is no significant perceived risk that the council will be unable to raise finance to meet its commitments under financial instruments.

Re-financing and Maturity Risk

The council maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are assessed against re-financing risk, longer-term risk to the council relates to managing the exposure in replacing financial instruments as they mature. This risk relates to both the maturing of longer-term financial liabilities and longer-term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The council's approved treasury and investment strategies address the main risks, and the central treasury team address the operational risks within the approved parameters. This includes:

- Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the council's day to day cash flow needs, and the spread of longer-term investments provide stability of maturities and returns in relation to the longer-term cash flow need.

Notes to the Accounts

Note 19 – Nature and Extent of Risks Arising from Financial Instruments continued:

The maturity analysis of financial liabilities is as follows:

Timescale	31 March 2025 £000	31 March 2024 £000
Less than one year	62,389	24,453
Between one and two years	4,033	8,183
Between two and five years	11,107	8,764
Between five and ten years	18,070	14,159
Between 10 and 20 years	15,009	14,808
Over 20 years	69,201	71,032
Uncertain date*	11,000	21,000
Total	190,809	162,399

* The council has £11m of “Lender 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 December 2024, one of the LOBO lenders chose to exercise their option and increase the interest rate on the loan. The Council responded by exercising its option to repay at par, with replacement financing being taken from PWLB. The maturity date of the remaining LOBOs remains uncertain.

Interest rate risk

The council is exposed to risk arising from interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the council. 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 borrowings will fall.
- Investments at variable rates – the interest income rise.
- Investments at fixed rates – the fair value of the assets will fall.

The council has strategies in place for managing interest rate risk. The Annual Treasury Management Strategy draws together council’s prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The central treasury team monitor market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns, similarly the drawing of longer-term fixed rates borrowing would be postponed.

The Treasury Management Strategy also aims to mitigate these risks by setting upper limits on its net exposures to fixed and variable interest rates.

Price risk

The market prices of any council fixed rate bond investments and any units in pooled bond funds are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate risk. This will typically only apply where an investment is held as Fair Value through Profit and Loss or Fair Value through other Comprehensive Income.

Foreign exchange risk

The council has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

Notes to the Accounts

Note 20 - Debtors

Debtors are financial assets not traded in an active market with fixed or determinable payments that are contractual rights to receive cash or cash equivalents.

Debtor	2024/2025 Long -Term £000	2023/2024 Long -Term £000	2024/2025 Short -Term £000	2023/2024 Short -Term £000
Central Government Bodies	0	0	3,461	6,736
Other Local Authorities	0	0	684	629
NHS Bodies	0	0	227	390
Other Entities and Individuals	1,352	0	17,078	14,541
Impairment Allowances	(60)	0	(4,006)	(4,673)
Loans and Advances	2,155	2,240	968	934
Non-Domestic Rates & Council Tax	0	0	35,051	28,848
Value Added Tax	0	0	3,086	1,568
Total Debtors	3,447	2,240	56,549	48,973

The past due, but not impaired, amount for local taxation (council tax and non-domestic rates) is analysed as follows:

Aged Debt	2024/2025 £000	2023/2024 £000
1 year	8,083	7,159
1 – 2 years	4,461	4,075
2 – 3 years	3,287	3,024
3 – 4 years	2,607	2,194
Over 4 years	8,049	6,699
Total	26,487	23,151

This analysis only shows those balances where assessment has indicated that, by exception, no impairment is required.

Note 21 – Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and that are readily convertible to known amounts of cash with a low risk of change in value. 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.

Cash and cash equivalents at the end of the reporting period as shown in the Cash Flow Statement can be reconciled to the related items in the Balance Sheet as follows:

	2024/2025 £000	2023/2024 £000
Cash and Bank Balances	3,022	(2,885)
Short Term Investments	30,615	11,300
Total Current Asset	33,637	8,415

Notes to the Accounts

Note 22 – Assets Held for Sale

The value of assets currently being actively marketed for sale is as follows:

	2024/2025 £000	2023/2024 £000
Balance Outstanding at Start of Year	13,854	6,620
Additions	480	234
Transferred from Non-Current Assets during Year:		
Property Plant & Equipment	4,685	4,404
Investment Properties	86	1,463
Depreciation written out to Surplus or Deficit	414	0
Impairment losses to revenue	70	0
Net gains/losses from fair value adjustments	(2,263)	2,014
Assets Declassified As Held For Sale	(974)	(250)
Assets Sold	(4,806)	(631)
Total Assets Held for Sale	11,546	13,854

Note 23 – Creditors

The following amounts are owed by the council within the next twelve months:

Creditor	2024/2025 £000	2023/2024 £000
Central Government Bodies	3,804	3,600
Other Local Authorities	835	656
NHS Bodies	5,949	4,469
Other Entities and Individuals	19,805	14,660
Non-Domestic Rates & Council Tax	4,306	4,744
Tax & National Insurance	1,368	1,330
Total Creditors	36,067	29,459

Note 24 – Provisions

Provisions are recognised where the council has a legal or constructive obligation arising from a past event that will probably require settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Details of the provisions set aside as at 31 March 2025 are as follows:

	Opening Balance 1 April 2024 £000	Increase / (Reduction) In Provision During Year £000	Utilised During Year £000	Unused Amounts Reversed £000	Closing Balance 31 March 2025 £000	Estimated Settlement Within One Year £000	Estimated Settlement Beyond One Year £000
NNDR Appeals	2,151	1,186	(1,063)	(1,361)	913	451	462
Self-Insurance	1,185	1,232	(522)	(635)	1,260	252	1,008
Totals	3,336	2,418	(1,585)	(1,996)	2,173	703	1,470

National Non-Domestic Rates Appeals (NNDR)

This provision has been established to meet the Council's share of the estimated costs of settling appeals against the NNDR valuation of properties currently lodged with the Valuation Office Agency (VOA). In 2024/2025, the total appeals provision in the Business Rates Collection Fund is £1.864m; the Council's share of this under the Local Business Rates Retention Scheme is 49%.

Self-Insurance

To obtain insurance in the most cost-effective manner, the Council has chosen to carry excesses in respect of claims under various insurance policies covering property, public liability and employer's liability, subject to an annual review of the appropriate level at which any 'stop-loss' arrangements apply. The amount set aside to cover the uninsured risks is based on the assessed liability in respect of known claims at that date.

Notes to the Accounts

Note 25 – Unusable Reserves

	2024/2025 £000	2023/2024 £000
Capital Adjustment Account	118,311	109,204
Revaluation Reserve	53,376	60,122
Pensions Reserve	(39,582)	(44,187)
Collection Fund Adjustment Account	(83)	2,789
Accumulated Absences Account	(1,321)	(1,345)
Dedicated Schools Grant Adjustment Account	(11,992)	(4,035)
Deferred Capital Receipts Reserve	2,705	0
Total Unusable Reserves	121,414	122,548

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 subsequent expenditure.

The account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the council. The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2024/2025 £000	2024/2025 £000	2023/2024 £000	2023/2024 £000
Balance at 1 April		109,204		98,515
Opening Balance Adjustment on transition to IFRS16 accounting arrangements for leases		1,245		
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	(15,636)		(13,581)	
Revaluation losses on Property, Plant and Equipment	(11,279)		4,645	
Amortisation of Intangible Assets	(569)		(495)	
Revenue expenditure funded from capital under statute	(19,468)		(17,100)	
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(9,689)		(4,029)	
		(56,641)		(30,560)
Adjusting amounts written out of the Revaluation Reserve		7,374		4,945
Net written out amount of the cost of non-current assets consumed in the year		(49,267)		(25,615)
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	13,184		8,120	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	28,642		27,213	
Application of grants to capital financing from the Capital Grants Unapplied Account	6,957		58	
Statutory provision for the financing of capital investment charged against the General Fund	6,878		7,198	
Capital expenditure charged against the General Fund	35		15	
		55,696		42,604
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		1,433		(6,300)
Balance at 31 March		118,311		109,204

Notes to the Accounts

Note 25 – Unusable Reserves continued:

Revaluation Reserve

The revaluation reserve contains the gains made by the council arising from increases in the value of its property, plant and equipment and intangible assets.

The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost,
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

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

	2024/2025 £000	2023/2024 £000
Balance at 1 April	60,122	54,580
Net revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	685	10,487
Difference between fair value depreciation and historical cost depreciation	(2,385)	(2,880)
Revaluation balances on assets scrapped or disposed of	(5,046)	(2,065)
Amount written off to the Capital Adjustment Account	(7,431)	(4,945)
Balance at 31 March	53,376	60,122

Pensions Reserve

The pensions reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. Whilst the balance on the pensions reserve may show a substantial shortfall in the benefits earned by past and current employees, and the resources the council has set aside to meet them, the statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2024/2025 £000	2023/2024 £000
Balance at 1 April	(44,187)	(9,586)
Re-measurements of the net defined benefit liability/(asset)	86,897	29,716
Change in the Asset Ceiling	(88,804)	(68,921)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(7,553)	(8,834)
Employer's pensions contributions and direct payments to pensioners payable in the year	14,065	13,438
Balance at 31 March	(39,582)	(44,187)

Notes to the Accounts

Note 25 – Unusable Reserves continued:

Collection Fund Adjustment Account

The collection fund adjustment account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax and business rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the collection fund.

	2024/2025 £000	2023/2024 £000
Balance at 1 April	2,789	7,413
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2,872)	(4,624)
Balance at 31 March	(83)	2,789

Accumulated Absences Account

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

	2024/2025 £000	2023/2024 £000
Balance at 1 April	(1,345)	(1,281)
Settlement or cancellation of accrual made at the end of the preceding year	1,345	1,281
Amounts accrued at the end of the current year	(1,321)	(1,345)
Balance at 31 March	(1,321)	(1,345)

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant adjustment account holds accumulated deficits relating to the schools' budget. Where the authority has incurred a deficit on its schools' budget in years beginning 1 April 2020 ending 31 March 2028, the Local Authorities (Capital Finance and Accounting) Regulations do not allow for such amounts to be included in the General Fund and instead must be held in this adjustment account.

Further information on the deployment of the DSG in 2024/2025 is provided in Note 33.

	2024/2025 £000	2023/2024 £000
Balance at 1 April	(4,035)	(1,533)
School budget deficit transferred from General Fund in accordance with statutory requirements	(7,957)	(2,502)
Balance at 31 March	(11,992)	(4,035)

Deferred Capital Receipts Reserve

The deferred capital receipts reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the authority does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the capital receipts reserve.

	2024/2025 £000	2023/2024 £000
Balance at 1 April	0	0
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,705	0
Balance at 31 March	2,705	0

Notes to the Accounts

Note 26 – Cashflow From Operating Activities

The cash flows from operating activities include the following items:

	2024/2025 £000	2023/2024 £000
Interest Paid	(6,772)	(5,804)
Interest Received	1,461	1,599
Total	(5,311)	(4,205)

	2024/2025 £000	2023/2024 £000
Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements:		
Depreciation	15,636	13,581
Impairment & Downward Valuations	11,279	(4,645)
Amortisation	569	495
(Increase)/Decrease in Debtors	(4,261)	691
Increase/(Decrease) in Creditors	3,710	(370)
Increase/(decrease) in impairment for bad debts	60	0
(Increase)/Decrease in Inventories	0	56
Movement in Pension Liability	(6,512)	(4,604)
Carrying Amount of Non-Current Assets, and Non-Current Assets Held for Sale, Sold or De-recognised	9,689	4,029
Other items charged to the Net Surplus or Deficit on Provision of Services	(2,636)	5,913
Total	27,534	15,146
Adjustment for items included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities:		
Proceeds from the sale of PPE, Investment Property and Intangible Assets	(5,921)	(22,134)
Any other items for which the cash effects are Investing or Financing Cash Flows	(29,425)	(29,697)
Total	(35,346)	(51,831)

Note 27 – Cashflow from Investing Activities

	2024/2025 £000	2023/2024 £000
Purchase of PPE, Investment Property and Intangible Assets	(40,971)	(33,796)
Other payments for Investing Activities	(1,120)	(1,047)
Proceeds from the sale of PPE, Investment Property and Intangible Assets	5,921	22,134
Other receipts from investing activities	51,875	40,430
Net Cash Flows from Investing Activities	15,705	27,721

Note 28 – Cashflow from Financing Activities

	2024/2025 £000	2023/2024 £000
Cash receipts of Short Term and Long-Term Borrowing	117,000	25,500
Cash payments to reduce outstanding finance lease liabilities	(948)	0
Repayment of Short Term and Long-Term Borrowing	(88,535)	(35,153)
Other payments for Financing Activities	(3,202)	(6,356)
Net cash flows from Financing Activities	24,315	(16,009)

Reconciliation of Liabilities arising from Financing Activities:

	Balance as at 31 March 2024 £000	Cash Change Financing Cash Flows £000	Non-Cash Change New Lease Liabilities £000	Non-Cash Change Long-Term to Short- Term Movement £000	Non-Cash Change Interest Accruals £000	Balance as at 31 March 2025 £000
Long-Term Borrowings	137,946	7,601	0	(17,127)	0	128,420
Short-Term Borrowings	24,453	20,864	0	17,127	(55)	62,389
Long-Term Lease Liabilities	6,552	(948)	895	(1,236)	0	5,263
Short-Term Lease Liabilities	0	0	0	1,236	0	1,236
Total Liabilities from Financing Activities	168,951	27,517	895	0	(55)	197,308

Notes to the Accounts

Note 29 – Pooled Budgets

Better Care Fund

The Better Care Fund is a government plan to integrate health and social care which is implemented via a Section 75 partnership pooled budget arrangement. The council is a partner within the pooled budget with the Humber and North Yorkshire Integrated Care Board (ICB).

This funding requires the council and its health partners to agree how the money should be used to support social care activity that also has a health benefit. In accordance with national requirements, the council and the ICB submitted its better care plan as to how it would use funding to improve its citizen's lives, and monitoring reports detailing progress continue to be submitted by the ICB to NHS England.

The focus continues to support projects to deliver four key performance metrics and the high impact change model. The performance metrics are:

- Non-elective admissions,
- Residential admissions,
- Reablement, and
- Delayed transfers of care.

Funding of services to support these performance metrics include Intermediate Tier Services (these are concerned with reablement – most often as 'half-way home' service on hospital discharge, recovery as a step down from hospital, and urgent community response with hospital avoidance potential by means of swift interventions at home or using a short-term step-up bed), Single Point of Access, Assisted Living Centre, Support to Care Homes, Seven Day Service Provision and Just Checking.

Details of the in-year pooled income and expenditure are as follows:

	2024/2025 £000	2023/2024 £000
Funding Provided to the pooled budget:		
Humber & North Yorkshire ICB	(17,147)	(15,863)
North East Lincolnshire Council	(13,938)	(12,690)
Total Funding	(31,085)	(28,553)
Expenditure met from the pooled budget:		
Humber & North Yorkshire ICB	17,147	15,863
North East Lincolnshire Council	15,641	12,887
Total Expenditure	32,788	28,750
Net deficit / (surplus) arising on the pooled budget during the year	1,703	197

Note 30 – Members' Allowances

The council paid the following amounts to elected members of the council during the year:

	2024/2025 £000	2023/2024 £000
Allowances	535	524
Expenses	3	2
Total	538	526

A breakdown of amounts paid directly to members can be found on the council's website (www.nelincs.gov.uk).

Notes to the Accounts

Note 31 – Officers' Remuneration

Senior Officer Remuneration

The following tables detail the remuneration received by members of the council's Leadership Team.

Leadership Team Structure 2024/2025	Basic Salary	Salary Supplement	Benefit in Kind	Expense Allowance	Compensation for Loss of Office	Pension Contribution	Total
Post Title	£	£	£	£	£	£	£
Chief Executive – R Walsh	175,044	0	0	0	0	34,484	209,528
Executive Director Place & Resources	127,305	0	0	0	0	25,079	152,384
Assistant Chief Executive ⁽¹⁾	38,828	4,050	0	0	49,761	147,552	240,191
Director Adult Social Care	116,697	4,167	0	0	0	23,810	144,674
Director Children's Services	143,500	0	0	0	0	28,269	171,769
Director Economy, Environment, and Infrastructure	100,784	0	0	178	0	19,017	119,979
Director of Public Health ⁽²⁾	0	0	0	0	0	0	0
Assistant Director Law & Governance	93,570	0	0	96	0	18,433	112,099

Leadership Team Structure 2023/2024	Basic Salary	Salary Supplement	Benefit in Kind	Expense Allowance	Compensation for Loss of Office	Pension Contribution	Total
Post Title	£	£	£	£	£	£	£
Chief Executive – R Walsh	170,775	0	0	0	0	33,643	204,418
Executive Director Place & Resources	124,200	0	0	0	0	24,467	148,667
Assistant Chief Executive	97,859	0	0	0	0	19,278	117,137
Director Adult Services	113,850	0	0	0	0	22,428	136,278
Director Children's Services ⁽³⁾	0	0	0	0	0	0	0
Director Children's Services ⁽⁴⁾	42,903	0	0	0	0	8,452	51,355
Director Economy, Environment, and Infrastructure	98,325	0	0	0	0	19,370	117,695
Director of Public Health ⁽²⁾	0	0	0	0	0	0	0
Assistant Director Law & Governance (Monitoring Officer)	91,287	0	0	0	0	17,984	109,271

Notes

1. As of 31st October 2024, the post of Assistant Chief Executive ceased and has been deleted from the structure with resulting exit costs.

2. An arrangement is currently in place with North Lincolnshire Council for the joint provision of the role of Director of Public Health. Under this arrangement North East Lincolnshire Council was recharged 50% of the salary costs and other remuneration. As the post holder is not a direct employee of North East Lincolnshire Council, these costs are not reflected in these tables.

3. From July 2022 the role of Director Children Services was covered by a representative from Lincolnshire County Council this arrangement ceased in December 2023. As the post holder was not a direct employee of North East Lincolnshire Council, these costs are not reflected in the table.

4. Following the departure of the Lincolnshire County Council representative, the post of Director Children Services was successfully recruited to with a start date 8 December 2023.

Notes to the Accounts

Note 31 – Officers' Remuneration continued:

Senior Employee Remuneration

Excluding Senior Officers who are listed individually in the previous tables, the number of council employees whose remuneration was £50k or more is as follows:

Remuneration Bands	2024/2025 Number of Employees	2023/2024 Number of Employees
£50,001 to £55,000	41	47
£55,001 to £60,000	33	18
£60,001 to £65,000	26	20
£65,001 to £70,000	14	14
£70,001 to £75,000	5	10
£75,001 to £80,000	12	3
£80,001 to £85,000	4	4
£85,001 to £90,000	3	3
£90,001 to £95,000	1	1
£95,001 to £100,000	0	0
£100,001 to £105,000	1	0
£105,001 to £110,000	0	0
£110,001 to £115,000	0	0
£115,001 to £120,000	0	0
£120,001 to £125,000	0	0
£125,001 to £130,000	0	0
£130,001 to £135,000	0	0
£135,001 to £140,000	0	0
£140,001 to £145,000	0	0
£145,001 to £150,000	0	0
£150,001 to £155,000	0	0
£155,001 to £160,000	0	1
£160,001 to £165,000	0	1
Total	140	122



Notes to the Accounts

Note 31 – Officers' Remuneration continued:

Exit Packages

The total number of exit packages, split between compulsory redundancies and other agreed departures, and the total cost per band are set out in the table below:

Exit Package Cost Band (Including Special Payments)	2024/2025 Number of Compulsory Redundancies	2023/2024 Number of Compulsory Redundancies	2024/2025 Number of Agreed Departures	2023/2024 Number of Agreed Departures	2024/2025 Total Number of Exit Packages By Cost Band	2023/2024 Total Number of Exit Packages By Cost Band	2024/2025 Total Cost of Ext Packages in Each Band £000	2023/2024 Total Cost of Ext Packages in Each Band £000
£0 - £20,000	3	8	5	11	8	19	63	145
£20,001 - £40,000	4	2	3	1	7	3	202	82
£40,001 - £60,000	0	3	1	0	1	3	47	129
£60,001 - £300,000	1	5	1	1	2	6	276	589
Total Cost included in CIES							588	945

Note 32 – External Audit Costs

The council has incurred the following costs relating to the annual audit of the Statement of Accounts, certification of grant claims and other services provided by the council's external auditors, Forvis Mazars.

	2024/2025 £000	2023/2024 £000
Fees payable with regards to external audit services carried out by the appointed auditor for the year	405	303
Fees payable to the appointed auditor for the certification of grant claims and returns for the year	7	22
Fees payable in respect of other services provided by the appointed auditor during the year	0	0
Total fees payable	412	325

Notes to the Accounts

Note 33 – 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). The DSG is ring-fenced and can only be applied to meet expenditure properly included in the schools budget, as defined in the School Finance and Early Years (England) Regulations 2024. The schools budget includes elements for a range of educational services provided on a council-wide basis and for the individual schools budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2024/2025 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2024/2025 before academy and high needs recoupment			182,081
Academy and high needs figure recouped for 2024/2025			(133,166)
Total DSG after academy and high needs recoupment for 2024/2025			48,915
Plus: Brought forward from 2023/2024			0
Agreed initial budgeted distribution in 2024/2025	26,720	22,195	48,915
In year adjustments	0	(390)	(390)
Final budget distribution for 2024/2025	26,720	21,805	48,525
Less: Actual central expenditure	34,278		34,278
Less: Actual ISB deployed to schools		22,204	22,204
Carry forward to 2025/2026	(7,558)	(399)	(7,957)
DSG unusable reserve at the end of 2023/20224			(4,035)
Addition to unusable reserve at the end of 2024/2025			(7,957)
Total of DSG unusable reserve at the end of 2024/2025			(11,992)
Net DSG position at the end of 2024/2025			(11,992)

The deficit balance carried forward as at the 31st March 2025 predominately relates to High Needs block expenditure for the cost of additional out of borough placements and higher numbers, and more complex needs of pupils with Special Educational Needs (SEN). Planned mitigations with the planned new free school, along with continued plans and proposals developed and implemented as part of the DFE Delivering Better Value Strategy, aim to address the on-going in year position and repay the DSG overspend over the coming years.



Notes to the Accounts

Note 34 – Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement during the year:

Credited to Taxation and Non-Specific Grant Income	2024/2025 £000	2023/2024 £000
Council Tax Income	(89,084)	(84,419)
Non-Domestic Rates Income and Expenditure	(42,802)	(39,169)
Business Rates Relief	(12,438)	(12,344)
Revenue Support Grant	(11,362)	(10,656)
Social Care Grant	(17,047)	(12,961)
Services Grant	(277)	(1,607)
Other Non-Ring-Fenced Government Grants	(1,207)	(1,201)
Capital Grants and Contributions	(20,519)	(21,366)
Total	(194,736)	(183,723)

Credited to Services	2024/2025 £000	2023/2024 £000
Dedicated Schools Grant	(48,810)	(43,272)
Rent Allowances	(36,024)	(34,219)
Public Health Grant	(12,557)	(12,316)
Improved Better Care Fund	(8,059)	(8,059)
Household Support Fund	(3,119)	(3,142)
Other Grants and Contributions	(37,851)	(27,785)
Total	(146,420)	(128,793)

The council has received a number of grants and contributions that have yet to be recognised as income which 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:

Grants Received in Advance	2024/2025 £000	2023/2024 £000
Capital Grants	(52,881)	(29,648)
Revenue Grants	(2,486)	(2,591)
Total	(55,367)	(32,239)

Note 35 – Related Parties

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 significant 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). Grant receipts are shown in Note 34 Grant Income.

Notes to the Accounts

Note 35 – Related Parties continued:

Members and Officers

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid during the year is shown in Note 30 Members Allowances, and the Register of Members' Interests is available to be viewed on the council's website.

Officers that might be in a position to influence significantly the policies of the council are considered to be members of the Senior Leadership Team. All Senior Officers have been required to complete a related party declaration identifying organisations with which they have influence/or control, and which may have a related party interest with the council.

Related Party Interests	In-Year Expenditure £000	In-Year Income £000	Year-End Creditor £000	Year-End Debtor £000	Number of Members Declaring an Interest	Number of Officers Declaring an Interest
2024/2025 Financial Year:						
Works and Services commissioned from Companies	20,347	(828)	(41)	181	21	0
Grants to Voluntary Organisations	307	(6)	0	1	14	0
Grant contributions to Charities	1,598	(40)	(7)	21	17	1
Grant contributions to Not-for-Profit Organisations	763	(983)	0	170	14	0
2023/2024 Financial Year:						
Works and Services commissioned from Companies	15,988	(1,088)	(3)	222	18	0
Grants to Voluntary Organisations	236	(3)	0	1	15	0
Grant contributions to Charities	1,060	(61)	(5)	19	16	1
Grant contributions to Not-for-Profit Organisations	836	(1,162)	3	159	12	0

In all instances, the grants were made with proper consideration of declarations of interest. The relevant members or officers did not take part in any discussion or decision relating to the payments.

Other Public Bodies

NHS Humber and North Yorkshire ICB

The council and NELCCG have worked very closely together to deliver health services in North East Lincolnshire since 2007. In July 2022, the Integrated Care Board (ICB) took responsibility for the functions previously undertaken by North East Lincolnshire Clinical Commissioning Group (NELCCG).

A Section 75 Agreement is in place which allows the council and ICB to jointly commission social care and public health services. Further information relating to the financial relationship with Humber and North Yorkshire ICB is provided in Note 44 Long Term Contracts.

The council also has a pooled budget arrangement with the NHS Humber and North Yorkshire ICB in relation to the Better Care Fund. Further information relating to the Better Care Fund is detailed in Note 29 Pooled Budgets.

Notes to the Accounts



Note 36 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year, together with the resources that have been used to finance it, is shown in the table below. 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 the table below.

	2024/2025	2023/2024
	£000	£000
Opening Capital Financing Requirement	211,574	203,086
Capital Investment:		
Property, Plant and Equipment	41,515	31,926
Investment Properties	465	986
Intangible Assets	2,055	1,032
Heritage Assets	0	7
Revenue Expenditure Funded from Capital Under Statute	19,468	17,100
IFRS 16 Application – recognition of Right-of-Use assets on transition	7,797	0
IFRS 16 Application – recognition of Gain on FV of Leases on transition	(1,245)	0
Other – Capital Loan	1,022	41
	71,077	51,092
Sources of Finance:		
Capital Receipts	(13,184)	(8,120)
Government Grants and Other Contributions	(35,599)	(27,271)
Sums set aside from Revenue:		
Direct Revenue Contributions	(35)	(15)
Minimum/Voluntary Revenue Provision	(6,878)	(7,198)
	(55,696)	(42,604)
Closing Capital Finance Requirement	226,955	211,574
Explanation of Movements in Year:		
Increase in underlying need to borrow (unsupported by government financial assistance)	8,829	0
Initial application of IFRS 16	6,552	8,488
Increase/(Decrease) In Capital Financing Requirement	15,381	8,488

Notes to the Accounts

Note 37 – Leases

The Council as a Lessee

Transition to IFRS16 Lease Accounting for Right of Use Assets

The council has adopted IFRS16 Leases in accordance with the Code of Practice for Local Authority Accounting from 1st April 2024.

The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the balance sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/2025 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Council's incremental borrowing rate at that date
- The weighted average of the incremental borrowing rates used to discount liabilities was 4.79%
- Right-of-use assets are measured at the amount for the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded

This has resulted in the following additions to the balance sheet:

- £7.6m Property, plant and equipment – Other Land & Buildings (right-of-use assets)
- £0.2m Property, plant and equipment – Community Assets (right-of-use assets)
- £1.2m Current creditors (lease liabilities)
- £5.3m Non-current creditors (lease liabilities)

The newly recognised lease liabilities of £6.5m are recognised having been discounted to their present value (using the relevant incremental borrowing rate). The non-discounted value of these liabilities is £7.8m, which compares with the operating lease commitments of £5.5m at 31 March 2024 disclosed in the notes to the 2023/2024 financial statements. There is a difference of £2.3m which is owing to an increase in the number of leases held by the council and the need to recognise leases by intention under the new legislation.

Right-Of-Use Assets

This table shows the change in the value of right-of-use assets held under leases by the authority:

	Other Land & Buildings £000	Community Assets £000	Total £000
Balance as at 1 April 2024	7,581	216	7,797
Additions	905	0	905
Revaluations	0	0	0
Depreciation & Amortisation	(901)	(1)	(902)
Impairment	(9)	0	(9)
Disposals	0	0	0
Balance as at 31 March 2025	7,576	215	7,791

Notes to the Accounts

Note 37 Leases continued:

Transactions Under Leases

The authority incurred the following expenses and cash flows in relation to leases:

	2024/2025 £000
Comprehensive Income & Expenditure Statement:	
Interest Expense on Lease Liabilities	296
Expense relating to Short-Term Leases	8
Expense relating to Exempt Leases of Low Value Items	0
Variable Lease Payments not included in the measure of lease liabilities	0
Income from Subletting Right-Of-Use Assets	0
Gains or losses arising from Sale and Leaseback Transactions	0
Cash Flow Statement:	
Minimum Lease Payments	1,244

Maturity analysis of lease liabilities

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

	2024/2025 £000	2023/2024 £000
Less than one year	1,236	685
One to five years	4,513	2,516
More than five years	2,017	2,265
Total Undiscounted Liabilities	7,766	5,466

The Council as a Lessor

Under IFRS 16, accounting for Lessors is effectively unchanged.

Operating leases

The council leases out property under operating leases:

- for economic development purposes, to provide suitable affordable accommodation for local businesses, and
- for the provision of leisure and cultural purposes.

Future minimum lease payments receivable under non-cancellable leases in future years are:

	2024/2025 £000	2023/2024 £000
No later than 1 year	(3,480)	(3,183)
Later than 1 year and no later than 5 years	(11,717)	(11,311)
Later than 5 years	(117,116)	(126,136)
Total	(132,313)	(140,630)

Notes to the Accounts

Note 38 – Pension Schemes Accounted for as Defined Contribution Schemes

Teachers

Teachers employed by the council are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The Scheme provides teachers with specified benefits upon their retirement, and the council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. The Scheme is unfunded, and the Department for Education uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities. Valuations of the notional fund are undertaken every four years.

The Scheme has many participating employers and consequently the council is not able to identify its share of the underlying financial position and performance of the Scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2024/2025, the council paid £997k to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing a contribution rate of 28.68% of pensionable pay. In 2023/2024 the council paid £1,000k to the Teachers' Pension Scheme, which represented a contribution rate of 23.68% of pensionable pay. There were no contributions remaining payable at the year-end. Contributions due to be paid in the 2025/2026 financial year are estimated to be £837k.

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 as detailed in Note 39, Defined Benefit Pension Schemes.

The council is not liable to the scheme for any other entities' obligations under the plan.

Public Health Staff

Since 1 April 2013, public health staff have been employed by the council. These members of staff retain access to the NHS Pension Scheme administered by the NHS Business Services Authority on behalf of the Department of Health and Social Care. The Scheme is run on the same basis as the Teachers' Pension Scheme.

In 2024/2025, the council paid £302k to the NHS Pension Scheme in respect of the retirement benefits of public health staff, representing a contribution rate of 14.38% of pensionable pay. In 2023/2024, the council paid £283k to the NHS Pension Scheme, representing 14.38% of pensionable pay. There were no contributions remaining payable at the year-end. Contributions due to be paid in the 2025/2026 financial year are estimated to be £303k.

The Council is not liable to the Scheme for any other entities' obligations under the plan.

Notes to the Accounts

Note 39 – Defined Benefit Pension Schemes

Participation in the Local government Pension Scheme

As part of the terms and conditions of employment of its officers, the council makes contributions towards the cost of post-employment benefits within the Local Government Pension Scheme. Although these benefits will not actually be payable until employees retire, the council has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement.

The Council participates in two post-employment schemes:

- i. The Local Government Pension Scheme, administered locally by East Riding of Yorkshire Council - this is a funded defined benefit final salary scheme, meaning that the council and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.
- ii. Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The East Riding Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of East Riding of Yorkshire Council. Policy is determined in accordance with the Pensions Fund Regulations.

The principal risks to the council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e., large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund 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.



Notes to the Accounts

Note 39 – Defined Benefit Pension Schemes continued:

Transactions Relating to Post-Employment Benefits

The council recognises the cost of retirement benefits in the reported cost of service when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the council is 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:

	2024/2025 Local Government Pension Scheme £000	2023/2024 Local Government Pension Scheme £000	2024/2025 Discretionary Benefits £000	2023/2024 Discretionary Benefits £000
Comprehensive Income and Expenditure Statement				
Cost of services:				
Service cost comprising:				
Current service cost	9,976	10,260	0	0
Past service cost	1,092	39	0	0
(Gain)/loss from settlements	(389)	0	0	0
Financing and investment income and expenditure:				
Net interest expense	(3,126)	(1,465)	0	0
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	7,553	8,834	0	0
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement:				
Re-measurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(1,714)	(21,005)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	(942)	(3,311)	0	0
Actuarial gains and losses arising on changes in financial assumptions	(78,343)	(23,801)	(53)	809
Other Experience	(5,845)	17,592	0	0
Change in the Asset Ceiling	88,804	68,921	0	0
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	9,513	47,230	(53)	809
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(7,553)	(8,834)	0	0
Actual amount charged against the General Fund balance for pensions in the year:				
Employers' contributions payable to scheme	12,234	11,637		
Retirement benefits payable to pensioners			1,831	1,801

Notes to the Accounts

Note 39 – Defined Benefit Pension Schemes continued:

Pensions Assets and Liabilities in the Balance Sheet

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

	2024/2025 Local Government Pension Scheme £000	2023/2024 Local Government Pension Scheme £000	2024/2025 Discretionary Benefits £000	2023/2024 Discretionary Benefits £000
Present value of the defined obligation	(457,177)	(524,802)	(12,931)	(14,815)
Fair value of plan assets	627,136	603,236	0	0
Net Asset/(Liability) arising from the defined benefit obligation	169,959	78,434	(12,931)	(14,815)
Total Asset/(Liability) before Asset Ceiling Adjustment	157,028	63,619		
Asset Ceiling Adjustment	(196,610)	(107,806)		
Total Asset/(Liability) after Asset Ceiling Adjustment	(39,582)	(44,187)		

Asset Ceiling

The pensions valuation undertaken by the council's actuary has determined that the fair value of the pension plan assets outweighed the present value of the plan obligations at 31 March 2025 resulting in a pension plan asset.

IAS19 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 future refunds from the plan or reductions in future contributions to the plan, and takes into account the adverse effect of any minimum funding requirements in accordance with IFRIC14.

As the actuary has calculated the asset ceiling to be lower than the surplus in the defined benefits plan, the council has therefore restricted the net pension asset recognised in the balance sheet to reflect this.

Reconciliation of Movements in the Fair Value of Scheme Assets:

	2024/2025 Local Government Pension Scheme £000	2023/2024 Local Government Pension Scheme £000	2024/2025 Discretionary Benefits £000	2023/2024 Discretionary Benefits £000
Opening fair value of scheme assets	603,236	563,074	0	0
Interest income	28,763	26,572	0	0
Re-measurement gain / (loss):				
The return on plan assets, excluding the amount included in the net interest expense	1,714	21,005	0	0
Other	0	0	0	0
Contributions from employer	12,234	11,637	1,831	1,801
Contributions from employees into the scheme	3,415	3,189	0	0
Benefits/transfers paid	(21,543)	(22,241)	(1,831)	(1,801)
Other	(683)	0	0	0
Closing value of scheme assets	627,136	603,236	0	0

Notes to the Accounts

Note 39 – Defined Benefit Pension Schemes continued:

Reconciliation of Present Value of the Scheme Liabilities:

	2024/2025 Local Government Pension Scheme £000	2023/2024 Local Government Pension Scheme £000	2024/2025 Discretionary Benefits £000	2023/2024 Discretionary Benefits £000
Opening balance at 1 April	(524,802)	(517,968)	(14,815)	(15,807)
Current service cost	(9,976)	(10,260)	0	0
Interest cost	(25,637)	(25,107)	0	0
Contributions from scheme participants	(3,415)	(3,189)	0	0
Re-measurement (gains) and losses:				
Actuarial (gains)/losses from changes in demographic assumptions	942	3,311	0	0
Actuarial (gains)/losses from changes in financial assumptions	78,343	23,801	53	(809)
Other	5,845	(17,592)	0	0
Past service cost	(1,092)	(39)	0	0
Benefits/transfers paid	21,543	22,241	1,831	1,801
Liabilities extinguished on settlements	1,072	0	0	0
Balance as at 31 March	(457,177)	(524,802)	(12,931)	(14,815)

Local Government Pension Schemes Assets Comprised:

	2024/2025 £000	2023/2024 £000
Cash and Cash Equivalents	6,908	6,644
Equities: by industry type		
Other	0	0
Debt Securities: by sector		
Corporate Bonds (Non-Investment Grade)	32,933	31,678
UK Government	10,845	10,432
Other	5,086	4,892
Sub-Total Debt Securities	48,864	47,002
Real Estate - UK	52,111	50,125
Private Equity - All	39,111	37,621
Investment Funds and Unit Trusts:		
Equities	314,165	302,193
Bonds	53,996	51,938
Infrastructure	43,421	41,766
Other	68,560	65,947
Sub-Total Investment Funds and Unit Trusts	480,142	461,844
Total Assets	627,136	603,236

Notes to the Accounts

Note 39 – Defined Benefit Pension Schemes continued:

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in the 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 East Riding Pension Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary are set out in the following table:

	2024/2025	2023/2024
Mortality assumptions:		
<i>Longevity at 65 current pensioners (years):</i>		
Men	20.5	20.6
Women	23.5	23.5
<i>Longevity at 65 for future pensioners (years):</i>		
Men	21.2	21.4
Women	25.0	25.0
Financial assumptions:		
Rate of increase in salaries	2.80%	2.80%
Rate of increase in pensions	2.80%	2.80%
Discount rate	5.80%	4.80%
Rate of inflation (CPI)	2.75%	2.75%

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in Assumption at 31 March 2025	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	2%	7,287
1 year increase in Member Life Expectancy	4%	18,804
0.1% increase in the Salary Increase Rate	0%	224
0.1% increase in the Pension Increase Rate / Revaluation Rate (CPI)	2%	7,265

Impact on the Council's Cash Flows

The council's actuary has estimated that the contributions to the scheme for 2025/2026 will be approximately £12.233m..



Notes to the Accounts

Note 40 – Contingent Liabilities

General Business Rate Appeals

The Local Government Finance Act 2012 introduced a business rates retention scheme that enabled local authorities to retain a proportion of the business rates generated in their area. These new arrangements for business rates came into effect on 1 April 2013. Billing authorities acting as agents on behalf of the major preceptors (1%) and Central Government (50%), and themselves (49%) are required to make provisions for refunding ratepayers who have successfully appealed against the rateable value of their properties on the rating list.

To appeal against the rateable value assigned to a property there is now a three-stage process known as Check, Challenge, Appeal. At the Check stage, the ratepayer must check the accuracy (or otherwise) of the facts on which the Valuation Office Agency (VOA) has based its valuation. If these are in dispute, the ratepayer can submit a 'challenge' to the VOA. This must include the legal basis of the challenge, and a proposed alternative rateable value, with reasons. If the ratepayer is unhappy with the VOA's response to the 'challenge' stage, they may appeal to the Valuation Tribunal for England.

If the bill is reduced as a result of the appeal, the VOA or the Valuation Tribunal may then give the ratepayer a refund. The Business Rates Appeal Provision is held as an amount to cover successful appeals and refunds and is an assessment of the likelihood of success and the level of estimated refund, including any backdating element.

The council has included a provision of £0.9m – this represents the council's 49% share of the Local Business Rates Retention Scheme (the overall provision in the Business Rates Collection Fund is £1.9m).

There may be further backdated claims, but it is difficult to estimate the likelihood of businesses both submitting and being successful with any new appeals and therefore the council has made no further provision in the accounts.

Note 41 – Contingent Assets

The council does not have any material contingent assets.

Note 42 – Trust Funds

The council administers various Trust Funds which are not included within the council's Balance Sheet. These include the Charter Trustees for Grimsby and Cleethorpes (precepting bodies set up to preserve the historic rights and memorabilia of the former Boroughs of Grimsby and Cleethorpes) and a further three miscellaneous funds. The balances on these funds as at 31 March 2025 are as follows:

	2024/2025 Charter Trustees £000	2024/2025 Other Funds £000	2024/2025 Total £000	2023/2024 Charter Trustees £000	2023/2024 Other Funds £000	2023/2024 Total £000
Opening Balance at 1 April	189	28	217	219	28	247
In Year Movement	24	1	25	(30)	0	(30)
Closing Balance at 31 March	213	29	242	189	28	217

Note 43 – Agency Income and Expenditure

The council provides Payroll Services for a number of external entities. It undertakes payments directly to employees and related deductions to third parties for such items as tax, national insurance, and pension contributions and then these are charged back to the entities. Other than the fees received for providing the service the related income and expenditure is excluded from the council's cost of services.

North East Lincolnshire Council act as the accountable body for the Humber Freeport. Only income which is received due to the undertaking of this administration role is held within the Resources line of the Cost of Services.

Notes to the Accounts

Note 43 – Agency Income and Expenditure continued:

The council also acts as the accountable body for the Greater Lincolnshire Combined County Authority (GLCCA). During the 2024/2025 financial year no transactions have been made on the behalf of GLCCA only charges directly attributable to North East Lincolnshire Council.

The income and expenditure associated with the aforementioned activities is not material to the accounts.

Note 44 – Long Term Contracts

EQUANS

On 23 April 2010, the council entered a 10 year Strategic Partnership with EQUANS for the provision of Highways, Planning, Regeneration, Facilities Management and Strategic Housing services with services commencing on 1 July 2010. In accordance with Section 4 of the Services Agreement, the council has extended the contract term twice, with the contract now effective until 30 June 2025.

The initial value of the contract over the 10 years was £155m – payments totalling £12.9m were made in 2024/2025. Contract payments are revised annually for both inflation and efficiencies identified by the partnership, in accordance with the terms of the Services Agreement.

From 1 July 2025, the services paid for under this contract will transfer back to the council and be provided under a new delivery model.

Newlincs

The council has a 30 year waste management contract with Newlincs Development Ltd. Initially a 25 year contract which commenced in 1999, this has been extended by five years so now runs to 2029. Contract payments for 2024/2025 were £8.3m.

Lincs Inspire Ltd

On 1 May 2015, the council entered into a 25-year contract with Lincs Inspire to provide the following services:

- Statutory Library Services and Northern Lincolnshire Public Archives Services
- Leisure Centres, KGV Stadium, Bradley Football Centre, and Ormiston Academy Sports Service
- Sports and Development Service
- Grimsby Auditorium entertainment and cultural development programme

Lincs Inspire deliver and improve outcomes via a rolling three-year business plan. In 2024/2025 they received £2.1m of contract payments from the council.

Humber & North Yorkshire Integrated Care Board

In July 2022 the Integrated Care Board (ICB) took responsibility for the functions previously undertaken by North East Lincolnshire Clinical Commissioning Group (NELCCG). This has continued the previously established strong partnership in the delivery of health and social care services within North East Lincolnshire. This enables wider integration and co-ordination of activities with the aim of ensuring the most effective and efficient use of limited resources, whilst achieving outcomes that improve the health, care, and wellbeing of the local population of North East Lincolnshire.

The financial relationship between the ICB and NELC is governed by a Section 75 (S75) agreement for the delivery of adult services (value of work currently £62.6m) and children's services (value of work currently £1.1m). This agreement also references that the council has direct responsibility for the delivery of public health and health improvement functions.

A S75 agreement is a statutory provision that contains powers enabling NHS bodies (including ICBs) to exercise certain local authority health related functions, and for local authorities to be able to exercise certain NHS functions. Such arrangements may include the establishing of one or more pooled funds between the ICB and local authority – further details of the NELC/HNYICB pooled budget arrangement can be seen in Note 29 Pooled Budgets.

Collection Fund

The Collection Fund shows the transactions of the billing council in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

There is no requirement for a Collection Fund Balance Sheet since the assets and liabilities arising from collecting non-domestic rates and council tax belong to the bodies (i.e., major preceptors, the billing council and the Government) on behalf of which the billing council collects these taxes.

	2024/2025 Business Rates £000	2024/2025 Council Tax £000	2024/2025 Total £000	2023/2024 Business Rates £000	2023/2024 Council Tax £000	2023/2024 Total £000
Income						
Council Tax Receivable		(107,833)	(107,833)		(101,744)	(101,744)
Business Rates Receivable	(59,628)		(59,628)	(56,556)		(56,556)
Transitional Protection Payments Receivable	(87)		(87)	(1,341)		(1,341)
Total Amounts to Be Credited	(59,715)	(107,833)	(167,548)	(57,897)	(101,744)	(159,641)
Expenditure						
Apportionment of Previous Year Surplus/Deficit:						
Central Government	(203)		(203)	6,110		6,110
Billing Authority	(199)	4,130	3,931	5,989	525	6,514
Fire Authority	(4)	217	213	122	27	149
Police Authority		613	613		77	77
Precepts, Demands and Shares:						
Central Government	29,454		29,454	28,937		28,937
Billing Authority	28,865	88,785	117,650	28,359	82,603	110,962
Fire Authority	589	4,584	5,173	579	4,347	4,926
Police Authority		13,160	13,160		12,259	12,259
Charges to Collection Fund:						
Write-offs of uncollectable amounts	234	374	608	299	454	753
Increase/(Decrease) in allowance for impairment	696	566	1,262	(33)	(308)	(341)
Appeals charged to appeals provision	(2,169)		(2,169)	(2,076)		(2,076)
Change in provision for appeals	(358)		(358)	1,443		1,443
Interest Charged to the Collection Fund	116		116	0		0
Charge to General Fund for allowable collection costs for non-domestic rates	214		214	214		214
Payments in respect of Transitional protection	0		0	0		0
Other transfers to General Fund in accordance with non-domestic rates regulations:						
Enterprise Zone Growth	17		17	(44)		(44)
Renewable Energy	86		86	218		218
Designated Area Relief	856		856	205		205
Total amounts to be debited	58,194	112,429	170,623	70,322	99,984	170,306
(Surplus) / deficit arising during the year	(1,521)	4,596	3,075	12,425	(1,760)	10,665
(Surplus) / deficit brought forward at 1 April	4,253	(5,748)	(1,495)	(8,172)	(3,988)	(12,160)
(Surplus) / deficit carried forward at 31 March	2,732	(1,152)	1,580	4,253	(5,748)	(1,495)

Collection Fund

Collection Fund Note 1 – Council Tax Income

Income from council tax is derived from charges raised according to the value of residential properties, which have been classified into valuation bands using estimated values as at 1 April 1991. The tax base calculation is based upon the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts and exemptions. Individual charges are calculated by estimating the amount of income required to fund the demands on the Collection Fund and dividing this by the tax base.

The number of chargeable dwellings in each valuation band (adjusted for dwellings where discounts apply) converted to an equivalent number of Band D dwellings is detailed below:

For the Year Ended 31 March 2025

Council Tax Band	Valuation Band Limits £	Calculated Number of Dwellings	Ratio to Band D	Band D Equivalent Dwellings	Council Tax Payable £
AR	Reduced Rate	84	5/9	47	1,265
A	Up to & including 40,000	27,540	6/9	18,360	1,517
B	40,001 - 52,000	14,984	7/9	11,654	1,770
C	52,001 - 68,000	8,032	8/9	7,140	2,023
D	68,001 - 88,000	4,774	9/9	4,774	2,276
E	88,001 - 120,000	2,213	11/9	2,705	2,782
F	120,001 - 160,000	896	13/9	1,295	3,288
G	160,001 - 320,000	460	15/9	767	3,794
H	More Than 320,001	30	18/9	59	4,552
Council Tax Base				46,801	

The amount of Council Tax required for Band D, for North East Lincolnshire Council and its major preceptors, in 2024/2025 was calculated on the following basis:

(i) Preceptor's Council Tax Requirements	£106,528,492
(ii) Number of Band D equivalent Dwellings	46,801
Band D – (i) divided by (ii)	£2,276

Collection Fund Note 2 – Non-Domestic Rates

Non-domestic rates are determined on a national basis by central government which sets an annual non-domestic rating multiplier amounting to 54.6p in 2024/2025 (51.2p in 2023/2024). The non-domestic rate multiplier for small businesses is 49.9p in 2024/2025 (49.9p in 2023/2024). Subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by this multiplier. Local rateable values were £152.6m in 2024/2025 (£152.0m in 2023/2024).

The council is responsible for collecting rates due from the ratepayers in its area and distributing the amount collected in the following proportions:

- 50% Central Government
- 49% North East Lincolnshire Council
- 1% Humberside Fire and Rescue Service

Glossary of Financial Terms

Financial Abbreviations and Rounding's

Throughout this document the standard financial abbreviations 'k' and 'm' have been used. In this case 'k' means thousands and 'm' means millions e.g., £6k means £6,000 and £1.577m means £1,577,000.

Most of the numbers in the accounts are rounded, with those in the main statements being presented to the nearest £1,000. Where necessary to ensure that totals are correct, small adjustments have been made to individual figures.

Glossary

Accruals

This is the concept of recognising income and expenditure when earned or incurred, not as money is received or paid.

Actuary

Pension expert.

Amortisation

The writing off of a balance over a period of time to reflect the reduced value.

Capital Expenditure

This is expenditure on the acquisition, creation or enhancement of a fixed asset.

Capital Receipts

Income received from the sale of capital assets.

Code of Practice (The Code)

This is a document issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). All English and Welsh Local Authorities must comply with the COP in compiling their financial statements.

Collection Fund

This is a statutory fund for the receipt of Council Tax and Non-Domestic Rates collected by the authority and the payments made from these funds including precepts and payments to precepting authorities.

Community Assets

Assets that the authority 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

This is the principle that the accounting treatment of like items within an accounting period, and from one period to the next, is the same.

Creditors

Amounts owed by the authority for goods and services, where payment has not been made at the end of the financial year.

Current Assets

Current assets are items that can be readily converted into cash.

Current Liabilities

Current liabilities are items that are due immediately or in the short term.

Curtailments (Pension)

A curtailment is an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Examples might include a redundancy programme as a result of e.g. closing a factory or the introduction of a defined contribution pension arrangement covering all employees for future service.

De minimis

An immaterial amount or balance.

Glossary of Financial Terms

Debtors

Amounts owed to the authority for goods and services, where the income has not been received at the end of the financial year.

Dedicated Schools Grant (DSG)

School funding for local authorities in England is provided by a ring-fenced grant.

Deferred Credits

These consist of deferred capital receipts, which are amounts derived from the sales of assets that will be received in instalments over agreed periods of time and deferred government grants that are grants received in advance.

Deferred Liabilities

These are liabilities which by arrangement are payable beyond the next year at some point in the future or are paid off by an annual sum over a period of time.

Depreciation

This is the measure of the wearing out, consumption, or other reduction in the useful life of a non-current asset, whether arising from use, over time or obsolescence through technological or other changes.

Events after the balance sheet date

Those events of such materiality that their disclosure is required for the fair presentation of the authority's statements, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation to 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 authority and which are not expected to recur. They do not include exceptional items, nor do they include any prior period items merely because they relate to a prior period.

General Fund

This is the main revenue account of a local authority, from which day to day spending on its services is met.

Going Concern

Accounting concept that the authority 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, in the form of cash or transfer of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the authority.

Heritage Assets

Assets held to increase the knowledge, understanding and appreciation of the council's history and local area

Impairment

A reduction in the value of a non-current asset to below its carrying amount on the Balance Sheet.

International Financial Reporting Standards (IFRSs)

Statements prepared by the International Accounting Standards Board. Many of the International Financial Reporting Standards (IFRSs) and some International Public Sector Accounting Standards (IPSAS) apply to local authorities and any departure from these must be disclosed in the published accounts.

Glossary of Financial Terms

Intangible Asset

Assets that have a useful life of over one year but are not material or physical.

Infrastructure Assets

Infrastructure assets can be defined as groups of assets that together form an integrated system. Such a system could not be effectively operated if individual components were removed. Examples of such assets are highways and footpaths.

Investment Properties

Interest in land and/or buildings in respect of which construction work and development have been completed and which is held for its investment potential with any rental income being negotiated at arm's length.

Leasing

Method of financing the provision of various capital assets, usually in the form of operating leases which tend not to provide for title in the asset to transfer to the authority.

Liquid Resources

Current asset investments that are readily disposable by the authority without disrupting its business and are either: readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

Long Term Borrowing

Amounts repayable in more than 12 months.

Long Term Investments

Long-term investments are investments intended to be held for use on a continuing basis in the activities of the authority. They should be so classified only where an intention to hold the asset for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Where investments are not classified as long-term investments, they are classified as current assets.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to an authority's revenue account each year for the repayment of loan principal.

National Non-Domestic Rate (NNDR)

Amounts payable to the authority from non-domestic properties. National Non-Domestic Rate is a standard rate in the pound set by central government on the assessed rateable value of properties used for business purposes.

Net Current Replacement Cost

Cost of replacing or recreating the particular asset in its existing condition and in its existing use.

Net Realisable Value

Open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Operational Assets

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

Operational Assets

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

Precept

Demands made upon the collection fund by the authorities which it directly funds, i.e., the authority, Humberside Police and Humberside Fire and Rescue Service for the services they provide. Parish Councils also raise precepts which are paid by the authority and included within the precept it levies on the collection fund.

Property, Plant & Equipment

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

Glossary of Financial Terms

Provision

Amounts set aside to meet liabilities or losses which are likely to be incurred but where the amount remains uncertain.

Prudence

An accounting concept that revenue is not anticipated but is recognised only when realised in the form of either cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty. Proper allowance must be made for all known and foreseeable losses and liabilities.

Public Works Loan Board (PWLB)

A central government agency, which lends money to local authorities usually at interest rates which are more favourable than those found elsewhere.

Remuneration

All amounts paid to or receivable by a person and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash.

Reserves

Sums set aside to meet future expenditure. Some reserves are earmarked for specific purposes only. Others are general reserves.

Revaluation Reserve

This is an account containing any surpluses arising from the revaluation of fixed assets.

Revenue Expenditure

Expenditure on the day-to-day running of the authority, including employee costs, running expenses and capital financing costs.

Revenue Expenditure Financed from Capital Under Statute (REFCUS)

Expenditure which may be properly capitalised, but which does not result in, or remain matched with, tangible non-current assets. An example would be capital expenditure on improvement grants.

Revenue Support Grant (RSG)

Grant paid to local authorities by central government to help finance its general expenditure. It is determined under the Formula Spending Share system.

Settlement (Pension)

A settlement is an irrevocable action that relieves the employer of the primary responsibility for a pension obligation and eliminates significant risks relating to the assets and liabilities in respect of that obligation. Examples would include purchasing annuities in respect of pensioner liabilities or making a bulk transfer payment to another arrangement.

Useful Life

This is the period over which the authority will derive benefits from the use of a fixed asset.

