NORTH EAST LINCOLNSHIRE COUNCIL
www.nelincs.gov.uk

Draft Statement of Accounts

2025/2026 Financial Year

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Introduction

As the Council's Chief Finance Officer, I am pleased to present the Statement of Accounts for the year ended 31 March 2026. The Statement aims to provide information to all stakeholders, so they can understand the overall financial position and performance of the Council for 2025/2026. The Statement has been prepared and published in accordance with the Code of Practice on Local Authority Accounting 2025/2026 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 a challenging operating environment characterised by economic volatility, increasing and more complex service demand, and demographic pressures, alongside ongoing constraints in the resources available to support service delivery. Whilst the confirmation of a multi-year financial settlement covering the period 2026/2027 to 2028/2029 has improved funding certainty in the medium term, there remains some uncertainty beyond this period. This relates in particular to the outcome, timing and impact of future Spending Reviews and other grant funding streams, all of which may affect the Council's longer-term financial position.

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

Against a backdrop of sustained demand pressures in social care, ongoing economic uncertainty, and continued pay and inflationary cost increases, the Council has delivered a balanced financial outturn at year end. Variances within service budgets have been managed corporately, with overspends offset by underspends in other areas and additional in-year funding. Whilst reserves have reduced over recent years, actions taken through the latest budget process and a comprehensive review of provisions are supporting a planned and prudent rebuilding of reserve levels.

Whilst the overall direction of travel is positive and the Council has set a balanced Medium Term Financial Plan, this position remains subject to a number of risks and uncertainties over the planning period. Further transformation is therefore required to secure long-term financial sustainability and to manage emerging cost and demand pressures. In order to maintain financial balance on a recurrent basis, a range of priority actions have been identified and are set out within the Council's 2026/2027 Business Plan.

Economic and cost pressures remain a key feature of the Council's operating environment and will need to be carefully managed over the medium term. The Council remains committed to achieving financial sustainability through a combination of supporting economic growth, increasing the local tax base, and delivering services in an efficient and financially sustainable way.

Against a backdrop of economic uncertainty and constrained resources, the Council has continued to deliver its capital programme during 2025/2026. Expenditure of £71.1m was incurred against the approved programme, supporting a portfolio of schemes aligned to the Council's strategic priorities and intended to deliver long-term benefits for the area.

Whilst borrowing costs have increased, the Council continues to operate within its approved Treasury Management Strategy and Prudential framework. Capital investment remains subject to affordability and value-for-money assessments, with schemes designed to deliver sustainable long-term returns through additional income or reduced costs.

Background

North East Lincolnshire is a unitary authority with borough status in Lincolnshire, England, bordering North Lincolnshire and the districts of West Lindsey and East Lindsey. The area has a population of approximately 160,000. Grimsby serves as the administrative centre and largest town, alongside the neighbouring coastal resort of Cleethorpes and the port town of Immingham. The borough also includes a number of surrounding villages, including New Waltham, Waltham, Humberston, Healing and Great Coates, and benefits from key economic assets such as the Ports of Grimsby and Immingham and Cleethorpes beach.

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Governance

Decisions on the Council's budget and key strategic priorities are reserved to Full Council, ensuring appropriate democratic oversight of the authority's overall direction and financial sustainability. Executive responsibility for significant decisions sits with the Cabinet, comprising seven elected members including the Leader and Deputy Leader, each with defined portfolio responsibilities and delegated decision-making authority.

The Council operates a well-established overview and scrutiny framework that provides transparency and accountability in decision-making. Non-executive members are able to review and challenge Cabinet decisions, contributing to policy development and helping to ensure that decisions are robust, evidence-based and in the best interests of local residents.

The Audit and Governance Committee provides independent assurance on the adequacy of the Council's governance, risk management and internal control environment. This includes oversight of financial reporting, internal and external audit activity, risk management arrangements, counter-fraud activity and partnership governance. The appointment of an independent Chair further strengthens objectivity, expertise and continuity in the Committee's work.

The Council's governance arrangements are designed to be consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A full assessment of the effectiveness of these arrangements, including key risks and planned mitigating actions, is set out in the Annual Governance Statement (AGS) that accompanies these accounts. No material weaknesses in governance arrangements were identified during the year

Risk management

A robust and embedded risk management framework supports the delivery of the Council's strategic aims. The Strategic Risk Register identifies and assesses key threats to the achievement of these objectives, with clear ownership and mitigation actions in place for each risk. Risks are reviewed on a regular basis by designated senior officers, with the overall risk profile subject to scrutiny and formal review by the Senior Leadership Team in its role as the Council's Assurance Board. Key risks include long term financial sustainability, demand pressures in social care, economic instability and the effectiveness of Integrated Care arrangements.

Corporate Plan

The Council Plan for 2025–2028 defines the authority's strategic direction, focusing on driving regeneration and unlocking the potential of the borough and its residents. The Plan is built around the core ambitions of a Stronger Economy and Stronger Communities, supported by coordinated action across all services to deliver tangible outcomes.

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During 2025/2026, the Council has played an active role in the development and initial implementation of the Greater Lincolnshire Mayoral Combined County Authority (CCA), established in February 2025. Work during the year has focused on embedding governance arrangements, supporting the development of strategic priorities and beginning to realise the benefits of devolved powers and funding.

The CCA provides a significant opportunity to enhance collaboration across the area, strengthen the local economy and deliver improved outcomes for communities.

Performance

Delivery of the Council Plan priorities during 2025/2026 has taken place within a challenging operating environment. Capacity has been stretched by the need to deliver a number of complex and high-profile programmes, including the transformation of Children's and Adults' Services, major regeneration schemes, and responding to sustained and increasing demand across core, demand-led services.

Performance and financial delivery across the organisation are monitored through a Red/Amber/Green (RAG) framework, providing a clear and consistent view of progress and areas of risk.

- A Green rating indicates that performance and financial delivery are in line with expectations.
- An Amber rating highlights areas where delivery is below target, with management actions in place to address performance.
- A Red rating identifies more significant underperformance, requiring longer-term recovery actions, including those reflected within the Medium Term Financial Plan.

This framework supports transparency and informed decision-making, with regular reporting to Members and senior management. A live performance dashboard is available via the Council Plan website, providing up-to-date information on progress against key priorities. The link to a live dashboard is on our Council Plan website here:

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

2025/2026 Performance Summary:

Service Area	Performance RAG	Finance RAG
Resources	Green	Green
Environment & Regulatory Services	Green	Green
Economy (Regeneration)	Green	Green
Economy (Infrastructure)	Amber	Amber
Economy (Safer Towns & Communities)	Green	Green
Children's Services (Safeguarding & Early Help)	Amber	Red
Children's Services (Regulated Provision)	Amber	Red
Children's Services (Education & Inclusion)	Amber	Red
Adult Services and Housing	Amber	Red
Public Health	Amber	Green

Financial Performance

The Council incurred total expenditure of £404.2m in delivering services to the local population during the year. After taking account of service-specific grants and income of £204.1m, net expenditure on services totalled £200.1m in 2025/2026. Whilst the net cost of services was £200.1m, after financing and taxation the Council reported a nil impact on General Fund balances and a balanced outturn position was achieved for the financial year.

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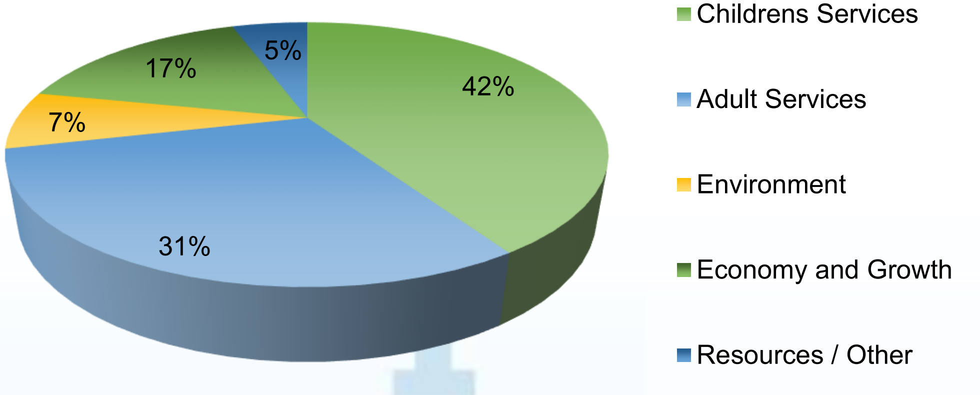
Notwithstanding this, the Council continues to face significant demand-led pressures, particularly within Children's Services and Adult Social Care. Key cost drivers include home-to-school transport, high-cost placements and increasing demand for care and support packages, which are expected to remain a challenge over the medium term. These pressures were partially mitigated by favourable performance in other areas, most notably within Environmental Regulation, including improved income linked to the Border Target Operating Model.

The wider socio-economic environment remains challenging, characterised by sustained demand for services alongside continuing pay and cost pressures. This reinforces the need for ongoing robust financial management, active budget monitoring and the delivery of transformation activity to support the long-term sustainability of services.

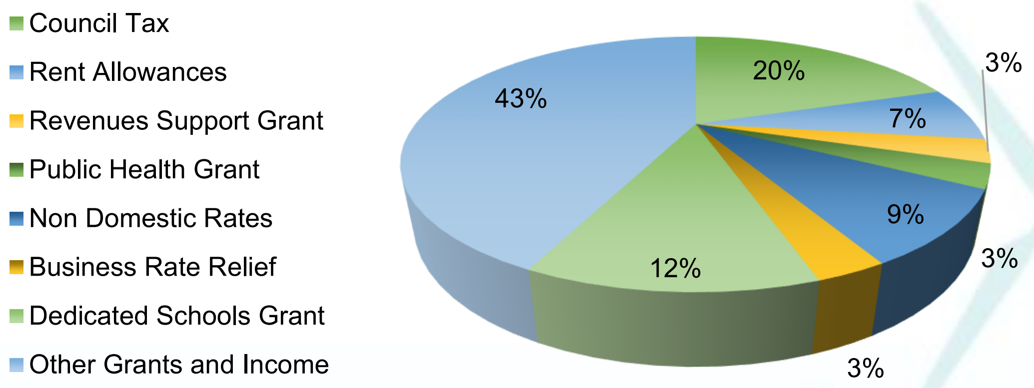
Where the money was spent (net spend)



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 more than half of the Council's core General Fund expenditure is funded locally, through council tax and retained business rates. However, the Council continues to receive material earmarked funding, including the Dedicated Schools Grant and Public Health Grant, and overall funding remains subject to national policy changes and local economic conditions. An analysis of where the Council's funding is derived from is provided in the chart below.

Where the money came from (gross income)



Balance sheet

The Council has reported an increase of £28.2m in its overall net worth during the year with net assets of £191.8m reported at year end. This movement includes the impact of capital investment, movements in asset valuations and pension liabilities.

The Council has reported an overall £12.9m 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.

Treasury Management

The Council continues to operate in accordance with its approved Treasury Management Strategy, with a continued focus on the prudent and efficient management of cash flows and working capital. In the context of sustained higher borrowing costs relative to investment returns, the Council's approach remains to minimise surplus cash balances where appropriate, thereby reducing the cost of carry while maintaining sufficient liquidity to meet operational requirements.

Local Taxation

The Council continues to experience uncertainty and volatility in relation to business rates income, driven by valuation changes, appeals activity and the wider economic environment. This position has been further influenced by recent national reforms to the business rates retention system, including the reset of baselines.

A provision is maintained within the accounts to reflect the estimated financial impact of outstanding appeals and potential write-offs. This is based on an assessment of known appeals, historical trends and the likelihood of successful challenges. The provision is kept under regular review to ensure it remains appropriate and reflects the most up-to-date information available, alongside continued monitoring of national policy developments in relation to business rates reform.

Collection performance has remained resilient during 2025/2026 despite ongoing cost-of-living pressures impacting households and businesses. Council Tax collection in year was 92.0%, consistent with the prior year, while Business Rates collection improved slightly to 96.1%. Whilst these results demonstrate resilience in collection levels and the effectiveness of recovery processes, the position continues to be closely monitored given the potential impact of economic conditions on future collection performance and cash flow.

Reserves and Balances

The Council's overall financial standing continues to be closely monitored, with a clear focus on the adequacy of reserves and the prudent stewardship of public funds. General Fund reserves, which are held to manage unforeseen events and financial shocks, remain at £8.3m at year end. This level is consistent with the Medium Term Financial Plan and reflects a risk-based assessment of the Council's current financial exposure. Whilst assessed as adequate at this point in time, reserve levels remain relatively limited when set against the scale of demand-led pressures and ongoing financial uncertainty, and will therefore require continued careful management over the medium term.

In addition, the Council maintains a range of earmarked reserves to mitigate specific risks and support financial resilience. These include provisions for business rates volatility, organisational change, capital financing and self-insurance. Earmarked reserves are subject to regular review as part of the Council's financial monitoring and planning processes, ensuring they remain appropriate and aligned to the Council's risk profile.

These reserves continue to play an important role in supporting transformational activity and invest-to-save initiatives designed to deliver sustainable financial benefits over the medium to long term. The adequacy of reserves was reviewed in February 2026 as part of the budget setting and monitoring process and it was concluded that the level of reserves is appropriate, taking account of the Council's risk exposure and the robustness of the underlying financial assumptions.

Capital Investment

Despite ongoing financial pressures, the Council has continued to deliver an ambitious capital investment programme during 2025/2026, achieving 87.8% of the revised programme. Delivery has been impacted by wider economic conditions, with any reprofiling subject to active management to ensure alignment with corporate priorities and timely delivery.

The capital programme is funded through a combination of borrowing, capital receipts, grants and other external contributions, and is fully integrated within the Council's financial planning framework. Whilst investment in infrastructure and regeneration remains critical to achieving the Council's strategic ambitions, all schemes are subject to rigorous appraisal to ensure they are affordable, sustainable and deliver clear financial or economic benefits.

Borrowing is undertaken in accordance with the Prudential Code and the Council's Treasury Management Strategy, with a continued focus on the use of internal borrowing where appropriate to minimise financing costs and risk. At 31 March 2026, external borrowing stood at £179.3m, a reduction of £11.5m compared to the previous year and remains within approved limits.

Net financing costs remained below 10% of the Council's net revenue stream during the year and are forecast to remain at prudent levels over the medium term, providing assurance over affordability. Whilst further borrowing is anticipated to support regeneration and growth, these investments are expected to strengthen the Council's tax base and support longer-term financial sustainability.

Narrative Statement

Strategic Outlook

The Council continues to face a range of challenges, including increasing demographic demand, cost of living pressures and ongoing economic uncertainty. Whilst inflationary pressures have begun to stabilise, their legacy impact continues to drive cost increases across both revenue and capital activity, placing sustained pressure on budgets and delivery capacity.

Like many local authorities, North East Lincolnshire continues to experience significant and sustained pressures across Adult and Children's Social Care, with demand and cost levels remaining high. The Council is responding through a continued focus on safeguarding the most vulnerable, alongside delivering whole-system transformation to improve performance, manage demand and support longer-term financial sustainability.

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. Focus remains firmly on Place, reflected within the Council's vision for a Stronger Economy and Stronger Community, and this includes our approach to integrated Health and Social Care.

In February 2026, the Government confirmed a multi-year financial settlement covering the period 2026/2027 to 2028/2029. This follows the position in 2025/2026, where the Council received a one-year settlement and wider reforms to the funding model were deferred. The confirmed multi-year settlement now provides greater certainty for financial planning, alongside an overall real-terms increase in funding across the period.

Statement of Accounts and Basis of Preparation

The Statement of Accounts summarise the Council's financial performance during the 2025/2026 year and its financial position on 31 March 2026. 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.

The accounts have been prepared primarily on a historical cost basis, modified where appropriate for fair value measurements.

Going Concern

The Statement of Accounts has been prepared on a going concern basis, reflecting the statutory framework within which local authorities operate. This assumes that the Council will continue in operational existence for the foreseeable future and that there is no intention or requirement to significantly curtail the scale of its activities. In forming this view, consideration has been given to the Council's current financial position, its Medium Term Financial Plan, cash flow projections, and the availability of financial reserves and borrowing facilities.

Whilst the Council continues to face significant financial challenges, including demand-led pressures and wider economic uncertainty, these are being actively managed through established financial planning and monitoring arrangements, and do not give rise to material uncertainty regarding the Council's ability to continue as a going concern.

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 2026 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.

G.A. Lonsdale

Guy Lonsdale

Interim S151 Officer

Date of certification: 30 June 2026

Authority Approval of Statement of Accounts

Paul Stone

Audit and Governance Committee

Date of approval:

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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	2025/2026 Gross Expenditure £000	2025/2026 Gross Income £000	2025/2026 Net Expenditure £000	2024/2025* Gross Expenditure £000	2024/2025* Gross Income £000	2024/2025* Net Expenditure £000
Resources		50,457	(38,273)	12,184	55,519	(42,083)	13,436
Economy & Growth		41,517	(12,229)	29,288	47,722	(11,371)	36,351
Environment		38,048	(23,417)	14,631	42,711	(19,406)	23,305
Children’s Services		176,307	(92,486)	83,821	149,598	(73,894)	75,704
Public Health		16,001	(15,418)	583	14,782	(14,684)	98
Adult Services		81,895	(20,175)	61,720	75,199	(20,307)	54,892
Other Corporate Budgets		0	(2,137)	(2,137)	0	(3,985)	(3,985)
Cost of Service		**404,225**	**(204,135)**	**200,090**	**385,531**	**(185,730)**	**199,801**
Other Operating Expenditure	11	21,758	(4,648)	17,110	10,753	(4,966)	5,787
Financing and Investment Income and Expenditure	12	16,480	(23,959)	(7,479)	16,102	(19,968)	(3,866)
Taxation and Non-Specific Grant Income and Expenditure	13	0	(222,746)	(222,746)	0	(194,736)	(194,736)
(Surplus) or Deficit on Provision of Service				**(13,025)**			**6,986**
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment	14,15			**(522)**			**333**
Impairment Losses and Reversals on Non-Current Assets Charged to the Revaluation Reserve	14,15			**(2,861)**			**(1,018)**
Re-measurement of the Net Defined Benefit Liability/(Asset)	39			**(12,014)**			**1,907**
Other Comprehensive Income and Expenditure				**(15,397)**			**1,222**
Total Comprehensive Income and Expenditure				**(28,422)**			**8,208**

* The 2024/2025 comparator figures have been reanalysed to reflect a management restructure within the council during the 2025/2026 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 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**
Adjustment for prior period depreciation – Note 25	0	0	**0**	0	0	0	(277)	**(277)**
Adjusted Opening Balance as at 1 April 2025	**8,300**	**27,685**	**35,985**	**4,111**	**2,128**	**42,224**	**121,137**	**163,361**
Movement in Reserves during the Year:								
Total Comprehensive Income and Expenditure	13,025	0	13,025	0	0	13,025	15,397	**28,422**
Adjustments Between Accounting Basis & Funding Basis Under Regulations - Note 9	(3,825)	0	(3,825)	3,354	6,595	6,124	(6,124)	**0**
Net Increase / (Decrease) before Transfers to Earmarked Reserves	**9,200**	**0**	**9,200**	**3,354**	**6,595**	**19,149**	**9,273**	**28,422**
Transfers to or from Earmarked Reserves	(9,200)	9,200	**0**	0	0	0	0	**0**
Increase / (Decrease) in 2025/2026	**0**	**9,200**	**9,200**	**3,354**	**6,595**	**19,149**	**9,273**	**28,422**
Balance Sheet as at 31 March 2026	**8,300**	**36,885**	**45,185**	**7,465**	**8,723**	**61,373**	**130,410**	**191,783**

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 2026 £000	31 March 2025 £000
Property, Plant & Equipment	14	317,659	306,634
Heritage Assets	15	2,262	2,192
Investment Property	16	74,790	72,524
Intangible Assets	17	4,633	3,884
Long-Term Debtors	18, 20	2,214	3,447
Long Term Assets		**401,558**	**388,681**
Inventories	-	256	0
Short Term Debtors	20	68,349	56,549
Cash and Cash Equivalents	21	12,898	33,637
Assets Held for Sale	22	9,336	11,546
Current Assets		**90,839**	**101,732**
Short-Term Borrowing	18	(53,826)	(62,389)
Short-Term Creditors	18, 23	(51,473)	(36,067)
Provisions	24	(1,642)	(703)
Capital Grants Received in Advance	34	(50,886)	(52,881)
Current Liabilities		**(157,827)**	**(152,040)**
Provisions	24	(1,639)	(1,470)
Long Term Borrowing	18	(125,518)	(128,420)
Other Long-Term Liabilities – Pensions	39	(11,334)	(39,582)
Other Long-Term Liabilities – Leases	37	(4,296)	(5,263)
Long Term Liabilities		**(142,787)**	**(174,735)**
Net Assets / (Liabilities)		**191,783**	**163,638**
Usable Reserves	MIRS	61,373	42,224
Unusable Reserves	25	130,410	121,414
Total Reserves		**191,783**	**163,638**

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	2025/2026 £000	2024/2025 £000
Net surplus or (deficit) on the provision of services		**13,025**	**(6,986)**
Adjustment to surplus or deficit on the provision of services for non-cash movements	26	26,530	27,534
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	26	(62,415)	(35,346)
Net cash flows from operating activities		**(22,860)**	**(14,798)**
Net cash flows from investing activities	27	**16,355**	**15,705**
Net cash flows from financing activities	28	**(14,234)**	**24,315**
Net increase or (decrease) in cash and cash equivalents		**(20,739)**	**25,222**
Cash and cash equivalents at the beginning of the reporting period	21	33,637	8,415
Cash and cash equivalents at the end of the reporting period	21	**12,898**	**33,637**

Note 1 – Accounting Policies

i. General Principles

The Statement of Accounts summarise the council's transactions for the 2025/2026 financial year and its position at the year-end of 31 March 2026. 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 2025/2026, 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 normally applied retrospectively (unless not material or stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Exceptionally, the 2025/2026 Code provides that changes to the valuation of non-investment assets as set out in the code will be applied prospectively, with no restatement of prior year figures.

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

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

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 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).

<u>Financial Assets Measured at Amortised Cost</u>

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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement 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 Comprehensive Income and Expenditure Statement.

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 or 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.

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.

xi. Leases

<u>The Council as Lessee</u>

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

Initial measurement

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

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).

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

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

Operating Leases

Where the council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g., there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

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.
- 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. 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.

From 1 April 2025, the Code requirements changed in respect of revaluations of property, plant and equipment measured at current value. In line with the new requirements, the council operates a five-year rolling valuation programme, with annual indexation applied in the intervening years. Indexation is the default approach to updating asset values between full revaluations. However, where suitable indices cannot be obtained without undue cost or effort, a desktop revaluation in year three may be undertaken as an alternative.

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 being 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.

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.

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.

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 2025/2026 (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 amendment to existing standards, have been issued but not adopted:

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024. These amendments clarify the recognition, measurement and disclosure requirements for heritage assets, with a particular focus on improving consistency and transparency in reporting.
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024. These amendments introduce targeted clarifications to how financial instruments are classified and measured, together with enhanced disclosure requirements.
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024. The annual improvements comprise minor amendments intended to clarify existing requirements and improve consistency across accounting standards.

Whilst the adoption of the above amendments 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.

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 2026 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.

Assets are valued on a five-year rolling basis, supported by indexation adjustments in years where assets are not valued. Where the authority is unable to obtain a suitable index, a desktop revaluation of the asset is carried out in year three of the five-year cycle.

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 owned buildings would increase by approximately £0.638m if the average useful life of the buildings fell by one year.

For council owned land and buildings where indexation was applied, the average increase in the value of assets was 2.45%. If the percentage increase using indices was 5%, this would increase their balance sheet value by £3.1m compared to the actual indexation of £1.53m applied.

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 2025/2026 the council's actuary advised that the net pension liability had decreased by £28.248m 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, £4.642m 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, £2.275m, 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.

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, risk and where relevant, the application of indexation. Changes in the assumptions or indices used could therefore 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).

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 2025/2026 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.

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 service areas.

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

	2025/2026 Budget Monitoring Outturn £000	2025/2026 Adjustments Between Outturn and Net Expenditure Chargeable to the General Fund £000	2025/2026 Net Expenditure Chargeable to the General Fund £000	2025/2026 Adjustments between the Funding and Accounting Basis £000	2025/2026 Net Expenditure in the CIES £000	2024/2025 Net Expenditure Chargeable to the General Fund £000	2024/2025 Adjustments between the Funding and Accounting Basis £000	2024/2025 Net Expenditure in the CIES £000
Resources	11,894	(1,995)	9,899	2,285	12,184	9,801	3,635	13,436
Economy & Growth	26,069	(7,593)	18,476	10,812	29,288	17,444	18,907	36,351
Environment	17,710	(4,281)	13,429	1,202	14,631	19,267	4,038	23,305
Children's Services	85,517	(20,007)	65,510	18,311	83,821	61,287	14,417	75,704
Public Health	1,077	421	1,498	(915)	583	1,238	(1,140)	98
Adult Services	75,078	(14,897)	60,181	1,539	61,720	53,417	1,475	54,892
Other Corporate Budgets	27,832	(16,882)	10,950	(13,087)	(2,137)	12,810	(16,795)	(3,985)
Net Cost of Services	**245,177**	**(65,234)**	**179,943**	**20,147**	**200,090**	**175,264**	**24,537**	**199,801**
Other Income and Expenditure	(245,177)	65,234	(179,943)	(33,172)	(213,115)	(175,264)	(17,551)	(192,815)
(Surplus) or Deficit	**0**	**0**	**0**	**(13,025)**	**(13,025)**	**0**	**6,986**	**6,986**
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 2024/2025 comparator figures have been reanalysed to reflect a management restructure within the council during the 2025/2026 financial year.

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

2025/2026 Financial Year	**Adjustments for Capital Purposes £000**	**Net Change for Pensions Adjustments £000**	**Other Differences £000**	**Total £000**
Resources	2,689	(1,637)	1,233	2,285
Economy & Growth	13,775	(687)	(2,276)	10,812
Environment	2,091	(788)	(101)	1,202
Children's Services	3,289	(2,332)	17,354	18,311
Public Health	20	(211)	(724)	(915)
Adult Services	822	(123)	840	1,539
Other Corporate Budgets	7,406	(10,456)	(10,037)	(13,087)
Net Cost of Services	**30,092**	**(16,234)**	**6,289**	**20,147**
Other Income and Expenditure from the Expenditure and Funding Analysis	(37,981)	0	4,809	(33,172)
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	**(7,889)**	**(16,234)**	**11,098**	**(13,025)**

2024/2025 Financial Year	**Adjustments for Capital Purposes £000**	**Net Change for Pensions Adjustments £000**	**Other Differences £000**	**Total £000**
Resources	3,330	(682)	987	3,635
Economy & Growth	19,259	(113)	(239)	18,907
Environment	4,843	(316)	(489)	4,038
Children's Services	7,398	(997)	8,016	14,417
Public Health	6	(89)	(1,057)	(1,140)
Adult Services	1,823	(61)	(287)	1,475
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**

* The 2024/2025 comparator figures have been reanalysed to reflect a management restructure within the council during the 2025/2026 financial year

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	2025/2026 £000	2024/2025 £000
Resources	(4,491)	(3,761)
Economy & Growth	(17,177)	(16,830)
Environment	(13,461)	(12,670)
Children's Services	(12,203)	(10,345)
Public Health	(2,310)	(2,244)
Adult Services	(1,783)	(1,824)
Other Corporate Budgets	(5,360)	(6,240)
Total Income Analysed on a Segmental Basis	**(56,785)**	**(53,914)**

* The 2024/2025 comparator figures have been reanalysed to reflect a management restructure within the council during the 2025/2026 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	2025/2026 £000	2024/2025 £000
Expenditure:		
Employee Benefits Expenses	83,319	80,913
Other Services Expenditure	276,588	259,091
Depreciation, Amortisation, Impairment	16,382	16,205
Interest Payments	7,321	6,717
Precepts and Levies	1,968	1,859
(Gain)/Loss on the Disposal of Assets	15,014	3,768
Other Expenditure	25,967	29,313
Total Expenditure	**426,559**	**397,866**
Income:		
Fees, Charges and Other Service Income	(44,361)	(39,414)
Interest and Investment Income	(1,815)	(1,461)
Income for Council Tax & Non-Domestic Rates	(133,313)	(131,886)
Government Grants and Contributions	(240,421)	(209,270)
Other Income	(19,674)	(8,849)
Total Income	**(439,584)**	**(390,880)**
(Surplus) or Deficit on the Provision of Services	**(13,025)**	**6,986**

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

	2025/2026 Usable Reserve General Fund Balance £000	2025/2026 Usable Reserve Capital Receipts Reserve £000	2025/2026 Usable Reserve Capital Grants Unapplied £000	2025/2026 Movement in Unusable Reserves £000	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
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)	(16,234)	0	0	16,234	(6,512)	0	0	6,512
Council Tax and NDR (transfers to or from the Collection Fund)	4,807	0	0	(4,807)	2,872	0	0	(2,872)
Dedicated Schools Grant Deficit (transfers to or from the DSG Adjustment Account)	15,500	0	0	(15,500)	7,957	0	0	(7,957)
Holiday pay (transferred to the Accumulated Absences Reserve)	(9)	0	0	9	(24)	0	0	24
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)	12,176	0	0	(12,176)	26,566	0	0	(26,566)
Total Adjustments to Revenue Resources	**16,240**	**0**	**0**	**(16,240)**	**30,859**	**0**	**0**	**(30,859)**
Adjustments between Revenue and Capital Resources:								
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	(4,788)	4,788	0	0	(3,298)	3,298	0	0
Administrative costs of non-current asset disposals (funded by a contribution from the Capital Receipts Reserve)	85	(85)	0	0	82	(82)	0	0
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	0	0	0	(2,705)	0	0	2,705
Statutory provision for the repayment of debt (transfer to the Capital Adjustment Account)	(7,913)	0	0	7,913	(6,878)	0	0	6,878
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	0	0	0	0	(35)	0	0	35
Total Adjustments between Revenue and Capital Resources	**(12,616)**	**4,703**	**0**	**7,913**	**(12,834)**	**3,216**	**0**	**9,618**
Adjustments to Capital Resources:								
Use of the capital receipts reserve to finance capital expenditure	0	(2,760)	0	2,760	0	(13,184)	0	13,184
Application of capital grants to finance capital expenditure	(7,449)	0	6,595	854	(726)	0	(6,231)	6,957
Cash payments in relation to deferred capital receipts	0	1,411	0	(1,411)	0	57	0	(57)
Total Adjustments to Capital Resources	**(7,449)**	**(1,349)**	**6,595**	**2,203**	**(726)**	**(13,127)**	**(6,231)**	**20,084**
Total Adjustments	**(3,825)**	**3,354**	**6,595**	**(6,124)**	**(19,598)**	**14,014**	**2,426**	**3,158**

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 2025/2026.

	Balance as at 31 March 2024	Transfers In 2024/2025	Transfers Out 2024/2025	Balance as at 31 March 2025	Transfers In 2025/2026	Transfers Out 2025/2026	Balance as at 31 March 2026
	£000	£000	£000	£000	£000	£000	£000
Individual Schools Budget Reserve	1,522	1,539	(1,522)	1,539	1,640	(1,539)	1,640
Dedicated Schools Grant Reserve	0	0	0	0	0	0	0
Business Rates Reserve	2,200	2,657	0	4,857	1,400	(828)	5,429
Management of Change	0	2,704	0	2,704	0	(218)	2,486
Debt Financing Reserve	1,500	0	0	1,500	1,200	0	2,700
Transformation Programme	154	2,407	(544)	2,017	3,332	(1,601)	3,748
IFRS Revenue Grant	4,030	2,540	(2,273)	4,297	1,584	(1,707)	4,174
Health & Wellbeing Board Public Health Priorities	50	0	0	50	0	0	50
Council Tax Hardship Fund	317	100	(254)	163	100	(17)	246
Social & Democratic Demand Reserve	701	700	(700)	701	0	(701)	0
Medium Term Financial Plan	2,000	0	0	2,000	3,600	0	5,600
Major Contracts Reserve	1,000	0	(65)	935	1,100	(176)	1,859
Social Care Volatility Reserve	0	0	0	0	2,000	(600)	1,400
Housing Priorities Reserve	0	1,000	0	1,000	0	0	1,000
Resort Investment Fund	0	250	0	250	0	(104)	146
Service Specific Reserves:							
Resources	484	321	(323)	482	322	(227)	577
Economy & Growth	291	75	(8)	358	376	(253)	481
Environment	0	56	0	56	9	0	65
Children's Services	354	691	(211)	834	383	(657)	560
Public Health	2,547	1,857	(633)	3,771	1,488	(745)	4,514
Adult Services	222	49	(100)	171	39	0	210
Total Earmarked Reserves	**17,372**	**16,946**	**(6,633)**	**27,685**	**18,573**	**(9,373)**	**36,885**

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 2025/2026.

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 2025/2026 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.

Social Care Volatility Reserve
Reserve established to support the volatile demand related costs within social care.

Note 11 – Other Operating Expenditure

	2025/2026 £000	2024/2025 £000
Parish Council Precepts	985	924
Levies	983	935
(Gains)/Losses on Disposal of Non-Current Assets	15,142	3,928
Total	**17,110**	**5,787**

Note 12 – Financing and Investment Income and Expenditure

	2025/2026 £000	2024/2025 £000
Interest Payable and Similar Charges	7,321	6,717
Net Interest on the Net Defined Benefit Liability/(Asset)	(9,306)	(3,126)
Interest Receivable and Similar Income	(1,815)	(1,461)
Income and Expenditure in relation to Investment Properties and Changes in their Fair Value	(3,679)	(5,996)
Total	**(7,479)**	**(3,866)**

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

	2025/2026 £000	2024/2025 £000
Council Tax Income	(92,191)	(89,084)
Non-Domestic Rates Income and Expenditure	(41,122)	(42,802)
Business Rates Relief	(12,119)	(12,438)
Revenue Support Grant	(11,640)	(11,362)
Social Care Grant	(20,167)	(17,047)
Recovery Grant (2025/2026) / Services Grant (2024/2025)	(5,432)	(277)
Other Non-Ring-Fenced Government Grants	(2,095)	(1,207)
Capital Grants and Contributions	(37,980)	(20,519)
Total	**(222,746)**	**(194,736)**

Note 14 – Property, Plant and Equipment

2025/2026 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 2025	97,172	23,708	25,190	27,005	1,703	**174,778**
Adjustments to Opening Balances – Right of Use Lease asset not recognised in 2024/2025	0	0	14	0	0	**14**
Adjusted Opening Balance as at 1 April 2025	**97,172**	**23,708**	**25,204**	**27,005**	**1,703**	**174,792**
Additions	7,237	2,827	1,221	16,175	424	**27,884**
Revaluation increases/(decreases) to Revaluation Reserve	(6,910)	0	0	0	149	**(6,761)**
Revaluation increases/(decreases) to Surplus or Deficit on the Provision of Services	(4,459)	0	(17)	0	(253)	**(4,729)**
De-Recognition - Disposals	(585)	(1,800)	0	(16,893)	(200)	**(19,478)**
Reclassifications & Transfers	(167)	(82)	0	178	1,475	**1,404**
Reclassified to/from Held for Sale	0	0	0	0	(414)	**(414)**
Balance as at 31 March 2026	**92,288**	**24,653**	**26,408**	**26,465**	**2,884**	**172,698**
Depreciation and Impairment:						
Balance as at 1 April 2025	(9,681)	(15,381)	(9,992)	(476)	0	**(35,530)**
Adjustments to Opening Balances – Prior period depreciation	0	(175)	0	0	0	**(175)**
Adjusted Opening Balance as at 1 April 2025	**(9,681)**	**(15,556)**	**(9,992)**	**(476)**	**0**	**(35,705)**
Depreciation Charge	(5,715)	(1,739)	(3)	0	(4)	**(7,461)**
Depreciation written out on Revaluation Reserve	7,282	0	0	0	1	**7,283**
Depreciation written out on Revaluation taken to Surplus or Deficit on the Provision of Services	2,885	0	1	0	3	**2,889**
Impairment losses/reversals to Revaluation Reserve	2,861	0	0	0	0	**2,861**
Impairment losses/reversals To Surplus or Deficit on the Provision of Services	(1,384)	0	0	0	(411)	**(1,795)**
De-Recognition – Disposals	236	1,628	0	10	0	**1,874**
Reclassifications & Transfers	304	0	0	(19)	(285)	**0**
Eliminated on reclassification to Held for Sale	0	0	0	0	0	**0**
Balance as at 31 March 2026	**(3,212)**	**(15,667)**	**(9,994)**	**(485)**	**(696)**	**(30,054)**
Net Book Value:						
Balance as at 31 March 2026	**89,076**	**8,986**	**16,414**	**25,980**	**2,188**	**(142,644)**
Balance as at 31 March 2025	87,491	8,327	15,198	26,529	1,703	139,248

Analysis of Net Book Value Balance as at 31 March 2026:	**89,076**	**8,986**	**16,414**	**25,980**	**2,188**	**(142,644)**
Council Owned Assets	82,462	8,986	16,204	25,980	2,188	135,820
Right of Use Assets	6,614	0	210	0	0	6,824

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

Prior Period Omissions – 2025/2026 Financial Year

A review of the Council's asset register and lease records during 2025/2026 identified a small number of omissions relating to the 2024/2025 financial year. These have been assessed as not material to the prior year financial statements and, in accordance with the Code, have therefore not been treated as prior period adjustments. Instead, they have been corrected through opening balance adjustments in 2025/2026.

The following adjustments have been made:

- **Vehicles, Plant & Equipment:**
  A small number of assets had been recorded without an assigned useful economic life, resulting in no depreciation being charged in 2024/2025. An adjustment of £(175)k has been made to accumulated depreciation in 2025/2026 to correct the opening position and ensure the net carrying amount of these assets is fairly stated.

- **Right-of-Use Asset Lease - Community Assets:**
  One right-of-use asset, valued at £14k and effective during 2024/2025, was not included within the opening balances established on transition to IFRS 16. This has been recognised as an opening balance adjustment in 2025/2026 to ensure the completeness and accuracy of reported community asset values.

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	2025/2026 £000	2024/2025 £000
Balance as at 1 April	**167,386**	**154,627**
Additions	14,246	18,233
Reclassifications & Transfers	(372)	115
Depreciation	(6,245)	(5,589)
Balance as at 31 March	**175,015**	**167,386**

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 2026 £000	31 March 2025 £000
Infrastructure Assets	175,015	167,386
Other property, plant & equipment	142,644	139,248
Total Property, Plant & Equipment as per the Balance Sheet	**317,659**	**306,634**

Capital Commitments

At 31 March 2026, 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 2026, the following contracts met this criterion:

- Freshney Place Development – £22.6m
- Cleethorpes Masterplan – Pier Gardens - £7.7m
- Fleet Replacement Programme - £5.9m
- Towns Fund – Garth Lane Development – £5.4m
- Corporation Bridge Refurbishment – £3.1m
- Cleethorpes Masterplan – Market Place - £2.8m

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.

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 30 years
- Infrastructure – Between 5 and 80 Years

Revaluations

From 1 April 2025, the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom requirements changed in respect of revaluations of property, plant and equipment. Where authorities do not have a rolling programme of revaluations in place, authorities revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where authorities cannot obtain indices without undue cost or effort, authorities revalue those assets using a quinquennial revaluation with a desktop revaluation in year three.

Valuations of land and buildings are 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.

The council operates a rolling programme to ensure that all property, plant and equipment required to be measured at fair value is revalued at least every five years. Full revaluations are undertaken in accordance with RICS Red Book requirements as at 31 March 2026. In accordance with the CIPFA Code, indexation is applied in intervening periods to assets not revalued in-year, using appropriate indices to reflect relevant market or cost movements. This ensures that assets are held at current value under the revaluation model.

The table below sets out the indices applied and the resulting valuation movements.

Indexation	Average Change %	Change in Valuation £000
Land registry UK House Price Index – all property types	1.65	28
Agricultural: Knight Frank – Farmland Index Qtr1 2026	(5.00)	(3)
BCIS All-In TPI (Tender Price Inflation)	2.80	1,249
Commercial: CBRE UK Monthly Index and Outlook reports and RICS UK Commercial Property Monitor	0.00	0
Industrial: CBRE UK Monthly Index and Outlook reports and RICS UK Commercial Property Monitor	2.50	255
Office: CBRE UK Monthly Index and Outlook reports and RICS UK Commercial Property Monitor	0.00	0
Retail: RICS UK Commercial Property Monitor	0.00	0
Total Indexation Applied in 2025/2026		**1,529**

Valuation Of PPE	Land and Buildings £000	Vehicles, Plant & Equipment £000	Surplus Assets £000	Other PPE £000	Total PPE £000
Carried at Historical Cost	6,614	8,986	0	217,409	**233,009**
Valued at Fair Value as at:					
31/03/2026	77,213	0	2,056	0	**79,269**
31/03/2025	1,995	0	0	0	**1,995**
31/03/2024	319	0	0	0	**319**
31/03/2023	1,538	0	0	0	**1,538**
31/03/2022	0	0	0	0	**0**
Indexation applied to above valuations	1,397	0	132	0	**1,529**
Total Cost or Valuation	**89,076**	**8,986**	**2,188**	**217,409**	**317,659**

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 2026, are as follows:

Recurring Fair Value Measurements Using Significant Unobservable Inputs (Level 3)	Fair Value as at 31 March 2026 £000	Fair Value as at 31 March 2025 £000
Surplus Assets:		
All Surplus Assets	2,188	1,703
Total Surplus Assets	**2,188**	**1,703**
Investment Properties:		
Agricultural Properties	730	1,466
Office Units	4,726	4,718
Commercial Units	69,334	66,340
Total Investment Properties	**74,790**	**72,524**

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 2026 £000	Investment Properties 31 March 2026 £000	Surplus Assets 31 March 2025 £000	Investment Properties 31 March 2025 £000
Opening Balance	**1,703**	**72,524**	**2,789**	**70,130**
Reclassifications in at Level 3	1,190	209	72	2,954
Reclassifications out at Level 3	(414)	(1,404)	(1,563)	(1,993)
Total gains/losses for the period included in the Surplus or Deficit on the Provision of Services resulting from changes in fair value	(665)	123	186	1,845
Total to Revaluation Reserve	150	0	197	0
Additions	424	3,350	22	465
Disposals	(200)	(12)	0	(877)
Closing Balance	**2,188**	**74,790**	**1,703**	**72,524**

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 2026 £000	Valuation Technique Used to Measure Fair Value	Unobservable Inputs	Sensitivity
Surplus Assets:				
Land	1,563	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	625	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	69,334	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	4,726	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	730	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

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 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**
Additions	0	0	70	70
Movements – Revaluations	0	0	0	0
Reclassifications	0	0	0	0
Balance as at 31 March 2026	**467**	**1,642**	**153**	**2,262**

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:

	2025/2026 £000	2024/2025 £000
Rental income from investment property	(12,575)	(12,911)
Direct operating expenses arising from investment property	9,147	8,508
Net (Gain)/Loss	**(3,428)**	**(4,403)**

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:

	2025/2026 £000	2024/2025 £000
Balance at start of the year	**72,524**	**70,130**
Additions	3,350	465
Disposals	(12)	(877)
Net gains/losses from fair value adjustments	123	1,433
Transfers:		
To/from Assets Held for Sale	209	888
To/from Property, Plant and Equipment	(1,404)	485
Balance at end of the year	**74,790**	**72,524**

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 £835k charged to revenue in 2025/2026 was charged to the following lines in the Cost of Services – £557k Resources, £260k Children's Services, and £18k Environment.

	2025/2026 £000	2024/2025 £000
Balance at start of the year	7,036	5,217
Accumulated amortisation	(3,152)	(2,819)
Adjustment to Opening Accumulated Depreciation	(102)	0
Adjusted Net carrying amount at start of year	**3,782**	**2,398**
Additions	1,314	2,055
Reclassifications	372	0
Disposals	0	(236)
Amortisation for the period	(835)	(569)
Amortisation written off on disposal	0	236
Net carrying amount at the end of the year	**4,633**	**3,884**
Comprising:		
Gross carrying amount	8,722	7,036
Accumulated amortisation	(4,089)	(3,152)
Net carrying amount at the end of the year	**4,633**	**3,884**

A review of the council's asset register undertaken during 2025/2026 identified a small number of intangible assets which had been recorded without an assigned useful economic life, resulting in no amortisation being charged in 2024/2025.

This has been assessed as not material to the prior year financial statements and has been corrected through an opening balance adjustment in 2025/2026. An adjustment of £(102)k has been made to accumulated amortisation to ensure the net carrying amount of these assets is fairly stated.

Note 18 – Financial Instruments

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

	31 March 2026 Long Term £000	31 March 2025 Long Term £000	31 March 2026 Short Term £000	31 March 2025 Short Term £000
Financial Assets:				
Loans and Receivables at Amortised Cost	2,214	3,447	0	968
Debtors carried at Amortised Cost	0	0	19,938	14,158
Total Financial Assets	**2,214**	**3,447**	**19,938**	**15,126**
Financial Liabilities:				
Borrowings at Amortised Cost	125,518	128,420	53,826	62,389
Creditors carried at Contract Amount	0	0	39,387	24,371
Total Financial Liabilities	**125,518**	**128,420**	**93,213**	**86,760**

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

Financial Liabilities Measured at Amortised Cost	**2025/2026 £000**	**2024/2025 £000**
Interest Expense	6,933	6,235
Total Expense in Surplus or Deficit on the Provision of Services	**6,933**	**6,235**

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 (PWLB) 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. 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.
- Fair values are not disclosed for lease liabilities.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

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.

The following 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 2026 Carrying Amount £000	31 March 2026 Fair Value £000	31 March 2026 Effect of 1% Rise in Interest Rates £000	31 March 2025 Carrying Amount £000	31 March 2025 Fair Value £000
PWLB Debt	2	92,362	75,572	(5,896)	94,465	84,338
Non PWLB Debt	2	38,177	28,318	(3,111)	54,023	49,349
Temporary Borrowing	2	48,805	48,861	(157)	42,321	42,321
Total Debt		**179,344**	**152,751**	**(9,164)**	**190,809**	**176,008**

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 Authority 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 2025/2026 was approved by full Council in February 2025. 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).

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 (part of the wider Treasury Management Strategy), which requires that deposits are not made with financial institutions unless they meet minimum credit criteria, (A-) as rated by S & P Global, Fitch, and/or Moody's Ratings Services. The council further uses the creditworthiness service provided by Arlingclose Limited. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies, forming the core element, to provide a tailored list of suggested counterparties. 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 potential 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 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 2026 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 monitored 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 prudential 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.

The maturity analysis of financial liabilities is as follows:

Timescale	31 March 2026 £000	31 March 2025 £000
Less than one year	53,822	62,389
Between one and two years	14,076	4,033
Between two and five years	16,137	11,107
Between five and ten years	10,810	18,070
Between 10 and 20 years	15,697	15,009
Over 20 years	67,798	69,201
Uncertain date*	1,000	11,000
Total	**179,340**	**190,809**

* The council has a £1m "Lender option, borrower's option" (LOBO) loan 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 October 2025 one of the previous LOBO lenders choose 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 arranged to cover. 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 Treasury Management Strategy sets the 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 proscribes maximum limits for fixed and variable interest rate exposure. The central treasury team monitor market and forecast interest rates throughout the year and 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, where possible.

Price risk

The market prices of any council fixed rate investments 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

Whilst the council occasionally has cause to make currency payments in respect of goods and services received, the council has no financial assets or liabilities denominated in foreign currencies. It therefore has no ongoing exposure to loss arising from movements in exchange rates.

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	2025/2026 Long –Term £000	2024/2025 Long -Term £000	2025/2026 Short -Term £000	2024/2025 Short -Term £000
Central Government Bodies	0	0	3,705	3,461
Other Local Authorities	0	0	906	684
NHS Bodies	0	0	1,437	227
Other Entities and Individuals	0	1,352	22,115	17,078
Impairment Allowances	0	(60)	(3,026)	(4,006)
Loans and Advances	2,214	2,155	0	968
Non-Domestic Rates & Council Tax	0	0	38,924	35,051
Value Added Tax	0	0	4,288	3,086
Total Debtors	**2,214**	**3,447**	**68,349**	**56,549**

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

Aged Debt	2025/2026 £000	2024/2025 £000
1 year	8,025	8,083
1 – 2 years	4,843	4,461
2 – 3 years	3,527	3,287
3 – 4 years	2,740	2,607
Over 4 years	9,417	8,049
Total	**28,552**	**26,487**

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:

	2025/2026 £000	2024/2025 £000
Cash and Bank Balances	492	3,022
Short Term Investments	12,406	30,615
Total Current Asset	**12,898**	**33,637**

Note 22 – Assets Held for Sale

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

	2025/2026 £000	2024/2025 £000
Balance Outstanding at Start of Year	**11,546**	**13,854**
Additions	343	480
Transferred from Non-Current Assets during Year:		
Property Plant & Equipment	414	4,685
Investment Properties	(209)	86
Depreciation written out to Surplus or Deficit	0	414
Impairment losses to revenue	(46)	70
Net gains/losses from fair value adjustments	(296)	(2,263)
Assets Declassified As Held For Sale	0	(974)
Assets Sold	(2,416)	(4,806)
Total Assets Held for Sale	**9,336**	**11,546**

Note 23 – Creditors

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

Creditor	2025/2026 £000	2024/2025 £000
Central Government Bodies	4,414	3,804
Other Local Authorities	4,554	835
NHS Bodies	8,058	5,949
Other Entities and Individuals	28,284	19,805
Non-Domestic Rates & Council Tax	4,342	4,306
Tax & National Insurance	1,821	1,368
Total Creditors	**51,473**	**36,067**

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 2026 are as follows:

	Opening Balance 1 April 2025	Increase / (Reduction) In Provision During Year	Utilised During Year	Unused Amounts Reversed	Closing Balance 31 March 2026	Estimated Settlement Within One Year	Estimated Settlement Beyond One Year
	£000	£000	£000	£000	£000	£000	£000
NNDR Appeals	**913**	2,477	(578)	(537)	**2,275**	1,441	834
Self-Insurance	**1,260**	538	(236)	(556)	**1,006**	201	805
Totals	**2,173**	**3,015**	**(814)**	**(1,093)**	**3,281**	**1,642**	**1,639**

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 2025/2026, the total appeals provision in the Business Rates Collection Fund is £4.642m; 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.

Note 25 – Unusable Reserves

	2025/2026 £000	2024/2025 £000
Capital Adjustment Account	120,358	118,311
Revaluation Reserve	53,728	53,376
Pensions Reserve	(11,334)	(39,582)
Collection Fund Adjustment Account	(4,890)	(83)
Accumulated Absences Account	(1,312)	(1,321)
Dedicated Schools Grant Adjustment Account	(27,492)	(11,992)
Deferred Capital Receipts Reserve	1,352	2,705
Total Unusable Reserves	**130,410**	**121,414**

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.

	2025/2026 £000	2025/2026 £000	2024/2025 £000	2024/2025 £000
Balance at 1 April		**118,311**		**109,204**
Opening Balance Adjustment – transition to IFRS16 accounting arrangements for leases				1,245
Opening Balance Adjustment – prior year depreciation		(277)		
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	(15,547)		(15,636)	
Revaluation losses on Property, Plant and Equipment	(2,136)		(11,279)	
Amortisation of Intangible Assets	(835)		(569)	
Revenue expenditure funded from capital under statute	(23,954)		(19,468)	
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	(20,032)		(9,689)	
		(62,504)		**(56,641)**
Adjusting amounts written out of the Revaluation Reserve		2,973		7,374
Net written out amount of the cost of non-current assets consumed in the year		**(59,531)**		**(49,267)**
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	2,760		13,184	
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	50,205		28,642	
Application of grants to capital financing from the Capital Grants Unapplied Account	854		6,957	
Statutory provision for the financing of capital investment charged against the General Fund	7,913		6,878	
Capital expenditure charged against the General Fund	0		35	
		61,732		**55,696**
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement		123		1,433
Balance at 31 March		**120,358**		**118,311**

During 2025/2026, a review of the council's asset register identified a small number of assets where no depreciation or amortisation had been charged in 2024/2025.

This has been assessed as not material to the prior year financial statements and has been corrected through opening balance adjustments in 2025/2026. The total adjustment of £(277)k has been recognised in the Capital Adjustment Account to reflect the cumulative impact of the correction.

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.

	2025/2026 £000	2024/2025 £000
Balance at 1 April	**53,376**	**60,122**
Net revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**3,383**	**685**
Difference between fair value depreciation and historical cost depreciation	(2,827)	(2,385)
Revaluation balances on assets scrapped or disposed of	(204)	(5,046)
Amount written off to the Capital Adjustment Account	**(3,031)**	**(7,431)**
Balance at 31 March	**53,728**	**53,376**

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.

	2025/2026 £000	2024/2025 £000
Balance at 1 April	**(39,582)**	**(44,187)**
Re-measurements of the net defined benefit liability/(asset)	54,599	86,897
Change in the Asset Ceiling	(42,585)	(88,804)
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	287	(7,553)
Employer's pensions contributions and direct payments to pensioners payable in the year	15,947	14,065
Balance at 31 March	**(11,334)**	**(39,582)**

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.

	2025/2026 £000	2024/2025 £000
Balance at 1 April	**(83)**	**2,789**
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	(4,807)	(2,872)
Balance at 31 March	**(4,890)**	**(83)**

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.

	2025/2026 £000	2024/2025 £000
Balance at 1 April	**(1,321)**	**(1,345)**
Settlement or cancellation of accrual made at the end of the preceding year	1,321	1,345
Amounts accrued at the end of the current year	(1,312)	(1,321)
Balance at 31 March	**(1,312)**	**(1,321)**

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 2025/2026 is provided in Note 33.

	2025/2026 £000	2024/2025 £000
Balance at 1 April	**(11,992)**	**(4,035)**
School budget deficit transferred from General Fund in accordance with statutory requirements	(15,500)	(7,957)
Balance at 31 March	**(27,492)**	**(11,992)**

The Government has confirmed its intention to provide financial support to local authorities through a High Needs Stability Grant, which is expected to cover around 90% of eligible DSG deficits accrued to 31 March 2026. This support is conditional on approval of a Local SEND Reform Plan. Local authorities were required to submit their plans to the Department for Education by June 2026, with approval and related funding decisions taking place during the 2026/2027 financial year.

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.

	2025/2026 £000	2024/2025 £000
Balance at 1 April	**2,705**	**0**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	0	2,705
Transfer to the capital receipts reserve upon receipt of cash	(1,353)	0
Balance at 31 March	**1,352**	**2,705**

Note 26 – Cashflow From Operating Activities

The cash flows from operating activities include the following items:

	2025/2026 £000	2024/2025 £000
Interest Paid	(7,675)	(6,772)
Interest Received	1,815	1,461
Total	**(5,860)**	**(5,311)**

	2025/2026 £000	2024/2025 £000
Adjustment to Surplus or Deficit on the Provision of Services for Non-Cash Movements:		
Depreciation	15,547	15,636
Impairment & Downward Valuations	2,136	11,279
Amortisation	835	569
(Increase)/Decrease in Debtors	(7,462)	(4,261)
Increase/(Decrease) in Creditors	10,358	3,710
Increase/(decrease) in impairment for bad debts	(60)	60
(Increase)/Decrease in Inventories	(256)	0
Movement in Pension Liability	(16,234)	(6,512)
Carrying Amount of Non-Current Assets, and Non-Current Assets Held for Sale, Sold or De-recognised	20,032	9,689
Other items charged to the Net Surplus or Deficit on Provision of Services	1,634	(2,636)
Total	**26,530**	**27,534**
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	(4,703)	(5,921)
Any other items for which the cash effects are Investing or Financing Cash Flows	(57,712)	(29,425)
Total	**(62,415)**	**(35,346)**

Note 27 – Cashflow from Investing Activities

	2025/2026 £000	2024/2025 £000
Purchase of PPE, Investment Property and Intangible Assets	(41,708)	(40,971)
Other payments for Investing Activities	(3,833)	(1,120)
Proceeds from the sale of PPE, Investment Property and Intangible Assets	4,703	5,921
Other receipts from investing activities	57,193	51,875
Net Cash Flows from Investing Activities	**16,355**	**15,705**

Note 28 – Cashflow from Financing Activities

	2025/2026 £000	2024/2025 £000
Cash receipts of Short Term and Long-Term Borrowing	143,136	117,000
Cash payments to reduce outstanding finance lease liabilities	(915)	(948)
Repayment of Short Term and Long-Term Borrowing	(154,247)	(88,535)
Other payments for Financing Activities	(2,208)	(3,202)
Net cash flows from Financing Activities	**(14,234)**	**24,315**

Reconciliation of Liabilities arising from Financing Activities:

		Cash Change	Non-Cash Change	Non-Cash Change	Non-Cash Change	
	Balance as at 31 March 2025 £000	Financing Cash Flows £000	Movement in Lease Liabilities £000	Long-Term to Short-Term Movement £000	Interest Accruals £000	Balance as at 31 March 2026 £000
Long-Term Borrowings	128,420	(17,837)	0	14,935	0	125,518
Short-Term Borrowings	62,389	6,726	0	(14,935)	(354)	53,826
Long-Term Lease Liabilities	5,263	(915)	(71)	19	0	4,296
Short-Term Lease Liabilities	1,236	0	0	(19)	0	1,217
Total Liabilities from Financing Activities	**197,308**	**(12,026)**	**(71)**	**0**	**(354)**	**184,857**

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 three headline national metrics and one supplementary indicator to measure integrated care performance. The performance metrics are:

- Emergency admissions,
- Discharge delays,
- Effectiveness of Reablement, and
- Residential Care Admissions (supplementary).

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:

	2025/2026 £000	2024/2025 £000
Funding Provided to the pooled budget:		
Humber & North Yorkshire ICB	(17,269)	(17,147)
North East Lincolnshire Council	(14,219)	(13,938)
Total Funding	**(31,488)**	**(31,085)**
Expenditure met from the pooled budget:		
Humber & North Yorkshire ICB	17,269	17,147
North East Lincolnshire Council	15,744	15,641
Total Expenditure	**33,013**	**32,788**
Net deficit / (surplus) arising on the pooled budget during the year	**1,525**	**1,703**

Note 30 – Members' Allowances

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

	2025/2026 £000	2024/2025 £000
Allowances	554	535
Expenses	2	3
Total	**556**	**538**

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

Note 31 – Officers' Remuneration

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

Leadership Team Structure 2025/2026 Post Title	Basic Salary £	Salary Supplement £	Benefit in Kind £	Expense Allowance £	Compensation for Loss of Office £	Pension Contribution £	Total £
Chief Executive – R Walsh (1)	29,174	4,373	0	0	0	5,747	**39,294**
Chief Executive – S Wroot (2)	142,383	0	0	126	0	28,050	**170,559**
Executive Director Place & Resources (2)	28,757	0	0	0	0	5,665	**34,422**
Director Adult Social Care	129,031	1,667	0	0	0	25,747	**156,445**
Director Children's Services	148,092	0	0	0	0	29,174	**177,266**
Director Economy, Environment, and Infrastructure	104,009	0	0	678	0	19,054	**123,741**
Director of Public Health (3)	0	0	0	0	0	0	**0**
Assistant Director Law & Governance (Monitoring Officer)	98,534	0	0	132	0	19,368	**118,034**
Assistant Director Policy Strategy & Resources (4)	93,169	4,471	0	0	0	19,235	**116,875**
Assistant Director People and Organisation (4)	93,169	4,471	0	0	0	19,235	**116,875**
Interim Chief Finance (Section 151) Officer (4)	97,640	0	0	370	0	17,817	**115,827**

Leadership Team Structure 2024/2025 Post Title	Basic Salary £	Salary Supplement £	Benefit in Kind £	Expense Allowance £	Compensation for Loss of Office £	Pension Contribution £	Total £
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 (5)	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 (3)	0	0	0	0	0	0	**0**
Assistant Director Law & Governance (Monitoring Officer)	93,570	0	0	96	0	18,433	**112,099**

Notes

1. R Walsh left the position of Chief Executive of North East Lincolnshire Council on 31 May 2025.

2. S Wroot, previously Executive Director Place and Resources, was appointed to the position of Chief Executive from 1 June 2025; the Executive Director Place and Resources role was subsequently removed from the Leadership Structure.

3. An arrangement is currently in place with North Lincolnshire for the joint provision of the role of Director of Public Health. Under this arrangement North East Lincolnshire Council is 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 excluded from this disclosure note.

4. During 2025/2026, the Leadership Team structure was broadened to include the Interim Chief Finance (Section 151) Officer and Assistant Directors who report directly to the Chief Executive.

5. The Assistant Chief Executive post was deleted from the structure with effect from 31 October 2024, resulting in associated exit costs.

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	2025/2026 Number of Employees	2024/2025 Number of Employees
£50,001 to £55,000	78	41
£55,001 to £60,000	37	33
£60,001 to £65,000	28	26
£65,001 to £70,000	23	14
£70,001 to £75,000	12	5
£75,001 to £80,000	10	12
£80,001 to £85,000	6	4
£85,001 to £90,000	5	3
£90,001 to £95,000	3	1
£95,001 to £100,000	1	0
£100,001 to £105,000	0	1
£105,001 to £110,000	1	0
Total	**204**	**140**

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)	2025/2026 Number of Compulsory Redundancies	2024/2025 Number of Compulsory Redundancies	2025/2026 Number of Agreed Departures	2024/2025 Number of Agreed Departures	2025/2026 Total Number of Exit Packages By Cost Band	2024/2025 Total Number of Exit Packages By Cost Band	2025/2026 Total Cost of Ext Packages in Each Band £000	2024/2025 Total Cost of Ext Packages in Each Band £000
£0 - £20,000	9	3	10	5	19	8	151	63
£20,001 - £40,000	3	4	2	3	5	7	150	202
£40,001 - £60,000	1	0	0	1	1	1	51	47
£60,001 - £300,000	3	1	1	1	4	2	464	276
Total Cost included in CIES							**816**	**588**

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.

	2025/2026 £000	2024/2025 £000
Fees payable with regards to external audit services carried out by the appointed auditor for the year *	359	405
Fees payable to the appointed auditor for the certification of grant claims and returns for the year	4	7
Fees payable in respect of other services provided by the appointed auditor during the year	0	0
Total fees payable	**363**	**412**

*The 2025/2026 figure is comprised of the £339k scale fee for the year and £20k of fee variations relating to prior years. The 2024/2025 figure is comprised of the £329k scale fee for the year and £76k of fee variations relating to prior years.

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 2025. 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 2025/2026 are as follows:

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2025/2026 before academy and high needs recoupment			198,544
Academy and high needs figure recouped for 2025/2026			(143,436)
Total DSG after academy and high needs recoupment for 2025/2026			**55,108**
Plus: Brought forward from 2024/2025			0
Agreed initial budgeted distribution in 2025/2026	**28,199**	**26,909**	**55,108**
In year adjustments	0	(566)	(566)
Final budget distribution for 2025/2026	**28,199**	**26,343**	**54,542**
Less: Actual central expenditure	43,730		43,730
Less: Actual ISB deployed to schools		26,312	26,312
Carry forward to 2026/2027	**(15,531)**	**31**	**(15,500)**
DSG unusable reserve at the end of 2024/2025			(11,992)
Addition to unusable reserve at the end of 2025/2026			(15,500)
Total of DSG unusable reserve at the end of 2025/2026			**(27,492)**
Net DSG position at the end of 2025/2026			**(27,492)**

The deficit balance carried forward as at 31 March 2026 predominately relates to High Needs block expenditure attributable to the increased need for specialist out of area school placements, top up funding and parents increasingly requesting education other than at a school (EOTAS) packages for their children.

The Government has confirmed its intention to provide financial support to local authorities through a High Needs Stability Grant, which is expected to cover around 90% of eligible DSG deficits accrued to 31 March 2026. This support is conditional on approval of a Local SEND Reform Plan. Local authorities were required to submit their plans to the Department for Education by June 2026, with approval and related funding decisions taking place during the 2026/2027 financial year.

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	**2025/2026** £000	**2024/2025** £000
Council Tax Income	(92,191)	(89,084)
Non-Domestic Rates Income and Expenditure	(41,122)	(42,802)
Business Rates Relief	(12,119)	(12,438)
Revenue Support Grant	(11,640)	(11,362)
Social Care Grant	(20,167)	(17,047)
Recovery Grant (2025/2026) / Services Grant (2024/2025)	(5,432)	(277)
Other Non-Ring-Fenced Government Grants	(2,095)	(1,207)
Capital Grants and Contributions	(37,980)	(20,519)
Total	**(222,746)**	**(194,736)**

Credited to Services	2025/2026 £000	2024/2025 £000
Dedicated Schools Grant	(55,030)	(48,810)
Rent Allowances	(31,900)	(36,024)
Public Health Grant	(13,373)	(12,557)
Improved Better Care Fund	(9,942)	(8,059)
Household Support Fund	(2,727)	(3,119)
Other Grants and Contributions	(38,016)	(37,851)
Total	**(150,988)**	**(146,420)**

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	2025/2026 £000	2024/2025 £000
Capital Grants	(50,886)	(52,881)
Revenue Grants	(2,404)	(2,486)
Total	**(53,290)**	**(55,367)**

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.

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
2025/2026 Financial Year:						
Works and Services commissioned from Companies	5,107	(368)	0	52	20	0
Grants to Voluntary Organisations	369	(10)	(60)	1	14	0
Grant contributions to Charities	3,575	(254)	(4)	32	20	0
Grant contributions to Not-for-Profit Organisations	510	(870)	0	228	10	0
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

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.

Note 36 – Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year reflects spend on the approved capital programme, together with the resources that have been used to finance it (i.e., grants, capital receipts, borrowing), 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.

	2025/2026 £000	2024/2025 £000
Opening Capital Financing Requirement	**226,955**	**211,574**
Capital Investment:		
Property, Plant and Equipment	42,473	41,515
Investment Properties	3,350	465
Intangible Assets	1,314	2,055
Heritage Assets	70	0
Revenue Expenditure Funded from Capital Under Statute	23,954	19,468
IFRS 16 Application – recognition of Right-of-Use assets on transition	0	7,797
IFRS 16 Application – recognition of Gain on FV of Leases on transition	0	(1,245)
Other – Capital Loans	141	1,022
	71,302	**71,077**
Sources of Finance:		
Capital Receipts	(2,760)	(13,184)
Government Grants and Other Contributions	(51,059)	(35,599)
Sums set aside from Revenue:		
Direct Revenue Contributions	0	(35)
Minimum/Voluntary Revenue Provision	(7,913)	(6,878)
	(61,732)	**(55,696)**
Closing Capital Finance Requirement	**236,525**	**226,955**
Explanation of Movements in Year:		
Increase in underlying need to borrow (unsupported by government financial assistance)	9,342	8,829
Initial application of IFRS 16	0	6,552
Assets acquired under finance leases	228	0
Increase/(Decrease) In Capital Financing Requirement	**9,570**	**15,381**

Note 37 – Leases

The Council as a Lessee

The authority's lease contracts are comprised leases of operational land and buildings, and Community Assets.

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 2025	**7,576**	**215**	**7,791**
Opening Balance Adjustment – Correction of asset omission	0	14	14
Additions	228	0	228
Revaluations	157	(16)	141
Depreciation & Amortisation	(1,094)	(3)	(1,097)
Impairment	0	0	0
Disposals	(253)	0	(253)
Balance as at 31 March 2026	**6,614**	**210**	**6,824**

A review of lease records during 2025/2026 identified one right-of-use community asset, valued at £14k and effective during 2024/2025, which had not been included within the opening balances established on transition to IFRS 16.

This omission has been assessed as not material to the prior year financial statements and has been corrected through an opening balance adjustment in 2025/2026 to ensure completeness of right-of-use assets.

Transactions Under Leases

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

	2025/2026 £000	2024/2025 £000
Comprehensive Income & Expenditure Statement:		
Interest Expense on Lease Liabilities	338	296
Expense relating to Short-Term Leases	17	8
Expense relating to Exempt Leases of Low Value Items	0	0
Variable Lease Payments not included in the measure of lease liabilities	0	0
Income from Subletting Right-Of-Use Assets	0	0
Gains or losses arising from Sale and Leaseback Transactions	0	0
Cash Flow Statement:		
Minimum Lease Payments	1,324	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):

	2025/2026 £000	2024/2025 £000
Less than one year	1,217	1,236
One to five years	3,705	4,513
More than five years	1,636	2,017
Total Undiscounted Liabilities	**6,558**	**7,766**

The Council as a Lessor

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.

These leases are classified as operating leases under IFRS 16, with the underlying assets retained on the council's balance sheet.

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

	2025/2026 £000	2024/2025 £000
No later than 1 year	(5,547)	(5,531)
Later than 1 year and no later than 5 years	(16,709)	(15,887)
Later than 5 years	(133,641)	(120,973)
Total	**(155,897)**	**(142,391)**

The 2024/2025 comparative figures have been restated within the table above to incorporate lease arrangements relating to Freshney Place Shopping Centre. As part of a review of lease disclosures, a number of leases were identified as meeting the definition of operating leases from a lessor perspective under IFRS 16 but they had not previously been reflected within the maturity analysis of future minimum lease payments receivable. As these leases have been included in the 2025/2026 disclosure figures, the prior year comparator has been amended to ensure consistency and comparability. This change only affects this disclosure note and has no impact on the primary financial statements.

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 2025/2026, the council paid £847k to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing a contribution rate of 28.68% of pensionable pay. In 2024/2025 the council paid £997k to the Teachers' Pension Scheme, which represented a contribution rate of 28.68% of pensionable pay. There were no contributions remaining payable at the year-end. Contributions due to be paid in the 2026/2027 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 2025/2026, the council paid £301k 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 2024/2025, the council paid £302k 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 2026/2027 financial year are estimated to be £379k.

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

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.

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:

	2025/2026 Local Government Pension Scheme £000	2024/2025 Local Government Pension Scheme £000	2025/2026 Discretionary Benefits £000	2024/2025 Discretionary Benefits £000
Comprehensive Income and Expenditure Statement				
Cost of services:				
Service cost comprising:				
Current service cost	8,435	9,976	0	0
Past service cost	584	1,092	0	0
(Gain)/loss from settlements	0	(389)	0	0
Financing and investment income and expenditure:				
Net interest expense	(9,306)	(3,126)	0	0
Total post-employment benefits charged to the Surplus or Deficit on the Provision of Services	**(287)**	**7,553**	**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)	(33,747)	(1,714)	0	0
Actuarial gains and losses arising on changes in demographic assumptions	(4,575)	(942)	0	0
Actuarial gains and losses arising on changes in financial assumptions	(13,773)	(78,343)	137	(53)
Other Experience	(2,641)	(5,845)	0	0
Change in the Asset Ceiling	42,585	88,804	0	0
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	**(12,438)**	**9,513**	**137**	**(53)**
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	**287**	**(7,553)**	**0**	**0**
Actual amount charged against the General Fund balance for pensions in the year:				
Employers' contributions payable to scheme	**14,213**	**12,234**		
Retirement benefits payable to pensioners			**1,734**	**1,831**

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:

	2025/2026 Local Government Pension Scheme £000	2024/2025 Local Government Pension Scheme £000	2025/2026 Discretionary Benefits £000	2024/2025 Discretionary Benefits £000
Present value of the defined obligation	(531,787)	(457,177)	(11,334)	(12,931)
Fair value of plan assets	770,982	627,136	**0**	0
Net Asset/(Liability) arising from the defined benefit obligation	**239,195**	**169,959**	**(11,334)**	**(12,931)**
Total Asset/(Liability) before Asset Ceiling Adjustment	**227,861**	**157,028**		
Asset Ceiling Adjustment	(239,195)	(196,610)		
Total Asset/(Liability) after Asset Ceiling Adjustment	**(11,334)**	**(39,582)**		

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 2026 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:

	2025/2026 Local Government Pension Scheme £000	2024/2025 Local Government Pension Scheme £000	2025/2026 Discretionary Benefits £000	2024/2025 Discretionary Benefits £000
Opening fair value of scheme assets	**627,136**	**603,236**	**0**	**0**
Interest income	36,162	28,763	0	0
Re-measurement gain / (loss):				
The return on plan assets, excluding the amount included in the net interest expense	33,747	1,714	0	0
Other	81,341	0	0	0
Contributions from employer	14,213	12,234	1,734	1,831
Contributions from employees into the scheme	4,068	3,415	0	0
Benefits/transfers paid	(25,685)	(21,543)	(1,734)	(1,831)
Other	0	(683)	0	0
Closing value of scheme assets	**770,982**	**627,136**	**0**	**0**

Reconciliation of Present Value of the Scheme Liabilities:

	2025/2026 Local Government Pension Scheme £000	2024/2025 Local Government Pension Scheme £000	2025/2026 Discretionary Benefits £000	2024/2025 Discretionary Benefits £000
Opening balance at 1 April	**(457,177)**	**(524,802)**	**(12,931)**	**(14,815)**
Current service cost	(8,435)	(9,976)	0	0
Interest cost	(26,856)	(25,637)	0	0
Contributions from scheme participants	(4,068)	(3,415)	0	0
Re-measurement (gains) and losses:				
Actuarial (gains)/losses from changes in demographic assumptions	4,575	942	0	0
Actuarial (gains)/losses from changes in financial assumptions	13,773	78,343	(137)	53
Other	(78,700)	5,845	0	0
Past service cost	(584)	(1,092)	0	0
Benefits/transfers paid	25,685	21,543	1,734	1,831
Liabilities extinguished on settlements	0	1,072	0	0
Balance as at 31 March	**(531,787)**	**(457,177)**	**(11,334)**	**(12,931)**

Local Government Pension Schemes Assets Comprised:

	2025/2026 £000	2024/2025 £000
Cash and Cash Equivalents	**8,492**	**6,908**
Debt Securities: *by sector*		
Corporate Bonds (Non-Investment Grade)	40,487	32,933
UK Government	13,333	10,845
Other	6,253	5,086
Sub-Total Debt Securities	**60,073**	**48,864**
Real Estate - UK	**64,063**	**52,111**
Private Equity - All	**48,082**	**39,111**
Investment Funds and Unit Trusts:		
Equities	386,226	314,165
Bonds	66,381	53,996
Infrastructure	53,380	43,421
Other	84,285	68,560
Sub-Total Investment Funds and Unit Trusts	**590,272**	**480,142**
Total Assets	**770,982**	**627,136**

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 2025.

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

	2025/2026	2024/2025
Mortality assumptions:		
Longevity at 65 current pensioners (years):		
Men	21.1	20.5
Women	24.0	23.5
Longevity at 65 for future pensioners (years):		
Men	21.9	21.2
Women	25.4	25.0
Financial assumptions:		
Rate of increase in salaries	3.0%	2.80%
Rate of increase in pensions	3.0%	2.80%
Discount rate	6.2%	5.80%
Rate of inflation (CPI)	3.0%	2.75%

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

Change in Assumption at 31 March 2026	Approximate % increase to Defined Benefit Obligation	Approximate monetary amount £000
0.1% decrease in Real Discount Rate	1%	7,510
1 year increase in Member Life Expectancy	4%	21,725
0.1% increase in the Salary Increase Rate	0%	227
0.1% increase in the Pension Increase Rate / Revaluation Rate (CPI)	1%	7,280

Impact on the Council's Cash Flows

The council's actuary has estimated that the contributions to the scheme for 2026/2027 will be approximately £8.935m.

Virgin Media Legal Case

The Government Actuaries Department is reviewing historic amendments to the LGPS, following a Court case in June 2023 and a Court of Appeal ruling in July 2024 which determined that certain rule amendments were invalid in absence of the actuarial certification (potentially including cases where such a confirmation cannot now be located).

The view of HM Treasury is that the relevant amendments in the LGPS would have been made by legislation - and therefore would remain valid until revoked or repealed by subsequent legislation or declared void by a court.

Following the Government's announcement on 5 June 2025 that it would introduce legislation to address issues arising from the case, amendments were subsequently tabled to the Pension Schemes Bill in September 2025 to provide a statutory remedy allowing retrospective actuarial confirmation of historic benefit changes. During 2026, further guidance has been issued by the Pensions Regulator and the Financial Reporting Council to support the implementation of this remedy.

At this point in time there is insufficient information to assess the potential impact; therefore, it is not reflected within these 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 £2.3m – this represents the council’s 49% share of the Local Business Rates Retention Scheme (the overall provision in the Business Rates Collection Fund is £4.6m).

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.

Equans Contract Final Account Negotiations

The council concluded its service delivery arrangements with EQUANS on 30 June 2025. During 2025/2026, the Council has continued to progress the final account and exit arrangements associated with the termination of the contract.

As at 31 March 2026, discussions and negotiations relating to the final financial position remain ongoing. While the Council has greater clarity over the key areas under consideration, the ultimate outcome of the negotiations is still subject to resolution of outstanding matters, including the assessment of claims and liabilities. Accordingly, the existence and amount of any future financial obligation cannot yet be reliably determined.

The process continues to be overseen through established governance arrangements. On this basis, no provision has been recognised in the accounts as at 31 March 2026. The matter continues to be disclosed as a contingent liability in accordance with the CIPFA Code of Practice, as any obligation remains dependent on future events that are not wholly within the council’s control.

Corporation Bridge – Contractual Dispute with CSL

The council terminated its contract with CSL in May 2025 following sustained programme delays, cost escalation, and unresolved technical and governance concerns. The termination decision was informed by independent technical advice and a lack of confidence in the contractor’s ability to deliver an acceptable revised programme.

During 2025/2026, the council has continued to manage the contractual position arising from the termination, including engagement with CSL in relation to the final account and associated claims. As at 31 March 2026, discussions remain ongoing and there continues to be the potential for adjudication or litigation depending on the resolution of outstanding matters.

Accordingly, no financial value has been recognised in the accounts as at 31 March 2026. This matter continues to be disclosed as a contingent matter in accordance with the CIPFA Code of Practice, as any obligation is dependent on future events that are not wholly within the council's control.

Adult Social Care Placement Charge

Work is ongoing with Leeds City Council to review and clarify invoices, relating to an adult social care placement to ensure that the charges accurately reflect the services provided and the appropriate funding and care responsibilities.

The timing and extent of any settlement cannot yet be determined with sufficient reliability to enable a provision to be recognised within the Statement of Accounts. This matter has therefore been disclosed as a contingent liability, as any obligation is dependent on the outcome of ongoing discussions and is not wholly within the control of the council.

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 2026 are as follows:

	2025/2026 Charter Trustees £000	2025/2026 Other Funds £000	2025/2026 Total £000	2024/2025 Charter Trustees £000	2024/2025 Other Funds £000	2024/2025 Total £000
Opening Balance at 1 April	**213**	**29**	**242**	**189**	**28**	**217**
In Year Movement	17	0	17	24	1	25
Closing Balance at 31 March	**230**	**29**	**259**	**213**	**29**	**242**

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.

The Council acts as the accountable body for a number of funding programmes; the Humber Freeport, the UK Shared Prosperity Fund for Greater Lincolnshire, and Brownfield Land funding for Lincolnshire. In these arrangements, the Council acts as an administrator (agent) on behalf of other organisations. Accordingly, only income and expenditure relating to the Council's role as accountable body are recognised within the Comprehensive Income and Expenditure Statement. Funding distributed to, or on behalf of, other authorities is excluded from the Council's accounts.

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 into a Strategic Partnership with EQUANS for the delivery of Highways, Planning, Regeneration, Facilities Management and Strategic Housing services, with the arrangement commencing on 1 July 2010. The contract was extended twice in accordance with the Services Agreement and remained in place until 30 June 2025.

The initial value of the contract was £155m over 10 years, with payments subject to annual adjustments for inflation and agreed efficiencies. Payments of £3.4m were made in 2025/2026.

With effect from 1 July 2025, the services previously delivered under this contract have transferred back to the council and are now being provided through 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 2025/2026 were £8.7m.

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 2025/2026 they received £2m 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 £71.2m) and children's services (value of work currently £1.3m). 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.

With effect from 1 July 2026, elements of the commissioning and delivery arrangements held within the Section 75 agreement transferred back for administration by North East Lincolnshire Council.

Turning Point

During 2025/2026 the council entered into a 7 year contract with Turning Point to deliver substance use treatment and recovery services. The annual contact value is £3.6m – payments of £0.3m were made during the financial year.

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.

	2025/2026 Business Rates £000	2025/2026 Council Tax £000	2025/2026 Total £000	2024/2025 Business Rates £000	2024/2025 Council Tax £000	2024/2025 Total £000
Income						
Council Tax Receivable		(112,737)	**(112,737)**		(107,833)	**(107,833)**
Business Rates Receivable	(63,172)		**(63,172)**	(59,628)		**(59,628)**
Transitional Protection Payments Receivable	(74)		**(74)**	(87)		**(87)**
Total Amounts to Be Credited	**(63,246)**	**(112,737)**	**(175,983)**	**(59,715)**	**(107,833)**	**(167,548)**
Expenditure						
Apportionment of Previous Year Surplus/Deficit:						
Central Government	(396)		**(396)**	(203)		**(203)**
Billing Authority	(388)	1,514	**1,126**	(199)	4,130	**3,931**
Fire Authority	(8)	78	**70**	(4)	217	**213**
Police Authority		224	**224**		613	**613**
Precepts, Demands and Shares:						
Central Government	32,261		**32,261**	29,454		**29,454**
Billing Authority	31,616	93,132	**124,748**	28,865	88,785	**117,650**
Fire Authority	645	4,859	**5,504**	589	4,584	**5,173**
Police Authority		13,934	**13,934**		13,160	**13,160**
Charges to Collection Fund:						
Write-offs of uncollectable amounts	211	570	**781**	234	374	**608**
Increase/(Decrease) in allowance for impairment	379	1,381	**1,760**	696	566	**1,262**
Appeals charged to appeals provision	(1,180)		**(1,180)**	(2,169)		**(2,169)**
Change in provision for appeals	3,959		**3,959**	(358)		**(358)**
Interest Charged to the Collection Fund	89		**89**	116		**116**
Charge to General Fund for allowable collection costs for non-domestic rates	214		**214**	214		**214**
Other transfers to General Fund in accordance with non-domestic rates regulations:						
Enterprise Zone Growth	19		**19**	17		**17**
Renewable Energy	159		**159**	86		**86**
Designated Area Relief	557		**557**	856		**856**
Total amounts to be debited	**68,137**	**115,692**	**183,829**	**58,194**	**112,429**	**170,623**
(Surplus) / deficit arising during the year	**4,891**	**2,955**	**7,846**	**(1,521)**	**4,596**	**3,075**
(Surplus) / deficit brought forward at 1 April	2,732	(1,152)	**1,580**	4,253	(5,748)	**(1,495)**
(Surplus) / deficit carried forward at 31 March	**7,623**	**1,803**	**9,426**	**2,732**	**(1,152)**	**1,580**

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 2026

Council Tax Band	Valuation Band Limits £	Calculated Number of Dwellings	Ratio to Band D	Band D Equivalent Dwellings	Council Tax Payable £
AR	Reduced Rate	89	5/9	49	1,317
A	Up to & including 40,000	27,693	6/9	18,462	1,581
B	40,001 - 52,000	15,116	7/9	11,757	1,844
C	52,001 - 68,000	8,101	8/9	7,201	2,108
D	68,001 - 88,000	4,810	9/9	4,810	2,371
E	88,001 - 120,000	2,276	11/9	2,782	2,898
F	120,001 - 160,000	900	13/9	1,300	3,425
G	160,001 - 320,000	470	15/9	783	3,952
H	More Than 320,001	31	18/9	62	4,742
			Council Tax Base	**47,206**	

The amount of Council Tax required for Band D, for North East Lincolnshire Council and its major preceptors, in 2025/2026 was calculated on the following basis:

(i)	Preceptor's Council Tax Requirements	£111,924,483
(ii)	Number of Band D equivalent Dwellings	47,206
	Band D – (i) divided by (ii)	**£2,371**

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 55.5p in 2025/2026 (54.6p in 2024/2025). The non-domestic rate multiplier for small businesses is 49.9p in 2025/2026 (49.9p in 2024/2025). Subject to the effects of transitional arrangements, local businesses pay rates calculated by multiplying their rateable value by this multiplier. Local rateable values were £152.2m in 2025/2026 (£152.6m in 2024/2025).

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.