

# NORTH YORKSHIRE COUNCIL

## STATEMENT OF ACCOUNTS 2024/25

### CONTENTS

	Page
NARRATIVE REPORT .....	4
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS .....	19
STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS .....	25
STATEMENT OF ACCOUNTING POLICIES .....	26
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2024/25 .....	46
MOVEMENT IN RESERVES STATEMENT .....	48
BALANCE SHEET AS AT 31ST MARCH 2025 .....	50
CASH FLOW STATEMENT – YEAR ENDED 31ST MARCH 2025 .....	52
NOTES TO THE CORE FINANCIAL STATEMENTS .....	54
1. PRIOR PERIOD ADJUSTMENTS .....	54
2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED .....	54
3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES .....	54
4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF UNCERTAINTY .....	55
5. EXPENDITURE AND FUNDING ANALYSIS 2024/25 .....	57
6. TRADING ACTIVITIES .....	63

7. COUNCIL TAX INCOME .....	64
8. NON-DOMESTIC RATES .....	64
9. GRANT INCOME .....	65
10. PENSION ARRANGEMENTS .....	67
11. AUDIT FEES .....	73
12. PRIVATE FINANCE INITIATIVE (SERVICE CONCESSIONS)/PUBLIC PRIVATE PARTNERSHIP .....	73
13. LEASES .....	76
14. RELATED PARTY TRANSACTIONS .....	77
15. POOLED FUNDS .....	80
16. MEMBERS ALLOWANCES .....	81
17. DISCLOSURE OF REMUNERATION .....	81
18. EXIT PACKAGES / TERMINATION BENEFITS .....	84
19. MOVEMENT IN PROPERTY, PLANT AND EQUIPMENT .....	85
20. VALUATION OF NON-CURRENT ASSETS .....	88
21. DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT .....	88
22. MAJOR AREAS OF CAPITAL SPENDING .....	89
23. CAPITAL EXPENDITURE, CAPITAL FINANCING AND THE CAPITAL FINANCING REQUIREMENT .....	90
24. LONG TERM CREDITORS .....	92
25. INTANGIBLE ASSETS .....	92
26. INVESTMENT PROPERTY .....	93
27. HERITAGE ASSETS .....	93
28. CURRENT ASSETS HELD FOR SALE .....	94
29. CASH AND CASH EQUIVALENTS .....	94
30. LONG TERM INVESTMENTS .....	95
31. LONG TERM DEBTORS .....	96
32. SHORT TERM DEBTORS .....	96
33. SHORT TERM CREDITORS .....	97
34. PROVISIONS .....	98

35. USABLE RESERVES .....	100
36. UNUSABLE RESERVES.....	103
37. MATERIAL CONTINGENT LIABILITIES .....	106
38. EVENTS AFTER THE BALANCE SHEET DATE .....	106
39. DEDICATED SCHOOLS GRANT .....	107
40. FINANCIAL INSTRUMENTS.....	108
41. WHITBY HARBOUR .....	121
HOUSING REVENUE ACCOUNT (HRA) .....	125
COLLECTION FUND STATEMENT .....	132
GROUP ACCOUNTS .....	136
NORTH YORKSHIRE PENSION FUND.....	156
ANNUAL GOVERNANCE STATEMENT .....	194
GLOSSARY OF TERMS .....	202

#### Contact us

**North Yorkshire Council, County Hall, Northallerton, North Yorkshire, DL7 8AD**

Our Customer Service Centre is open Monday to Friday 9.00am – 5.00pm (closed weekends and bank holidays). Tel: **0300 131 2 131**

Or visit our website at: [www.northyorks.gov.uk](http://www.northyorks.gov.uk)

If you would like this information in another language or format such as Braille, large print or audio, please ask us.

Tel: 0300 131 2 131

General Enquiries [General enquiries | North Yorkshire Council](http://www.northyorks.gov.uk)



## NARRATIVE REPORT

### INTRODUCTION

1. North Yorkshire Council's accounts for the year ended 31st March 2025 are presented in the format laid down in *The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (The Code)*: issued by the Chartered Institute of Public Finance and Accountancy and in accordance with the International Accounting Standards Board framework for the preparation and presentation of financial statements as interpreted by The Code. The Code is based upon International Financial Reporting Standards (IFRS).
  - (a) **the Narrative Report**; the purpose of this Report is to act as a guide to the most significant matters impacting on the Council's finances. It gives an indication of where the Council's money comes from, what it is spent on and what services it provides as well as its financial position and assisting in the interpretation of the accounting statements.
  - (b) **the Independent Auditor's Report**; this explains the auditor's responsibilities in relation to the Statement of Accounts. It also expresses an opinion on the Accounts and shows how this opinion was reached. The report also gives a conclusion on value for money in terms of the arrangements for securing economy, efficiency and effectiveness.
  - (c) **the Statement of Responsibilities for the Statement of Accounts**; this outlines the Council's responsibilities for the Accounts under local government legislation and any other requirements. It also shows the legal and professional responsibility for the Accounts of the Corporate Director - Resources.
  - (d) **the Statement of Accounting Policies**; which explains the principles, bases, conventions and rules applied by the Council in preparing the Statement of Accounts.
  - (e) **the Comprehensive Income and Expenditure Statement**; this shows the Net Cost of the Services provided by the Council and how this has been financed from general government grants and local tax payers. This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting principles, rather than the amount to be funded from taxation.
  - (f) **the Movement in Reserves Statement**; this statement shows the movement in the different reserves held by the Council over the year. The statement is analysed into usable reserves, those that can be applied to fund expenditure or reduce local taxation, and other unusable reserves.
  - (g) **the Balance Sheet**; this is a statement of the financial position of the Council and shows the Balances and Reserves at the Council's disposal, its long term indebtedness and the long term and net current assets employed in its operations.
  - (h) **the Cash Flow Statement**; this statement shows the changes in cash and cash equivalents of the Council during the financial year. The statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.
  - (i) **notes to the Core Financial Statements**; these provide further details and explanation of the figures included in the Core Financial Statements.
  - (j) **the Housing Revenue Account Income and Expenditure Statement**; this Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the

year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Statement.

- (k) **movement on the Housing Revenue Account (HRA) Statement;** which shows how the HRA Income and Expenditure Account surplus or deficit for the year reconciles to the movement on the HRA Balance for the year.
- (l) **the Collection Fund (England) Statement;** this shows income and expenditure relating to Council Tax and National Non-Domestic Rate Collection.
- (m) **Group Accounts;** the Council conducts some of its activities through partnerships and separate undertakings. Some of these are not directly reflected in the statements (e) – (i) above on the basis of materiality. These Group Accounts are required to present a full picture of the Council's economic activities and financial position in order to support the primary financial statements.
- (n) **the North Yorkshire Pension Fund Accounts;** which show the income and expenditure of the North Yorkshire Pension Fund together with the financial position of the Fund on 31st March 2025.
- (o) **the Annual Governance Statement;** this sets out the framework within which financial control and corporate governance is managed and reviewed by the Council and the main components of the system. It also reports on significant identified weaknesses and the actions undertaken to rectify these.

## OVERVIEW

2. 2024/25 is the second year of the new unitary council and our transformation journey has continued although there have been many challenges over the last year – balancing cost pressures alongside work to converge services.

Our quarter 4 report highlighted the on-going rising demand in both adults' and children's services which has meant some significant overspends in these directorates. But we have also been working hard to realise the benefits of merging eight councils into one – taking opportunities to bring services together and use our increased spending power to drive down costs in areas such as utilities.

In total over the last year, we have delivered savings of £25m and ended the year with an overall underspend of £2.6m helped largely by savings being delivered in advance of 25/26. This welcome underspend will be used to provide funds to mitigate risk within our capital programme – some major schemes have also experienced rising costs over the last year.

The Statement of Accounts also includes our Annual Governance Statement - it sets out the framework within which financial control and corporate governance is managed and reviewed by the Council and the main components of the system. It also reports on significant issues and the actions we intend to take forward into 2025/26 to address these.

North Yorkshire is the largest county in England – covering 8,654 km<sup>2</sup> with an estimated population of over 620k. The Council is responsible for many key local services and organised into 5 directorates each responsible for a range of services:

- Children and Young People's Service - including the safeguarding of children, looked after children, services to vulnerable children and young people and their families and adoption and 5 fostering services; early years and pre-school, mainstream schools and education, special educational needs provision, school improvement, raising the participation age, youth services and career advice, and traded services.

- Health and Adult Services - including services for older people, people with physical or learning disabilities, public health, mental health services, child health related matters and drug and alcohol matters.
- Environmental Services – including: highways and transportation, parking, street scene, parks and grounds; environmental services and climate change; integrated passenger transport, licensing. Public rights of way and harbours; regulatory services, registration, bereavement and coroners.
- Community Development – including: planning; economic development, regeneration, tourism and skills; culture, libraries and leisure; housing; and economic partnership unit.
- Central Services – including: customer, revenues and benefits; property, procurement and commercial service; transformation; technology; finance; local engagement; human resources and business support, legal and democratic services.

Alongside the reorganisation of local government in North Yorkshire a mayoral combined authority covering the areas of York and North Yorkshire was established in 2023, with the election of our first Mayor in May 2024.

## SUMMARY OF REVENUE SPENDING

3. The main components of the final Budget for 2024/25 and a comparison with the actual position are set out below:-

	Final Budget £m	Actual £m	Variation £m
Directorate Net Expenditure			
Children and Young People's Service	115.6	123.9	8.3
Environmental Services	104.5	97.8	(6.7)
Health and Adult Services	243.6	251.0	7.4
Resource, Central Services and Corporate Miscellaneous	87.7	77.2	(10.5)
Community Development	28.0	26.8	(1.2)
Total Directorate Net Expenditure	<u>579.4</u>	<u>576.7</u>	<u>(2.7)</u>
Financed by:			
Business Rates	134.9	134.9	0.0
Council Tax Revenue	454.5	454.5	0.0
Contribution from Reserves	<u>(10.0)</u>	<u>(10.0)</u>	<u>0.0</u>
Total	<u>579.4</u>	<u>579.4</u>	<u>0.0</u>
(Deficit) / Surplus in Year	<u>0.0</u>	<u>2.7</u>	<u>2.7</u>
General Working Balance			
Start of Year	75.1	75.1	0.0
(Deficit) / Surplus in Year	0.0	2.7	2.7
Transfer to Earmarked Reserves	0.0	(19.8)	(19.8)
Transfers (to) / from Strategic Capacity Reserve	<u>0.0</u>	<u>(2.7)</u>	<u>(2.7)</u>
Closing Balance	<u>75.1</u>	<u>55.3</u>	<u>(19.8)</u>

The spending, financing and surplus figures reported above are not the same as those reported in the Comprehensive Income and Expenditure Statement. This is because of a number of statutory accounting transactions that are required to be reflected in the Comprehensive Income and Expenditure Statement. A brief reconciliation of the two sets of figures are as follows:-

	Net Position £m	Funding £m	Net £m
Council's Actual Directorate Net Expenditure	576.7	(579.4)	(2.7)
*Different treatment of some Government Funding	20.6	(20.6)	0.0
Other required accounting entries reflected in the Income and Expenditure Statement			
- Capital Accounting	178.8	(57.5)	121.3
- NNDR Collection Fund Accounting	0.0	(21.9)	(21.9)
- Accumulated Absences Adjustment	0.4	0.0	0.4
- Pension Accounting	(2.4)	0.0	(2.4)
- Financial Instruments	(0.5)	0.0	(0.5)
- Dedicated Schools Grant (DSG) Adjustment Account	(0.2)	0.0	(0.2)
- Movement in Earmarked Reserves	7.0	(10.0)	(3.0)
Net expenditure / funding and surplus per Comprehensive Income and Expenditure Statement	780.4	(689.4)	91.0
* Refers to non-ringfenced grants reported within revenue budgets.			

## WHAT THE MONEY IS SPENT ON AND HOW IT IS FINANCED

4. The following table sets out how the money was spent:-

	2024/25 £m	2023/24 £m
Children and Young People's Service	577.8	529.3
Environmental Service	292.1	296.9
Health and Adult Services	448.8	422.5
Resources and Central Services	261.7	261.7
Community Development Service	143.9	137.2
Housing Revenue Account	33.9	37.3
Corporate Miscellaneous	12.7	13.2
Gross Cost of Services	1,770.9	1,698.1
Precepts Paid to Other Authorities	12.0	0.8
Interest Payable	29.5	32.0
Capital Adjustment Account Movements	(121.0)	(21.0)
IAS 19 Pension Adjustments *	0.0	(3.3)
Financial Instruments	(0.5)	1.6
DSG Adjustment Account	0.2	(0.4)
Reserve Movements	55.9	8.1
Loss on Disposal of Fixed Assets	48.9	10.5
Corporate Trading Account Deficit	0.0	0.0
Accumulated Absences Adjustment	(0.4)	2.0
= Actual Spending financed from Income, Government Grants, Council Tax, Business Rates and other Government funding	1,795.5	1,728.4

\* This figure represents the Actual Employer Contributions made to the Pension Fund, less the current service costs (as determined by the Council's actuary) less Early Retirement costs.

5. The following table sets out the sources of finance:-

	2024/25 £m	2023/24 £m
Government Specific Grants		
- Dedicated Schools Grant	317.7	290.7
- Other Specific Grants	289.8	275.7
Council Tax Revenue	471.3	427.7
Fees and Charges etc.	426.7	352.1
Business Rates Receipts	139.9	119.5
Capital Grants	88.7	144.8
Other General Government Funding	20.6	74.8
Interest and Investment Income	37.7	43.0
Corporate Trading Account Surplus	0.7	-0.7
IAS Pension Adjustments *	1.2	0.0
Dividends Received	1.2	1.0
	<u>1,795.5</u>	<u>1,728.4</u>

6. The Council employed 12,203 full time equivalent staff at the end of the financial year and a breakdown across Service Directorates is as follows:

	2024/25		2023/24	
	No.	No.	No.	No.
Resources and Central Services		2,415		2,258
North Yorkshire Education Service		534		593
Children and Young People's Service				
Schools	3,544		4,060	
Other	<u>1,112</u>	4,656	<u>1,111</u>	5,171
Environment Service		1,777		1,633
Health and Adult Services		1,521		1,651
Community Development		<u>1,300</u>		<u>1,020</u>
		<u>12,203</u>		<u>12,326</u>

## CAPITAL EXPENDITURE

7. In 2024/25 the Council spent £179.4m on capital expenditure and a comparison with the original and revised Capital Plan is set out below:-

	2024/25		2023/24	
	Revised Budget £m	Actual £m	Revised Budget £m	Actual £m
Capital Plan	232.1	178.6	231.9	178.2
Other expenditure on fixed assets funded directly from the revenue budget	0.4	0.8	0.4	1.8
	<u>232.5</u>	<u>179.4</u>	<u>232.3</u>	<u>180.0</u>

Actual Capital Plan spending was therefore £178.6m compared with a Revised Capital Plan of £232.1m approved in February 2025.



In addition, £0.8m (£1.8m 2023/24) was spent on Fixed Assets from Directorate revenue budgets, principally on plant and equipment. The above Capital expenditure was funded as follows:-

	2024/25 £m	2023/24 £m
Borrowing		
- from external sources	0.0	0.0
- from internal sources (cash balances)	8.7	20.9
Grants from Government Departments	125.0	98.3
Contributions from External Bodies	6.4	9.9
Capital Receipts from Sale of Assets etc.	2.6	8.5
Direct Revenue Funding	35.9	40.6
	<u>178.6</u>	<u>178.2</u>
Expenditure on Fixed Assets funded directly from Revenue	0.8	1.8
	<u>179.4</u>	<u>180.0</u>

8. The major part of this capital expenditure related to spending on programmes in Community Development and Environmental Services. There were several large individual schemes including Kex Gill (£19.9m) and Ripon Pool and Leisure Centre (£4.2m).
9. Total outstanding borrowing for capital purposes as at 31st March 2025 was £568.5m, which includes both external borrowing and borrowing from internal sources and consists of the following:-

	2024/25 £m	2023/24 £m
External Borrowing		
Public Works Loans Board (PWLB)	352.1	353.7
Other Institutions	<u>15.0</u>	<u>24.0</u>
Total External Borrowing	367.1	377.7
Temporary Borrowing from Internal Cash Balances	<u>201.4</u>	<u>199.1</u>
Total Capital Spending funded by borrowing	568.5	576.8
PFI and Leases	<u>154.5</u>	<u>140.3</u>
Total Borrowing	<u>723.0</u>	<u>717.1</u>

The Capital Financing Requirement (CFR) at 31st March 2025 was £723.0m which includes the Capital Borrowing Requirement of £568.5m reported above together with other long term Private Finance Initiative (PFI) and finance lease liabilities of £154.5m.

## LOCAL GOVERNMENT PENSION FUND

10. This Statement of Accounts includes a section on the Accounts of the North Yorkshire Pension Fund. The impact of the Council's participation in this Fund is reflected in the Council's Accounts based upon the requirements of IAS 19 Employee Benefits. IAS 19 requires that pension costs are recorded in the year in which the benefit entitlements are earned by the employees rather than the year in which the pensions and employers' contributions are actually paid. Also, any net liability arising from a deficit on the Pension Fund should be reflected on the Balance Sheet as calculated under the prevailing market conditions.
11. The results of the 2022 Triennial Valuation were produced in 2022/23 when the Actuary completed a detailed analysis of the Fund's liabilities. These results were used to determine the employer contributions from 2023/24 to 2025/26. The IAS 19 calculations have been updated in 2024/25 to reflect the 2022 Triennial Valuation and the changes that have occurred since then.

The assets of North Yorkshire Pension Fund increased in value by 2.5% over the year. Full details of the management of the Fund and its investment performance are available in the Annual Report of the Fund.

12. The total reported pension liability of the Council stood at £7.4m as at 31st March 2025. This has decreased by £28.0m from an Opening Asset Balance of £20.6m.

The North Yorkshire Pension Fund has an investment strategy in place to address its funding requirements.

The 2022 Triennial Valuation has set appropriate employer contribution rates for 2023/2024, 2024/2025 and 2025/26 with no deficit payments required from the Council.

Due to its nature, the pension liability will not occur immediately as it represents benefit payments to pensioners over their lifetime. As a significant proportion of the membership is still actively contributing to the Fund this means that liabilities will be spread in excess of 50 years.

## CHANGES IN ACCOUNTING POLICY

13. *IFRS 16 Leases* as adapted and interpreted for local authorities by the Code was applied to these financial statements with an initial application date of 1 April 2024. IFRS 16 replaced *IAS 17 Leases*, *IFRIC 4 Determining whether an arrangement contains a lease* and other interpretations. The standard was applied using a modified retrospective approach with the cumulative impact recognised at the date of initial application, 1 April 2024. Upon initial application, the provisions of IFRS 16 were only applied to existing contracts where they were previously deemed to be a lease or contain a lease under IAS 17 and IFRIC 4. Where existing contracts were previously assessed not to be or contain a lease, these assessments were not revisited. As required by the Code, comparative balances for the prior year have not been restated.

The Trust as lessee

- For continuing leases previously classified as operating leases, a lease liability was established on 1 April 2024 equal to the present value of future lease payments discounted at the Council's incremental borrowing rate. A right of use asset was created equal to the lease liability and adjusted for any prepaid and accrued lease payments and deferred lease incentives recognised in the statement of financial position immediately prior to initial application. Hindsight has been used in determining the lease term where lease arrangements contain options for extension or earlier termination.
- No adjustments have been made on initial application in respect of leases with a remaining term of 12 months or less from 1 April 2024 or for leases where the underlying asset has a value below £20,000. No adjustments have been made in respect of leases previously classified as finance leases.

The Trust as lessor

- Leases of owned assets where the Trust is the lessor were unaffected by initial application of IFRS 16.

## CHANGES TO THE STATEMENT OF ACCOUNTS

14. The most significant changes to the accounts for 2024/25 relate to the adoption of IFRS 16 Leases, as set out in disclosure note 13.

## MATERIAL CONTINGENT LIABILITIES

15. On 5 June 2025, the Government announced that it will “introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards.” Once the legislation has been passed, this will mean that pension schemes will be able to obtain written confirmation from an actuary about the benefit changes that were previously made and apply that confirmation retrospectively without making the plan amendments void, if the changes met the necessary standards.

The Government announcement is the next step in the Virgin Media case and *helps* to reduce the uncertainty around any plan amendments being determined to be void as a result of not having the appropriate written actuarial confirmation in place before the amendment was made (or where such a confirmation cannot now be located). However, as the legislation has not yet been passed, the disclosure in the financial statements should be updated to explain this latest development. Additionally, any uncertainty will also remain until an actuary has provided retrospective written confirmation that the past plan amendments met the required standards.

## GROUP ACCOUNTS

16. The 2024/25 Code of Practice requires all Local Authorities to consider their relationships with associated companies, strategic partnerships, joint ventures and any other service delivery vehicles and to produce Group Accounts where a significant exposure to economic benefits or financial risks can be established.

Work has been undertaken to document all the entities connected with the Council and their financial relationship. Following Chartered Institute of Public Finance and Accountancy (CIPFA) guidance on Group Accounts, it has been established that the Council has group relations with:-

- Align Property Partners Limited;
- Align Property Services Limited;
- Bracewell Homes Limited;
- Brierley Homes Limited;
- Brimhams Active Limited;
- First North Law Limited;
- Maple Park LLP;
- NY Highways Limited;
- NYnet Limited;
- Veritau Limited;
- Yorkshire Purchasing Organisation; and
- Yorwaste Limited.

Three of these bodies have been consolidated into the financial statements of the Council and a full set of equivalent “group” financial statements have been produced. The Companies that have been consolidated and have a major impact on the Council’s financial results are in relation to:-

- NYnet Limited, a company providing a broadband infrastructure in North Yorkshire;
- Yorwaste Limited, a subsidiary waste disposal company; and
- NY Highways Limited, a company providing construction, maintenance and repair of highways.

Align Property Partners Limited, Align Property Services Limited, Veritau Limited, First North Law Limited, Brimhams Active Limited, Maple Park LLP, Bracewell Homes Limited and Brierley Homes Limited have not been consolidated in the 2024/25 Group Accounts as their values do not materially impact on the group financial position.

Yorkshire Purchasing Organisation is not consolidated into the financial statements as the Council does not exert a significant level of influence over their activities.

The full set of Group Accounts and the financial implications are seen on pages 136 to 155.

## THE COUNCIL PLAN

17. The Council Plan 2025-2029 sets out the council's vision, ambitions and priorities for the next four years, as well as the approach we will take to achieve them. The plan addresses the exciting opportunities to transform services, drive innovation and improve outcomes, but also the many significant challenges ahead due to the impact of rising costs and huge demand for our services.

**Our vision:** We want to harness the power of North Yorkshire's natural capital, unique communities and businesses, continuously improving our services to enable a good quality of life for all.

The plan is based around four key themes (each with supporting priority actions):

- support thriving places and empowered communities that live, work, visit and do business in North Yorkshire
- develop more sustainable and connected places across North Yorkshire
- ensure the people of North Yorkshire are safe, healthy and living well
- maximise the potential of North Yorkshire's people and communities

Supported by the following overarching ambition: One Council with strong, local and customer-led services.

Our aim is to be the 'most local large council'; therefore, locality working is another key element of our Council Plan. The plan outlines our four pillars of locality working:

- local services and access
- local accountability
- local action
- local empowerment

The plan also details where our funding comes from and what it is spent on.

## PERFORMANCE AND BUDGET MONITORING

18. Reports are submitted on a Quarterly Basis (30th June, 30th September, 31st December and 31st March) to the Council's Executive on Performance and Budget Monitoring issues. The key issues covered in these Reports can be summarised as follows (alongside a very brief summary of the position to date as at 31st March 2025):-

### Performance

North Yorkshire Council has well developed performance and financial processes which maintain rigour around delivering outcomes within a sustainable fiscal environment. Our Internal Performance Management Framework has been refreshed with a more rigorous focus on delivery of ambitions set out in our Council Plan. Each quarter, the Executive receive an update on Corporate Performance, but with an in depth focus on one of our four themes. Our approach to assessing and delivering Value for Money has also developed following new audit requirements for 2024/25 and the CIPFA Financial Management Code.

## General Fund

In 2024/25, the council reported a net underspend of £2.59m against a net budget of £579.4m. There were overspends in Children and Young People's Services and Health and Adult Services which were offset by underspends across other directorates. It should be noted that a large proportion of the underspends reported across services related to early achievement of budget savings due to be delivered in 2025/26, for example utilities.

## Housing Revenue Account (HRA)

Outturn for the financial year was £2.31m surplus against a balanced budget, this was transferred to the HRA Working Balance, along with a planned contribution of £247k. The HRA Working Balance as at 31<sup>st</sup> March 2025 was £21.8m against a benchmark minimum balance of £12.5m, the additional headroom has been earmarked to support the Warm Homes Social grant scheme running from 2025/26. A drawdown of £2.4m from the Major Repairs Reserve (MRR) was made during the year to fund capital expenditure, giving a closing balance of £6.5m at the end of 2024/25

Performance metrics were introduced as part of the 2024-25 HRA Business plan and Medium Term Financial plan. The table below sets out the actual results of the four key metrics, showing the benchmark / 'golden rule' values, against the budgeted position and outturn. All four measures exceeded the benchmark.

Operating Margin	(Min) 20%	27%	22%
Interest Cover	(Min) 2.00	2.32	2.79
Debt Turnover	(Max) 4.00	2.49	2.37
Minimum Working Balance	£12,637,500	£20,010,483	£21,835,788

## Capital Expenditure and Financing

Gross Capital spend of £178.6m was £53.5m below the last Capital Plan update of £232.1m in January 2025. After accounting for £45.5m less capital income however there was a net capital underspend of £8.0m.

The net underspend of £8.0m is being carried over into 25/26. After utilising other capital income the balancing figure of £8.7m has increased the level of internal borrowing.

## Annual Treasury Management

External Debt for Capital purposes reduced from £377.7m as at 1st April 2024 to £367.1m at 31st March 2025, through loan repayments and no new external borrowing being taken. The average interest rate of this debt was 3.76% at 31st March 2025.

The total borrowing requirement in the year was -£5.9m which resulted in the total internal capital financing to £201.4m at 31st March 2025 (£199.0m at 31st March 2024). The total underlying borrowing need at 31st March 2025 was therefore £568.5m consisting of £367.1m external debt and £201.4m internally financed capital debt.

For cash invested in 2024/25, the average rate of interest achieved was 5.13% which was above the average 7-day market rate of 4.91% and above the average bank rate of 4.95%. The balance at 31st March 2025 was £637.7m of which £93.1m belonged to other organisations who are part of the Council's investment pool arrangements.

## STRATEGIC DOCUMENTS

19. The Council produces a number of key strategic documents which can be accessed at [www.northyorks.gov.uk](http://www.northyorks.gov.uk) and provide more strategic context to the annual Statement of Financial Accounts:-

### Policy or Plan

### Purpose of Policy or Plan

Constitution

Sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. It also details our policy framework which includes documents which are approved by the full Council.

Digital Strategy

This gives clear direction as to how North Yorkshire will become a smart county. It is a response to the massive changes as the 'Digital Revolution' accelerates and impacts on the county, our citizens and businesses in fundamental ways.

Medium Term Financial Strategy

Sets out how resources will be put in place to support the delivery of the Council Plan and to enable priorities and service objectives to be achieved.

Corporate Equality Policy Statement

The Council is committed to equality and to making fair treatment an important part of everything which the Council does. This statement sets out how the Council will achieve these aims.

Modern Slavery Statement

This statement sets out our actions to understand all potential modern slavery risks related to our business and to put in place steps that are aimed at ensuring that there is no slavery or human trafficking in our own business or our supply chains.

Health and Safety Policy

The health and safety policy includes our financial and legal responsibilities and duties that we have for the health, safety and welfare of our employees and others affected by our activities.

Being Young in North Yorkshire

The North Yorkshire Safeguarding Children Partnership Strategy for children and young people living in North Yorkshire.

Climate Change Strategy

The Climate Change Strategy 2023-30 sets out how the Council will respond to the climate emergency by: reducing greenhouse gas emissions, preparing for the changing climate and supporting nature to thrive.

Minerals and Waste Plan

The Council has a Joint Minerals and Waste Plan with City of York Council and the North York Moors National Park Authority. This has policies around where and how minerals are to be extracted, land to be safeguarded, sites for waste treatment and management and policies which manage the impacts of minerals and waste projects on our environment.

Local Transport Plan

Set of documents that the Government requires all local transport authorities to produce. The plan sets out the

Council's plans and strategies for maintaining and improving all aspects of the local transport system over a set period of time.

#### Procurement and Contract Management Strategy

Our Procurement and Contract Management Strategy 2023-2029 sets out our plan to achieve best value, efficient use of resources, use of technology, innovation and practices and procedures to ensure we make the best use of spending.

#### Joint Health and Wellbeing

The joint health and wellbeing strategy is produced by the health and wellbeing board. It explains what health and wellbeing priorities the board has set in order to tackle identified needs. It is not about taking action on everything at once, but about setting priorities for joint action and making a real impact on people's lives.

#### Dignity in Care

The Dignity in Care campaign aims to stimulate debate around the need for people receiving care services to be treated with dignity and respect.

#### People Strategy

Our People Strategy 2023-25 is our workforce plan. It is a key building block to ensure we will be in the best possible position to achieve our ambitions as a new council and set us on strong foundations so we can rise to current and new challenges that face us.

The Council must also abide by the Freedom of Information Act 2000 – which intends to promote openness and accountability among public bodies by ensuring that people have rights of access to information that is held by them.

Under the General Data Protection Regulation (GDPR) North Yorkshire Council is classified as a 'data controller'. This means the Council has a duty of care towards the individuals whose personal data it collects and uses.

## TRADE UNIONS

20. In order to comply with the Trade Union (Facility Time Publication Requirements) Regulations 2017 please find below data relating to the employment of relevant union officials by North Yorkshire Council for the year ended 31st March 2025.

Unions Recognised	UNISON (Corporate)	NEU (was NUT/ATL) (Education)	ASCL (Education)	NAHT (Education)	NAS/UWT (Education)
Number of relevant Union Officials during the period	8	4	0	0	5
FTE of Union Officials during the period	6.08	3.0	0.0	0.0	1.4
Percentage of working time spent on facilities time	100%	100%	0	0	100%
Total cost of facility time	£287,306	£151,882	0	0	£95,940
Total pay bill	£393,015,565	£194,770,465	0	0	£194,770,465
Percentage of pay bill for facility time	0.07%	0.08%	0	0	0.05%
Paid trade union activities:- Percentage of the hours spent on trade union activities	1.36%	0% - Voluntary	n/a	0% - voluntary	n/a

## RISKS AND UNCERTAINTIES AFFECTING THE COUNCIL

21. This note identifies the principal risks and uncertainties that are likely to impact on North Yorkshire Council together with the main trends and factors likely to affect future development, performance

and the position of the Council. Many of these are financial and relate to the ability of the Council to be able to provide statutorily required services and meet public expectation against a background of reducing financial resources.

The Corporate Risk Register is included in the February 2025 Budget / Medium Term Financial Strategy (MTFS) report and highlights the following risks:-

- Failure to deliver the Council's aim to achieve carbon neutrality of its own operations by 2030, carbon neutrality of the region by 2034 and a carbon negative region by 2040, and also ensure that appropriate mitigations and adaptations are progressed, failure would result in continued / increasing damaging events (e.g. floods, heat waves), unmet public expectation and missed opportunities for energy spend reduction;
- Major disruption in care markets results in being unable to meet the needs of vulnerable children, adults and families who use services. This could be caused by economic performance or resource capabilities including recruitment and retention. The impact could include loss of trust in the Care Markets, increased budgetary implications and inability to protect service users from harm;
- Ineffective information governance and cyber security arrangements lead to unacceptable levels of unauthorised disclosure of personal and sensitive data, poor quality or delayed responses to FoI requests, and inability to locate key data upon which the Council relies resulting in loss of reputation, poor decision making, fine, etc (including Brierley Group companies). Failure to put in place the appropriate cyber security arrangements could potentially lead to breach, loss of data, loss of systems, loss of reputation and inability to operate effectively and discharge our responsibilities;
- Failure to deliver a coherent NY transformation programme which meets the needs of moving to the Council's Operating Model, Local Government Reorganisation (LGR) transition, transformation service operational requirements and deliver the savings requirements as a result of financial challenges;
- Failure to comply with building and housing legislation including asbestos, legionella, building services and preparation for the new Social Housing Regulation Bill resulting in potential injury or ill health, prosecution and subsequent financial and reputational damage to the council;
- Failure to recruit and retain appropriately skilled staff and have sufficient resources resulting in inability to deliver services, key projects and the desired organisational transformation also increased staff workload, decreased morale and impact on staff wellbeing;
- Failure to plan, respond to and recover effectively from significant incidents in the community resulting in risk to life and limb, impact on statutory responsibilities, impact on financial stability and reputation.

The February 2025 Budget / Medium Term Financial Strategy (MTFS) report also sets out some of the key financial risks, many of which are connected to those on the Risk Register above, and warns that this should not be regarded as exhaustive due to many national and local uncertainties.

*Cost and demand pressures* – Whilst headline inflation has reduced, the Council's basket of goods is still experiencing high inflationary pressure. This is for a variety of reasons including national living wage and employer NI costs, supply chain distress and some areas of insufficient supply where price increases are exceptional, particularly for children and adult placements. In addition, demand is still a strong feature especially in home care for adults, social care for adults of working age, SEND, home to school transport and children's social care.



*Funding settlement and further deterioration of national funding* – the impending reform of national funding presents a significant threat to the Council's position as many of its cost pressures are insufficiently reflected in the government's current focus on deprivation as a proxy for demand.

*Inability to deliver existing savings whilst also looking for new savings opportunities* – the Council plans to deliver over £52m worth of net savings over the next three years and, at the same time, deliver business-as-usual and service improvements. There is clearly a risk therefore that some element of savings is not delivered. Resource will need to be prioritised to ensure savings can be delivered.

*Workforce* – Insufficient resource to deal with competing demands of the authority and inability to deliver service and/or progress strategically important initiatives.

*Financial assumptions* – the MTFS includes assumptions around council tax levels and base; continuation of core funding streams; business rates levels; pay; income levels and inflation all of which carry a degree of uncertainty and risk especially so close to a Spending Review and reform of local government funding.

*Legal challenge* – savings proposals and the way in which the Council delivers services may be subject to legal challenge from third parties resulting in delays and additional costs.

*Emergencies / incidents* – incidents such as flooding, severe winters and cyber security will incur additional costs which it is simply not possible to predict and will compound costs and pressures.

Others including *Schools / DSG* – increasing levels of deficit budgets and *unfunded additional responsibilities*.

The on-going monitoring of the above and other risks will be essential throughout 2025/26 as the demands on our services and finances continue to grow.

## **WHITBY HARBOUR**

22. North Yorkshire Council is the statutory harbour undertaker for Whitby Harbour, a responsibility which it inherited from Scarborough Borough Council after LGR on 1 April 2023. In recent years, this has been the subject of local opposition on the Councils' treatment of income received from the land in proximity to the harbour.

Following publication of the former Scarborough Council's draft 2015/16 Statement of Account, a formal objection to the accounts was received from a local elector. The objector questioned whether sections 16 and 17 of the Whitby Urban District Council Act 1905 required income generated from land around Whitby Harbour, particularly land being used for off street car parking, should be specifically ring-fenced in earmarked reserves to fund harbour-related expenditure as opposed to being held in Scarborough Borough Council's General Fund. Similar objections were raised to the 2016/17, 2017/18, 2018/19, 2019/20, 2020/21, 2021/22, and 2022/23 accounts prepared by Scarborough Borough Council and the 2023/24 accounts, prepared by North Yorkshire Council.

After some delay in reaching a determination on the objection, Mazars LLP (Mazars), Scarborough Borough Council's external auditors, issued their Statement of Written Reasons to the elector and the authority on 26 March 2021.

In providing their Statement of Reasons, Mazars stated that they considered whether it is more likely than not that income from each of the car parks is revenue received in respect of the harbour undertaking and whether the former Scarborough Borough Council had failed to hold any surplus funds from the Whitby harbour undertaking in earmarked reserves for the improvement of Whitby harbour and inappropriately passed these to the General Fund. Mazars concluded that it was not proportionate or appropriate for the time being to take this any further and therefore recommended

that the former Scarborough Borough Council seek a declaration from the Court as to the status of the land in contention within 6 months of its Statement of Reasons.

The former Scarborough Borough Council accepted this recommendation on 23 July 2021. There followed legal correspondence seeking clarification on the recommendation which led to a revised recommendation being issued by Mazars on 27 October 2021 as follows:

*We recommend that the Council should seek a declaration from the Court as to the status of the land in contention, with a claim being issued by 31 December 2021. That is to say, the Council should take proceedings to seek a ruling on the land and property which comprises the statutory 'harbour undertaking', and whether all income from activities associated with that land and property is revenue received by the Council in respect of the 'harbour undertaking'. In the event that the Court decides that any revenue is received by the Council in respect of the 'harbour undertaking', the Court should be invited to give a direction as to the rectification of the accounts, including the financial years which should be rectified.*

The former Scarborough Borough Council made an application to the High Court on 31 December 2021, in accordance with the external auditors' recommendations, and the hearing took place in March 2024. The judgment was handed down on 14 March 2025 and the judge found in favour of the objector as follows:

- By virtue of the Whitby Urban District Council Act 1905, all income and expenditure generated by land held for harbour purposes should be credited to a separate harbour account, regardless of use
- Car parking is incidental to the main purposes of a harbour. Revenue from exploiting harbour assets (rents etc) should be ringfenced for harbour.
- All of the disputed land (primarily car park land) is held for harbour purposes
- The separate harbour account should include all capital assets and liabilities, not just revenue income and expenditure
- NYC ordered to pay objector's legal costs (approx. £168k)

Following the judgment, the Council has reviewed the income and expenditure that has been allocated to the harbour in each year from 2015/16 to 2024/25. The primary impact is that car parking income (and expenditure) from a number of car parks in Whitby is to be allocated to the Whitby Harbour account, along with property rental income (and expenditure) generated by properties within the harbour boundary. The overall impact for the years 2015/16 to 2024/25 inclusive is that a balance of £7,774k has been transferred to the Whitby Harbour reserve. This must be spent on activities and assets that fall within the harbour boundary, along with in-year surpluses from 2025/26 onwards. Over the coming years, there are a number of significant capital schemes that are needed to repair and improve the harbour, which will now be funded from this reserve rather than the Council's wider General Fund reserves.

Following the court judgment, the same principles have been applied to Scarborough Harbour. In this instance, the reallocation of income and expenditure to the harbour account has been backdated to 2021/22, in line with the first instance of an objection being raised against the treatment of Scarborough Harbour within the former Scarborough Borough Council statement of account. The cumulative financial impact of this review is that a total of £636kk has been transferred to the Scarborough Harbour reserve in 2024/25. Again, there are a number of significant capital schemes in different stages of planning, which will utilise this funding and any future in-year surpluses in the first instance, before calling on wider Council funding.

Further information is included within Note 41 to these accounts

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH YORKSHIRE COUNCIL**

**Report on the audit of the financial statements – North Yorkshire Pension Fund**

This page is intentionally blank

DRAFT

This page is intentionally blank

DRAFT

This page is intentionally blank

DRAFT

**Independent auditor's report to the Members of North Yorkshire Council**

**Report on the audit of the financial statements**

This page is intentionally blank

DRAFT

This page is intentionally blank

DRAFT

This page is intentionally blank

DRAFT



## **STATEMENT OF RESPONSIBILITIES FOR THE STATEMENT OF ACCOUNTS**

The Authority is required to:

- (a) make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Corporate Director – Resources;
- (b) manage its affairs to secure economic, efficient and effective use of resources and to safeguard its assets; and
- (c) approve the Statement of Accounts.

The Corporate Director – Resources is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices 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 Corporate Director – Resources has:

- (a) selected suitable accounting policies and then applied them consistently;
- (b) made judgements and estimates that were reasonable and prudent; and
- (c) complied with the local authority Code.

The Corporate Director – Resources has also:

- (a) kept proper accounting records which were up to date;
- (b) taken reasonable steps for the prevention and detection of fraud and other irregularities;
- (c) assessed the Authority's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- (d) used the going concern basis of accounting on the assumption that the functions of the Authority and the Group will continue in operational existence for the foreseeable future; and
- (e) maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### **CERTIFICATE OF THE CORPORATE DIRECTOR – RESOURCES**

I certify that the Statement of Accounts 2024/25 presents a true and fair view of the financial position of the Council and the North Yorkshire Pension Fund at the accounting date and their income and expenditure for the year ended 31st March 2025.

Gary Fielding  
Corporate Director – Resources  
27th June 2025

Co-signed by,  
Richard Flinton  
Chief Executive  
27th June 2025

### **CERTIFICATE OF THE AUDIT COMMITTEE**

I confirm that these Accounts were approved by the Audit Committee on xxth xxxxxxxx 2025 following completion of the External Audit.

Chair of the Audit Committee  
(to be signed at the xx xxxxxxxx 2025 Audit Committee Meeting)

## **STATEMENT OF ACCOUNTING POLICIES**

### **1. General**

The purpose of this statement is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the Accounts.

The authority is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015. These Accounts have been prepared in accordance with *The Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (The Code)*: issued by the Chartered Institute of Public Finance and Accountancy (CIPFA). The Code has adopted International Financial Reporting Standards (IFRS) for financial statements produced since 2010/11. The accounting policies adopted have been used consistently throughout the current and prior period unless stated otherwise. Any significant non-compliance with The Code is disclosed as part of the relevant financial statement.

The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation of certain categories of property, plant and equipment and financial instruments.

The Code requires that a Local Authority's Statement of Accounts are prepared on a Going Concern basis. This means that the accounts are based on the assumption that the Council will continue in operational existence for the foreseeable future.

### **2. Property, Plant and Equipment**

#### **Recognition**

All expenditure on the acquisition, creation or enhancement of Fixed Assets is capitalised on an accruals basis in the Accounts. Expenditure is capitalised, provided that the asset yields benefits to the Council, for a period of more than one year, and it meets the accepted definition of capital expenditure in line with IAS 16 Property, Plant and Equipment. This excludes expenditure on routine repairs and maintenance which is charged direct to revenue. A de-minimis level of £20k has been adopted by the Council in relation to capital expenditure.

#### **Measurement**

Assets are initially measured at cost, comprising all expenditure directly attributable to bringing the asset into working condition for its intended use. Borrowing costs incurred whilst assets are under construction are not capitalised. Assets are valued on the basis required by The Code and in accordance with the Appraisal and Valuation Standard issued by The Royal Institution of Chartered Surveyors (RICS). Asset Valuations are carried out on an agreed on-going basis by an external land and property consultancy organisation.

Assets are classified into the groupings required by The Code with assets being valued on the following basis:-

- Land and Buildings (other property) are included in the Balance Sheet at Current Value, net of any subsequent depreciation. Current value is determined as the amount that would be paid for the asset in its existing use (existing use value) for assets for which there is an active market (e.g. offices) and Depreciated Replacement Cost (DRC) for assets for which there is not an active market (e.g. schools). Where there is an active market, current value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. Land and Buildings are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years;

- Council dwellings are included in the Balance Sheet at their existing use value for social housing (EUV-SH);
- Surplus assets are not used for direct service provision but do not yet meet the strict criteria to be classified as assets held for sale. The current value measurement basis is fair value, based on the price that would be received to sell an asset in its highest and best use in an orderly transaction between market participants at the measurement date;
- The vehicles, plant, furniture and equipment recognised were either purchased outright and are all valued at depreciated historical cost as a proxy for current value due to the assets having short useful lives or low values (or both), or leased in as finance leases under sale and leaseback arrangements and included at the present value of the minimum lease payments;
- Assets under the course of construction are measured at historic cost.

A full Revaluation of Property is undertaken on a five year "rolling programme". A desk top review of property not being revalued in any given year is also undertaken annually to ensure valuations reflect a true and current view of the carrying value of assets at the Balance Sheet date.

Council Dwellings are fully revalued as part of a five-year programme to comply with Resource Accounting for the Housing Revenue Account. In the intervening years the portfolio is subject to annual 'desk top reviews' with material changes being reflected in the year in which they occur. The next full revaluation is due as at April 2025

A Revaluation Reserve for those Assets recorded at current value is held in the Balance Sheet made up of unrealised revaluation gains relating to individual Assets, with movements in valuations being managed at an individual asset level. Any decreases in value of an asset are recorded against the revaluation reserve to the extent that a balance of accumulated gains is recorded against the individual asset. Where the decrease in value is in excess of any balance held within the Revaluation Reserve the reduction is then charged to the relevant service line within the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1st April 2007 only, the date of this reserve's formal implementation. Gains arising before that date were subsequently consolidated into the Capital Adjustment Account. Movement in the valuations of properties do not impact upon the General Working Balance and are not a charge or credit to Council Tax.

### **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); or,
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the original loss had not been recognised.

### **Disposal and Non-Current Assets Held for Sale**

When it becomes probable an Asset will be sold rather than the Council recovering the economic value through its continuing use, it is reclassified as an Asset Held for Sale. Assets Held for Sale are marketed with the expectation of disposal within 12 months of the financial period end.

The asset is revalued before reclassification and then measured at current value less costs to sell. Where there is a subsequent decrease to current value less costs to sell, the loss is charged to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Gains in current value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

Receipts from the disposal of Assets are accounted for on an accruals basis. When an asset is disposed of, the value of the asset in the Balance Sheet is written off to the Other Operating Expenditure line of the Comprehensive Income and Expenditure Statement, as is the disposal receipt. These amounts are not a charge or receipt to Council Tax as the cost of Fixed Assets is fully provided for under separate arrangements for capital financing. The asset value written off is appropriated to the Capital Adjustment Account, the capital receipt to the Usable Capital Receipts Unapplied Reserve, via the Movement in Reserves Statement. Any revaluation gains that have accumulated in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Capital Receipts have been used to finance capital expenditure based on the policy of the Council. A proportion of receipts relating to Housing Revenue Account dwellings (buildings) is payable into a Government pool, based on a central government formula.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment with a finite useful life (this can be determined at the time of acquisition or revaluation) according to the following policy:-

- Property assets are split into three specific components; Land (which is not depreciated), the Main Structure of the Building and the Mechanical and Electrical Services of the Building. Each component is depreciated separately at rates representative of their estimated remaining useful lives. This is normally between ten and fifty years.
- Vehicles, Plant, Furniture and Equipment are depreciated over a number of years depending on the nature of the asset. This is normally between four to six years.

Depreciation is calculated on a straight line basis with no residual value being assumed. Depreciation has been charged in the year of asset acquisition and also in the year of revaluation.

Depreciation is charged to the Comprehensive Income and Expenditure Statement but does not impact on Council Tax and is written off to the Capital Adjustment Account via the Movement in Reserves Statement. Where non-current assets have been re-valued the excess depreciation, above the historic cost depreciation, is transferred from the Revaluation Reserve to the Capital Adjustment Account.

## **2.1 Highways Infrastructure Assets**

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (eg bridges), street lighting, street furniture (eg illuminated traffic signals, bollards), traffic management systems and land which together form a single integrated network.

### **Recognition**

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the authority and the cost of the item can be measured reliably.

## **Measurement**

Highways infrastructure assets are generally measured at depreciated historical cost. However, 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 England and Scotland) (1996 Wales), which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

## **Depreciation**

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives. Depreciation is charged on a straight-line basis.

Annual depreciation is the depreciation amount allocated each year. Infrastructure is depreciated at rates representative of their estimated remaining useful lives, covering periods of 5 to 120 years.

## **Disposals and derecognition**

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the “Other operating expenditure” 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).

The written off amounts of disposals are 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 transferred to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

## **3. Heritage Assets**

Heritage Assets are non-current assets that are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities. They are held and maintained principally for their contribution to knowledge and culture.

It is anticipated that any acquisition of Heritage Assets will be made by donation. Where an item is donated and it is deemed appropriate, valuations will be sought from an independent external valuer.

Heritage Assets are measured at valuation where available and the asset is recognised within the Balance Sheet. Valuations are reviewed with sufficient frequency to ensure measurement remains current.

Where the Council considers that obtaining full valuations for assets would involve a disproportionate cost in comparison to the benefits to the users of the financial statements the asset is not recognised in the Balance Sheet, but included in the accounts as a disclosure. When reported on the Balance Sheet, Heritage Assets are recognised and measured in accordance with the Council's accounting policies on Property, Plant & Equipment, and for property they are valued in accordance with the property Royal Institution of Chartered Surveyors (RICS) guidance. Other Heritage Assets, where a market value exists, the assets are valued at current market value and where no market value exists they are recognised at their insurance valuation.

Where Heritage Assets are held within the Balance Sheet, the carrying amounts will be reviewed

where there is evidence of impairment i.e. where an item has suffered physical deterioration or breakage or where doubts arise to authenticity. Any impairment is recognised in accordance with the Council's general policies on impairment.

If it is agreed to dispose of any Heritage Assets the proceeds are accounted for in accordance with the Council's general provisions relating to the disposal of Property, Plant and Equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements for capital receipts.

Heritage Assets are not subject to depreciation as they are considered to have indefinite lives.

#### **4. Investment Property**

Investment Properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. 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. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Working Balance. The gains and losses are therefore transferred out of the General Working Balance in the Movement in Reserves Statement and allocated to the Capital Adjustment Account.

Rentals received in relation to Investment Properties are credited to the Financing and Investment Income line and result in a gain for the General Working Balance. As a non-financial asset an investment property shall be measured at highest and best use.

#### **5. Intangible Assets**

Intangible Assets represent Non-Current Assets that do not have physical substance, but are identifiable and are controlled by the Council through custodial or legal rights. All purchased Intangible Assets are capitalised at historical cost in line with The Code.

Following initial capitalisation, Intangible Assets are carried at its cost less any accumulated amortisation and any accumulated impairment loss.

In line with other Non-Current Assets, their useful economic life is determined based on the length of time that the benefit will accrue to the Council. Based on the best estimate of the useful economic life, the intangible asset is charged to the relevant service lines within the Comprehensive Income and Expenditure Statement over this period. This is for a period of up to twenty-five years on a straight line basis.

#### **6. Charges to Revenue for non-current assets**

Service Revenue Accounts, Support Services and trading accounts are charged with the following amounts to record the real cost of holding Fixed Assets throughout the year:-

- depreciation attributable to the assets used by the relevant service;

- Revaluation losses where there are no accumulated gains in the Revaluation Reserve for the impacted asset against which said losses can be written off;
- impairment losses attributable to non-current assets used by the service; and
- amortisation of intangible assets attributable to the service.

The Council does not raise Council Tax to cover depreciation, impairment loss or amortisations. The Council does, however, make an annual contribution from revenue to reduce its borrowing requirement (equal to approximately 4% of the Capital Financing Requirement). Depreciation, impairment losses, amortisation and gains or losses on the disposal of assets are therefore written out of the General Working Balance via the Movement in Reserves Statement, by way of an adjusting transaction within the Capital Adjustment Account.

## **7. Revenue Expenditure Funded from Capital under Statute**

Revenue Expenditure Funded from Capital under Statute represents expenditure which may be properly capitalised, but which does not result in the creation of any Fixed Asset to the Council. In line with the guidance contained in The Code, this expenditure is written off to the relevant service within the Comprehensive Income and Expenditure Statement in the year the expenditure is incurred, because the Council does not control the economic benefits arising from this expenditure. Any statutory provision that allows capital resources to meet the expenditure shall be accounted for by debiting the capital adjustment account and crediting the General Fund balance and showing as a reconciling item in the Movement in Reserves Statement.

## **8. Long Term Investments**

The Council has equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI) which are its investments in non-consolidated subsidiaries and joint ventures. The Council has made an irrevocable election to designate these equity instruments as FVOCI on the basis that these are held for non-contractual benefits, not held exclusively for trading but for strategic purposes. These assets were transferred to the new category on 1 April 2018. The fair value of these long term investments is based on the principle that they do not have a quoted market price in an active market and there are no future plans to sell these investments in the Council's companies and joint ventures.

Other long term investments, in the form of simple deposits with banks / building societies, are valued at amortised cost using the effective interest rate method, in accordance with IFRS 9.

## **9. Accruals of Income and Expenditure and Revenue Recognition**

The Accounts of the Council are, in general, maintained on an accruals basis in accordance with recognised accounting policies. The Accounts reflect sums due to or incurred by the Council during the year, whether or not the amount has actually been received or paid in the year. Appropriate provision has been made, therefore, for Creditors and Debtors at 31st March 2025.

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

Revenue is defined as income arising as a result of the Council's normal operating activities and where income arises from contracts with service recipients it is recognised when or as the Council has satisfied a performance obligation by transferring a promised good or service to the service recipient.

Revenue is measured as the amount of the transaction price which is allocated to that performance obligation.

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 unless the difference is immaterial.

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.

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.

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.

## **10. Grants**

Revenue grants are accrued and credited to income in the period in which the conditions of the grant have been complied with and there is reasonable assurance that the grant or contribution will be received. Where this is in advance of the related expenditure being incurred an Earmarked Reserve is credited to reflect the expenditure commitments in future years. Where the grant or contribution is for capital purposes then the grant income is recognised in the year it is received, although this is subject to any outstanding conditions having been met. Capital Grant income recognised in the Comprehensive Income and Expenditure Statement in advance of the related expenditure is transferred to the Capital Grants Unapplied Reserve. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried on the Balance Sheet as Creditors (Income in Advance).

This accounting treatment for grants is in accordance with IAS 20 Accounting for Government Grant.

## **11. VAT**

Income and Expenditure transactions exclude any amounts relating to VAT as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from them.

## **12. Leases**

### **The Council as lessee**

The Council classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.



### **Initial measurement**

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

The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the 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 Council is reasonably certain to exercise;
- lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option; and
- penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. 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 straight-line 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 Council's estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the 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 £20,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the 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, straightline 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 authority 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.

### **Operating Leases**

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

## **13. Private Finance Initiative (PFI) and Similar Contracts**

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

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

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

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

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement

- finance cost – an interest charge of 10.7% on the outstanding Balance Sheet liability, debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

## 14. Financial Instruments

A Financial Instrument is defined as: “any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another”. Although this covers a wide range of items, the main implications are in terms of investments and borrowings.

As reflected in The Code, the accounting standard on Financial Instruments, IFRS 9 covers the concepts of recognition, measurement, presentation and disclosure.

A financial asset or liability should be recognised on the Balance Sheet when, and only when, the holder becomes a party to the contractual provision of the instrument.

### Financial Assets

There are three main classes of financial assets held by the Council which are measured at:

- Amortised cost
- Fair value through profit and loss (FVPL), and
- Fair value through other comprehensive income (FVOCI)

The Council largely holds investments to collect contractual cashflows i.e. payments of interest and principal. Most of the Councils financial assets are therefore classified as amortised cost, except for those that are not solely payment of principal and interest.

### Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on de-recognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

### 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 Council 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 Councils current investments that fall under FVPL are in property funds and are measured at market price, as quoted market prices exist for this type of investment. As these gains or losses impact on the General Fund balance, a statutory override has been agreed with the Ministry of Housing, Communities and Local Government (MHCLG), so any loss or gain is reversed and recorded in the Financial Instruments Revaluation

Reserve, unless funded from capital in which case through the Capital Adjustments Account. Any gain or loss will only be realised when the investments are sold.

IFRS 9 Financial Instruments sets out that investments in equity should be classified as fair value through profit and loss unless there is an irrevocable election to recognise changes in fair value through other comprehensive income. The Council will assess each investment that falls in to this category on an individual basis and assign an IFRS 9 category (amortised cost, FVPL or FVOCI). The assessment will be based on the underlying purpose for holding the financial instrument.

### **Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)**

The Council has equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI) which are its investments in non-consolidated subsidiaries and joint ventures. The Council has made an irrevocable election to designate these equity instruments as FVOCI on the basis that these are held for non-contractual benefits, not held exclusively for trading but for strategic purposes. These assets were transferred to the new category on 1 April 2018. The fair value of these long term investments is based on the principle that they do not have a quoted market price in an active market and there are no future plans to sell these investments in the Council's companies and joint ventures. Dividend income is credited to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement when it becomes receivable by the Council. If there is a change in fair value, this is posted to Other Comprehensive Income and Expenditure and is balanced by an entry in the Financial Instruments Revaluation Reserve. When the asset is de-recognised, the cumulative gain or loss previously recognised in Other Comprehensive Income and Expenditure is transferred from the Financial Instruments Revaluation Reserve and recognised in the Surplus or Deficit on the Provision of Services.

### **Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. For the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement. Gains and losses (discounts and premiums) on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the CIES. If the Council decides to write off these gains or losses on early repurchase / settlement then this can be done over 10 years or over the life of the new loan or over a shorter more prudent time scale. The CIES is charged with one year related costs with the rest being taken to the Financial Instruments Adjustment Account in the Balance Sheet via the Movement in Reserves Statement - General Working Balance. The accounting policy is to charge gains and losses to Net Operating Expenditure in the year of repurchase / settlement.

However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the CIES is spread over the life of the loan by an adjustment to the effective interest rate. Please note that this situation has not occurred and is not reflected in the current Statement of Accounts and is unlikely to occur in the future.

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost and these measured at Fair Value through other Comprehensive Income where relevant and where material. Expected Credit losses are measured by multiplying the total value of the

investment by the financial institution's risk of default, as provided by our independent Treasury advisors.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower or investee 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.

### **Soft Loans**

The Council has the power to advance loans to Voluntary Organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the Comprehensive Income and Expenditure Statement, charged to the relevant service, for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal. Interest is credited at a marginally higher effective rate of interest than the rate receivable from the Voluntary Organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provision requires that the impact of soft loans on the General Working Balance is the interest receivable for the financial year. The reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Working Balance is managed by a transfer to or from the Financial Instruments Revaluation Reserve in the Movement in Reserves Statement.

## **15. Inventories**

Inventories have been included in the Accounts at weighted average cost price. Any obsolete and slow moving items are written off during the year and netted off against the value of the inventories shown in the Balance Sheet. No amounts are included for such items as inventories at Health and Adult Services residential homes, and inventories at special schools and outdoor education centres. It is considered that exclusion of these items does not have a material effect on the values stated.

## **16. Allocation of Support Services Costs**

The costs of Support Services provided by Corporate Service Units have been allocated to the relevant Traded Services largely on the basis of the estimated time spent by officers. A proportion of the costs relating to the Central Services Directorate have been charged to the North Yorkshire Pension Fund in respect of the administration of the Fund.

## **17. Provisions, Contingent Liabilities and Contingent Assets**

### **Provisions**

Provision has been made against relevant services within the Comprehensive Income and Expenditure Statement for liabilities that have been incurred by the Council, but where the amounts or dates on which they will arise are uncertain.

Provisions are required to be recognised when the Council has a present obligation, as a result of a past event, where it is probable that a transfer of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation, (IAS 37 Provisions, Contingent Liabilities and Contingent Assets).

When expenditure is incurred to which the provision relates, it is charged directly against the provision in the Balance Sheet and not against the Comprehensive Income and Expenditure Statement.

The estimated value and timing of settlements are reviewed at the end of each financial year. Where it becomes more likely than not that a transfer of economic benefits will not now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service within the Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be met by another third party (e.g. from an insurance claim), this is only recognised as income in the relevant service Revenue Account if it is virtually certain that reimbursement will be received if the obligation is settled.

### **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 Core Financial Statements.

### **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 Core Financial Statements where it is probable that there will be an inflow of economic benefits or service potential.

## **18. Reserves**

The Council maintains separate balances for the General Fund and Housing Revenue Account to or from which appropriations are made for annual surpluses or deficits.

The Council also holds reserves earmarked for specific purposes which are detailed in note 34b to 34d in the Notes to the Core Financial Statements. These reserves together with the Capital Grant Unapplied Reserve and Capital Receipts Unapplied Reserve are deemed to be distributable reserves, which can be utilised to support future expenditure.

Under arrangements for Local Management of Schools (LMS), budget allocations are made to individual establishments at the start of each financial year. Any under-spends or over-spends against budget allocations are carried forward into the following financial year's budget allocation by way of the LMS reserve.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate Service Income and Expenditure heading in that year and represents a charge against the Net Cost of Services. The reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against Council Tax for the expenditure.

Non-distributable (unusable) reserves include the Revaluation Reserve, the Capital Adjustment Account, the Pension Reserve, the Accumulated Absences Reserve, Financial Instruments revaluation Reserve, DSG Adjustment Account and the Collection Fund Adjustment Account Reserve. These represent "technical non-cash" reserves which are maintained to manage the accounting processes and other statutory accounting adjustments under regulations. These reserves do not represent usable resources available to the Council or impact upon the level of local taxation and are not able to be utilised in support of service delivery.

## 19. Pensions

The pension liabilities of the Council are to be accounted for using IAS 19 principles. The Council participates in three different pension schemes which meet the needs of employees in particular services. The three schemes are:-

- The Local Government Pension Scheme, administered by the Council;
- The Teachers' Pension Scheme administered by Capita Teachers' Pension on behalf of the Department for Education; and
- The NHS Pension Scheme administered by the NHS Business Services Authority on behalf of the Department of Health and Social Care.

All three schemes provide members with defined benefits related to pay and service. However, the arrangements for the teachers' scheme and the NHS scheme mean that liabilities for these benefits cannot be identified specifically to the Council. These schemes are therefore accounted for as if they are defined contribution schemes and no future liability for future payments or benefits is recognised in the Balance Sheet.

### **The Local Government Pension Scheme**

The Local Government Scheme is accounted for as a defined benefit pension scheme. In line with the accounting policies outlined in The Code, the Council has complied with the requirements of IAS 19 Employee Benefits and in particular:-

- the assets of each scheme are measured at fair value;
- the attributable liabilities of each scheme are measured on an actuarial basis;
- quoted securities and unitised securities are measured at current bid-price, unquoted securities are measured using a professional estimate;
- the scheme liabilities are discounted at a rate based upon long dated, AA rated, corporate bonds which reflects the time value of money and the characteristic of the liability;
- the deficit in the scheme is the shortfall of the value of assets over the present value of liabilities;
- the interest cost is the allowance for one year's worth of the discount on the liabilities "unwinding" as the liabilities at the start of the period are one year closer to payment;
- the current service cost is 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;
- remeasurement of liabilities arises from changes in financial assumptions and demographic assumptions, as well as adjustments following the detailed analysis at each triennial valuation;
- settlements and curtailments are the increase or decrease in liabilities arising from current decisions where the effect relates to years of service earned in earlier years and is charged or credited to the Net Cost of Services in the Comprehensive Income and Expenditure Statement;
- interest on assets is the expected one year's growth of the assets held at the start of the year;
- remeasurement of assets reflects the difference between actual and expected growth of assets over the year, as well as adjustments following each triennial valuation; and

- administration expenses are the costs of running the Fund attributable to the Council. In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the authority 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.

## **20. Trust Funds Administered by the Council**

Trust Funds administered by the Council have not been included in the Balance Sheet, in accordance with the provisions of The Code.

## **21. Group Accounts**

The Council has financial relationships with a number of entities and partnerships and, as a result, is required to prepare Group Accounts in addition to its main financial statements. In preparing Group Accounts the Council has followed CIPFA guidance and in general, the following policies have been applied:-

- all financial relationships within the scope of Group Accounts have been assessed;
- subsidiary company statutory accounts have been prepared under UK GAAP (FRS101), this may give rise to inconsistent accounting treatments to those applied within the Council's accounts. Where material differences in the accounting treatment applied within subsidiaries are identified the subsidiary accounts are aligned with the accounting policies of the Council prior to consolidation;
- Associates and Joint Ventures have been accounted for in line with the provisions of IAS 28 Investment in Associates and IAS 31 Interest in Joint Ventures;
- the Council has made an irrevocable election to designate these equity instruments as FVOCI on the basis that these are held for non-contractual benefits, not held exclusively for trading but for strategic purposes; and
- financial interests that do not have a material impact on the Group Accounting Statements have not been consolidated.

## **22. Council Tax and Non-Domestic Rates (NDR) Income**

The Local Government Finance Act 2012 introduced a business rates retention scheme from 1st April 2013 that enables local authorities to retain a proportion of non-domestic rates generated in their area.

### **Council Tax Income**

North Yorkshire Council is a billing authority and is required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and non-domestic rates. The Fund's key features relevant to accounting for council tax in the core financial statements are detailed below.



In its capacity as a billing authority the Council acts as an agent: it collects and distributes Council Tax income on behalf of the major preceptors and itself. The major preceptors are North Yorkshire Police, North Yorkshire Fire and Rescue Authority and the North Yorkshire Police, Fire and Crime Commissioner.

While the Council Tax income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the billing authority or paid out of the Collection Fund to major preceptors. The amount credited to the General Fund under statute is the Council's precept or demand for the year plus the Council's share of the surplus on the Collection Fund for the previous year or less its share of the deficit on the Collection fund for the previous year; and this amount may be more or less than the accrued income for the year in accordance with GAAP, although in practice the difference would usually be small.

Council Tax income included in the Comprehensive Income and Expenditure Statement for the year is the accrued income for the year. The difference between the income included in the Comprehensive Income & Expenditure Account 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.

Since collection of Council Tax is in substance an agency arrangement, the cash collected by the Council as billing authority from Council Tax debtors belongs proportionately to the billing authority and the major preceptors. There will therefore be a debtor/creditor position between the billing authority and each major preceptor to be recognised since the net cash paid to each major preceptor in the year will not be its share of cash collected from Council Tax payers.

If the net cash paid to a major preceptor in the year is more than its proportionate share of net cash collected from Council Tax debtors/creditors in the year the Council as billing authority shall recognise a debit adjustment for the amount overpaid to the major preceptor in the year and the major preceptor shall recognise a credit adjustment for the same amount to the debtor/creditor position between them brought forward from the previous year.

If the cash paid to a major preceptor is less than its proportionate share of net cash collected in the year from Council Tax debtors/creditors the Council as billing authority shall recognise a credit adjustment for the amount underpaid to the major preceptor in the year and the major preceptor shall recognise a debit adjustment for the same amount to the debtor/creditor position between them brought forward from the previous year.

The Cash Flow Statement of the Council includes in Revenue Activities cash flows only of its own share of Council Tax net cash collected from Council Tax debtors in the year; and the amount included for precepts paid excludes amounts paid to major preceptors. The difference between the major preceptors' share of the net cash collected from Council Tax debtors and net cash paid to major preceptors as precepts and settlement of the previous year's surplus or deficit on the Collection Fund is included as a net increase/decrease in other liquid resources.

The Balance Sheet includes the Authority's share of the end of year balances in respect of council tax relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances for the above are identified as impaired arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

### **Non-Domestic Rates (NDR) Income**

With effect from 1 April 2013 the Government's localisation of business rates was introduced and the financing and accounting arrangements for NDR billing and income collection were changed. The following policy applies from 1 April 2013.

North Yorkshire Council is a billing authority and as such is required by statute to maintain a separate fund for the collection and distribution of amounts due in respect of council tax and non-domestic rates.

In its capacity as a billing authority the Council acts as an agent: it collects and distributes NDR income on behalf of the government, major preceptors and itself. The major preceptors are North Yorkshire Police, North Yorkshire Fire and Rescue Authority and the North Yorkshire Police, Fire and Crime Commissioner.

While the NDR income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund of the billing authority or paid out of the Collection Fund to the government and major preceptors. The amount credited to the General Fund under statute is the Council's pre-determined share for the year plus the Council's share of the surplus on the Collection Fund for the previous year or less its share of the deficit on the Collection fund for the previous year; and this amount may be more or less than the accrued income for the year, although in practice the difference would usually be small.

NDR income included in the Comprehensive Income and Expenditure Statement for the year is the accrued income for the year.

The difference between the income included in the Comprehensive Income & Expenditure Account 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.

Since collection of NDR is in substance an agency arrangement, the cash collected by the Council as billing authority from NDR debtors belongs proportionately to the billing authority, the government and the major preceptors. There will therefore be a debtor/creditor position between the billing authority and the government and each major preceptor to be recognised since the net cash paid to the government and each major preceptor in the year will not be its share of cash collected from NDR payers.

Of the net cash paid to the government and the major preceptors in the year is more or less than its proportionate share of net cash collected from NDR debtors/creditors in the year, then the Council as billing authority shall recognise either a debit or credit adjustment for the amount over or underpaid to the government and major preceptors in the year and the government and major preceptors shall recognise a credit or debit adjustment for the same amount to the debtor/creditor position between them brought forward from the previous year.

The Council's Cash Flow Statement only includes the Council's share of NDR net cash flows; and the amount included for precepts paid excludes amounts paid to the government and major preceptors. The difference between the government and major preceptors' share of the net cash collected from NDR debtors and net cash paid to the government and major preceptors is included as a net increase/decrease in other liquid resources.

The Balance Sheet includes the Authority's share of the end of year balances in respect of NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals. Where debtor balances for the above are identified as impaired arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

## **23. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash Equivalents are short term investments that are of a highly liquid nature. The Council has deemed that deposits held within call accounts and other short term investments that have a deposit term of one month or under and are held for the purposes of meeting short term cash commitments are categorised as Cash Equivalents.

In the Cash Flow Statement, Cash and Cash Equivalents are shown net of bank overdrafts that are repayable on demand where there is a right of offset.

## **24. Short Term Compensated Employee Benefits**

The Council in accordance with IAS 19 makes accruals for short term employee compensated absences such as untaken holiday pay and accumulated flexi time at the period end. These balances are recognised as Provisions and under statutory guidance an offsetting balance is included within the reserves section of the Balance Sheet.

Short term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Council. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu, flexi balances) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged against the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are ultimately charged to revenue in the financial year in which the holiday absence occurs.

## **25. Exceptional items**

When items of income and expenditure are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the Notes to the Core Financial Statements, depending on how significant the items are to an understanding of the Council's financial performance.

## **26. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors**

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

## **27. Events After the Balance Sheet Date**

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; and
- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where 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.

## **28. Jointly Controlled Operations and Jointly Controlled Assets**

Jointly controlled operations are activities undertaken by the Council in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. The Council recognises in its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of Property, Plant or Equipment that are jointly controlled by the Council and other venturers, with the assets being used to obtain benefits for the ventures. The joint venture does not necessarily involve the establishment of a separate entity. The Council accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

## **29. Schools**

The Code 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.

## **30. Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accruals basis at year-end, to the appropriate service in the Comprehensive Income and Expenditure Statement at the point where either the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, the General Fund Balance is charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, adjustments are made to and from the Pensions Reserve, to remove the notional debits and credits for pension enhancement

termination 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.

DRAFT

## **COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT 2024/25**

Year to 31st March 2024				Year to 31st March 2025			
Expenditure	Income	Net		Expenditure	Income	Net	
£000	£000	£000		£000	£000	£000	
529,314	(398,172)	131,142	Children and Young Peoples Service	577,691	(425,631)	152,060	
296,860	(104,620)	192,240	Environmental Services	292,126	(127,272)	164,854	
422,500	(184,329)	238,171	Health and Adult Services	448,829	(190,950)	257,879	
261,693	(123,209)	138,484	Resources and Central Services	261,682	(124,377)	137,305	
137,172	(63,476)	73,696	Community Development	143,903	(76,088)	67,815	
37,291	(40,200)	(2,909)	Housing Revenue Account	33,921	(43,723)	(9,802)	
13,192	(26,923)	(13,731)	Corporate Miscellaneous	12,749	(57,012)	(44,263)	
1,698,022	(940,929)	757,093	<b>Cost of Services</b>	1,770,901	(1,045,053)	725,848	
			<b>Other Operating Expenditure</b>				
		10,479	Loss on Disposal of Property, Plant and Equipment (note 21)			48,921	
		765	Precepts of Local Precepting Authorities			12,018	
		11,244				60,939	
			<b>Financing and Investment Income and Expenditure</b>				
		29,674	Interest payable and similar charges (note 40b)			29,479	
		(36,049)	Interest receivable and similar income			(38,915)	
		1,604	Movement in fair value of financial assets			(440)	
		0	Financial Instruments Premiums			(34)	
		(7,907)	Investment Properties; revaluation and impairment (note 26)			5,324	
		(734)	(Surplus)/Deficit of trading activities (note 6)			(667)	
		(2,390)	Net interest on the net defined pension benefit liability / (asset) (note 10)			(1,178)	
		(15,802)				(6,431)	
			<b>Taxation and Non-Specific Grant Income</b>				
		(425,284)	Council Tax Income (note 7)			(471,252)	
		(126,031)	Non-Domestic Rates Income (note 8)			(85,621)	
		(74,753)	Non-Ringfenced Government Grants (note 9)			(74,968)	
		(125,271)	Capital Grants (note 9)			(57,520)	
		(751,339)	Taxation and Non-Specific Grant Income			(689,361)	
		1,196	<b>(Surplus) or Deficit on Provision of Services</b>			90,995	

## COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (continued)

Year to 31st March 2024			Year to 31st March 2025		
Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
		<b>1,196</b>			<b>90,995</b>
		0			0
		(174,937)			(56,919)
		(1,267)			1,316
		<b><u>(176,204)</u></b>			<b><u>(55,603)</u></b>
		<b><u>(175,008)</u></b>			<b><u>35,392</u></b>
		<b>Total Comprehensive Income and Expenditure</b>			

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

### MOVEMENT IN RESERVES STATEMENT

	General Working Balance £000 (note 35)	Housing Revenue Account £000	Earmarked Reserves £000 (note 35)	Major Repairs Reserve £000	Capital Receipts Unapplied Reserve £000 (note 35)	Capital Grants Reserve £000 (note 35)	Total Usable Reserves £000 (note 35)	Total Unusable Reserves £000 (note 36)	Total Authority Reserves £000
<b>Movement in Reserves during 2024/25</b>									
<b>Balance at 1st April 2024</b>	<b>(55,872)</b>	<b>(19,285)</b>	<b>(448,050)</b>	<b>(8,863)</b>	<b>(27,185)</b>	<b>(119,924)</b>	<b>(679,179)</b>	<b>(2,437,058)</b>	<b>(3,116,237)</b>
Total Comprehensive Expenditure and Income	99,940	(8,945)	0		0	0	90,995	(55,603)	35,392
Adjustments between accounting basis and funding basis under regulations	(134,837)	6,412	0	1,330	(7,467)	42,708	(91,854)	91,854	0
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(34,897)</b>	<b>(2,533)</b>	<b>0</b>	<b>1,330</b>	<b>(7,467)</b>	<b>42,708</b>	<b>(859)</b>	<b>36,251</b>	<b>35,392</b>
Transfers (to) / from Earmarked Reserves:	57,281	(20)	(57,261)	0	0	0	<b>0</b>		0
(Increase) / Decrease in Year	22,384	(2,553)	(57,261)	1,330	(7,467)	42,708	(859)	36,251	35,392
<b>Balance at 31st March 2025</b>	<b>(33,488)</b>	<b>(21,838)</b>	<b>(505,311)</b>	<b>(7,533)</b>	<b>(34,652)</b>	<b>(77,216)</b>	<b>(680,038)</b>	<b>(2,400,807)</b>	<b>(3,080,845)</b>

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



**MOVEMENT IN RESERVES STATEMENT (continued)**

	General Working Balance £000 (note 35)	Housing Revenue Account £000	Earmarked Reserves £000 (note 35)	Major Repairs Reserve £000	Capital Receipts Unapplied Reserve £000 (note 35)	Capital Grants Reserve £000 (note 35)	Total Usable Reserves £000 (note 35)	Total Unusable Reserves £000 (note 36)	Total Authority Reserves £000
<b>Movement in Reserves during 2023/24</b>									
<b>Balance at 1st April 2023</b>	<b>(45,529)</b>	<b>(21,505)</b>	<b>(444,172)</b>	<b>(4,674)</b>	<b>(21,700)</b>	<b>(80,117)</b>	<b>(617,697)</b>	<b>(2,323,532)</b>	<b>(2,941,229)</b>
Total Comprehensive Expenditure and Income	1,693	(497)	0		0	0	1,196	(176,204)	(175,008)
Adjustments between accounting basis and funding basis under regulations	(19,204)	6,007	0	(4,189)	(5,485)	(39,807)	(62,678)	62,678	0
<b>Net (Increase) / Decrease before Transfers to Earmarked Reserves</b>	<b>(17,511)</b>	<b>5,510</b>	<b>0</b>	<b>(4,189)</b>	<b>(5,485)</b>	<b>(39,807)</b>	<b>(61,482)</b>	<b>(113,526)</b>	<b>(175,008)</b>
Transfers (to) / from Earmarked Reserves	7,168	(3,290)	(3,878)	0	0	0	0	0	0
(Increase) / Decrease in Year	(10,343)	2,220	(3,878)	(4,189)	(5,485)	(39,807)	(61,482)	(113,526)	(175,008)
<b>Balance at 31st March 2024</b>	<b>(55,872)</b>	<b>(19,285)</b>	<b>(448,050)</b>	<b>(8,863)</b>	<b>(27,185)</b>	<b>(119,924)</b>	<b>(679,179)</b>	<b>(2,437,058)</b>	<b>(3,116,237)</b>

## BALANCE SHEET AS AT 31ST MARCH 2025

31st March 2024 £000		31st March 2025 £000
2,928,922	Property, Plant and Equipment (note 19)	2,928,852
75,671	Investment Property (note 26)	42,374
10,873	Intangible Assets (note 25)	9,312
52,019	Heritage Assets (note 27)	58,686
18,280	Long Term Investments (note 30)	18,719
68,020	Long Term Debtors (note 31)	75,394
<b>3,153,785</b>	<b>Long Term Assets</b>	<b>3,133,337</b>
464,690	Short Term Investments (note 40a)	487,703
2,264	Inventories	2,487
211,363	Short Term Debtors (note 32)	204,674
94,588	Cash and Cash Equivalents (note 29)	159,128
2,932	Assets held for sale (note 28)	2,732
<b>775,837</b>	<b>Current Assets</b>	<b>856,724</b>
(51,506)	Short Term Borrowing (note 40a)	(112,788)
(174,577)	Short Term Creditors (note 33)	(161,853)
(4,311)	PFI/PPP Liability repayable within 12 months (note 12)	(5,555)
(168)	Finance Lease repayable within 12 months (note 13)	(1,599)
(13,584)	Provisions to be used within 12 months (note 34)	(13,313)
(14,969)	Capital Grant Receipts in Advance (note 9)	(16,910)
<b>(259,115)</b>	<b>Current Liabilities</b>	<b>(312,018)</b>
(15,099)	Long Term Creditors (note 24)	(57,299)
(134,650)	PFI/PPP Liability repayable in excess of 12 months (note 12)	(140,172)
(1,132)	Finance Lease repayable in excess of 12 months (note 13)	(6,961)
(12,760)	Provisions to be used in excess of 12 months (note 34)	(20,024)
(7,357)	Net Pensions Liability (note 10)	(6,248)
(371,113)	Long Term Borrowing (note 40a and 40d)	(350,449)
(12,159)	Capital Grant Receipts in Advance (note 9)	(16,045)
<b>(554,270)</b>	<b>Long Term Liabilities</b>	<b>(597,198)</b>
<b>3,116,237</b>	<b>Net Assets</b>	<b>3,080,845</b>

## **BALANCE SHEET AS AT 31ST MARCH 2025 (continued)**

31st March 2024 £000		31st March 2025 £000
	<b>Usable Reserves</b>	
55,872	General Working Balance (note 35a)	33,488
19,285	General Working Balance HRA	21,838
448,050	Earmarked Reserves (note 35b)	505,311
8,863	Major Repairs Reserve (HRA)	7,533
27,185	Capital Receipts Unapplied Reserve (note 35c)	34,652
119,924	Capital Grant Unapplied Reserve (note 35d)	77,216
<b>679,179</b>	<b>Total Usable Reserves</b>	<b>680,038</b>
	<b>Unusable Reserves</b>	
797,307	Revaluation Reserve (note 36a)	782,359
12,137	Collection Fund Adjustment Account (note 36b)	3,647
3,015	DSG Adjustment Account (note 36g)	3,241
0	Financial Instruments Adj Account	303
(2,141)	Financial Instruments Revaluation Reserve (note 36f)	(1,701)
(6,704)	Accumulated Absences Account (note 36c)	(7,144)
(7,357)	Pension Reserve (note 36d)	(6,248)
1,640,801	Capital Adjustment Account (note 36e)	1,626,350
<b>2,437,058</b>	<b>Total Unusable Reserves</b>	<b>2,400,807</b>
<b>3,116,237</b>	<b>Total Reserves</b>	<b>3,080,845</b>

The Balance Sheet shows the value as at the Balance Sheet date of the Assets and Liabilities recognised by the Council. The net Assets of the Council (Assets less Liabilities) are matched by the Reserves held by the Council.

Reserves are reported in two categories. The first category of Reserves are Usable Reserves, ie those Reserves that the Council may use to provide services, subject to the need to maintain a prudent level of Reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund Capital Expenditure or repay debt). The second category of Reserves are those that the Council is not able to use to provide services. This category of Reserves includes Reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the Assets are sold, and Reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

## CASH FLOW STATEMENT – YEAR ENDED 31ST MARCH 2025

31st March 2024 £000		31st March 2025 £000
<b>(1,196)</b>	<b>Net Surplus / (Deficit) on the Provision of Services - See Comprehensive Income and Expenditure Statement</b>	<b>(90,995)</b>
	<b>Adjust net surplus / (deficit) on the provision of services for non cash movements</b>	
149,490	Depreciation / Amortisation (note 35a)	135,609
50,894	Impairment and revaluations charged to the provision of services (note 35a)	56,114
(59,112)	Movement in Creditors (Decrease)/increase	23,274
2,443	Movement in Debtors Decrease/(increase)	6,798
98	Movement in Inventories Decrease/(increase)	(223)
3,448	Movement in Provisions (Decrease)/increase (note 34)	6,993
937	Movement in Pensions Liability	(2,425)
24,463	Carrying Amount of Non-current Assets sold (note 35a)	57,190
<b>172,661</b>		<b>283,330</b>
	<b>Adjust for items included in the net deficit on the provision of services that are investing and financing activities</b>	
(125,271)	Capital grants credited to the (surplus)/deficit on the provision of services (note 9)	(57,520)
(8,499)	Proceeds from the sale of property and other assets	(2,594)
<b>(133,770)</b>		<b>(60,114)</b>
<b>37,695</b>	<b>Net cash flows from Operating Activities</b>	<b>132,221</b>

## CASH FLOW STATEMENT (continued)

31st March 2024		31st March 2025 £000
<b>37,695</b>	<b>Net cash flows from Operating Activities</b>	<b>132,221</b>
	<b>Investing Activities</b>	
(154,037)	Purchase of Property, Plant and Equipment and Intangible Assets	(141,763)
(1,506,294)	Purchase of Short Term and Long Term investments	(1,423,939)
8,499	Proceeds from the Sale of Property (and other Assets)	2,594
1,452,104	Proceeds from Short Term and Long Term Investments	1,400,487
141,757	Other receipts for investing activities	55,813
<b>(57,971)</b>	<b>Net cash flows from / (for) Investing Activities</b>	<b>(106,808)</b>
	<b>Financing Activities</b>	
0	Cash receipts of Short and Long Term Borrowing	0
(126)	Other receipts from Financing Activities	4,873
(3,808)	Repayment of the outstanding liability of Finance Lease and similar arrangements (notes 12 and 13)	(6,381)
(7,867)	Repayment of Short and Long Term Borrowing	40,635
0	Other payments for Financing Activities	0
<b>(11,801)</b>	<b>Net cash flows (from) / for Financing Activities</b>	<b>39,127</b>
<b>(32,077)</b>	<b>Net (Decrease) / Increase in Cash and Cash Equivalents</b>	<b>64,540</b>
126,665	Cash and Cash Equivalents at the beginning of the reporting period	94,588
94,588	Cash and Cash Equivalents at the end of the reporting period	159,128
<b>(32,077)</b>		<b>64,540</b>

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 (ie borrowing) to the Council.

## **NOTES TO THE CORE FINANCIAL STATEMENTS**

### **1. Prior Period Adjustments**

There have been no prior period adjustments.

### **2. Accounting Standards that have been issued but have not yet been adopted**

Accounting Standards that have been issued but not yet adopted by the CIPFA Code of Practice are:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach.

Any impact on the Statement of Accounts will be assessed at the time of adoption by the CIPFA Code of Practice, but based on our initial assessment we expect the adoption of the above standards to be either not relevant to the Council or that any impact will not be material.

### **3. Critical Judgements in applying Accounting Policies**

In applying the accounting policies as set out at the Statement of Accounting Policies the Council has had to make critical judgements about complex transactions and those involving uncertainty about future events (sensitivity analysis relating to changes to specific critical judgements are included where appropriate) :-

- in the current economic environment there continues to be a degree of uncertainty about future levels of funding for local government. The Council continues to review the provision of services by the Authority, in response to known and forecast future funding reductions. In 2024/25 funding from Central Government (Dedicated Schools Grant, Other Specific Grants, Uniform Business Rates proceeds and Capital Grants) totalled £772.9m. A change in this funding of 1% is equivalent to £7.73m. There will be no risk to the going concern status of the council and statutory services will continue to be delivered;
- the Council, via its external valuer, has conducted an impairment review on land and property assets not being revalued in 2023/24, as set out in Disclosure Note 19 – Valuation of Non-Current Assets. As a result of this impairment review, it has been concluded no material impairment has occurred. If any material impairment had occurred, a 1% decrease in asset values would reduce the closing NBV on the Council's balance sheet by £29.3m;
- 20 schools transferred to Academy Status in 2024/25. It is the Council's policy to exclude academy schools from its Balance Sheet as it does not retain sufficient control over the schools service provision to warrant the recognition of the school as an asset. Typically the land and

buildings of schools that transfer to academy status are transferred to the Academy Trust under a 125 year lease at a peppercorn rent. The value of the Council's balance sheet would have been £52.7m higher if the xx schools had not been removed. Further schools may transfer to Academy Status in 2025/26;

- the Council does not recognise the Property of Voluntary-aided and Voluntary-controlled Schools (except where title of the land and buildings is held by the Council) located on the Balance Sheet. It has been determined that this property is held by the Trustees of the relevant schools. The voluntary aided and voluntary controlled schools had a combined NBV of £24.5m. Although the current value of these schools is not known this valuation provides an indication of the additional value that would have been recorded on the Council's balance sheet if the schools had not been removed;
- The Council irrevocably elected to carry the value of its investment in its Group Companies at amortised cost as it is not possible to revalue these investments on an annual basis because they are neither marketable or available-for-sale equity; nor is it possible to obtain a reliable market estimate of the net worth of the investments. A 1% increase in the value of these investments would equate to £nil.
- judgement is required to determine whether the Council can be reasonably assured that the conditions of grant and contribution income received have been met before recognising them as income in the Comprehensive Income and Expenditure Statement. Where conditions require specified expenditure to have taken place, the grant monies will not be recognised until this has happened. Equally where conditions specify that a grant or contribution must be re-paid in the event of non-expenditure, the income is not recognised until the conditions of the grant have been met; and
- The Code requires the Council to consider the classification of leases between the categories of finance and operating on an annual basis. An element of judgement is required to make the assessment in line with best practice. The Code defines a finance lease as a lease that transfers substantially all the risks and rewards incidental to ownership of an asset and the title may or may not be eventually transferred. An operating lease is defined as a lease other than a finance lease. As per disclosure note 13 – Leases, the Council currently has commitments to make payments under operating leases in future years of £16.8m. If 1% of the value of these commitments had been classified as finance leases, the combined total of current and long term liabilities on the Council's Balance Sheet would increase by £0.2k.

#### **4. Assumptions Made About the Future and Other Major Sources of Uncertainty**

The Statement of Accounts contains estimated figures that are based upon 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.

##### **Pension Liability**

Estimation of the net liability to pay pensions depends upon a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged by the Council to provide expert advice about the assumptions to be applied, these assumptions may be adjusted on a yearly basis.

A sensitivity analysis around certain assumptions has identified the following changes to the pension deficit of £6.2m would occur if alternative assumptions were to be applied:-

- a +0.1%pa increase in the discount rate to be applied would reduce the pension deficit by £39.7m;



- a +0.1%pa increase in pension payments inflation would increase the deficit by £41.6m;
- a +0.1%pa pay growth would increase the deficit by £43.6m; and
- an additional 1 year increase in life expectancy would increase the deficit by £43.1m.

Further information regarding the carrying amount of the Pension Liability as at 31 March 2025 can be found in Disclosure Note 10 - Pension Arrangements.

## **Property, Plant and Equipment**

Assets are depreciated over the useful economic life that the asset (or components of the assets where appropriate) will be operational. The useful economic life of an individual asset is dependent upon maintaining an appropriate level of repair and maintenance expenditure on that asset. Should insufficient expenditure be incurred to properly maintain an asset then it may be the case that the useful economic life of that asset is reduced; this might give rise to an impairment or accelerated depreciation being required.

Further information regarding the carrying amount of Property, Plant and Equipment as at 31 March 2025 can be found in Disclosure Note 19 - Movement in Property, Plant and Equipment.

## **Valuation and Revaluations of Property Plant and Equipment**

Valuation and Revaluation of Property Plant and Equipment Property (Non-Council Dwellings) is revalued over the course of a five year rolling valuation programme. Where assets are not revalued in year, they subject to an overview report, reviewing whether any indication of a material change to their valuation exists, and, where this is the case, a decision is taken by the council in consultation with its external auditors as to whether the asset/s in question are revalued in year. Assets are further reviewed annually for indicators of impairment. Judgements are required to make an assessment as to whether there is an indication for impairment. The impairment tests include whether there has been any material damage to the asset as well as an examination of capital expenditure incurred in the financial year to ascertain whether it has resulted in an increase in value or an impairment of an asset. The influence of external market factors on the value of assets are also reviewed annually. This work is undertaken by the Valuers employed by the Council. If the actual results differ from the assumptions the value of property, plant and equipment will be over or understated. This would be picked up adjusted for as part of the rolling revaluation programme.

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. If the Council fails to sustain its current maintenance programme, the useful economic life of an asset may be reduced. If the useful life of assets are reduced then depreciation increases and the carrying amount of an individual asset may fall.

The material judgement in choice of accounting policy relates to the valuation of the Council's dwellings stock. The guidance issued by the Department for Communities and Local Government permits two valuation methods: the Beacon Approach and the Discounted Cash Flow Approach. The Council has chosen the Beacon Approach which groups properties according to their type and values them accordingly at Open Market Value, then applies a multiplication factor of 41% (previously 31% prior to 2016/17) to reflect Existing Use (Social Housing), as it is felt that this more accurately reflects the value of the stock.



## 5. Expenditure and Funding Analysis 2024/25

	Net Expenditure Chargeable to the General Fund & HRA Balances £000	Further Movement to Earmarked Reserves £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children and Young People's Service	123,898	(2,687)	121,211	30,849	152,060
Environmental Services	97,837	3,374	101,211	63,643	164,854
Health and Adult Services	251,017	3,139	254,156	3,723	257,879
Resources and Central Services	139,673	1,196	140,869	(3,564)	137,305
Community Development HRA	26,840	5,841	32,681	35,134	67,815
	0	(1,203)	(1,203)	(8,599)	(9,802)
Corporate Miscellaneous	(62,453)	(14,745)	(77,198)	32,935	(44,263)
North Yorkshire Education Services (NYES)	0	(1,229)	(1,229)	1,229	0
<b>Net Cost of Services</b>	<b>576,812</b>	<b>(6,314)</b>	<b>570,498</b>	<b>155,350</b>	<b>725,848</b>
Other Operating Income and Expenditure	0	0	0	60,939	60,939
Financing and Investment Income & Expenditure	0	0	0	(6,431)	(6,431)
Taxation and non specific income and Expenditure	(596,603)	(9,995)	(606,598)	(82,763)	(689,361)
<b>(Surplus) or Deficit</b>	<b>(19,791)</b>	<b>(16,309)</b>	<b>(36,100)</b>	<b>127,095</b>	<b>90,995</b>
<b>Opening General Fund &amp; HRA Balance</b>			(532,070)		
<b>Less/Plus (Surplus) or Deficit on General Fund &amp; HRA in Year</b>			(36,100)		
<b>Closing General Fund Balance at 31st March 2024</b>			<b>(568,170)</b>		
<b>General Working Balance</b>					
General Fund			(33,488)		
HRA			(21,838)		
<b>Earmarked Reserves</b>					
General Fund			(505,311)		
HRA			(7,533)		
			<b>(568,170)</b>		

The Expenditure and Funding Analysis demonstrates how the funding available to the Council for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. This statement also shows how this expenditure is allocated for decision making purposes between the Council's directorates. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

## Comparative Expenditure and Funding Analysis 2023/24

	Net Expenditure Chargeable to the General Fund & HRA Balances £000	Further Movement to Earmarked Reserves £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
Children and Young People's Service	108,408	(6,212)	102,196	28,946	131,142
Environmental Services	108,879	(235)	108,644	83,596	192,240
Health and Adult Services	228,842	4,259	233,101	5,070	238,171
Resources and Central Services	127,678	19,870	147,548	(9,064)	138,484
Community Development	27,854	12,592	40,446	33,250	73,696
HRA		1,321	1,321	(4,230)	(2,909)
Corporate Miscellaneous	(53,350)	(47,895)	(101,245)	87,514	(13,731)
North Yorkshire Education Services (NYES)	0	(1,018)	(1,018)	1,018	0
<b>Net Cost of Services</b>	<b>548,311</b>	<b>(17,318)</b>	<b>530,993</b>	<b>226,100</b>	<b>757,093</b>
Other Operating Income and Expenditure	0	0	0	11,244	11,244
Financing and Investment Income & Expenditure	0	0	0	(15,802)	(15,802)
Taxation and non specific income and Expenditure	(559,629)	12,446	(547,183)	(204,156)	(751,339)
<b>(Surplus) or Deficit</b>	<b>(11,318)</b>	<b>(4,872)</b>	<b>(16,190)</b>	<b>17,386</b>	<b>1,196</b>
<b>Opening General Fund &amp; HRA Balance</b>			(515,880)		
<b>Less/Plus (Surplus) or Deficit on General Fund &amp; HRA in Year</b>			(16,190)		
<b>Closing General Fund Balance at 31st March 2024</b>			<b>(532,070)</b>		
<b>General Working Balance</b>			(75,157)		
<b>Earmarked Reserves</b>			(448,050)		
<b>General Fund</b>			(8,863)		
			<b>(532,070)</b>		

## Adjustments between funding and accounting basis 2024/25

	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>				
Children and Young People's Service	36,230	(2,289)	(3,092)	30,849
Environmental Services	90,235	(731)	(25,861)	63,643
Health and Adult Services	5,446	(783)	(940)	3,723
Resources and Central Services	9,145	(1,054)	(11,655)	(3,564)
Community Development	38,222	(385)	(2,703)	35,134
HRA	12,445	(89)	(20,955)	(8,599)
Corporate Miscellaneous	0	4,366	28,569	32,935
NYES	0	(282)	1,511	1,229
<b>Net Cost of Services</b>	<b>191,723</b>	<b>(1,247)</b>	<b>(35,126)</b>	<b>155,350</b>
Other Operating Income and Expenditure	48,921	0	12,018	60,939
Financing and Investment Income and Expenditure	0	(1,178)	(5,253)	(6,431)
Taxation and non specific income and Expenditure	0	0	(82,763)	(82,763)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>240,644</b>	<b>(2,425)</b>	<b>(111,124)</b>	<b>127,095</b>

## Comparative Movements in 2023/24

	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>				
Children and Young People's Service	33,709	(580)	(4,183)	28,946
Environmental Services	107,705	285	(24,394)	83,596
Health and Adult Services	4,685	329	56	5,070
Resources and Central Services	(5,600)	443	(3,907)	(9,064)
Community Development	42,240	130	(9,120)	33,250
HRA	17,645	33	(21,908)	(4,230)
Corporate Miscellaneous	0	2,561	84,953	87,514
NYES	0	126	892	1,018
<b>Net Cost of Services</b>	<b>200,384</b>	<b>3,327</b>	<b>22,389</b>	<b>226,100</b>
Other Operating Income and Expenditure	10,479	0	765	11,244
Financing and Investment Income and Expenditure	0	(2,390)	(13,412)	(15,802)
Taxation and non specific income and Expenditure	0	0	(204,156)	(204,156)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>210,863</b>	<b>937</b>	<b>(194,414)</b>	<b>17,386</b>

## Segmental Income

Income received on a segmental basis is analysed below:-

	2024/25	2023/24
	£000	£000
Services		
Children and Young People's Service	(418,164)	(387,134)
Environmental Services	(158,053)	(129,302)
Health and Adult Services	(195,818)	(190,678)
Resources and Central Services	(145,758)	(144,025)
Corporate Miscellaneous	(122,333)	(116,388)
NYES	(48,004)	(49,681)
Community Development	(69,153)	(53,406)
HRA	(47,393)	(42,112)
Total income analysed on a segmental basis	<u>(1,204,676)</u>	<u>(1,112,726)</u>

## Expenditure and Income Analysed by Nature

	2024/25	2023/24
	£000	£000
<b>Expenditure</b>		
Employee benefits expenses	586,977	564,936
Other services expenses	967,184	907,170
Depreciation, Amortisation, Impairment	222,874	219,880
Interest payments	31,882	32,031
Precepts and levies	12,018	765
Loss on the disposal of assets	48,921	10,479
Total expenditure	<u>1,869,856</u>	<u>1,735,261</u>
<b>Income</b>		
Fees, charges and other service income	(407,508)	(356,344)
Interest and investment income	(41,318)	(38,406)
Income from council tax, non domestic rates income	(556,873)	(551,315)
Government grants and contributions	(772,864)	(787,691)
Investment Properties	(298)	(309)
Total income	<u>(1,778,861)</u>	<u>(1,734,065)</u>
(Surplus) or Deficit on the Provision of Services	<u>90,995</u>	<u>1,196</u>

Fees, charges and other service income includes £188.9m which relates to revenue from contracts with service recipients.

## Cash Flow – Operating Activities

The cash flows for operating activities, included in the above Interest payments and Income and investment Income are:-

	2024/25 £000	2023/24 £000
Interest received	(37,677)	(35,074)
Interest paid	29,479	29,674
Dividends received	<u>(1,238)</u>	<u>(975)</u>
Total	<u>(9,436)</u>	<u>(6,375)</u>

## 6. Trading Activities

The Council operates a number of trading services. Details of those services with a turnover of greater than £2m are as follows:-

Service	2024/25				2023/24			
	Total Cost £000	Total Income £000	Transfer (to) / from Reserves £000	Net Surplus / (Deficit) £000	Total Cost £000	Total Income £000	Transfer (to) / from Reserves £000	Net Surplus / (Deficit) £000
Building Cleaning Services	10,316	11,226	(910)	0	12,147	12,854	(707)	0
County Caterers Service	13,442	14,105	(663)	0	15,512	15,958	(446)	0
Maintenance and Servicing Scheme	2,908	3,066	(158)	0	3,310	3,520	(210)	0
NYES Digital	6,296	6,385	(89)	0	5,473	5,569	(96)	0
Staff Absence Scheme	2,895	2,807	88	0	2,905	3,138	(233)	0
Other Services (< £2 Million individually)	9,139	8,636	503	0	9,315	8,642	673	0
<b>Total Results for Trading Units</b>	<u>44,996</u>	<u>46,225</u>	<u>(1,229)</u>	<u>0</u>	<u>48,662</u>	<u>49,681</u>	<u>(1,019)</u>	<u>0</u>

During 2024/25, the Council's traded services, including insurance offered to schools, operated under the brand of North Yorkshire Education Service (NYES). This is an in-house arrangement which reflects a governance and reporting structure whereby such services are held accountable by a Board, chaired by the Council's Chief Executive.

The net surplus / deficit on each traded activity is transferred to a reserve at the end of each financial year.

Trading operations are incorporated into the Comprehensive Income and Expenditure Statement. Some trading operations are an integral part of the Council's services to the public, whilst others are support services to the Council's activities e.g. Cleaning. Where the trading activities are not integral to the Council's service obligations, the net financial position of the trading operations are identified within the Financing and Investment Income section of the Comprehensive Income and Expenditure Statement.

	31st March 2025 £000	31st March 2024 £000
Net (surplus)/ deficit included within Cost of Services	(562)	(395)
Net (surplus) / deficit credited to Financing and Investment Income and Expenditure	(667)	(624)
Net (surplus) / deficit on trading operations	<u>(1,229)</u>	<u>(1,019)</u>

## 7. Council Tax Income

Council Tax Income totalled £471.3m consisting of:-

	2024/25 £000	2023/24 £000
Receipts in year	465,715	427,730
Collection Fund Adjustment	<u>5,537</u>	<u>(2,446)</u>
	<u>471,252</u>	<u>425,284</u>

The income from Council Tax is equivalent to a basic amount of £1,847.62 for an average band D property.

## 8. Non-Domestic Rates

	2024/25 £000	2023/24 £000
Localised Receipts in year	84,355	91,532
Multiplier Cap	0	27,921
Collection Fund Adjustment	<u>1,266</u>	<u>6,578</u>
	<u>85,621</u>	<u>126,031</u>



## 9. Grant Income

The Council credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

### Credited to Taxation and Non-specific Grant Income

#### Non-Ringfenced Government Grants

	2024/25		2023/24	
	£000	£000	£000	£000
Revenue Support Grant		1,042		977
Other Government Funding				
- Rural Services Delivery Grant	14,292		12,343	
- New Homes Bonus	3,732		4,332	
- Private Finance Initiative	982		982	
- Services Grant	593		3,435	
- Section 31 - NNDR	54,327		52,684	
		<u>73,926</u>		<u>73,776</u>
Total		<u>74,968</u>		<u>74,753</u>

#### Capital Grants

	2024/25	2023/24
	£000	£000
Local Transport Plan	28,317	28,508
Pothole Grant	16,454	15,889
School Condition Grant	4,615	3,481
Environment Agency Grants	2,832	0
HRA Programme	2,706	0
S106 Developer Contributions	2,648	7,538
Special Provision Capital Fund	2,275	7,474
Other Capital Grants / Contributions	(2,327)	3,539
S31 Kex Gill Grant	0	40,150
Towns Fund	0	13,042
Safer Roads Grant	0	2,960
Transforming Cities Fund Grant	0	2,690
Total	<u>57,520</u>	<u>125,271</u>

**Revenue Grants Credited to Services**

	2024/25 £000	2023/24 £000
Dedicated Schools Grant	317,676	290,748
Housing Benefit Subsidy	85,701	86,640
Adult Social Care Support Grant	43,781	31,992
Public Health	24,574	23,721
Education Funding Agency	20,312	18,139
Improved Better Care Fund Phase 1	13,912	13,912
Pupil Premium	10,323	9,744
Market Sustainability	10,603	9,361
ASC Discharge Fund / Urgent & Emergency Care Fund	8,902	9,574
Teachers Pay Grant	8,838	2,132
Household Support Grant	7,075	7,075
Shared Prosperity Fund	6,360	2,677
Unaccompanied Asylum Seeking Children (UASC)	4,280	3,259
Universal Infant Free School Meals	3,484	3,594
Local Transport Fund	3,281	0
Physical Education & School Sport	3,058	3,237
Homes for Ukraine	2,624	3,085
Prevention Grant	2,313	0
Retail Hospitality Relief	0	17,954
Multiplier Cap	0	17,806
Mainstream Schools Additional Grant	0	5,990
Sustainable Warmth Grant	0	4,152
Homelessness Grant	0	3,281
COVID-19 Test & Trace/Contain Outbreak Management Fund	0	2,523
Other Individual Grants <£2m	30,660	30,806
<b>Total</b>	<b>607,757</b>	<b>601,402</b>

The Council has received a number of grants and contributions that have yet to be recognised as income as they have conditions attached to them that will require the grant to be returned if those conditions are not met. The balances at the year-end are as follows:-

**Capital Grants and Contributions Received in Advance**

	31st March 2025 £000	31st March 2024 £000
<b>To be used within 1 year</b>		
Levelling Up Fund Grant (Catterick Garrison)	9,101	100
Local Electric Vehicle Infrastructure Grant	4,880	4,402
Zero Emission Bus Regional Areas Capital Grant 2022-24	1,284	7,800
Earmarked S106/Developer Contributions	928	1,347
Other	359	458
Private Contributions (Highways Schemes)	277	675
District Contributions (Flood Risk Management Schemes)	81	187
<b>Total</b>	<b>16,910</b>	<b>14,969</b>
<b>To be used in excess of 1 year</b>		
Earmarked S106/Developer Contributions	14,584	10,819
Other Grants and Contributions	1,461	1,340
<b>Total</b>	<b>16,045</b>	<b>12,159</b>

## Capital Grants Credited to Services

	31st March 2025 £000	31st March 2024 £000
ZEBRA Grant	6,516	0
Housing Upgrade Grant	5,754	0
Disabled Facilities Grant Funded Programme	4,811	6,029
Rural Englnd Prosperity Fund	3,752	859
Other	2,703	1,832
UK Shared Prosperity Fund	2,160	468
School Condition Grant	1,270	2,563
Devolved Formula Capital Grant	1,077	2,305
Combined Authority Grants	858	0
Early Years Grant Funded Programme	660	0
Self Help Schemes (Schools)	535	587
Towns Fund	487	651
S106 Developer Contributions	333	549
Basic Need Grant	160	81
Housing Programme	75	3,613
Transforming Cities Fund Grant	0	(58)
Special Provision Capital Fund	0	18
Total	<u>31,151</u>	<u>19,497</u>

## 10. Pension Arrangements

As part of the terms and conditions of employment, the Council offers retirement benefits to its employees. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The Council participates in three different pension schemes:-

- Local Government Pension Scheme, for employees other than teachers, administered by North Yorkshire Council. This is a funded defined benefit scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance pension liabilities with investment assets;
- Teachers' Pension Scheme, sponsored by the Department for Education (DfE). This is an unfunded defined benefit scheme, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The Actuary is unable to individually allocate a share of assets to scheme participants; this scheme is treated on the same basis as a defined contributions scheme for the purposes of these accounts.

Any discretionary enhancements to benefits awarded by the Council remain the liability of the Council and are paid monthly in addition to the pension paid by the DfE. These costs are accounted for on a defined benefit basis and are identified separately within this note.

- NHS Pension Scheme, administered by the NHS Business Service Authority. This is an unfunded defined benefit scheme that the Council is required to account for as if it were a defined contribution scheme. This is because the Council's obligation is limited to paying contributions as they fall due, with no obligation to pay future benefits. Contributions paid in 2024/25 were £50k. The Council estimates that contributions payable in 2025/26 will be £52k. At 31 March 2025 only 3 employees of the Council pay contributions to the NHS Pension Scheme out of an estimated 1.7million active members nationally.

The Council recognises the cost of retirement benefits in the Net Cost of Services 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 retirement benefits is reversed out (transferred) in the Movement in Reserves Statement - General Working Balance.

Further information relating to sensitivity analysis for each significant actuarial assumption is available in Disclosure Note 4 - Pensions Liability on page 55.

DRAFT

The following transactions have been made in the Comprehensive Income and Expenditure Statement for 2023/24:-

	Local Government Pension Scheme		Teachers' Pension Scheme		Total	
	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000	2023/24 £000
<b>Comprehensive Income and Expenditure Statement</b>						
Net Cost of Service						
Current Service Cost	61,133	63,963	0	0	61,133	63,963
Past Service Cost (including curtailments)	2,353	630	0	0	2,353	630
Settlement Costs	0	0	0	0	0	0
Financing and Investment Income and Expenditure						
Net Interest Expense	(1,505)	(2,726)	327	336	(1,178)	(2,390)
<b>Total post employment Benefits charged to the (Surplus) / Deficit on the Provision of Services</b>	<b>61,981</b>	<b>61,867</b>	<b>327</b>	<b>336</b>	<b>62,308</b>	<b>62,203</b>
Other Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement						
return on plan assets	59,505	(138,488)	0	0	59,505	(138,488)
experience (gain) / loss	4,411	25,760	13	715	4,424	26,475
actuarial (gains) / losses arising on changes in demographic assumptions	(17,005)	(37,288)	(32)	(66)	(17,037)	(37,354)
actuarial (gains) / losses arising on changes in financial assumptions	(394,644)	(80,406)	(313)	(217)	(394,957)	(80,623)
adjustment due to restriction of surplus	349,381	231,257	0	0	349,381	231,257
<b>Total Post Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	<b>1,648</b>	<b>835</b>	<b>(332)</b>	<b>432</b>	<b>1,316</b>	<b>1,267</b>
<b>Movement in Reserves Statement</b>						
Reversal of Net Charge to the (Surplus) / Deficit on Provision of Services	(61,981)	(61,867)	(327)	(336)	(62,308)	(336)
<b>Actual amount charged against the General Fund Balance in the Year</b>						
Employers' contributions payable to scheme	63,629	60,168	0	0	63,629	60,168
Retirement benefits payable to pensioners	0	0	1,104	1,098	1,104	1,098
					<b>64,733</b>	<b>61,266</b>

A comparison between the Net Cost of Service and the actual amount charged against the General Fund Balance in year shows that the costs disclosed for services are £7,966k higher than the amount charged against the General Fund. This is as a result of the following:

- the Councils contributions of £63,629k to the Local Government Pension Scheme being replaced with a current service cost of £61,133k. This £2,496k adjustment equates to a 3.9% increase in employer's pension costs;
- in addition, under IAS 19, the unfunded liability arising from enhanced teachers' pensions requires that the cost of benefits paid in the year (£1,104k) is removed from the net cost of services as it relates to periods of service prior to 2024/25;
- a past service cost including curtailments and settlements of £2,353k relating to decisions taken in previous financial years; and
- administration expenses of £2,013k.

### Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	Funded Liabilities		Unfunded Liabilities	
	Local Government Pension Scheme		Discretionary Benefits	
	2024/25	2023/24	2024/25	2023/24
	£m		£m	
Opening balance at 1st April	(2,381.8)	(2,381.4)	(7.4)	(7.7)
Current Service Cost	(61.1)	(64.0)	0.0	0.0
Interest Cost	(112.2)	(110.1)	(0.3)	(0.3)
Contributions by scheme participants	(21.0)	(20.2)	0.0	0.0
Financial Assumptions	394.6	80.4	0.3	0.1
Liability Experience	(4.4)	(25.8)	0.1	(0.7)
Demographic Assumptions (Gain)/Loss	17.0	37.3	0.0	0.2
Benefits Paid	109.6	102.6	1.1	1.0
Settlements / Curtailments	(2.4)	(0.6)	0.0	0.0
Closing Balance at 31st March	<u>(2,061.7)</u>	<u>(2,381.8)</u>	<u>(6.2)</u>	<u>(7.4)</u>

Reconciliation of the fair value of the scheme assets

	Funded Liabilities		Unfunded Liabilities	
	Local Government Pension Scheme		Discretionary Benefits	
	2024/25	2023/24	2024/25	2023/24
	£m	£m	£m	£m
Opening balance at 1st April	2,638.8	2,409.7	0.0	0.0
Interest on Plan Assets	126.1	112.8	0.0	0.0
Remeasurement assets	(59.5)	138.5	0.0	0.0
Employer Contributions	63.6	60.2	1.1	1.1
Contributions by scheme participants	21.0	20.2	0.0	0.0
Settlements	0.0	0.0	0.0	0.0
Benefits Paid	<u>(109.6)</u>	<u>(102.6)</u>	<u>(1.1)</u>	<u>(1.1)</u>
Closing Balance at 31st March	<u>2,680.4</u>	<u>2,638.8</u>	<u>0.0</u>	<u>0.0</u>

The actual return on the scheme assets in the year was £66.6m.

The liabilities show the underlying commitments that the Council has in the long-run to pay for retirement benefits. The total net liability of £6.2m has a sustained impact on the net worth of the Council.

However, statutory arrangements for funding the deficit mean that the financial position in relation to pensions remains healthy because:-

- the deficit on the local government scheme will be made good by setting appropriate contribution rates over the remaining working life of employees, as assessed by the scheme actuary; and
- finance is only required to be raised to cover the teachers' pension enhancements when the pensions are actually due to be paid.

### **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 future years dependent on assumptions about mortality rates, salary levels etc. The liabilities have been assessed by AON, an independent firm of actuaries and the main assumptions used in their calculations have been:-

	31st March 2025 %
Rate of CPI inflation	2.5
Rate of increase in salaries	3.8
Rate of increase in pensions	2.5
Rate for discounting schemes liabilities	5.8
Proportion of employees opting to take a commuted lump sum (not Teachers Scheme)	50.0
	Years
Post retirement mortality assumptions	
- Male future pensioner aged 65 in 20 years time	22.5
- Female future pensioner aged 65 in 20 years time	25.2
- Male current Pensioner aged 65	21.9
- Female current Pensioner aged 65	24.5

Changes in the Local Government Pension Scheme permit employees retiring to take an increase in their lump sum payment on retirement in exchange for a reduction in their future annual pension. On the advice of our actuaries we have assumed that 50% of employees retiring will take advantage of this change to the pension scheme. When first introduced, there was a significant "one-off" reduction in the Council's liabilities which was reflected as a change in accounting policies as it affected all accrued liabilities. In subsequent years the impact of commutation is considerably smaller as it only relates to liabilities arising in the year and is included under Past Service Costs/Gains.

Assets in the North Yorkshire Pension Fund are valued at fair value, principally market value for investments. The Council's share of the assets totals £2,680.4m at 31st March 2025. The assets consist of the following categories, by proportion of the total assets held by the Fund. There are no assets in place to cover the teachers' enhanced pension liability.

The overall expected rate of return on assets is based on the strategic asset allocation of the Fund as follows:-

	31st March 2025 %
Equity investments	60.6
Government Bonds	14.8
Corporate Bonds / Other Bonds	7.6
Property	5.9
Multi Asset Credit	5.3
Other	4.3
Cash / Liquidity Assets	1.5
	<u>100.0</u>

### Surplus / (Deficit) in the Scheme

	2024/25 £m	2023/24 £m
Present Value of defined benefit obligations	(2,067.7)	(2,389.2)
Fair Value of Scheme Assets	2,680.5	2,638.8
Adjustment due to restriction of surplus	<u>(619.0)</u>	<u>(257.0)</u>
Surplus/Deficit in the Scheme	<u>(6.2)</u>	<u>(7.4)</u>

### Actuarial Gains and Losses

The actuarial gains / (losses) identified as movements on the Pensions Reserve in 2024/25 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31st March 2025:-

	2024/25		2023/24	
	£m	%	£m	%
Experience adjustments on scheme assets	(59.5)	(2.2)	138.5	5.2
Experience adjustments on scheme liabilities	4.4	0.2	25.8	1.1
	<u>(55.1)</u>		<u>164.3</u>	

Further details are contained in the Statement by Consulting Actuary, copies of which are available on request from Central Services, County Hall, Northallerton, DL7 8AD.

The estimated amount of contributions expected to be paid to the Scheme during the 2025/26 financial year is £64.1m.

### Teacher's Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, administered by Capita. It provides teachers with defined benefits upon their retirement, and the Council



contributes towards the costs by making contributions based upon a percentage of members' pensionable salaries. The policy of offering enhancements to the retirement benefits of teachers ceased in 1996/97, however, the cost of enhancements awarded prior to that date will continue to be met until those pensions cease to be paid.

In 2024/25 the Council paid £26.9m to the Teachers' Pension Agency as a contribution towards teachers' pension costs, which represents 23.6% of teachers' pensionable pay. The Council estimates that contributions payable in 2025/26 will be £28.0million. At 31 March 2025 2,417 teachers employed by the Council are active members and contribute to the Teachers' Pension Scheme out of an estimated 713k active members nationally.

The scheme is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions use a notional fund as the basis for calculating the employers' contribution rate paid by local education authorities. However, it is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees.

The Council is unable to identify the deficit of the Teachers' Pension Scheme as Central Government suspended all actuarial valuations whilst the scheme was re-designed as part of public sector pensions reform. The primary purpose of these valuations is to set the contribution rate.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These benefits are fully accrued in the pensions liability as described above.

Assumptions for the Teachers' Pension Scheme are broadly in line with those for the Local Government Pension Scheme.

## 11. Audit Fees

In 2024/25 the Council incurred the following fees relating to external audit:-

	2024/25 £000	2023/24 £000
Fees payable to the External Auditor with regard to :-		
External audit service carried out by appointed auditor, as per the agreed scale fee - relating to 24/25 financial year	799	757
External audit service work carried out by appointed auditor - relating to 20/21 - 22/23 financial year	373	35
External audit service work carried out by appointed auditor - relating to 23/24 financial year	0	30
	<u>1,172</u>	<u>822</u>

## 12. Private Finance Initiative (Service Concessions)/Public Private Partnership

In April 2002 the Council commenced payments on a Private Finance Initiative (PFI) scheme which provides for four replacement primary schools at Barby CP, Brotherton and Byram PS (both near Selby), Kirby Hill CE (near Boroughbridge) and Ripon Cathedral CE. The contract is for 25 years.

Brotherton and Byram CPS converted to academy status on 1st August 2015. As a result, the building value of the school has been removed from the Council Balance Sheet.

Two of the schools, Kirby Hill CEPS and Ripon Cathedral CEPS, are voluntary controlled schools. On expiry of the private finance initiative in 2027 these two school buildings will transfer to the respective Trustees of each of the schools. However, to reflect the substance of the transaction and to give consistency in approach to the PFI scheme the building values for these two schools are retained on the Council balance sheet along with that of Barlby CPS.

The associated liability for all of the schools is shown as a finance lease within the accounts.

In March 2018, the Council commenced payments on a Public Private Partnership project in conjunction with York City Council, for a Waste treatment plant provided by Amey CESPA, AWPR Ltd. The payments made by North Yorkshire Council represent 79% of the scheme, with 21% attributable to York City Council. The contract is for 25 years.

During the term of the contract, the provider is required to make facilities available in line with the agreement with approved variations adjusted through the payment mechanism where appropriate.

Upon expiry the facility will be handed to the Council in good working order. The associated asset has been recognised within Property, Plant & Equipment within the accounts, along with liabilities due over the term of the contract.

### Value of PFI/PPP Assets

	2024/25			2023/24		
	Schools £000	Waste £000	Total £000	Schools £000	Waste £000	Total £000
Opening Balance	12,844	186,570	199,414	11,992	182,318	194,310
Adjustment	0	10,034	10,034	0	0	0
Depreciation	(472)	(16,162)	(16,634)	(673)	(14,730)	(15,403)
Additions	2,236	0	2,236	822	0	822
Revaluations	(665)	2,847	2,182	703	18,982	19,685
Restatement	0	1,630	1,630	0	0	0
Disposals	0	0	0	0	0	0
Closing Balance	13,943	184,919	198,862	12,844	186,570	199,414

Forming part of the above balance are the two voluntary controlled schools which have a net book value of £6,043k (£6,332k 2023/24). This represents the fair value of the Council's interest in the remaining term of the contract; on the expiry of the PFI arrangement in 2027, the buildings of the two voluntary controlled schools revert to the Trustees of those schools.

### Value of PFI/PPP Liabilities

	2024/25			2023/24		
	Schools £000	Waste £000	Total £000	Schools £000	Waste £000	Total £000
Opening Balance	1,620	136,926	138,546	2,105	140,506	142,611
Adjustment	0	10,034	10,034	0	0	0
Payments/Repayments	(528)	(4,367)	(4,895)	(485)	(3,580)	(4,065)
Additions	0	0	0	0	0	0
Remeasurement	0	1,630	1,630	0	0	0
Closing Balance	1,092	144,223	145,315	1,620	136,926	138,546

The Council makes an agreed payment each year that is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2025 (excluding any estimation of inflation and availability/performance deductions) are as follows:

## Payments due to be made under PF/PPP Contracts

	Repayment of leasing liability		Payment of Interest		Lifecycle Costs		Provisions of Services		Total	
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Within 1 year</b>										
Schools	472		99		104		571		1,246	
Waste	<u>5,252</u>	5,724	<u>14,388</u>	14,487	<u>1,315</u>	1,419	<u>11,992</u>	12,563	<u>32,947</u>	34,193
<b>More than 1 year</b>										
within 2-5 years										
Schools	618		56		0		675		1,349	
Waste	<u>19,295</u>	19,913	<u>55,054</u>	55,110	<u>11,722</u>	11,722	<u>51,276</u>	51,951	<u>137,347</u>	138,696
within 6-10 years										
Schools	0		0		0		0		0	
Waste	<u>32,811</u>	32,811	<u>61,224</u>	61,224	<u>16,031</u>	16,031	<u>72,018</u>	72,018	<u>182,084</u>	182,084
within 11-15 years										
Schools	0		0		0		0		0	
Waste	<u>55,892</u>	55,892	<u>40,023</u>	40,023	<u>15,459</u>	15,459	<u>82,001</u>	82,001	<u>193,375</u>	193,375
within 16-20 years										
Schools	0		0		0		0		0	
Waste	<u>32,723</u>	32,723	<u>8,472</u>	8,472	<u>2,603</u>	2,603	<u>50,491</u>	50,491	<u>94,289</u>	94,289
<b>Total - More than 1 year</b>										
Schools		618		56		0		675		1,349
Waste		<u>140,721</u>		<u>164,773</u>		<u>45,815</u>		<u>255,786</u>		<u>607,095</u>
		<u>141,339</u>		<u>164,829</u>		<u>45,815</u>		<u>256,461</u>		<u>608,444</u>

A government grant of £704k towards the overall costs of the Schools PFI has also been credited in year to the Comprehensive Income and Expenditure Statement under Non-Ringfenced Government Grants. The value of this grant will remain at £704k until the end of the contract in 2027.

### 13. Leases

#### Council as a lessee

The Council's lease contracts comprise leases of operational land and buildings, plant and equipment and motor vehicles. All are individually immaterial.

#### Right-of-use assets

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

	Land, Buildings, Vehicles, Plant & Equipment 2024/25 £000
Balance at 1 April 2024	0
Adoption of IFRS 16	9,668
Additions	345
Depreciation & amortisation	(1,655)
Balance at 31 March 2025	<u>8,358</u>

#### Transaction under leases

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

	2024/25
<b>Comprehensive Income &amp; Expenditure Statement</b>	
Interest expense on lease liabilities	523
<b>Cash Flow Statement</b>	
Minimum lease payments	2,008

#### 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):

	31 March 2025 £000
Within 1 year	2,005
Between 2-5 years	3,580
Later than 5 years	11,190
Total undiscounted liabilities	<u>16,775</u>

## Council as a lessor

The Council acted as lessor and sub-lessor for various properties under cancellable agreements, these primarily comprise of County Farms and highway maintenance depots operated under a service agreement with NY Highways Limited. Rental receipts for Land and Buildings received during the year amount to £2,151k (2023/24: £2,061k).

## 14. Related Party Transactions

The Accounting Code of Practice requires the disclosure of all material transactions undertaken by the Council with a related party during the year. IAS 24 Related Party disclosures was introduced to ensure that financial statements highlight any material transactions between an organisation and its related parties. These are bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council.

**Members of the Council** have direct control over the Council's financial and operating policies. During 2024/25, a Member's spouse had an interest in an organisation that leases a building, from the Council, at a peppercorn rent; the same Member's spouse also had an interest in a community library which is leased from the Council. One Member is a partner in a business that received £53k for services provided to the Council; the same Member had interests in a community group that received £670k of funding from the Council. One Member is a volunteer Director of a community benefit society that received a grant of £15k. The same Member is a volunteer Director for an organisation that received £3k of funding. The spouse of one councillor, that has a controlling interest in a business, has entered a s106 agreement with the Council. Details of all relationships are recorded in the Register of Members' Interest.

**Officers** have day to day control of the running of the Council's affairs. During 2024/25 the Council provided services to an academy trust in which one Senior Officer had interests. It should also be noted that the Corporate Director – Resources is Treasurer to the North Yorkshire Pension Fund and an Assistant Director – Resources is Deputy Treasurer to North Yorkshire Pension Fund.

### Companies and Joint Ventures

The Council has a substantial interest in the following companies:-

- |                                   |   |
|-----------------------------------|---|
| - Align Property Partners Limited | - owning 100% of the share capital  |
| - Align Property Services Limited | - owning 100% of the share capital  |
| - Bracewell Homes Limited         | - wholly owned company limited by guarantee (LBG)   |
| - Brierley Homes Limited          | - owning 100% of the share capital  |
| - Brimhams Active Limited         | - owning 100% of the share capital  |
| - First North Law Limited         | - owning 100% of the share capital  |
| - Maple Park (Hambleton) LLP      | - owning 99% of the share capital   |
| - NY Highways                     | - owning 100% of the share capital  |
| - NYnet Limited                   | - owning 100% of the share capital  |
| - Veritau Limited                 | - owning 50% of the share capital   |
| - Veritau Public Sector Limited   | - the company is limited by guarantee. The Members are North Yorkshire Council, City of York Council, Redcar & Cleveland Borough Council, Leicester City Council and Cherwell District Council. |
| - Yorwaste Limited                | - owning 78% of the issued share capital.   |

The transactions between the Council and those companies where a material group relationship has been identified are eliminated in the Group Accounts financial statements.

There is also a group relationship with Yorkshire Purchasing Organisation (YPO) but, as there is not a significant level of control nor material expenditure, no consolidation adjustments have been undertaken within the Group Account statements on the grounds of it being a simple investment.

**Align Property Partners Limited:**

The total value of services provided by Align Property Partners Limited in 2024/25 to the Council was £2,580k (£5,875k in 2023/24) and at 31st March 2025 the trading creditor balance was £266k (£443k in 2023/24).

The Council provided services to Align Property Partners Limited totalling £199k (£513k in 2023/24) of which £8k (£3k in 2023/24) was outstanding as at 31st March 2025.

The Council provided a loan facility to Align Property Partners Limited of up to £500k of which £Nil (£Nil in 2023/24) was taken up at 31st March 2025.

Align Property Partners Limited paid the Council a dividend of £Nil in 2024/25 (£750k in 2023/24).

**Align Property Services Limited:**

The total value of services provided by Align Property Services Limited in 2024/25 to the Council was £5,935k (£165k in 2023/24) and at 31st March 2025 the trading creditor balance was £557k (£44k in 2023/24).

The Council provided services to Align Property Services Limited totalling £675k (£216k in 2023/24) of which £78k (£75k in 2023/24) was outstanding as at 31st March 2025.

The Council provided a loan facility to Align Property Services Limited of up to £495k of which £495k was taken up at 31st March 2025 (£495k in 2023/24) and therefore £54k of interest was paid to the Council in 2024/25 (£16k 2023/24).

Align Property Services Limited paid the Council a dividend of £Nil in 2024/25 (£Nil in 2023/24).

**Bracewell Homes Limited:**

The Council provided services to Bracewell Homes Limited totalling £41k (£40k in 2023/24) of which £Nil was outstanding at 31<sup>st</sup> March 2025 (£Nil in 2023/24).

The Council provided a loan facility to Bracewell Homes Limited of up to £10m of which £700k was taken up as at 31<sup>st</sup> March 2025 (£700k in 2023/24) and therefore £61k interest was paid to the Council in 2024/25 (£111k in 2023/24).

**Brierley Homes Limited:**

The total value of services provided by Brierley Homes Limited in 2024/25 to the Council was £Nil. The Council provided services to Brierley Homes Limited totalling £350k (£278k in 2023/24) of which £346k (£218k in 2023/24) was outstanding as at 31st March 2025.

The Council provided a loan facility to Brierley Homes Limited of up to £25m of which £22.49m (£16m in 2023/24) was taken up as at 31st March 2025 and therefore £2.28m (£1.4m in 2023/24) interest was paid to the Council in 2024/25.

**Brimhams Active Limited:**

The Council paid £600k (£2,500k in 2023/24) to Brimhams Active Limited as a management fee for the provision of leisure services and charged £800k (£1,500k in 2023/24) to the company for the provision of support services.

**First North Law Limited:**

The total value of services provided by First North Law Limited in 2024/25 to the Council was £Nil (£Nil in 2023/24) and at 31st March 2025 the trading creditor balance was £Nil (£Nil in 2023/24). The Council provided services to First North Law Limited totalling £113k (£100k in 2023/24) of which £31k was outstanding as at 31st March 2025 (£31k in 2023/24).



The Council provided a loan facility to First North Law Limited of up to £250k of which £65k was taken up as at 31st March 2025 (£65k in 2023/24) and therefore £6k interest was paid to the Council in 2024/25 (£6k in 2023/24).

**Maple Park LLP:**

In 2024/25, the Council recharged £100k to Maple Park LLP (£228k in 2023/24) to cover the time spent by the Council's operational staff working at the crematorium. The Council provided additional services to Maple Park LLP totalling £9k (£18k in 2023/24). The company reported a net profit of £232k (£356k in 2023/24) of which 99% was passed to the Council.

The operations undertaken by Maple Park transferred to the Council from 1 October 2024 and the figures reflect 6 months of trading. The company is in the process of being voluntarily dissolved.

**NYnet Limited:**

The total value of services provided by NYnet Limited in 2024/25 to the Council was £1,050k (£1,593k in 2023/24), and at 31st March 2025 the trading creditor balance was £Nil (£33k in 2023/24).

The Council provided services to NYnet Limited totalling £106k in 2024/25 (£62k in 2023/24), of which £Nil was outstanding as at 31st March 2025 (£1k in 2023/24).

The Council provided a loan facility to NYnet Limited of up to £10m in 2024/25 of which the closing balance as at 31st March 2025 was £2.3m (£Nil in 2023/24). Interest accrued in 2024/25 of £Nil on this loan (£Nil in 2023/24).

**NY Highways Limited:**

The total value of services provided by NY Highways Limited in 2024/25 to the Council was £61.7m (£59.2m in 2023/24), and at 31st March 2025 the trading creditor balance was £8.8m (£5.5m in 2023/24). The Council provided services to NY Highways Limited totalling £5.6m (£8.2m in 2023/24), and at 31<sup>st</sup> March 2025 the trading debtor balance was £4.9m (£3.7m in 2023/24).

The Council provided a loan facility to NY Highways Limited of up to £11m during 2024/25 (£11m in 2023/24) of which £8.96m was taken up at 31st March 2025 (£9.46m at 31st March 2024). Interest was received from NY Highways Limited by the Council of £1.08m in 2024/25 (£1.2m in 2023/24).

**Veritau Limited:**

The total value of services provided by Veritau Limited in 2024/25 to the Council was £546k (£1,801k in 2023/24) and at 31st March 2025 the trading creditor balance was £Nil (£11,941k in 2023/24).

The Council provided services to Veritau Limited in 2024/25 totalling £23k (£25k in 2023/24) and at 31st March 2025, £Nil was outstanding (£Nil in 2023/24).

**Veritau Public Sector Limited (new company incorporated May 2024):**

The total value of services provided by Veritau Public Sector Limited in 2024/25 to the Council was £1,143k and at 31 March 2025 the trading creditor was £Nil.

The Council provided services to Veritau Public Sector Limited in 2024/25 totalling £41k and at 31 March 2025, £Nil was outstanding.

**Yorwaste Limited:**

The total value of services, including landfill tax provided by Yorwaste Limited in 2024/25 to the Council was £37,886k (£35,952k in 2023/24) and at 31st March 2025 the trading creditor balance was £3,516k (£2,848k in 2023/24).

The Council provided services to Yorwaste Limited totalling £13,354k (£10,867k in 2023/24) of which £1,736k (£437k in 2023/24) was outstanding as at 31st March 2025.

The Council provided a loan to Yorwaste Limited of £3,700k (£3,700k in 2023/24) of which interest was received by the Council of £331k (£334k in 2023/24).

Yorwaste Limited paid the Council a dividend of £Nil in 2024/25 (£Nil in 2023/24).

**Yorkshire Purchasing Organisation (YPO):**

The Council made payments to YPO in 2024/25 totalling £3.6m (£3.5m in 2023/24).

A dividend of £180k in relation to YPO's 2024 trading activities is reflected in the Council's 2024/25 Accounts (£267k in 2023/24).

**Other Related Party Transactions**

The UK government exerts significant influence through legislation and grant funding. The following material transactions, (over £1m), with other related parties arose, which are not disclosed elsewhere in the Statement of Accounts:-

Revenue and Capital contributions received towards jointly funded schemes; NHS bodies within North Yorkshire totalling £41.1m (£39.1m in 2023/24) and made payments totalling £1.7m (£2m in 2023/24).

The Council provided the North Yorkshire Pension Fund with administrative and support services totalling £2.2m in 2024/25 (£2.1m in 2023/24).

**15. Pooled Funds**

Under Section 75 of the Health Act 2006, the Council has undertaken joint working arrangements with appropriate NHS bodies. Pooled funds enable the Council to address specific local health issues.

The formation of a Pooled Fund does not create a separate legal entity. The Council is involved in three distinct areas of pooled funds - the Intermediate Care (Whole Systems) Pooled Fund, Equipment Pooled Fund and the Better Care Pooled Fund. Where the Council acts as the 'host', the Council has responsibility for the financial administration of the pool. All contributions by the Council toward pooled funds have been included within the Net Cost of Services in the Comprehensive Income and Expenditure Statement.

The Intermediate Care (Whole Systems) Pooled Fund and Equipment Pooled Fund have not been itemised below as their values do not materially impact on the overall position.

**The Better Care Fund (BCF)**

The BCF formally operated for the first time in 2015/16 involving the Council and Integrated Care Boards (ICBs) that operate within the North Yorkshire Area. The aim of the fund is to create closer integration between health and social care to improve outcomes for patients, service users and carers. The Council is the host for the pooled fund for all areas of the County.

The Improved Better Care Fund (IBCF) was first announced in the 2015 Spending Review and is paid as a direct grant to local government, with a condition that it is pooled into the local BCF plan. The IBCF grant allocations were increased in the 2017 Spring Budget. According to the grant determination, the funding can be spent on three purposes:

- Meeting adult social care needs;



- Reducing pressures in the NHS, including supporting more people to be discharged from hospital when they are ready; and
- Ensuring that the local social care provider market is supported.

There is no requirement to spend across all three purposes, or to spend a set proportion on each. The table below shows committed funds against planned IBCF and BCF schemes. Any unspent but committed funds at the year-end have been held as a reserve.

	ICBs	NYC	MHCLG	Total 2024/25	Total 2023/24
	£000	£000	£000	£000	£000
<b>Contributions</b>	56,540	4,033	23,675	84,248	77,149
<b>Expenditure</b>					
Schemes/Additional Costs	32,306	0	0	32,306	30,576
Protection of Social Care	19,213	0	0	19,213	18,184
Disabled Facilities Grant	0	6,347	0	6,347	5,115
Improve BCF Schemes	0	17,328	0	17,328	17,328
Discharge Fund	5,021	4,033	0	9,054	5,946
<b>Total Expenditure</b>	<u>56,540</u>	<u>27,708</u>	<u>0</u>	<u>84,248</u>	<u>77,149</u>

## 16. Members Allowances

The total amount of members allowances including travel and other expenses paid during the year was £2,073k (£1,934k in 23/24).

## 17. Disclosure of Remuneration

Regulations require the Council to disclose the number of staff receiving payments, including taxable benefits, of more than £50k in the relevant financial year.

The number of employees who receive remuneration of over £50k are as follows. Please note that these figures include (i) teachers employed directly by a school's governing body rather than by the local authority (ii) the senior employees as identified at the end of this note:-

Band (£)	2024/25			2023/24		
	Teachers	Other	Total	Teachers	Other	Total
50,000 - 54,999	149	252	401	133	204	337
55,000 - 59,999	89	69	158	69	78	147
60,000 - 64,999	51	52	103	62	61	123
65,000 - 69,999	44	53	97	42	33	75
70,000 - 74,999	37	20	57	34	30	64
75,000 - 79,999	28	32	60	12	18	30
80,000 - 84,999	18	5	23	11	3	14
85,000 - 89,999	4	3	7	3	5	8
90,000 - 94,999	4	5	9	3	4	7
95,000 - 99,999	3	2	5	3	12	15
100,000 - 104,999	3	10	13	4	3	7
105,000 - 109,999	0	6	6	1	6	7
110,000 - 114,999	2	1	3	1	5	6
115,000 - 119,999	1	4	5	0	2	2
120,000 - 124,999	1	1	2	1	0	1
125,000 - 129,999	0	1	1	0	0	0
130,000 - 134,999	1	0	1	0	0	0
135,000 - 139,999	0	0	0	0	1	1
140,000 - 144,999	0	0	0	0	0	0
145,000 - 149,999	0	0	0	0	1	1
150,000 - 154,999	0	0	0	0	0	0
155,000 - 159,999	0	5	5	0	2	2
160,000 - 164,999	0	0	0	0	0	0
165,000 - 169,999	0	0	0	0	2	2
170,000 - 174,999	0	0	0	0	0	0
175,000 - 179,999	0	0	0	0	0	0
180,000 - 184,999	0	0	0	0	0	0
185,000 - 189,999	0	0	0	0	0	0
190,000 - 194,999	0	0	0	0	0	0
195,000 - 199,999	0	0	0	0	0	0
200,000 - 204,999	0	0	0	0	0	0
205,000 - 209,999	0	0	0	0	1	1
210,000 - 214,999	0	1	1			
	<u>435</u>	<u>522</u>	<u>957</u>	<u>379</u>	<u>471</u>	<u>850</u>

The Regulations also require the Council to disclose the individual remuneration details of senior employees, under the following categories:

- salary, fees and allowances;
- bonuses;
- expenses allowance;
- compensation for loss of employment;
- employer's pension contribution; and
- any other emoluments.

The regulations also require that persons whose salary is in excess of £150k per annum must be identified by name and that certain senior employees whose salary is £50k or more per year but less than £150k, must be listed individually by way of job title. Unless otherwise stated, none of the senior officers received fees, bonuses or compensation for loss of employment or any other emoluments in 2024/25. Details of Members Allowances and Expenses are published annually on the 'Councillor Allowances' page of the NYC website.

Role	2024/25				2023/24			
	Salary, Fees and Allowance	Expense Allowances	Pension Contributions	Total Remuneration	Salary, Fees and Allowances	Expense Allowances	Pension Contributions	Total Remuneration
Chief Executive - Richard Flinton	211,044	26,233	0	237,277	205,897	0	25,873	231,770
Corporate Director - Resources - Gary Fielding	159,178	19,786	0	178,964	169,379	0	20,935	190,314
Corporate Director - Environmental Services - Karl Battersby	159,178	19,786	0	178,964	169,379	0	20,935	190,314
Corporate Director - Health and Adult Services - Richard Webb	159,178	19,786	0	178,964	155,296	0	19,515	174,811
Corporate Director - Children and Young People's Services - Stuart Carlton	159,178	19,515	0	178,693	155,296	0	19,515	174,811
Corporate Director - Community Development - Nic Harne	159,178	18,491	0	177,669	147,151	0	18,491	165,642
Assistant Chief Executive (Legal and Democratic Services) - Barry Khan	127,772	15,882	0	143,654	138,656	0	17,424	156,080
Assistant Chief Executive (Local Engagement)	121,384	15,166	0	136,550	115,826	0	14,763	130,589
Assistant Chief Executive (Business Support & HR)	121,384	13,614	0	134,998	115,826	0	13,097	128,923
Director of Public Health	116,060	14,426	0	130,486	110,632	0	13,902	124,534
Director of Transformation *	68,362	8,415	0	76,777	110,632	0	13,902	124,534

\* Left the Council in November 2024

## 18. Exit Packages / Termination Benefits

Details of the Exit Packages / Termination Benefits paid out to employees who were made redundant during the year are set out in the table below.

The table shows the total number of compulsory and other voluntary redundancies / departures and their total cost. This is broken down into incremental bands of £20k up to £100k and bands of £50k thereafter. The total costs shown include payments made to the employees plus payments made to the relevant pension funds to compensate for “strain on the fund” costs resulting from the employee’s exit and resulting pension entitlements.

The table covers all employees of the Council, including school teachers employed directly by the school’s governing body rather than by the Local Authority.

Exit Package Cost Band (£)	Number of Compulsory Redundancies		Number of other Departures Agreed		Total Number of Exit Packages by Cost Band		Total Cost of Exit Packages in each Band £000	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
	£000							
1-19,999	29	25	23	7	52	32	389	193
20,000-39,999	11	10	3	0	14	10	388	257
40,000-59,999	4	4	1	0	5	4	250	194
60,000-79,999	3	5	0	0	3	5	209	357
80,000-99,999	5	1	1	0	6	1	522	81
100,000-149,999	3	3	0	0	3	3	378	352
150,000-199,999	2	0	0	0	2	0	379	0
200,000-249,999	0	0	0	0	0	0	0	0
250,000-299,999	0	0	0	0	0	0	0	0
300,000-349,999	1	1	0	0	1	1	303	322
	58	49	28	7	86	56	2,818	1,756

## 19. Movement in Property, Plant and Equipment

Movements on Property, Plant and Equipment during the year 2024/25.

	Council Dwellings £000	Land and Buildings £000	Community Assets £000	Vehicles, Plant and Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total £000
<b>Cost or Valuation</b>							
As at 1st April 2024	553,962	1,471,616	4,847	215,839	6,240	18,854	2,271,358
Additions	22,958	22,859	7	9,653	13	3,501	58,991
Disposals	(2,274)	(45,798)	0	0	0	(7,290)	(55,362)
Transfers	0	33,075	0	0	(3,223)	(4,061)	25,791
Revaluations / (Impairments)							
Recognised in the Revaluation Reserve	(6,021)	52,268	13	0	2,400	0	48,660
Recognised in Provision of Services	(11,472)	(88,807)	(13)	0	682	(1,781)	(101,391)
<b>As at 31st March 2025</b>	<b>557,153</b>	<b>1,445,213</b>	<b>4,854</b>	<b>225,492</b>	<b>6,112</b>	<b>9,223</b>	<b>2,248,047</b>
<b>Depreciation and Impairments</b>							
As at 1st April 2024	(2)	(55,618)	(235)	(178,898)	(164)	(14)	(234,931)
Charge for the Year	(8,196)	(47,417)	(13)	(12,873)	(109)	0	(68,608)
Disposals	0	0	0	0	0	0	0
Transfers	0	(84)	0	0	72	12	0
Revaluations / (Impairments)							
Recognised in the Revaluation Reserve	705	2,132	0	0	1	0	2,838
Recognised in Provision of Services	7,490	64,931	13	0	47	0	72,481
<b>As at 31st March 2025</b>	<b>(3)</b>	<b>(36,056)</b>	<b>(235)</b>	<b>(191,771)</b>	<b>(153)</b>	<b>(2)</b>	<b>(228,220)</b>
<b>Balance Sheet Net Amount as at 31st March 2025</b>	<b>557,150</b>	<b>1,409,157</b>	<b>4,619</b>	<b>33,721</b>	<b>5,959</b>	<b>9,221</b>	<b>2,019,827</b>

## Comparative movements 2023/24

	Council Dwellings £000	Land and Buildings £000	Community Assets £000	Vehicles, Plant and Equipment £000	Surplus Assets £000	Assets Under Construction £000	Total £000
<b>Cost or Valuation</b>							
As at 1st April 2023	541,918	1,361,247	4,849	205,536	6,213	44,458	2,164,221
Additions	19,632	26,457	0	10,303	0	9,168	65,560
Disposals	(1,332)	(20,066)	0	0	0	0	(21,398)
Transfers	4,377	33,966	0	0	0	(34,772)	3,571
Revaluations / (Impairments)							
Recognised in the Revaluation Reserve	8,208	167,238	0	0	25	0	175,471
Recognised in Provision of Services	(18,841)	(97,226)	(2)	0	2	0	(116,067)
<b>As at 31st March 2024</b>	<b>553,962</b>	<b>1,471,616</b>	<b>4,847</b>	<b>215,839</b>	<b>6,240</b>	<b>18,854</b>	<b>2,271,358</b>
<b>Depreciation and Impairments</b>							
As at 1st April 2023	(1,950)	(79,426)	(220)	(166,840)	(131)	(14)	(248,581)
Charge for the Year	(7,849)	(49,883)	(13)	(12,058)	(41)	0	(69,844)
Disposals	0	0	0	0	0	0	0
Transfers	0	0	0	0	0	0	0
Revaluations / (Impairments)							
Recognised in the Revaluation Reserve	515	3,913	0	0	0	0	4,428
Recognised in Provision of Services	9,282	69,778	(2)	0	8	0	79,066
<b>As at 31st March 2024</b>	<b>(2)</b>	<b>(55,618)</b>	<b>(235)</b>	<b>(178,898)</b>	<b>(164)</b>	<b>(14)</b>	<b>(234,931)</b>
<b>Balance Sheet Net Amount as at 31st March 2024</b>	<b>553,960</b>	<b>1,415,998</b>	<b>4,612</b>	<b>36,941</b>	<b>6,076</b>	<b>18,840</b>	<b>2,036,427</b>

### Recognised Impairment

During 2024/25 the Council recognised impairment loss of £56.1m in relation to its land and buildings and surplus assets. Impairment losses were recognised within the Comprehensive Income and Expenditure Statement under the following sections.

	2024/25 £000	2023/24 £000
Impairment losses/(gains) recognised within the (Surplus) / Deficit on Provision of Services	34,407	35,920
Impairment losses recognised in Other Comprehensive Income and Expenditure and taken to the Revaluation Reserve	21,706	21,643
	<u>56,113</u>	<u>57,563</u>

### Movements on Infrastructure

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

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

	2024/25 £000	2023/24 £000
<b>Net book value (modified historical cost)</b>		
As at 1st April	892,492	897,708
Additions	81,300	72,542
Derecognition	0	0
Assets Transferred	410	0
Depreciation	(65,181)	(77,758)
Impairment	0	0
Other movements in cost	0	0
<b>Net book value as at 31st March</b>	<b><u>909,021</u></b>	<b><u>892,492</u></b>

Infrastructure assets are not disclosed on the face of the Balance Sheet. Total Property, Plant and Equipment (PPE) is shown in the reconciliation table below:-

	2024/25 £000	2023/24 £000
Property Plant and Equipment Assets	2,019,827	2,036,432
Infrastructure Assets	<u>909,021</u>	<u>892,492</u>
<b>Total PPE Assets</b>	<b><u>2,928,848</u></b>	<b><u>2,928,924</u></b>

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

## **20. Valuation of Non-Current Assets**

The Council carries out a rolling programme that ensures that all Non-Current Assets that are required to be measured at current Value are revalued at least every five years.

Valuations of Land and Buildings were carried out by registered Valuers in the Council's Property Services Team and Align Property Partners, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. Valuations are undertaken with the approach that the valuations provided represent a true and fair value of the Assets as at 31st March 2025. The valuers have continued to exercise professional judgement and this continues to be the best information available to the Council.

In accordance with the five-year rolling programme, the following asset classes were revalued in 2024/25; Primary Schools and Temporary & Emergency Housing. This Comprises a total of £253.9m of the Council's Land and Building Portfolio as at 31st March 2025. Those properties not considered as part of the rolling programme in 2024/25 were subject to a desktop review by the Registered Valuer.

Council Dwellings are subject to a five-year full inspection of the Council's Portfolio of Dwellings, with desktop reviews being performed in the intervening years. For 2024/25 a full review of the former Selby DC Housing stock was performed, along with a desktop review of the former Harrogate and Richmondshire stock. This resulted in a valuation of £557.2m as at 31st March 2025.

## **21. Disposal of Property, Plant and Equipment**

20 Schools gained Academy status during 2024/25. As a consequence, the Land and Building assets of £52.7m relating to the schools were transferred to the relevant Academy Trusts and have now been removed from the Council's Balance Sheet.

In addition, the Local Authority Accounting Code of Practice requires a 'transfer of assets for no consideration' or 'loss on disposal of fixed assets' charge to be included in the Comprehensive Income and Expenditure Statement. This exceptional £52.7m loss is purely notional and does not impact on the Council's General Working Balance or Council Tax levy.

Other disposals in the year resulted in a net gain of £2.8m, of which £2.1m relates to General Fund Disposals and £0.7m relates to Housing Revenue Account Disposals.



## 22. Major Areas of Capital Spending

Major areas of capital spending, over £2m during 2024/25 were:-

	Actual £000
Structural Maintenance of Roads & Bridges	51,545
Housing (HRA)	23,197
Kex Gill Realignment	19,909
School Condition Schemes - Modernisation	8,023
Integrated Passenger Transport - ZEBRA	6,516
Loans to Limited Companies etc	6,500
Housing (Non-HRA)	6,451
Basic Needs Schemes	5,794
Disabled Facilities Grant	4,811
Ripon Pool and Leisure Centre	4,215
Capital Maintenance Programme	4,088
Fleet	3,454
Rural England Prosperity Fund	2,616
Coastal Protection	2,488
T&C Roadmap 2020-25	2,384
Devolved Formula Capital Grant	2,083
UK Shared Prosperity Fund	2,011
	<hr/>
	156,085
All spending in areas below £2m	23,334
Total Capital Spending in 2024/25	<hr/>
	179,419

### Committed Capital Expenditure

The Council had an approved Capital Plan for 2025/26 of £327.4m. Of this £327.4m is committed expenditure as at 1st April 2025. It should be noted, however, that this figure includes a significant element (£19.9m) relating to a number of general provisions and other schemes where legal contracts had not been exchanged by 31st March 2025.

The remaining £307.5m consisted of the following:-

	Actual £000
Housing (HRA)	64,270
Structural Maintenance - Roads	58,893
Transforming Cities	28,368
Regeneration General	24,537
Kex Gill Realignment	20,920
Other Grant Funded Highways	16,859
Harbours	16,713
Central Overheads	0
Housing Programmes (Non-HRA)	14,417
School Condition Programme - Modernisation	14,215
Loans to Limited Companies	11,967
Disabled Facilities Grant Funded Programme	5,579
Basic Need Programme	5,008
Adult Social Care Facilities (Care & Support Hubs)	4,960
Leisure	3,879
Coastal Protection	3,847
IT Infrastructure	3,447
Economic Development General	2,597
Property	2,101
Outdoor Learning Service	1,347
New and Replacement Road Lighting Columns	1,069
Local Engagement	1,000
Flood Risk Management Programme	700
Culture & Archives	377
CYPS Strategic Priorities	250
Electric Vehicle Charging Infrastructure	194
Other Schemes (less than £100k each)	12
	0
	<u>307,526</u>

## 23. Capital Expenditure, Capital Financing and the Capital Financing Requirement

The total amount of capital expenditure incurred in the year is shown in the next table (including the value of assets acquired under Finance leases and PFI contracts), together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed from Revenue. The CFR is analysed in the second part of this note.

(a) Capital Expenditure and its financing

	2024/25 £000	2023/24 £000
<b>Capital Investment</b>		
Property, Plant and Equipment and Loans	124,986	158,522
Property, Plant and Equipment and Loans - Finance Leases and PFI	20,555	0
Council Dwellings	22,958	0
Heritage Assets	63	0
Intangible Assets	258	2,024
Revenue Expenditure Funded from Capital under Statute	31,151	19,496
	<u>199,971</u>	<u>180,042</u>
<b>Sources of Finance</b>		
Capital receipts		
- Sale of Property, Plant and Equipment	2,093	3,362
- Repayment of Loans to Limited Companies	500	5,137
Government grants and other contributions	131,379	104,961
Direct Revenue Contributions	36,728	45,695
Increase in underlying need to borrow	8,716	20,887
Increase in underlying need to borrow (PFI)	11,663	0
Increase in underlying need to borrow (Finance Leases)	8,892	0
	<u>199,971</u>	<u>180,042</u>

(b) Capital Financing Requirement (CFR)

	2024/25 £000	2023/24 £000
<b>Opening Capital Financing requirement</b>	717,055	715,503
<b>Movement in year</b>		
Increase in underlying need to borrow	8,716	20,887
Increase in underlying need to borrow (PFI)	11,663	
Increase in underlying need to borrow (Finance Lease)	8,892	
MRP		
- capital spending funded by borrowing	(16,968)	(15,670)
- PFI contracts	(4,896)	(3,650)
- Finance leases	(1,485)	(15)
<b>Closing Capital Financing Requirement</b>	<u>722,977</u>	<u>717,055</u>
<b>Decrease/(Increase) in Capital Financing Requirement</b>	<u>(5,922)</u>	<u>(1,552)</u>
<b>Closing CFR consists of</b>		
Capital spending funded by borrowing	568,543	576,794
PFI contracts	145,727	138,961
Finance leases	8,707	1,300
<b>CFR at 31st March</b>	<u>722,977</u>	<u>717,055</u>

## 24. Long Term Creditors

	31st March 2025		31st March 2024	
	£000	£000	£000	£000
Government Entities				
Central Government Bodies	650		0	
Other Local Authorities	153		5	
NHS Bodies	0	803	0	5
General Creditors		878		4,044
(including Public Corporations and Trading Funds)				
Income in Advance		55,618		11,050
Total Long Term Creditors		57,299		15,099

## 25. Intangible Assets

An intangible item may meet the definition of an asset when “access to the future economic benefits” is controlled by an authority through custody or legal protection. Examples of this type of Intangible Assets within the Councils Capital Plan include:-

- Health and Adult Services partnership schemes where the Council holds nomination rights to services; and
- ICT schemes.

Details of Intangible Assets in 2024/25 are as follows:-

	31st March 2025	Charge to Net Cost of Service 2024/25	Capitalised 2024/25	31st March 2024
	£000	£000	£000	£000
Extra Care and Older Peoples Resources	5,039	(450)	0	5,489
Housing Revenue Account Assets	430	(10)	0	440
Other	3,843	(1,359)	258	4,944
	9,312	(1,819)	258	10,873

The movement on Intangible Asset balances during the year is as follows:-

	2024/25	2023/24
	£000	£000
Balance at start of year		
Gross carrying amount	41,532	39,508
Accumulated amortisation	(30,659)	(28,770)
	10,873	10,738
Additions	258	2,024
Amortisation	(1,819)	(1,889)
Balance at end of year	(1,561)	135
Comprising		
Gross carrying amount	41,790	41,532
Accumulated amortisation	(32,478)	(30,659)
	9,312	10,873

## 26. Investment Property

The Council has determined that County Farm properties and other commercial properties are classified as investment properties. The fair value for the farm properties (at market rents) has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area, as market conditions are such that similar properties by nature are actively purchased and sold. Due to no one County Farm being exactly the same as another however, the level of unobservable inputs lead to these properties being categorised at Level 3 in the fair value hierarchy. 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, including Investment Property, are categorised within the fair value hierarchy. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date. Level 2 inputs are those other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 are unobservable inputs for the asset or liability. Other commercial properties were purchased in a competitive open market and are valued annually at their fair value. There has been no change in the valuation techniques used during the year. The following table summarises the movement in the fair value of these properties over the year.

	2024/25 £000	2023/24 £000
Balance at start of year	75,671	72,776
Additions (subsequent expenditure)	0	15
Assets Transferred	(26,200)	(3,572)
Disposals	(1,630)	(1,294)
Net gain / (loss) from revaluations	<u>(5,467)</u>	<u>7,746</u>
Balance at end of year	<u>42,374</u>	<u>75,671</u>

The Council has no restriction on its ability to realise the value inherent in its investment property or its right to the remittance of income and the proceeds from disposal.

The following items of income and expenditure have been accounted for within the Financing and Investment Income section of the Comprehensive Income and Expenditure Statement, under Investment properties:-

	2024/25 £000	2023/24 £000
Rental Income from Investment Property	(298)	(309)
Direct operating expenses	155	148
Net (gain) / loss from revaluation	<u>5,467</u>	<u>(7,746)</u>
Total transactions relating to Investment Property	<u>5,324</u>	<u>(7,907)</u>

The Council has certain contractual obligations in relation to repairing and maintaining these investment properties.

## 27. Heritage Assets

Heritage Assets are non-current assets that are intended to be preserved in trust for future generations because of their historical, artistic, scientific, technological, geophysical or environmental qualities. They are held and maintained principally for their contribution to knowledge and culture.

Heritage Assets are measured at valuation and the asset should be recognised on the Balance Sheet when identified. An annual review is undertaken across the Council to identify any Heritage Assets.

The Council's Records Office hold a large number of archive collections, which are owned by the Council, which would meet the definition of Heritage Assets and should be classified as such.

A valuation of the items held by the Records Office has never been established and any valuation exercise would be costly and resource intensive. As a result, it was concluded that the cost of obtaining a full valuation of these assets would involve a disproportionate cost in comparison to the benefits to the users of the financial statements. The assets held by the records office are not, therefore, recognised in the Balance Sheet, but disclosed above for information.

	Cost/Valuation 1 Apr 2024	Additions	Revaluations	Cost/Valuation 31 Mar 2025
Museum pieces & Collections	15,242	0	0	15,242
Monuments, statues & sculptures	2,626	0	0	2,626
Civic Regalia	652	0	(177)	475
Royal Hall Harrogate	33,269	27	6814	40,110
Other Buildings	230	36	(33)	233
	<u>52,019</u>	<u>63</u>	<u>6,604</u>	<u>58,686</u>

## 28. Current Assets Held for Sale

Assets held for Sale are those properties that are currently marketed and it is anticipated will be sold within 12 months of the reporting period.

	2024/25 £000	2023/24 £000
Balance at start of year	2,932	4,697
Disposals	<u>(200)</u>	<u>(1,765)</u>
Balance at end of year	<u>2,732</u>	<u>2,932</u>

## 29. Cash and Cash Equivalents

Cash and Cash Equivalents represents balances held within bank current accounts and short term investments that are of a highly liquid nature and the balance is made up of the following elements:-

	31st March 2025 £000	31st March 2024 £000
Bank current accounts and cash held by the Council	17,229	16,658
Short term / call deposits	<u>141,899</u>	<u>77,930</u>
Total Cash and Cash Equivalents	<u>159,128</u>	<u>94,588</u>

### 30. Long Term Investments

The Council holds long term investments in local authority owned companies as follows:-

	%	Shareholding £	Dividends £000
Align Property Partners Ltd	100	500,000	0
NY Highways	100	500,000	0
Bracewell Homes Limited	LBG	n/a	0
Brierley Homes Limited	100	100	0
Brimhams Active Limited	100	1	0
Central Northallerton Development Co Limited	50	2	0
First North Law Limited	100	100	0
Maple Park (Hambleton) Limited	99	1	0
NYnet Limited	100	1	0
Veritau Limited	50	1	0
Yorwaste Limited	78	3,517,524	0

These companies' Profit and Loss Accounts are not included as part of the Comprehensive Income and Expenditure Statement. However, any dividend income received is included as part of the Council's income for 2024/25. Similarly, these companies' Assets and Liabilities are not included in the Council's Balance Sheet on page 50 and 51.

The Council has determined, however, that it has a group relationship with the following three companies and they have therefore been incorporated into its Group Accounts on pages 136 to 155.

Brief details of these Companies are as follows:-

Name :- NYnet Limited  
Business :- The provision of broadband infrastructure in North Yorkshire

Name :- Yorwaste Limited  
Business :- The management, transport and disposal of waste

Name :- NY Highways Limited  
Business :- The construction, maintenance and repair of highways

	NYnet Limited		Yorwaste Limited		NY Highways	
	31st March 2025	31st March 2024	31st March 2025	31st March 2024	31st March 2025	31st March 2024
	£000	£000	£000	£000	£000	£000
Net Assets / (Liabilities)	(3,228)	(8,840)	10,262	8,211	(1,485)	(909)
Loans from NYC	2,259	0	3,700	3,700	8,960	9,460
Dividend Payable	0	0	0	0	0	0
Profit / (Loss) for the year :-						
Before Tax and Dividend	5,612	49	1,650	1,352	1,387	113
After Tax and Dividend	5,612	47	1,116	780	305	113

Copies of these companies' Draft Accounts are held by Resources and Central Services, County Hall, Northallerton, North Yorkshire, DL7 8AD.

The investments the Council have are as follows:-

	31st March 2025 £000	31st March 2024 £000
Funds and Other Local Authorities		
Property Funds	14,170	13,731
	<u>14,170</u>	<u>13,731</u>
Investments with Subsidiary Companies		
Yorwaste Limited	3,518	3,518
Align Property Partners Limited	500	500
NY Highways Limited	500	500
Veritau North Yorkshire Ltd	31	31
	<u>4,549</u>	<u>4,549</u>
Total Long Term Investments	<u>18,719</u>	<u>18,280</u>

### 31. Long Term Debtors

	31st March 2025 £000	31st March 2024 £000
Car Loans	13	26
Loans to Subsidiary Companies	38,672	30,413
Other Loans	2,051	3,067
Loans to Housing Association	33,600	33,600
Long Term Payments in Advance	137	184
Long Term Debtors	921	730
	<u>75,394</u>	<u>68,020</u>
Less: Expected Loss Provision	0	0
	<u>75,394</u>	<u>68,020</u>

Loan balances are increased by any new loans and reduced as a loan is repaid.

### 32. Short Term Debtors

	31st March 2025 £000	31st March 2025 £000	31st March 2024 £000	31st March 2024 £000
Government Entities				
Central Government Bodies	29,430		27,541	
Other Local Authorities	5,040		8,481	
NHS Bodies	<u>24,854</u>	59,324	<u>22,989</u>	59,011
General Debtors		125,685		133,598
(including Public Corporations and Trading Funds)				
Payments in Advance		<u>37,546</u>		<u>36,569</u>
		222,555		229,178
Less: Expected Loss Provision		<u>(17,881)</u>		<u>(17,815)</u>
Total Short Term Debtors		<u>204,674</u>		<u>211,363</u>



### 33. Short Term Creditors

	31st March 2025		31st March 2024	
	£000	£000	£000	£000
Government Entities				
Central Government Bodies	21,581		24,810	
Other Local Authorities	9,654		9,139	
NHS Bodies	<u>972</u>	32,207	<u>1,148</u>	35,097
General Creditors		97,162		92,163
(including Public Corporations and Trading Funds)				
Income in Advance		<u>32,484</u>		<u>47,317</u>
Total Short Term Creditors		<u>161,853</u>		<u>174,577</u>

### 34. Provisions

	Changes during the year				To be used			Total
	Balance as at 1st April 2024	Provision Made	Provision Used	Provision Written Down	Balance as at 31st March 2025	Within 1 year	In excess of 1 year	
	£000	£000	£000	£000	£000	£000	£000	
Insurance	9,969	3,010	(1,770)	0	11,209	3,736	7,473	11,209
Highways Advance Payments	6,032	8,843	(2,405)	0	12,470	0	12,470	12,470
Alterations & Appeals	10,118	39,742	(40,427)	0	9,433	9,433	0	9,433
Other	225	0	0	0	225	144	81	225
	<u>26,344</u>	<u>51,595</u>	<u>(44,602)</u>	<u>0</u>	<u>33,337</u>	<u>13,313</u>	<u>20,024</u>	<u>33,337</u>

### Comparison for 2023/24

	Changes during the year				To be used			Total
	Balance as at 1st April 2023	Provision Made	Provision Used	Provision Written Down	Balance as at 31st March 2024	Within 1 year	In excess of 1 year	
	£000	£000	£000	£000	£000	£000	£000	
Insurance	7,269	3,735	(1,035)	0	9,969	3,323	6,646	9,969
Highways Advance Payments	6,825	2,992	(3,785)	0	6,032	0	6,032	6,032
Alterations & Appeals	8,577	36,059	(34,518)	0	10,118	10,118	0	10,118
Other	225	0	0	0	225	143	82	225
	<u>22,896</u>	<u>42,786</u>	<u>(39,338)</u>	<u>0</u>	<u>26,344</u>	<u>13,584</u>	<u>12,760</u>	<u>26,344</u>

### **Alterations & Appeals**

This provision is to cover the future loss of income following business rate appeals. It is an estimate of the amount that businesses have been overcharged up to 31 March 2025. The estimate has been calculated in two parts. Firstly, in relation to the 2010 rating list, by using the Valuation Office ratings list of appeals and historical analysis of successful appeals. Secondly, in relation to the 2017 rating list, by using the allowance included within the business rates multiplier for appeals and multiplying it by the rateable value, and then adjusting for the amendments that have so far been made to. The uncertainty about the amount and timing of any resulting economic benefits or service potential is due to the unknown nature of the number of appeals the council will receive, how many appeals will be successful, the rateable value of the businesses appealing and how many years an appeal relates to.

### **Highways Advance Payments**

Where building work is undertaken which fronts onto a private street, a deposit under the Advance Payment Code is required from developers in respect of the cost of necessary street works. A provision is maintained in the Accounts representing deposits held where the liability of the developer has not yet been discharged. The uncertainty about the amount and timing of any resulting economic benefits or service potential is due to the length of time a developer takes to complete street works, if the works are not completed to the council's standards or if the developer ultimately decides not to progress with a development.

### **Insurance (Claims & Liability)**

Self-funding arrangements for employer's, public liability and motor claims have been established and an insurance provision has been created for this purpose. The Council is unable to accurately determine when the longer term (to be used in excess of one year) provision will be utilised. The uncertainty about the amount and timing of any resulting economic benefits or service potential is due to the unknown nature of any potential employer's, public liability or motor claim. It is not possible to predict the events that could lead to these claims.

Municipal Mutual Insurance (MMI) was the predominant insurer of public sector bodies, including the Council, until it stopped underwriting operations in 1992. The 1993 implementation of a 'scheme of arrangement' means that these public bodies have an exposure to MMI. Due mainly to subsequent much higher than expected levels of industrial disease type claims, MMI's deteriorating solvency position led to insolvent liquidation. As a result the Council was liable for an initial 15% levy of claims paid since 1993, which was settled in 2013/14. In addition the Council is liable to pay a 15% contribution towards all future liability claim payments and thus a residual provision is required which is based on an external review of the historical claims experience.

### 35. Usable Reserves

Supplementary to the Movement in Reserves Statement the following tables identify detail of the adjustments between the accounting basis and funding basis under regulations by reserve. The reserves are grouped by usable reserves and unusable reserves.

<b>(a) General Working Balance</b>	2024/25 £000	2023/24 £000
<b>General Working Balance at Start of Period</b>	<b>(75,157)</b>	<b>(67,034)</b>
Comprehensive Income and Expenditure charged to the General Balance	<b>90,995</b>	<b>1,196</b>
<b>Adjustments between accounting basis and funding basis under regulations</b>		
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement</b>		
Capital Adjustment Account		
Amortisation of Intangible Assets	(1,820)	(1,889)
Charges for depreciation and impairment of non current assets	(133,789)	(147,601)
Revaluation losses on Property, Plant and Equipment	(28,941)	(36,997)
Impairment from Non Enhancing Capital Expenditure	(21,706)	(21,643)
Movements in the value of Investment Properties	(5,467)	7,746
Capital Grants and Contributions	88,671	144,767
Revenue Expenditure Funded from Capital under Statute	(31,151)	(19,496)
Carrying Value of non current assets written off on disposal	(57,190)	(24,463)
Pension Reserve		
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(62,308)	(62,203)
Collection Fund Adjustment		
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(8,490)	4,132
Accumulating Short Term Compensated Absences Account		
Amount by which staff remuneration charged to the Comprehensive Income and Expenditure Statement on an accrual basis is different from that chargeable in the year in accordance with statutory requirements	(440)	1,973
Major Repairs Reserve	(1,330)	4,189
Financial Instruments		
Amount by which Financial Instruments held under Fair Value through Profit & Loss are subject to DLUHC statutory over-ride	440	(1,604)
DSG Adjustment Account	226	(388)
<b>Inclusion of items not debited or credited to the Comprehensive Income and Expenditure Statement</b>		
Capital Adjustment Account		
Statutory Provision for the financing of capital investment	23,349	19,335
Capital Expenditure charged against the General Working Balance	36,728	45,695
Transfer of sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	2,593	8,499
Pension Reserve		
Employer pension contributions payable in the year	64,733	61,266
Capital Receipts Reserve	7,467	5,485
<b>Total of adjustments between accounting basis and funding basis under regulations</b>	<b>(128,425)</b>	<b>(13,197)</b>
Transfers to / (from) Earmarked Reserves	57,261	3,878
<b>General Working Balance at Period End</b>	<b>(55,326)</b>	<b>(75,157)</b>

**(b) Earmarked Reserves**

	Balance 31st March 2025 £000's	Movement in year 2024/25 £000's	Balance 31st March 2024 £000's	Movement in year 2023/24 £000's	Balance 31st March 2023 £000's
<b>Earmarked for Schools</b>					
Local Management of Schools	14,976	(1,136)	16,112	2,199	13,913
	14,976	(1,136)	16,112	2,199	13,913
<b>Retained for Specific Initiatives</b>					
Strategic Resources	200,284	67,218	133,066	39,556	93,511
Superfast Broadband	27,752	(4,102)	31,854	4,900	26,954
LGR Reserve	20,557	(5,490)	26,046	(6,139)	32,185
Brexit Renamed Capital Supply Chain	33,440	11,703	21,737	11,150	10,588
Programme for Growth	11,821	(8,804)	20,625	6,942	13,683
High Needs Reserve	23,597	4,800	18,797	2,500	16,297
Capital Development Reserve	12,169	(2,572)	14,741	(2,021)	16,763
HAS Market Shaping	11,984	(2,405)	14,388	(2,577)	16,965
Insurance	17,420	3,568	13,852	1,252	12,600
Equalisation (CTax & BR)	11,000	0	11,000	(31,172)	42,172
Other Resource & Central Service Reserves <£2m	8,763	(1,816)	10,579	(10,300)	20,879
Council Investment	6,067	(2,951)	9,017	(4,938)	13,955
Other Corporate Reserves <£2m	6,507	(4,732)	11,240	(8,071)	19,310
Other Community Development Reserves <£2m	7,089	(643)	7,732	(458)	8,190
Other Environment Reserves <£2m	10,424	1,467	8,957	(427)	9,384
Section 106 Commuted Sums	3,072	(4,162)	7,234	1,270	5,964
NY2020 Programme Support	5,734	(742)	6,476	(789)	7,265
Council Taxpayers Reserve	1,799	(4,058)	5,857	(7,442)	13,299
Risk Management Reserve	5,000	0	5,000	0	5,000
Outdoor Learning Service Project	3,069	(997)	4,066	4,000	66
Commercial Investments Depreciation Fund	3,900	0	3,900	0	3,900
Other CYPS Reserves <£2m	4,277	462	3,815	2,024	1,791
Capital Fund	3,016	(415)	3,431	535	2,896
LA Provision for Schools Deficits	3,710	841	2,869	885	1,984
Extra Care	2,624	(139)	2,763	0	2,763
PFI Scheme	2,552	(196)	2,748	(196)	2,944
Stronger Communities	2,342	(71)	2,413	0	2,413
Highways Advance Payments	2,991	611	2,380	0	2,380
Whitby Harbour Reserves	7,933	7,774	159	0	159
Scarborough Harbour Reserves	733	636	97	0	97
Property Projects	2,268	2,268	0	0	0
Local Plan Reserve	6,368	6,368	0	0	0
	470,262	63,422	406,840	484	406,357
<b>Reserves of Trading and Service Units NYES</b>					
Trading Reserves	4,767	(105)	4,872	233	4,639
Insurances	4,759	723	4,036	425	3,611
	9,526	618	8,908	658	8,250
<b>Revenue Grants and Contributions Reserve</b>					
CYPS Miscellaneous Grants	2,970	(3,252)	6,222	804	5,418
Public Health	3,985	(1,141)	5,126	(1,348)	6,474
Civil Parking Enforcement	2,246	(332)	2,578	1,506	1,072
Other Individual Reserves <£2m	1,346	(918)	2,264	(425)	2,689
	10,547	(5,643)	16,190	537	15,653
<b>Total Earmarked Reserves</b>	<b>505,311</b>	<b>57,261</b>	<b>448,050</b>	<b>3,878</b>	<b>444,172</b>

**Strategic Resources Reserve** - This reserve is funded from in-year revenue surpluses beyond those required to top up the General Fund Working Balance and windfall resources. It is used to fund revenue budget shortfalls and, subject to available resources, specific projects.

**LGR Reserve** - this reserve supports the additional transitioning and transformation costs for the new unitary council.

**Brexit / Capital Supply Chain Management** - this reserve was initially created to help manage the council's uncertain financial risks in a post EU environment. These included risks that suppliers of services with significant exposure to workers from the EU and / or currency fluctuations will seek to recover additional costs from customers including the Council. The council continues to experience issues with its supply chain.

**Superfast Broadband** - this reserve supports the creation and development of superfast broadband across North Yorkshire, especially in hard to reach, rural communities.

**Programme for Growth** - a legacy reserve from Selby District Council funded from renewable energy business rates and provides resources for pre-agreed capital or 'one-off' revenue projects to support delivery of the Council's plan.

#### (c) Capital Receipts Unapplied Reserve

The Capital Receipts Unapplied Reserve records balances of monies received from capital disposals that can be retained for qualifying capital purposes, expenditure of a capital nature or repayment of long term loans.

	31st March 2025 £000	31st March 2024 £000
Opening Balance	27,185	21,700
Transfer of sale proceeds credited as part of the gains/loss on disposal to the Comprehensive Income and Expenditure Statement	10,061	13,984
Use of the Capital Receipts Unapplied Reserve to finance new expenditure	(2,594)	(8,499)
Closing Balance	<u>34,652</u>	<u>27,185</u>

#### (d) Capital Grants Unapplied Reserve

The Capital Grants Unapplied Reserve is required under IFRS and IAS 20 Accounting for Government Grants. The reserve holds the balances of capital grants received where the conditions of use have been met but the actual expenditure has not been incurred. This reserve is classified as a usable reserve as the balances held within this account can be utilised to fund future expenditure of a capital nature.

	2024/25 £000	2023/24 £000
Opening Balance	119,924	80,117
<b>Adjustments between accounting basis and funding basis under regulation</b>		
Capital Grants and Contributions Unapplied credited to the Comprehensive Income and Expenditure Statement	88,671	144,767
Application of Capital Grants and Contributions within the period and adjusted through the Capital Adjustment Account	(131,379)	(104,960)
Closing Balance	<u>77,216</u>	<u>119,924</u>

### 36. Unusable Reserves

#### (a) Revaluation Reserve

The Revaluation Reserve records the unrealised gains from the revaluation of Property, Plant and Equipment.

	2024/25 £000	2023/24 £000
Opening Balance	797,307	681,258
Asset Revaluation within Other Comprehensive Income and Expenditure Statement	58,135	179,899
Adjustment between current value depreciation and historic cost depreciation	(46,288)	(49,088)
Write out of revaluation on disposal; Property, Plant and Equipment	<u>(26,795)</u>	<u>(14,762)</u>
Closing Balance	<u>782,359</u>	<u>797,307</u>

The revaluation reserve is built up from individual balances for each asset within the Property, Plant and Equipment categories of assets. No individual asset will have a negative revaluation balance even if the overall reserve is in surplus.

The Reserve contains only revaluation gains accumulated since 1st April 2007, the date that the reserve was created; prior to this date the Capital Adjustment Account was used to record revaluation gains.

Revaluations arising on investment properties are (under IFRS) charged to the Surplus or Deficit on Provision of Services section of the Comprehensive Income and Expenditure Statement as and when they arise. Revaluation values for investment properties are therefore not held within the revaluation reserve.

#### (b) Collection Fund Adjustment Account

The Council Tax and Non-Domestic Rates Collection Fund Adjustment Account holds the movement between the Council Tax and Non-Domestic Rates income in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund. This is included as a reconciling item in the statement of Movement in Reserves. This is an unusable reserve for the Authority.

	Council Tax 2024/25 £000	NNDR 2024/25 £000	Total 2024/25 £000	Council Tax 2023/24 £000	NNDR 2023/24 £000	Total 2023/24 £000
Balance brought forward	5,617	6,520	12,137	8,063	(58)	8,005
Movement in year	<u>(399)</u>	<u>(8,091)</u>	<u>(8,490)</u>	<u>(2,446)</u>	<u>6,578</u>	<u>4,132</u>
Balance carried forward	<u>5,218</u>	<u>(1,571)</u>	<u>3,647</u>	<u>5,617</u>	<u>6,520</u>	<u>12,137</u>

#### (c) Accumulated Absences Account

The Accumulated Absences Account is used to accrue for short term compensated absences such as holiday pay earned but not taken. This accrual is under statutory provision and does not represent a charge to the General Working Balance; this reserve holds the balance of the accrual within the unusable reserves section of the Balance Sheet.



	2024/25 £000	2023/24 £000
Balance Brought Forward	(6,704)	(8,677)
Movement in Year	<u>(440)</u>	<u>1,973</u>
Closing Balance	<u>(7,144)</u>	<u>(6,704)</u>

**(d) Pension Reserve**

The Pension 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; however, statutory arrangements require benefits earned to be financed as the Council makes contributions to the pension fund.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them.

	2024/25 £000	2023/24 £000
Opening Balance (adjusted by Actuary to reflect LGR)*	(7,357)	(7,687)
Remeasurements of the Net Defined Benefit Liability (Actuarial gains / (losses) on pension assets/liabilities)	(1,316)	1,267
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(62,308)	(62,203)
Employers pension contributions payable in year	<u>64,733</u>	<u>61,266</u>
Closing Balance	<u>(6,248)</u>	<u>(7,357)</u>

**(e) Capital Adjustment Account**

The Capital Adjustment Account records the historic cost of acquiring, creating or enhancing Fixed Assets, (including depreciation and impairment), over the life of those assets as well as the resources set aside to finance them.



	2024/25 £000	2023/24 £000
Opening Balance	1,640,801	1,647,767
<b>Adjustments between accounting basis and funding basis under regulations</b>		
Amortisation of Intangible Assets	(1,820)	(1,889)
Charges for depreciation and impairment of non current assets	(133,789)	(147,601)
Revaluation losses on Property, Plant and Equipment	(28,941)	(36,997)
Impairment from Non Enhancing Capital Expenditure	(21,706)	(21,643)
Movements in the value of Investment Properties	(5,467)	7,746
Capital Grants and Contributions	131,379	104,960
Revenue Expenditure Funded from Capital under Statute	(31,151)	(19,496)
Carrying Value of non current assets written off on disposal	(57,190)	(24,463)
Statutory Provision for the financing of capital investment	23,349	19,335
Capital Expenditure charged against the General Working Balance	36,728	45,695
Transfer of sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	2,593	8,499
Re-payment of long term loans	(1,519)	(4,962)
<b>Other Reserve Movements</b>		
Adjustment between current value depreciation and historic cost depreciation	46,288	49,088
Write out of revaluation on disposal; Property, Plant and Equipment	26,795	14,762
Closing Balance	<u>1,626,350</u>	<u>1,640,801</u>

**(f) Financial Instruments Revaluation Reserve**

The Financial Instruments Revaluation Reserve contains the gains made by the Council arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost; or
- Disposed of and the gains are realised.

	2024/25 £000	2023/24 £000
Opening Balance	(2,141)	(537)
Financial Instruments held under Fair Value through Profit & Loss subject to DLUHC Statutory Over-Ride*	440	(1,604)
Closing Balance	<u>(1,701)</u>	<u>(2,141)</u>

\*The MHCLG introduced a statutory over-ride to protect the General Fund balance from any fluctuations in fair value movements in quoted investment funds. In the Council's case this relates to its investments in two Pooled Investment Property Funds. This over-ride initially expired on 31st March 2023 but was extended until 31 March 2025, without this override all fair value movements will impact on the General Fund Balance.

**(g) Dedicated Schools Grant Adjustment Account**

	2024/25 £000	2023/24 £000
Opening Balance	3,015	3,403
Previous Year's Schools Fund deficit transferred from Earmarked Reserves		
In year DSG	226	(388)
Closing Balance	<u>3,241</u>	<u>3,015</u>

The Dedicated Schools Grant Adjustment Account is a reserve introduced in November 2020 by the laying of a new statutory instrument by MHCLG to amend the Local Authorities (Capital Finance & Accounting Regulations) 2003. The statutory instrument establishes new accounting practices relating to treatment of local authorities' schools budget deficits, requiring any such deficit to be recorded in a specific account established solely for the purpose of recording deficits relating to its schools' budget.

**(h) Financial Instruments Adjustment Account**

This account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefitting from gains per statutory provisions. The Council has used the Account to manage premiums paid and discounts received on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax.

	2024/25 £000	2023/24 £000
Opening Balance	0	0
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	336	0
Proportion of discounts received in previous financial years to be transferred to the General Fund Balance in accordance with statutory requirements	(33)	0
Closing Balance	<u>303</u>	<u>0</u>

**37. Material Contingent Liabilities**

There have been no material contingent liabilities identified by the Council in 2024/25.

**38. Events after the Balance Sheet Date**

Under IAS 10 Events after the Reporting Period, the Council is required to disclose the date that the financial statements are authorised for issue. This establishes the date after which events will not have been recognised in the Statement of Accounts.

The Draft Statement for 2024/25 was authorised for issue on 30 June 2025 by the Corporate Director – Resources. The Statement of Accounts is then subject to the External Audit process, before being considered and approved by the Audit Committee Members on 29<sup>th</sup> September 2025.

Since the Balance Sheet date, 2 schools have converted to Academy status. Land and Building asset values totalling £6.0m will be transferred off the Council's balance sheet in 2025/26 and the

Council will no longer receive Dedicated School Grant of around £2.0m. Schools converting to Academies after the balance sheet date is a non-adjusting event.

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. The High Court ruling has since been appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

The current position in relation to local government pension schemes (LGPS) is that actuarial confirmations for all amendments have not yet been located. The most recent update was in July 2024 from Government's Actuary Department (GAD) and included the following information:

- Relevant certificates have been located in respect of the 2014 reforms.
- We believe a certificate will have been prepared in respect of the 2008 reforms, but the initial electronic search for this has meant paper files would now need to be retrieved from archive storage to try and locate this.

While it is known there is potential for additional pension liabilities to be recognised, the impact in monetary terms is not known and it is reasonable to form the view that it is not reasonably estimable. While the Court of Appeal has upheld the High Court judgement, there are further actions that could be taken regarding the case. In addition, the certificate in respect of the 2008 reforms could be located.

On 5 June 2025, the Government announced that it will "introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards." Once the legislation has been passed, this will mean that pension schemes will be able to obtain written confirmation from an actuary about the benefit changes that were previously made and apply that confirmation retrospectively without making the plan amendments void, if the changes met the necessary standards.

The Government announcement is the next step in the Virgin Media case and *helps* to reduce the uncertainty around any plan amendments being determined to be void as a result of not having the appropriate written actuarial confirmation in place before the amendment was made (or where such a confirmation cannot now be located). However, as the legislation has not yet been passed, the disclosure in the financial statements should be updated to explain this latest development. Additionally, any uncertainty will also remain until an actuary has provided retrospective written confirmation that the past plan amendments met the required standards.

### **39. Dedicated Schools Grant**

The Council's expenditure on schools is funded primarily by grant monies provided by the Education and Skills Funding Agency (ESFA), the Dedicated Schools Grant (DSG). 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 2021. The Schools Budget

includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school. Details of the deployment of DSG receivable for 2024/25 are detailed below:-

	Central Expenditure £	Individual Schools Budgets £	Total £
Final DSG for 2024/25 before Academy recoupment			586,597,921
Academy figure recouped for 2024/25			(265,169,502)
Total DSG after Academy recoupment for 2024/25			321,428,419
Plus Brought forward from 2023/24			0
Less Carry-forward to 2025/26 agreed in advance			0
Agreed initial budgeted distribution in 2024/25	82,437,915	243,984,890	326,422,805
In year adjustments		456,572	456,572
Final budgeted distribution for 2024/25	82,437,915	244,441,462	326,879,377
Less Actual central expenditure	(78,919,180)		(78,919,180)
Less Actual ISB deployed to schools	0	(242,738,837)	(242,738,837)
Net Carry-forward in year	3,518,735	1,702,625	5,221,360
Plus/Minus: Carry-forward to 2025/26 agreed in advance			0
Net Carry-forward to 2025/26			5,221,360
DSG unusable reserve at the end of 2023/24			(1,980,000)
Addition to DSG unusable reserve at the end of 2024/25			0
Total of DSG unusable reserve at the end of 2024/25			(1,980,000)
Net DSG position at the end of 2024/25			3,241,360

In 2024/25, £317,676k has been credited against the Education and Children's Services in the Comprehensive Income and Expenditure Statement.

The net overspend in 2024/25 of £5,221k on central expenditure and ISB has been added to the agreed carry forward of £1,980k, and the net deficit of £3,241k is held as an unusable reserve.

This is in accordance with the statutory requirements (as defined in the School and Early Years Finance (England) Regulations 2020) for 2021/22, which affect the manner in which the Council can use the general reserves held as at 31 March 2025, and the requirements of the Accounts and Audit Regulations 2015, as amended (Regulation 7 (4)).

Both the net overspend and the deficit balance have arisen due to the chronic underfunding of the schools budget by the Education and Skills Funding Agency (ESFA) since the legislative reform introduced by the Children and Families Act 2014, which has resulted in significant increases in the number of Education Health Care Plans (EHCPs) that in turn increases the demand for High Needs provision. The Council has developed a comprehensive and robust long-term Strategy for SEND 0-25; however, its implementation is greatly hindered by the continued lack of capital funding by the Department for Education. The Council is also lacking any assurance on the future DSG monies it will receive, and this uncertainty represents significant financial risks to any recovery plan of the deficit balance over future funding periods.

#### 40. Financial Instruments

Financial Instruments are formally defined as contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. For the Council, this definition covers the instruments used in Treasury Management activities, including the borrowing and lending of money and the making of investments.

The Council has adopted the CIPFA Code of Practice on Treasury Management. This Code sets out a framework of operating procedures to reduce treasury risk and improve understanding and accountability regarding the Treasury position of the Council.

The CIPFA Code of Practice on Treasury Management requires:-

- a Treasury Management Policy Statement (TMPS) stating the Council's policies and objectives for its treasury management activities; and
- a framework of Treasury Management Practices (TMPs) setting out the manner in which the Council will seek to achieve the policies and objectives set out above and prescribing how it will manage and control those activities.

The twelve recommended TMPs are reviewed and updated as and when necessary in the light of regulatory and/or local policy changes and cover the following areas:-

- risk management;
- performance measurement;
- decision-making and analysis;
- approved instruments, methods and techniques;
- organisation, clarity and segregation of responsibilities and dealing arrangements;
- reporting requirements and management information arrangements;
- budgeting, accounting and audit arrangements;
- cash and cash flow management;
- money laundering;
- training and qualifications;
- use of external service providers; and
- corporate governance.

The Council provides treasury management services to the external bodies listed on page 120 (the external bodies listed as having temporary loans with the Council) and the loans from them represent working balances which are invested with the Council.

The Council recognises and measures financial assets at either amortised cost, at fair value through profit and loss or at fair value through other comprehensive income. IFRS 9 – Financial Instruments states that investments in equity should be recognised as fair value through profit and loss, which would result in changes in valuation impacting upon the Council's General Fund balance and its revenue budget. To mitigate this, the CIPFA Code of Practice allows councils to elect to treat equity investments as fair value through other comprehensive income. The Council has elected to designate its shareholdings in its non-consolidated subsidiaries and a joint venture as fair value through other comprehensive income.

The Council irrevocably elected to carry the value of its investment in its subsidiary, Yorwaste Limited, at amortised cost.

The Council also holds a pooled investment in four property funds. IFRS 9 also requires any changes in valuation to be recognised as fair value through profit and loss, which again would impact upon the Council's general fund balance and revenue budget. The MHCLG has permitted a

temporary (5 year) statutory override for English local authorities to mitigate the impact of these changes in valuation, commencing 1st April 2018. The MHCLG subsequently extended the statutory override by two years, therefore the expiry date is 31 March 2025. The MHCLG has further decided to extend the override until 31 March 2029 for investments already in place at 1 April 2024, a category which the Council's four property Funds fall into. The Council will utilise the statutory override to account for any changes in the value of this investment.

DRAFT

**(a) Categories of Financial Instruments**

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

**Financial Assets**

	Long Term				Short Term			
	Investments		Debtors		Investments		Debtors	
	31st March 2025 £000	31st March 2024	31st March 2025 £000	31st March 2024	31st March 2025 £000	31st March 2024	31st March 2025 £000	31st March 2024
Fair Value through Profit or Loss	0	0	0	0	0	0	0	0
Amortised Cost								
Investments	3,518	3,518	0	0	487,703	464,690	0	0
Loans to Subsidiary Companies	0	0	38,672	22,667	0	0	0	0
Loans to Housing Associations	0	0	33,600	33,600	0	0	0	0
Other	0	0	3,122	3,973	0	0	0	0
	<u>3,518</u>	<u>3,518</u>	<u>75,394</u>	<u>60,240</u>	<u>487,703</u>	<u>464,690</u>	<u>0</u>	<u>0</u>
Fair Value through other Comprehensive Income - designated	15,202	14,762	0	0	0	0	0	0
Fair Value through Other Comprehensive Income - other	0	0	0	0	0	0	0	0
Total Financial Assets	<u>18,720</u>	<u>18,280</u>	<u>75,394</u>	<u>60,240</u>	<u>487,703</u>	<u>464,690</u>	<u>0</u>	<u>0</u>
Non Financial Assets	0	0	0	0	0	0	204,674	211,363
Total	<u>18,720</u>	<u>18,280</u>	<u>75,394</u>	<u>60,240</u>	<u>487,703</u>	<u>464,690</u>	<u>204,674</u>	<u>211,363</u>

## Financial Liabilities

	Long Term				Short Term			
	Borrowings		Creditors		Borrowings		Creditors	
	31st March	31st March	31st March	31st March	31st March	31st March	31st March	31st March
	2025	2024	2025	2024	2025	2024	2025	2024
	£000	£000	£000	£000	£000	£000	£000	£000
Fair Value through Profit or Loss	0	0	0	0	0	0	0	0
Amortised Cost								
PWLB Loans	(243,273)	(253,759)	0	0	(12,358)	(2,414)	0	0
PWLB Loans - HRA	(97,176)	(98,354)	0	0	(1,258)	(1,258)	0	0
Market LOBO Loans	(10,000)	(19,000)	0	0	(5,047)	(5,056)	0	0
Temporary Loans from External Bodies	0	0	0	0	(94,125)	(42,778)	0	0
PFI and Finance Leases	(147,133)	(135,267)	0	0	(7,155)	(3,279)	0	0
	<u>(497,582)</u>	<u>(506,380)</u>	<u>0</u>	<u>0</u>	<u>(119,943)</u>	<u>(54,785)</u>	<u>0</u>	<u>0</u>
Total Financial Liabilities	<u>(497,582)</u>	<u>(506,380)</u>	<u>0</u>	<u>0</u>	<u>(119,943)</u>	<u>(54,785)</u>	<u>0</u>	<u>0</u>
Non Financial Liabilities	0	0	(57,299)	(15,099)	0	0	(161,853)	(174,577)
Total	<u>(497,582)</u>	<u>(506,380)</u>	<u>(57,299)</u>	<u>(15,099)</u>	<u>(119,943)</u>	<u>(54,785)</u>	<u>(161,853)</u>	<u>(174,577)</u>



**(b) Income, Expense, Gains and Losses**

	2024/25		2023/24	
	Surplus / (Deficit) on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus / (Deficit) on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Net Gains / (Losses) on investments in equity instruments designated at fair value through other comprehensive income	(440)	0	1,604	0
Interest Revenue financial assets measured at amortised cost	(38,915)	0	(36,049)	0
Interest Expense	29,479	0	29,674	0

**(c) Fair Values of Assets and Liabilities**

The Council holds units within two Property Funds. 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. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date. Level 2 inputs are those other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 3 are unobservable inputs for the asset or liability. Property Fund investments are held at Net Asset Value, as per the Investment Manager's Annual Statement, therefore classified as a Level 2 input.

The funding of these investments was from Capital reserves. The Council did not borrow funds to finance these investments therefore Minimum Revenue Provision (MRP) has not been adjusted. However, the performance of these investments will be monitored closely to ensure no / minimal loss, and MRP reviewed regularly and amended if indicated by the year end position.

As these gains or losses impact on the General Fund balance, the temporary statutory override, agreed with the MHCLG, will be utilised. This will result in any loss or gain being reversed and recorded in the Financial Instruments Revaluation Reserve. Any gain or loss will only be realised when the investments are sold and will be treated as a capital receipt and recognised through the Capital Adjustments Account, as these investments were funded from capital.

	2024/25		2023/24	
	Nominal £000	Fair Value £000	Nominal £000	Fair Value £000
Property Funds				
Blackrock	5,505	4,840	5,505	4,760
Threadneedle	5,366	4,738	5,366	4,559
Hermes	2,000	1,818	2,000	1,778
Fidelity	3,000	2,774	3,000	2,633
Shareholding				
Align Property Partners Limited	500	500	500	500
NY Highways Limited	500	500	500	500
Veritau Limited	32	32	32	32
	<u>16,903</u>	<u>15,202</u>	<u>16,903</u>	<u>14,762</u>

Except for the Financial Assets valued at fair value above, all other financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised costs. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:-

- for loans from the Public Works Loan Board, (PWLB), new borrowing rates available from the PWLB have been applied and for other loans payable, current market rates were obtained from the Council's Treasury Management Advisors, Link Asset Services;
- for loans receivable, the prevailing benchmark market rates have been used to provide fair value;
- no early repayment or impairment is recognised; and
- the fair value of trade and other receivables is taken to be the invoiced or billed amount. Please note that during 2024/25 all fair value measurements above were based on level 2 inputs, with no Level 1 or 3.

The fair values calculated are as follows:-

#### Borrowing Activities

	31st March 2025		31st March 2024	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
PWLB Maturity Loans	317,039	254,128	317,039	308,498
PWLB Annuity Loans	34,719	24,340	36,304	30
Market LOBO Loans	15,000	11,754	20,000	16,133
Total	<u>366,758</u>	<u>290,222</u>	<u>373,343</u>	<u>324,661</u>

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. This commitment to pay interest below market rates decreases the amount that the Council would have to pay if the lender requested to agree to early repayment of the loans.

The fair value of Public Works Loan Board (PWLB) loans measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered if the borrowing was undertaken at the Balance Sheet date. The difference between the carrying amount and the fair value measures the additional interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing PWLB rates.

However, the Council has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional interest that the authority will pay as a result of its PWLB commitments for fixed rate loans is to compare the terms of these loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the carrying amount of £366.8m would be valued at £290.2m. But, if the authority were to seek to realise the projected loss by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to charging a premium for the additional interest that will not now be paid.

### Investment Activities

	31st March 2025		31st March 2024	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Money Market Loans more than 1 year	0	0	0	0
Financial Liabilities	0	0	0	0

In addition the financial assets representing the shareholding in Yorwaste Limited (£3,518k), Align Property Partners Limited (£500k), NY Highways Limited (£500k), First North Law Limited (£0.1k), Brierley Homes Limited (£0.1k), NYnet Limited (£1), Veritau (£32k), Brimhams Active Limited (£1), Central Northallerton Development Company Limited (£2) and Maple Park (Hambleton) Limited (£1) continued to be valued at Historic Cost and have been omitted from the above. These shareholdings are valued at Historic Cost because they do not have a quoted market price in an active market and therefore their fair value cannot be measured reliably. In addition these investments are not classified as "Held for Sale" and therefore in accordance with The Code, can be accounted for at Cost.

### (d) Disclosure of 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 risk – the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- Market risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rate movements.

## **Overall Procedures for Managing Risk**

The Council's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and the associated regulations. These require the Council to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Council to manage risk in the following ways:-

- adopt the requirements of the Code of Practice;
- approve annually in advance, prudential indicator limits for the following three years;
- review the Council's overall borrowing limits;
  - its maximum and minimum exposures to fixed and variable rates;
  - its maximum and minimum exposures to the maturity structure of its debt;
  - its maximum annual exposures to investments maturing beyond a year; and
- approve an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

The Annual Treasury Management Strategy includes these procedures in order to manage the risks of the Council's financial instrument exposure. It is approved at the Council's annual council tax setting budget meeting before the beginning of the financial year.

Annual outturn reports are submitted to the Executive for Treasury Management and Prudential Indicators which set out full details of activities and performance during the preceding financial year. In addition, quarterly reports on Treasury Management matters are submitted to the Executive as part of the Council's Quarterly Performance Monitoring report and periodic meetings are held between the Corporate Director - Strategic Resources, the Chairman of the Audit Committee and the Deputy Leader to discuss issues arising from the day to day management of Treasury Management activities. The Audit Committee is responsible for scrutinising the Council's Treasury Management activities and receives regular reports and updates on Treasury Management matters.

## **Credit Risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the treasury management strategy.

The Council relies on credit ratings and "ratings watch" and "outlook" notices published by the three credit rating agencies (Fitch, Moody's and Standards & Poor's) to establish the credit quality of counterparties and investment schemes. All three credit rating agencies also produce a Sovereign Rating which assesses a country's ability to support a financial institution should they get into difficulty.

No combination of ratings can be viewed as entirely fail-safe and all credit ratings, ratings watches and outlooks are monitored on a daily basis and changes made as appropriate. In addition, the Council takes into account trends within the Credit Default Swap (CDS) Market. Since they are a traded instrument they reflect the market perception of an institution's credit quality unlike credit ratings which often focus on a longer term view. The Council also monitors other sources of market

intelligence, including the financial press, for rumours and speculation which may impact on organisations which the Council may invest with.

Further details of the Council's investment criteria are included in the Annual Treasury Management Strategy, a copy of which is available on the Council's website, [www.northyorks.gov.uk](http://www.northyorks.gov.uk).

In addition, the Council has set maximum investment limits for each organisation which also reflect that institution's credit worthiness – the higher the credit quality, the greater the investment limit. These limits also reflect UK Government involvement (i.e. Government ownership or being part of the UK Government guarantee of liquidity).

These limits can be summarised as follows:-

Maximum Investment Limit	Criteria
£90m	– UK "Nationalised" Banks / UK Banks with UK Central Government Involvement
£40m - £90m	- Selected UK "Clearing Banks" and other UK based Banks and Building Societies
£40m	- High quality Foreign Banks

The Council's maximum exposure to credit risk in relation to its investments in Banks and Building Societies cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. A risk of recoverability applies to all of the Council's deposits, however, there was no evidence at the 31st March 2025 that this was likely to occur.

The following analysis summarises the Council's potential maximum exposure to credit risk as at 31st March 2025, based on experience of default assessed by the credit rating agencies and experience of its customer collection levels over the last five financial years, adjusted to reflect current market conditions.

#### **Amounts Arising from Expected Credit Loss**

The Council has assessed all its short and long term investments and concluded that the expected credit loss is not material, therefore no allowances have been made.

A summary of the credit quality of the Council's investments at 31st March 2025 is shown below along with the potential maximum exposure to credit risk, based on experience of default and collectability.

	Amount at 31st March 2025 £000	Historical experience of default %	Historical experience adjusted for market conditions %	Estimated Maximum Exposure to default and uncollectability at 31 March 2025 £000
Deposits for less than 1 year:-				
Deposits with Local Authorities	374,614	0.0	0.0	0.0
Institutions with Fitch Rating				
Long Term AA-, Short Term F1+	20,845	0.0	0.0	0.0
Long Term AA, Short Term F1+	0	0.0	0.0	0.0
Long Term A+, Short Term F1+	0	0.0	0.0	0.0
Long Term A+, Short Term F1	77,237			
Long Term A-, Short Term F1	15,007			
Part Nationalised Banks	0	0.0	0.0	0.0
(Fitch rating Long Term A+, Short Term F1)				
	<u>487,703</u>			

The Council's exposure to credit risk can also be analysed by the Sovereign Rating of the Country in which the financial institution is domiciled as follows:-

	Fitch Sovereign Rating as at 31st March 2025	Amount at 31st March 2025 £000
UK	AA-	451,856
Singapore	AAA	20,845
Canada	AA+	15,002
		<u>487,703</u>

The Council does not generally allow credit for its trade debtors. Analysis of invoices raised as at 31st March 2025, which are included within the £204.7m Short Term Debtors, can be analysed by past-due and age status as follows:-

	31st March 2025 £m	31st March 2024 £m
Less than 1 month	35.5	29.4
1 to 2 months	9.6	13.0
3 months or more	48.6	36.4
	<u>93.7</u>	<u>78.8</u>

It is considered that £48.6m of the £93.7m debtors invoice balance is past its due date for payment. The Council maintains an Expected Loss Provision for debts based on both the age of the debt and the likelihood of a continued dispute or future settlement. No further assessment of the fair value has therefore been made. Amounts are carried on the Balance Sheet at their amounts outstanding and no amounts have been included in the table for the Councils exposure to default.

## 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 borrowings from the money markets to cover day to day cash flow need, whilst the PWLB and money markets provide access to longer term funds. The Council is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is, therefore, no significant risk that it will be unable to meet its commitments under financial instruments.

The approved prudential indicators “limits for the maturity structure of debt” and the “limits placed on investments for greater than one year in duration” are the key parameters used to address liquidity risk. The maturity of debt limit is used when carefully planning new loans to be taken and (where it is economic to do so) making early loan repayments. Also the limit placed on investments is monitored when considering cash flow needs and placing funds in the longer term.

Creditors are paid in accordance with suppliers’ terms which, for liquidity risk purposes to the Council, are less than one year and are not shown in the table above. Further analysis of creditors can be found in note 33.

All investments held with banks and financial institutions are due to mature within less than one year.

### **Refinancing and Maturity risk**

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

The approved treasury indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved treasury and investment strategies address the main risks and the 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 day to day cash flow needs, and the spread of longer term investments provides stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities (borrowing) is as follows:-



	31st March 2025 £000	31st March 2024 £000
Less than one year		
Public Works Loan Board	(13,616)	(3,672)
Market LOBO Loans	(5,047)	(5,056)
Temporary Loans from External Bodies		
- NYnet Limited	0	(14,037)
- Peak District National Park	(9,740)	(9,285)
- North Yorkshire Fire and Rescue Authority	(17,158)	(1,229)
- North York Moors National Park	(7,993)	(8,216)
- Yorkshire Dales National Park	(5,429)	(4,870)
- North Yorkshire Pension Fund	(15,227)	(2,175)
- Align Property Partners Limited	(2,557)	(2,710)
- National Parks England	(416)	(256)
- YNYCA	(33,608)	0
- Align Property Services	(1,919)	0
- First North Law	(79)	0
	<u>(94,126)</u>	<u>(42,778)</u>
Total Less than one year	<u>(112,789)</u>	<u>(51,506)</u>
Greater than one year		
Public Works Loan Board	(340,449)	(352,113)
Market LOBO Loans	(10,000)	(19,000)
	<u>(350,449)</u>	<u>(371,113)</u>
Analysis of loans by Maturity		
Between one and two years	(25,001)	(5,001)
Between two and five years	(16,503)	(35,000)
Between five and ten years	(57,525)	(60,709)
Between ten and fifteen years	0	(14,567)
Between fifteen and twenty five years	(64,393)	(68,393)
Between twenty five and forty years	(162,516)	(161,779)
More than forty years	(24,511)	(25,664)
	<u>(350,449)</u>	<u>(371,113)</u>

### Market Risk - Interest rate risk

The Council is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in variable and fixed interest rates would have the following effects:-

- borrowings at variable rates      - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- borrowings at fixed rates      - the fair value of the borrowing liability will fall;
- investments at variable rates      - the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
- investments at fixed rates      - the fair value of the assets will fall.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Working Balance.



The Treasury Management strategy includes sensitivity analysis and the prudential indicators for managing interest rate risk. One of the prudential indicators provides maximum and minimum limits for fixed and variable interest rate exposure. The treasury team also monitors the market and forecasts interest rates to adjust exposures accordingly. For example, during periods of falling interest rates, and where economic circumstances are favourable, fixed rate investments may be taken for longer periods to secure better long term returns.

If all interest rates had been 1.0% higher, with all other variables held constant, the financial effect would be:-

	£000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	6,075
Increase in government grant receivable for financing costs	0
Impact on Comprehensive Income and Expenditure Account	<u>6,075</u>
Decrease in fair value of fixed rate investment assets	<u>0</u>
Decrease in fair value of fixed rate borrowing liabilities	<u>29,094</u>

The impact of a 1.0% fall in interest rates would be as above but with the movements being reversed.

#### **Market Risk – Price risk**

The Council does not invest in equity shares but does have shareholdings to the value of £3.5m in Yorwaste Limited, £0.5m in Align Property Partners Limited, £0.5m NY Highways Limited, £32k in Veritau Limited, £100 in First North Law Limited, £100 in Brierley Homes Limited and a nominal value of £1 in NYnet Limited, Brimhams Active Limited, Maple Park Limited and Veritau Limited. These holdings are generally illiquid and therefore are not exposed to losses arising from movements in the prices of these shares.

The shareholdings have arisen as they have been acquired rather than originated by the Council. These long term investments are as a result of acquisition of specific interest and are not quoted in an active market. The Council is not exposed to price movements.

The value of the above shares are classified as loans and receivables as a reliable fair value cannot be determined.

Further information can be found in note 30 Long Term Investments.

#### **Market Risk – Foreign exchange risk**

The Council has no financial assets or liabilities denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

### **41. Land at Whitby Harbour**

Section 22 of the Narrative Report provides an update on the objection to the Council's 2015/16 (and subsequent) accounts and outlines the judgement handed down by the Court in relation to the status of the land at Whitby Harbour.

## Whitby Harbour Revenue Account

Following the outcome of the court ruling, the Council has reviewed the income and expenditure that should be attributed to Whitby Harbour and will hold those funds separately to the Council's other activities. The table below shows the individual financial performance of Whitby Harbour based on the allocation of income and expenditure as dictated by the court ruling. The figures for 2023/24 have been restated in order to be comparable.

### Income and Expenditure

	2024/25 £000	2023/24 restated £000
Income	(2,527)	(2,409)
Employees	882	896
Premises	361	414
Supplies and Services	43	89
Transport	3	2
Third Party Payments	74	181
<b>Net Service Cost</b>	<b>(1,164)</b>	<b>(827)</b>
Contributions to/(from) General Fund	0	0
Capital Programme Funded from General Fund	161	25
Transfer to/(from) Whitby Harbour Reserves	0	0
<b>Total Net Service Cost</b>	<b>(1,003)</b>	<b>(802)</b>
Corporate Headings	673	225
<b>Net surplus (to)/from Whitby Harbour Activities</b>	<b>(330)</b>	<b>(577)</b>

### Whitby Harbour Reserves

	2024/25 £000	2023/24 £000
<b>Opening Balance</b>	<b>159</b>	<b>159</b>
Transfer (to)/from Whitby revenue account	0	0
Contributions to Capital Works	0	0
Transfer to Harbour Reserve for historical adjustment following court judgement (including 24/25 surplus)	7,774	0
<b>Closing Balance</b>	<b>7,933</b>	<b>159</b>

The value of the assets that sit within Whitby Harbour, as defined by the judgement, are as follows:

	2024/25 £000	2023/24 £000
<b>Net Book Value 1 April</b>	<b>26,765</b>	<b>25,131</b>
Depreciation in year	(161)	(153)
Revaluation increases/decreases (-) to CIES	60	(1,833)
Revaluation increases/decreases (-) to Revaluation Reserve	482	3,185
Additions	443	435
<b>Net Book Value 31 March</b>	<b>27,589</b>	<b>26,765</b>

### Scarborough Harbour Revenue Account

Following the court judgement in relation to Whitby Harbour, a similar exercise of historical income and expenditure reallocation was undertaken, from 2021/22 to 2024/25, to reflect income and expenditure that should be held as part of a separate account for Scarborough Harbour. The table below shows the individual financial performance of Scarborough Harbour based on the allocation of income and expenditure as dictated by the court ruling. The figures for 2023/24 have been restated in order to be comparable.

### Income and Expenditure

	2024/25 £000	2023/24 restated £000
Income	(1,180)	(1,190)
Employees	460	428
Premises	106	103
Supplies and Services	39	32
Transport	1	1
Third Party Payments	55	41
<b>Net Service Cost</b>	<b>(519)</b>	<b>(585)</b>
Contributions to/(from) General Fund	0	0
Capital Programme funded from General Fund	125	99
Transfer to/(from) Scarborough Harbour Reserves	0	0
<b>Total Net Service Cost</b>	<b>(394)</b>	<b>(486)</b>
Corporate Headings	424	354
<b>Net (surplus)/deficit from Scarborough Harbour activities</b>	<b>30</b>	<b>(132)</b>

## Scarborough Harbour Reserves

	2024/25 £000	2023/24 £000
<b>Opening Balance</b>	<b>97</b>	<b>0</b>
Transfer (to)/from Scarborough revenue account	0	97
Contributions to Capital Works	0	0
Transfer to Harbour Reserve for historical adjustment following court judgement (including 24/25 deficit)	636	0
<b>Closing Balance</b>	<b>733</b>	<b>97</b>

The value of the assets that sit within Scarborough Harbour are as follows:

	2024/25 £000	2023/24 £000
<b>Net Book Value 1 April</b>	<b>5,375</b>	<b>5,141</b>
Depreciation in year	(103)	(103)
Revaluation increases/decreases (-) to CIES	78	(750)
Revaluation increases/decreases (-) to Revaluation Reserve	47	(1,019)
Additions	0	68
<b>Net Book Value 31 March</b>	<b>5,397</b>	<b>5,375</b>

## HOUSING REVENUE ACCOUNT (HRA)

The HRA Income and Expenditure Statement shows the economic cost in year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations, this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement.

	2024/25 £000	2023/24 £000
<b><u>Expenditure</u></b>		
Repairs & Maintenance	12,155	9,083
Supervision & Management	9,127	9,605
Rents, rates, taxes and other charges	76	804
Depreciation and Impairment of non-current assets (note 40a)	12,445	25,101
Debt Management costs	35	34
Movement in the debt impairment allowance (note 40c)	24	11
Total Expenditure	<u>33,862</u>	<u>44,638</u>
<b><u>Income</u></b>		
Dwelling Rents	(41,733)	(38,470)
Non-dwelling rents	(448)	(416)
Charges for Services and Facilities	(1,445)	(1,141)
Contributions towards expenditure	(62)	(173)
Total Income	<u>(43,688)</u>	<u>(40,200)</u>
<b>Net cost of HRA Services as included in the Comprehensive Income &amp; Expenditure Statement</b>	<b>(9,826)</b>	<b>4,438</b>
HRA services share of Corporate & Democratic Core	24	109
HRA Share of other amounts included in the whole authority		
Cost of Services but not allowed to specific services	0	0
<b>Net Expenditure / Income for HRA Services</b>	<b>(9,802)</b>	<b>4,547</b>
HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Statement:	0	0
(Gain) or loss on the sale of HRA non-current assets	(2,274)	(354)
Interest payable and similar charges (note 40k)	3,477	3,611
Interest and investment income	(1,975)	(1,912)
Net interest on the net defined benefit liability	1,629	1,067
Capital grants and contributions receivable	0	0
<b>(Surplus) / Deficit for the year on HRA services</b>	<b><u>(8,945)</u></b>	<b><u>6,959</u></b>

## Movement on the HRA Statement

	2024/25 £000	2023/24 £000
Balance on the HRA at 1st April 2024	(19,285)	(21,505)
(Surplus) / Deficit for year on the HRA Income and Expenditure Statement	(8,945)	6,959
Adjustments between accounting basis and funding under statute	6,412	(1,449)
Net (Increase) / Decrease before transfers to or from reserves	(2,553)	5,510
Transfer to / (from) earmarked reserves	(20)	(3,290)
(Increase) / Decrease in year on the HRA	(2,553)	2,220
Balance on the HRA at the end of the current year	<u>(21,838)</u>	<u>(19,285)</u>

## Note to the movement on the HRA statement

	2024/25 £000	2023/24 £000
<u>Adjustments between accounting basis and funding under statute</u>		
<b>Items included in the HRA Income &amp; Expenditure Account, but excluded from the movement on the HRA Balance for the year</b>		
Accumulated Absences accrual adjustment	0	0
Transfers to or (from) Capital Adjustment Account: Depreciation, impairments and revaluation losses	(12,445)	(25,101)
Gain or (loss) on sale of HRA fixed assets	2,274	354
HRA share of contributions the or (from) the Pensions Reserve	<u>(1,540)</u>	<u>(1,100)</u>
	<u>(11,711)</u>	<u>(25,847)</u>
<b>Items not included in the HRA Income &amp; Expenditure Account, but included in the movement on HRA Balance for the year</b>		
Transfer to / (from) Major Repairs Reserve (note 40d)	(1,330)	4,189
Transfers to / (from) Housing Repairs Account	0	0
Transfer to / (from) the Capital Adjustment Account Voluntary set aside for the repayment of debt	1,170	2,355
Capital Expenditure funded by the HRA	<u>18,283</u>	<u>17,854</u>
	<u>18,123</u>	<u>24,398</u>
<b>Net additional amount required by statute to be debited or (credited) to the HRA Balance for the year</b>	<u>6,412</u>	<u>(1,449)</u>
<u>Transfers to / (from) earmarked reserves</u>		
Transfer to / (from) Housing Carry Forward Budget Revenue	0	(10)
Transfer to / (from) Other Reserves	(20)	(3,280)
Transfer to / (from) ICT Reserve	0	0
<b><u>Total Transfer to / (from) reserves</u></b>	<u>(20)</u>	<u>(3,290)</u>

**(a) HRA Self Financing**

During 2011, the Government announced significant changes to the funding of the HRA. The aim of the government reforms was to enable Councils to manage their housing stock for the benefit of local residents in a transparent, accountable and cost effective way. In practical terms, the self financing initiative put an end to the housing subsidy system and put authorities in a position where stock can be supported from income raised within the HRA. New arrangements were introduced from 1 April 2012, and in future the HRA will be a self sufficient ring fenced account which will retain and use rental income.

**(b) Depreciation & Impairments**

The following amounts were charged to the Account in respect of revaluation and depreciation of assets:

	2024/25 £000	2023/24 £000
Council Dwellings	12,178	16,656
Other Land, Buildings & Assets	267	8,445
<b>Total</b>	<b>12,445</b>	<b>25,101</b>

The operational / non-operational split of the charges is as follows:

	2024/25 £000	2023/24 £000
Operational	12,445	25,101
Non-operational	0	0
<b>Total</b>	<b>12,445</b>	<b>25,101</b>

The following amounts were charged to the service revenue accounts for impairment and reversal of impairment costs where there has been an increase in value:

	2024/25 £000	2023/24 £000
Council Dwellings	3,982	16,656
Other Land and Buildings	(54)	8394
Vehicles	0	41
Intangibles	0	10
<b>Total</b>	<b>3,928</b>	<b>25,101</b>

Impairment occurs because something has happened either to the non-current assets, or to the economic environment in which they are used. A review for impairment of a non-current asset whether carried at historical cost or valuation should be carried out if events or changes in circumstances indicate that the carrying amount of the non-current asset may not be recoverable. The Statement of Accounting Policies gives further information.

**(c) Provision For Debt Impairment**

The account is charged with the 'top up' required for provision toward debt impairment in respect of rent arrears. An adjustment of £24k was made during the year in respect of rent arrears in 2024/25. The total rent arrears provision at 31 March 2025 amounted to £934k.

**(d) Major Repairs Reserve**

The following is a statement of the movements in this reserve during the financial year 2024/25:

	£000
Opening Balance 1 April 2024	8,863
Amount transferred to the reserve from the Capital Adjustment Account	8,535
Amount transferred to / (from) the reserves to the HRA:	
- Non current assets	5,972
Debits to the reserve in respect of HRA Capital expenditure on:	
- Housing	(15,837)
Closing Balance 31 March 2025	<u>7,533</u>
Comparison for 2023/24	£000
Opening Balance 1 April 2023	4,674
Amount transferred to the reserve from the Capital Adjustment Account	16,284
Amount transferred to / (from) the reserves to the HRA:	
- Non current assets	2,479
Debits to the reserves in respect of HRA Capital expenditure on:	
- Housing	(14,574)
Closing Balance 31 March 2024	<u>8,863</u>

**(e) Housing Revenue Account Non-Current Assets**

The total balance sheet value of non-current assets owned by the HRA is summarised as follows:

	31 March 2025 £000	31 March 2024 £000
Council Dwellings	557,152	557,574
Other Land & Buildings	9375	650
Surplus	630	630
Assets Under Construction	981	1,107
Vehicles, Plant & Equipment	495	535
Intangible	429	440
<b>Total</b>	<u>569,062</u>	<u>560,936</u>

Assets can be defied as either operational (such as council dwellings and other buildings) or non-operational (such as community land). The split is summarised below:



	31 March 2025 £000	31 March 2024 £000
Operational		
- Dwellings	557,152	557,574
- Other Land & Buildings	9,366	3,362
- Other Property, Plant and Equipment	924	0
Non-operational	1620	0
<b>Total</b>	<u>569,062</u>	<u>560,936</u>

### Vacant Possession Value

The vacant possession value of the houses within the HRA as at 31 March 2025 was £1,266.3m (£1,259.0m at March 2024). The substantial difference between the vacant possession value and the balance sheet value of the dwellings demonstrates the economic cost to Government of providing council housing at less than open market value.

### (f) Capital Receipts

Capital receipts totalling £2,984k were received by the HRA in 2024/25. The total can be broken down as follows:

	2024/25 £000	2023/24 £000
Other HRA Property & Assets		
Houses	(2,984)	(1,740)
Land	0	0
	<u>(2,984)</u>	<u>(1,740)</u>
Principal Repaid on Housing Advances	0	0
Repayment of discount received on Right to Buy sales	0	(48)
<b>Total</b>	<u>(2,984)</u>	<u>(1,788)</u>

**(g) Capital Expenditure**

Capital expenditure and sources of financing during the year were as follows:

	2024/25 £000	2023/24 £000
<b>Capital Expenditure</b>		
Planned Maintenance	15,236	13,716
Purchase of properties to add into HRA stock	5,826	7,097
Construction of properties to add into HRA stock	2,135	954
Intangible Assets	0	0
Other Property	0	0
<b>Total</b>	<b>23,197</b>	<b>21,767</b>
<b>Sources of Finance</b>		
Other Reserves	0	3,281
Prudential Borrowing	1,344	0
Capital Receipts	922	2,270
Revenue Contributions	797	0
Capital Grants	1,851	1,641
Major Repairs Reserve	18,283	14,575
<b>Total</b>	<b>23,197</b>	<b>21,767</b>

**(h) Rent Arrears**

At the end of the financial year 2024/25, rent arrears as a proportion of gross income are 3% (£1,287k) from 3.25% (£1,278k) in 2023/24.

	2024/25 £000	2023/24 £000
Rent arrears at 31 March 2025	1,136	1,148
Hostel Arrears	151	130
<b>Total</b>	<b>1,287</b>	<b>1,278</b>

**(i) Revenue Expenditure Financed from Capital Under Statute (REFCUS)**

Legislation in England and Wales allows some expenditure to be classified as capital for funding purposes when it does not result in an asset being carried on the Balance Sheet. The purpose of this is to enable it to be funded from capital resources rather than being charged to the HRA.

**(j) Housing Stock**

The analysis of the HRA housing stock is summarised as follows:

		31 March 2025 number of	31 March 2024 number of
Houses and Bungalows	- 1 Bedroom	943	941
	- 2 Bedroom	2,075	2,068
	- 3 Bedroom	2,354	2,360
	- 4 Bedroom	159	156
	- 5 Bedroom	9	9
	- 6 Bedroom plus	1	0
Flats, Bedsits and maisonettes	- 1 Bedroom	1,778	1,780
	- 2 Bedroom	1,015	1,015
	- 3 Bedroom	17	17
	- 4 Bedroom	1	1
Multi Occupied Dwellings (Hostels)		73	73
<b>Total</b>		<u>8,425</u>	<u>8,420</u>

**(k) Capital Asset Charges Accounting Adjustment**

The Code of Practice requires an explanation of the capital assets accounting adjustment, calculated in accordance with the Item 8 Credit and Item 8 Debit (General) Determination for the year.

	2024/25 £000	2023/24 £000
Interest payable on the HRA average Capital Financing Requirement (CRF) for the year at the Consolidated Rate of Interest (CRI) calculated in accordance with the determination	155	219
<b>Total</b>	<u>155</u>	<u>219</u>

In accordance with the calculation for the Capital Asset Charges Accounting Adjustment, interest is payable on the mid-year HRA capital financing requirement, except that where the CFR is negative, where interest is receivable.

The costs of impairment are included as charges to the HRA Income and Expenditure Account. The effect of the capital asset charges accounting adjustment is that the impairment cost is reversed out of the HRA in the Movement on the HRA Statement as this is not a cost to be borne by HRA Tenants. For 2024/25 the impairment charge is £3.928m (£8.806m in 2023/24).

## **COLLECTION FUND STATEMENT**

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates (NDR).

	Council Tax	2024/25 Business Rates	Total
<b>INCOME</b>			
Council Tax Receivable	(571,615)	0	(571,615)
Council Tax Discounts Funded from Billing Authority General Fund	(364)	0	(364)
Business Rates Receivable	0	(205,893)	(205,893)
Transitional Protection Payments due from Government	0	(4,661)	(4,661)
	<u>(571,979)</u>	<u>(210,554)</u>	<u>(782,533)</u>
<b>Contribution Towards Previous Year's Estimated Collection Fund Deficit</b>			
Central Government	0	0	0
North Yorkshire Council	0	0	0
North Yorkshire PCC - Police	0	0	0
North Yorkshire PCC - Fire & Rescue Authority	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
<b>EXPENDITURE</b>			
<b>Precepts, Demands and Shares</b>			
Central Government	0	98,220	98,220
North Yorkshire Council	465,715	96,255	561,970
York & North Yorkshire Combined Authority - Police (Formerly North Yorkshire PCC)	75,490	0	75,490
York & North Yorkshire Combined Authority - Fire (Formerly North Yorkshire PCC - Fire & Rescue Authority)	20,424	1,964	22,388
	<u>561,629</u>	<u>196,439</u>	<u>758,068</u>
<b>Allocation of Previous year's Estimated Collection Fund Surplus</b>			
Central Government	0	3,040	3,040
North Yorkshire Council	5,936	2,980	8,916
York & North Yorkshire Combined Authority - Police (Formerly North Yorkshire PCC)	884	0	884
York & North Yorkshire Combined Authority - Fire (Formerly North Yorkshire PCC - Fire & Rescue Authority)	241	61	302
	<u>7,061</u>	<u>6,081</u>	<u>13,142</u>
<b>Charges to the Collection Fund</b>			
Less: Increase / (Decrease) in Expected Loss Provision	3,665	1,090	4,755
Less: Increase / (Decrease) in Provision for Appeals	0	7,742	7,742
Settlement against the Provision	0	(8,991)	(8,991)
Less: Cost of Collection	0	1,189	1,189
Renewable Energy	0	16,549	16,549
	<u>3,665</u>	<u>17,579</u>	<u>21,244</u>
<b>(Surplus) / Deficit arising during the Year</b>	<b>375</b>	<b>9,548</b>	<b>9,923</b>
<b>(Surplus) / Deficit brought forward 1 April 2024</b>	<b>(6,676)</b>	<b>(291)</b>	<b>(6,967)</b>
<b>(Surplus) / Deficit carried forward 31 March 2025</b>	<b>(6,301)</b>	<b>9,257</b>	<b>2,956</b>

Comparison for 2023/24

	Council Tax	2023/24 Business Rates	Total
<b>INCOME</b>			
Council Tax Receivable	(536,441)	0	(536,441)
Council Tax Discounts Funded from Billing Authority General Fund	(1,003)	0	(1,003)
Business Rates Receivable	0	(192,756)	(192,756)
Transitional Protection Payments due from Government	0	(13,162)	(13,162)
	<u>(537,444)</u>	<u>(205,918)</u>	<u>(743,362)</u>
<b>Contribution Towards Previous Year's Estimated Collection</b>			
<b>Fund Deficit</b>			
Central Government	0	(3,381)	(3,381)
North Yorkshire Council	0	(3,313)	(3,313)
North Yorkshire PCC - Police	0	0	0
North Yorkshire PCC - Fire & Rescue Authority	0	(68)	(68)
	<u>0</u>	<u>(6,762)</u>	<u>(6,762)</u>
<b>EXPENDITURE</b>			
<b>Precepts, Demands and Shares</b>			
Central Government	0	96,421	96,421
North Yorkshire Council	437,961	94,492	532,453
North Yorkshire PCC	71,717	0	71,717
North Yorkshire PCC - Fire & Rescue Authority	19,591	1,928	21,519
	<u>529,268</u>	<u>192,841</u>	<u>722,110</u>
<b>Allocation of Previous year's Estimated Collection Fund Surplus</b>			
Central Government	0	0	0
North Yorkshire Council	5,764	0	5,764
North Yorkshire PCC	943	0	943
North Yorkshire PCC - Fire & Rescue Authority	253	0	253
	<u>6,960</u>	<u>0</u>	<u>6,960</u>
<b>Charges to the Collection Fund</b>			
Less: Increase / (Decrease) in Expected Loss Provision	4,276	1,872	6,148
Less: Increase / (Decrease) in Provision for Appeals	0	7,246	7,246
Settlement against the Provision	0	(8,241)	(8,241)
Less: Cost of Collection	0	1,190	1,190
Renewable Energy	0	16,419	16,419
	<u>4,276</u>	<u>18,485</u>	<u>22,761</u>
<b>(Surplus) / Deficit arising during the Year</b>	<b>3,060</b>	<b>(1,353)</b>	<b>1,707</b>
<b>(Surplus) / Deficit brought forward 1 April 2023</b>	<b>(9,736)</b>	<b>1,062</b>	<b>(8,674)</b>
<b>(Surplus) / Deficit carried forward 31 March 2024</b>	<b>(6,676)</b>	<b>(291)</b>	<b>(6,967)</b>

## NOTES TO THE COLLECTION FUND

### 1. Income from Council Tax

Council Tax is charged on residential properties based upon valuation bandings established when the system was introduced in 1993. The Tax base for North Yorkshire Council was calculated at £246,009 for 2024/25, being the total number of properties converted to an equivalent number of Band D dwellings. The number of properties in each band and the calculation of the tax base (adjusted to reflect relevant discounts and exemptions) was approved by the Full Council on 21 February 2024 and is summarised below:

Band	Number of chargeable Properties after effect of discounts	Ratio	Band D equivalent dwellings
-A	105	5/9	58
A	38,936	6/9	25,957
B	55,490	7/9	43,159
C	59,688	8/9	53,056
D	40,912	9/9	40,912
E	34,092	11/9	41,668
F	20,438	13/9	29,522
G	12,892	15/9	21,487
H	1,110	18/9	2,220
<b>Total</b>	<b>263,662</b>		<b>258,037</b>
Impact of anticipated changes to council tax base - adjustments			(12,028)
<b>Council Tax Base</b>			<b>246,010</b>

### 2. Income from Business Ratepayers

The Council collects National Non-Domestic Rates (NNDR) for its area based on local rateable values provided by the Valuation Office Agency (VOA) multiplied by a uniform business rate set nationally by Central Government, these are as follows:

	£000
Rateable Value at year-end	607,020
National Multiplier	54.6
Small Business Multiplier	49.9

### 3. Allocation of collection Fund Surplus

	2024/25			2023/24		
	Council Tax	NNDR	Total	Council Tax	NNDR	Total
Central Government	0	4,628	4,628	0	(145)	(145)
North Yorkshire Council	(5,218)	4,536	(682)	(5,617)	(143)	(5,760)
Police & Crime Commissioner - North Yorkshire - Police	(845)	0	(845)	(832)	0	(832)
Police & Crime Commissioner - North Yorkshire - Fire and Rescue Authority	(238)	93	(145)	(227)	(3)	(230)
	<b><u>(6,301)</u></b>	<b><u>9,257</u></b>	<b><u>2,956</u></b>	<b><u>(6,676)</u></b>	<b><u>(291)</u></b>	<b><u>(6,967)</u></b>

## **GROUP ACCOUNTS**

### **INTRODUCTION**

1. The Code of Practice on Local Authority Accounting recognises the wide diversity of service delivery vehicles used nationally by Local Authorities. The Council produces a consolidated set of Group Accounts to show the totality of its operations in a transparent manner.

The Council has undertaken significant research to identify and document its relationships with all partners, companies, joint ventures and voluntary organisations. Consideration of issues such as the type of interest, ownership of share capital, membership of appropriate committees, the degree of operational and financial control, access to benefits and exposure to risks have been key elements in this analysis.

### **SUMMARY OF FINDINGS**

2. In the majority of cases the arrangements for accounting for relationships with these organisations are fully covered within the Council's Comprehensive Income and Expenditure Statement. Similarly any assets and liabilities generated are accounted for within the Council's Balance Sheet.

As a result there is no 'group' relationship for most of these arrangements.

After consideration of all relevant criteria, the Council has determined that for 2024/25, it has a group relationship with eight bodies (including their subsidiaries where appropriate):-

- Align Property Partners Limited;
- Align Property Services Limited;
- Bracewell Homes Limited;
- Brierley Homes Limited;
- Brimhams Active Limited;
- First North Law Limited;
- Maple Park (Hambleton) LLP;
- NY Highways Limited;
- NYnet Limited;
- Veritau Limited;
- Veritau Public Services Limited;
- Yorkshire Purchasing Organisation; and
- Yorwaste Limited.

#### **(a) Align Property Partners Limited**

The Council owns 100% of the issued share capital of Align Property Partners Limited; a company established in 2016 whose principal activities are architectural, engineering and property consultancy services. The Council has provided a loan facility to Align Property Partners Limited for £500k.

Align Property Partners Limited has not been consolidated into North Yorkshire Council's Group Accounts as its values do not materially impact on the group financial position.

#### **(b) Align Property Services Limited**

The Council owns 100% of the issued share capital of Align Property Services Limited; a company established in 2023 whose principal activities are architectural, engineering and property consultancy services to the Council and external clients.



Align Property Services Limited has not been consolidated into North Yorkshire Council's Group Accounts as its values do not materially impact on the group financial position.

**(c) Bracewell Homes Limited**

Bracewell Homes Limited is a wholly owned company limited by guarantee; a company established in 2019, whose principal activities are to provide high quality homes to more residents across the Harrogate area. The Council has provided a loan facility to Bracewell Homes Limited for £10m.

Bracewell Homes Limited has not been consolidated into North Yorkshire Council's Group Accounts as its values do not materially impact on the group financial position.

**(d) Brierley Homes Limited**

The Council owns 100% of the issued share capital of Brierley Homes Limited; a company established in 2016 whose principal activities are development of building projects, construction of domestic buildings, buying and selling of own real estate and other letting and operating of own or leased real estate. The Council has provided a loan facility to Brierley Homes Limited of £25m.

Brierley Homes Limited has not been consolidated into North Yorkshire Council's Group Accounts as its values do not materially impact on the group financial position.

**(e) Brimhams Active Limited**

The Council owns 100% of the issued share capital of Brimhams Active Limited; a company established in 2021 whose principal activities as a community health and wellbeing company, is to operate gyms, leisure centres and community hubs within the Harrogate area.

Brimhams Active Limited has not been consolidated into North Yorkshire Council's Group Accounts as its values do not materially impact on the group financial position.

**(f) First North Law Limited**

The Council owns 100% of the issued share capital of First North Law Limited; a company established in 2016 whose principal activities are the provision of professional legal services. The Council has provided a loan facility to First North Law Limited for £250k.

First North Law Limited has not been consolidated into North Yorkshire Council's Group Accounts as its values do not materially impact on the group financial position.

**(g) Maple Park (Hambleton) LLP**

The Council owns 99% of the issued share capital of Maple Park (Hambleton) LLP; a company established in 2022 whose principal activities are the provision of crematorium and wake facilities.

Maple Park (Hambleton) LLP has not been consolidated into North Yorkshire Council's Group Accounts as its values do not materially impact on the group financial position.

**(h) NY Highways Limited**

NY Highways Limited is a company set up by the Council in June 2021 to undertake and deliver all highway maintenance activities. The Council has provided a loan facility to NY Highways for £11m.

NY Highways Limited has been consolidated into North Yorkshire Council's Group Accounts.

**(i) NYnet Limited**

NYnet Limited is a company set up by the Council in February 2007 to provide a world class high speed communication (broadband) infrastructure across North Yorkshire.

The Company has competitively procured a 'next generation broadband network' and sells capacity on that network to public sector organisations (including the Council) as well as private sector internet service providers (ISPs) who then sell onto the end users of businesses and consumers.

The Company is limited by shares, which are 100% owned by the Council and is managed by a Board of Directors appointed by the Council.

NYnet 100 Limited was established in 2011/12 to facilitate and fund on-going developments around the "Connecting North Yorkshire" project.

The financial results reported are for the entire NYnet sub-group. NYnet 100 Ltd is 100% owned by NYnet Limited.

A working capital loan facility is being provided by the Council with the sum taken up at 31st March 2025 being £2.3m. This loan is included in the Council's Balance Sheet as a Long Term Debtor.

NYnet Limited has been consolidated into North Yorkshire Council's Group Accounts as a consolidated subsidiary.

**(j) Veritau Limited**

In April 2009 North Yorkshire Council and the City of York Council worked in partnership to develop a shared service covering all the functions of internal audit, counter fraud and information governance.

The company is wholly owned by both councils, with each council holding 50% of the shares. Veritau Limited has responsibility for carrying out all internal audit, information governance and counter fraud services for the two councils and a number of other District Councils.

Veritau Limited is not consolidated into North Yorkshire Council's Group Accounts as their values do not materially impact on the group financial position.

**(k) Yorkshire Purchasing Organisation (YPO)**

Established as a joint committee of Local Authorities in 1974, YPO is a purchasing and supply service for office supplies, stationery and general equipment. The company supplies the constituent 13 member authorities but also schools, the voluntary sector and the general public. YPO operates on a self-financing basis with no subsidies payable by any member authority. Any surpluses are used for dividend payment primarily but with some scope for re-investment.

Due to the involvement of all member authorities in the Management Committee and its increasing use of customers outside of the local authority market, the Council does not exert a significant level of influence over YPO's activities. Analysis of the relationship for group Account purposes concludes that it is equivalent to a simple investment. As the Council made no original investment in 1974 and has no share capital, no consolidation adjustments are necessary.

## **(I) Yorwaste Limited**

The Council owns 78% of the issued share capital of Yorwaste Limited; a company established in 1993 and based in Northallerton whose principal activity is the provision of waste disposal facilities by the operation and management of landfill sites/recycling centres. The remaining shareholder in Yorwaste Limited is the City of York Council holding 22%.

The policies of Yorwaste Limited in relation to Fixed Assets are different to that operated by the Council. All the company's Fixed Assets are valued at historic cost less depreciation. The useful economic life of each asset is calculated individually with depreciation calculated on a straight line basis taking into account both commercial and technical obsolescence.

The total issued share capital of Yorwaste Limited is £4,526k (a total of 4,526,000 ordinary shares issued at £1 each).

The Council has provided a loan facility to Yorwaste Limited for £3.7m. This loan is included in the Council's Balance Sheet as a Long Term Debtor.

Yorwaste Limited has paid the Council a dividend in 2024/25 of £Nil (2023/24 £Nil). Yorwaste Limited has been consolidated into North Yorkshire Council's Group Accounts as a subsidiary.

## **FINANCIAL STATEMENTS AND RESULTS**

3. The Group Accounts for the Council are based upon the consolidation of the Council, NYnet Limited, Yorwaste Limited and NY Highways Limited. It should be noted that although adjustments have been made to facilitate comparability between the sets of Accounts, there is a fundamental difference between the objectives of the organisations with the Council being a non-profit making body. The figures included are based on Draft Accounts for the three bodies. These companies do not report under IFRS, rather as small unlisted companies, and their accounts are produced under UK GAAP, incorporating FRS 102 in their 2024/25 accounts.

Although the subsidiaries consolidated into the group accounts may use different accounting policies to the Council, there is no material difference and no material effect to the reader's interpretation of the accounts. For example, non-current assets have been consolidated using the valuation basis specified by the Code unless the entity has a distinct class of asset that the Council does not and in this case the subsidiary's policy is used. Yorwaste owns landfill sites and account for restoration, afterlife and site life development costs which the council as a single entity does not. Details of Yorwaste's accounting policies for these assets can be found in their published accounts at Companies House.

## **GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

Year to 31st March 2024				Year to 31st March 2025			
Expenditure £000	Income £000	Net £000		Expenditure £000	Income £000	Net £000	
529,314	(398,172)	131,142	Children and Young People's Service	577,691	(425,631)	152,060	
202,728	(85,526)	117,202	Environmental Services	192,540	(108,318)	84,222	
422,500	(184,329)	238,171	Health and Adult Services	448,829	(190,950)	257,879	
261,593	(121,809)	139,784	Resources and Central Services	260,632	(124,271)	136,361	
137,172	(63,476)	73,696	Community Development	143,903	(76,088)	67,815	
37,291	(40,200)	(2,909)	Housing Revenue Account	33,921	(43,723)	(9,802)	
13,192	(26,923)	(13,731)	Corporate Miscellaneous	12,749	(57,012)	(44,263)	
34,404	(11,332)	23,072	Yorwaste Limited	30,200	(8,056)	22,144	
1,202	(2,542)	(1,340)	NYnet Limited	(2,744)	(1,924)	(4,668)	
45,546	(169)	45,377	NY Highways	55,053	(340)	54,713	
1,684,942	(934,478)	750,464	<b>Cost of Services</b>	1,752,774	(1,036,313)	716,461	
			<b>Other Operating Expenditure</b>				
		10,479	Loss on Disposal of Property, Plant and Equipment			48,921	
		765	Precepts of Local Precepting Authorities			12,018	
		11,244				60,939	
			<b>Financing and Investment Income and Expenditure</b>				
		30,119	Interest payable and similar charges			30,396	
		(34,520)	Interest receivable and similar income			(39,094)	
		1,604	Movement in fair value of financial assets			(440)	
		0	Financial Instruments Premiums			(34)	
		(7,907)	Investment Properties; revaluation and impairment			5,324	
		(734)	Deficit / (Surplus) on trading activities			(667)	
		(2,390)	Net interest on the net defined pension benefit liability (asset)			(1,178)	
		(13,828)				(5,693)	
			<b>Taxation and Non-Specific Grant Income (Analysis)</b>				
		(425,284)	Council Tax Income			(471,252)	
		(126,031)	Non-Domestic Rates Income			(85,621)	
		(74,753)	Non-Ringfenced Government Grants			(74,968)	
		(125,271)	Capital Grants			(57,520)	
		(751,339)				(689,361)	

## **GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT (continued)**

Year to 31st March 2024  
Expenditure £000 Income £000 Net £000

Year to 31st March 2024  
Expenditure £000 Income £000 Net £000

<b>(3,459)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>82,346</b>
573	Tax expense/(income)	1,616
0	Interim Dividend	0
<b><u>(2,886)</u></b>	<b>Group (Surplus) or Deficit on Provision of Services</b>	<b><u>83,962</u></b>
0	(Surplus) / Deficit on revaluation of Property, Plant and Equipment	0
(174,937)	Impairment (gains) / losses on non-current assets charged to the Revaluation Reserve	(56,919)
<u>(1,267)</u>	Remeasurement of the Net Defined Benefit Liability	<u>1,316</u>
<b><u>(176,204)</u></b>	<b>Other Comprehensive Income and Expenditure</b>	<b><u>(55,603)</u></b>
<b><u>(179,090)</u></b>	<b>Total Comprehensive Income and Expenditure</b>	<b><u>28,359</u></b>

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Group Expenditure and Funding Analysis and the Group Movement in Reserves Statement.

### GROUP MOVEMENT IN RESERVES STATEMENT

	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000	County Council's Share of Subsidiaries £000	Group Reserves £000	Minority Share of Reserves £000	Total Group Reserves £000
<b><u>Movement in Reserves during 2024/25</u></b>							
<b>Balance at 1st April 2024</b>	<b><u>(679,179)</u></b>	<b><u>(2,437,058)</u></b>	<b><u>(3,116,237)</u></b>	<b><u>7,539</u></b>	<b><u>0</u></b>	<b><u>(2,037)</u></b>	<b><u>(3,110,735)</u></b>
Total Comprehensive Expenditure and Income	90,995	(55,603)	35,392	(1,213)	(5,572)	(248)	28,359
Adjustments between accounting basis and funding basis under regulations	(91,854)	91,854	0	0	0	0	0
<b>Net (Increase) / Decrease before Transfers</b>	<b><u>(859)</u></b>	<b><u>36,251</u></b>	<b><u>35,392</u></b>	<b><u>(1,213)</u></b>	<b><u>(5,572)</u></b>	<b><u>(248)</u></b>	<b><u>28,359</u></b>
Transfers to/from Earmarked Reserves							
<b>Balance at 31st March 2025</b>	<b><u>(680,038)</u></b>	<b><u>(2,400,807)</u></b>	<b><u>(3,080,845)</u></b>	<b><u>6,326</u></b>	<b><u>(5,572)</u></b>	<b><u>(2,285)</u></b>	<b><u>(3,082,376)</u></b>
Comparison for 2023/24							
	Total Usable Reserves £000	Total Unusable Reserves £000	Total Authority Reserves £000	County Council's Share of Subsidiaries £000	Minority Share of Reserves £000	Total Group Reserves £000	
<b><u>Movement in Reserves during 2023/24</u></b>							
<b>Balance at 1st April 2023</b>	<b><u>(617,697)</u></b>	<b><u>(2,323,532)</u></b>	<b><u>(2,941,229)</u></b>	<b><u>12,796</u></b>	<b><u>(2,103)</u></b>	<b><u>(2,930,536)</u></b>	
Total Comprehensive Expenditure and Income	1,196	(176,204)	(175,008)	(5,257)	66	(180,199)	
Adjustments between accounting basis and funding basis under regulations	(62,678)	62,678	0	0	0	0	
<b>Net (Increase) / Decrease before Transfers</b>	<b><u>(61,482)</u></b>	<b><u>(113,526)</u></b>	<b><u>(175,008)</u></b>	<b><u>(5,257)</u></b>	<b><u>66</u></b>	<b><u>(180,199)</u></b>	
<b>Balance at 31st March 2024</b>	<b><u>(679,179)</u></b>	<b><u>(2,437,058)</u></b>	<b><u>(3,116,237)</u></b>	<b><u>7,539</u></b>	<b><u>(2,037)</u></b>	<b><u>(3,110,735)</u></b>	

This statement shows the movement from the start of the year to the end on the different reserves held by the Council, analysed into 'Usable Reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and other 'Unusable Reserves'. The Movement in Reserves Statement shows how the movements in year of the Council's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting

practices and the statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The net increase / decrease line shows the statutory General Fund balance movement in the year following those adjustments.

DRAFT

## GROUP BALANCE SHEET AS AT 31ST MARCH 2025

31st March 2024 £000		31st March 2025 £000
2,965,553	Property, Plant and Equipment (note 3)	2,964,750
75,671	Investment Property	42,374
10,873	Intangible Assets	9,312
52,019	Heritage Assets	58,686
14,262	Long Term Investments	14,701
54,860	Long Term Debtors	60,475
<b>3,173,238</b>	<b>Long Term Assets</b>	<b>3,150,298</b>
464,869	Short Term Investments	487,703
2,932	Assets held for sale	2,732
3,323	Inventories	3,675
191,086	Short Term Debtors (note 5)	205,654
108,495	Cash and Cash Equivalents (note 4)	175,909
0	Current Tax Assets	0
<b>770,705</b>	<b>Current Assets</b>	<b>875,673</b>
(37,469)	Short Term Borrowing	(112,788)
(188,014)	Short Term Creditors (note 6)	(167,710)
(4,311)	PFI/PPP Liability repayable within 12 months	(5,555)
(13,584)	Provisions to be used within 12 months	(13,313)
(168)	Finance Lease repayable within 12 months	(1,599)
(14,969)	Capital Grant Receipts in Advance	(16,910)
<b>(258,515)</b>	<b>Current Liabilities</b>	<b>(317,875)</b>
(22,402)	Long Term Creditors	(79,841)
(134,650)	PFI/PPP Liability repayable in excess of 12 months	(140,172)
(1,132)	Finance Lease payable in excess of 12 months	(6,961)
(8,238)	Pensions Liability	(7,129)
(23,999)	Provisions to be used in excess of 12 months	(31,082)
(372,113)	Long Term Borrowing	(343,399)
(12,159)	Capital Grant Receipts in Advance	(16,045)
<b>(574,693)</b>	<b>Long Term Liabilities</b>	<b>(624,629)</b>
<b>3,110,735</b>	<b>Net Assets</b>	<b>3,083,467</b>
679,179	Usable Reserves	680,038
2,437,058	Unusable Reserves	2,400,807
(5,502)	Reserves - Group Entities	(4,041)
	Reserves - Group - Other	5,572
<b>3,110,735</b>	<b>Total Reserves</b>	<b>3,082,376</b>

The Balance Sheet shows the value as at the Balance Sheet date of the Assets and Liabilities recognised by the Group. The net Assets of the Group (Assets less Liabilities) are matched by the Reserves held by the Group.



## GROUP CASH FLOW STATEMENT

31st March  
2024

31st March  
2025  
£000

<b>2,886</b>	<b>Net Surplus / (Deficit) on the Provision of Services</b>	<b>(83,962)</b>
	<b>Adjust Net Surplus / (Deficit) on the Provision of Services for non cash movements</b>	
154,573	Depreciation / Amortisation	141,227
50,894	Impairment and revaluations charged to the provision of services	56,114
(60,852)	Movement in Creditors	(4,722)
21,046	Movement in Debtors	(3,583)
98	Movement in Inventories	(223)
3,741	Movement in Provisions	6,812
937	Pensions Liability	(2,425)
24,463	Carrying Amount of Non-current Assets sold	57,226
(32,643)	Other non-cash items charged to the provision of services	17,805
<b>162,257</b>		<b>268,231</b>
	<b>Adjust for items included in the Net Surplus / (Deficit) on the Provision of Services that are investing and financing activities</b>	
(125,271)	Capital grants credited to the (surplus)/deficit on the provision of services	(57,520)
(8,621)	Proceeds from the sale of property and other assets	(2,718)
<b>(133,892)</b>		<b>(60,238)</b>
0	Equity Dividends Paid	0
571	Taxation	534
<b>31,822</b>	<b>Net cash flows from Operating Activities</b>	<b>124,565</b>
	<b>Investing Activities</b>	
(158,959)	Purchase of Property, Plant and Equipment and Intangible Assets	(147,275)
(1,506,294)	Purchase of Short Term and Long Term investments	(1,423,939)
8,499	Proceeds from the Sale of Property (and other Assets)	2,808
1,452,104	Proceeds from Short Term and Long Term Investments	1,400,487
141,757	Other receipts for investing activities	55,484
<b>(62,893)</b>	<b>Net cash flows from Investing Activities</b>	<b>(112,435)</b>
	<b>Financing Activities</b>	
11,679	Cash receipts of Short and Long Term Borrowing	14,037
(126)	Other receipts from Financing Activities	6,908
(3,808)	Repayment of the outstanding liability of Finance Lease and similar arrangements	(6,646)
(1,167)	Repayment of Short and Long Term Borrowing	42,076
(1,234)	Other payments for Financing Activities	(1,091)
<b>5,344</b>	<b>Net cash flows for Financing Activities</b>	<b>55,284</b>
<b>(25,727)</b>	<b>Net Increase / (decrease) in Cash and Cash Equivalents</b>	<b>67,414</b>
134,222	Cash and Cash Equivalents at the beginning of the reporting period	108,495
108,495	Cash and Cash Equivalents at the end of the reporting period	175,909
<b>(25,727)</b>		<b>67,414</b>

## NOTES TO THE GROUP STATEMENTS

### 1. Expenditure and Funding Analysis 2024/25

	Net Expenditure £000	Movement to Earmarked Reserves £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	in the Comprehensive Income and Expenditure Statement £000
Children and Young People's Service	123,898	(2,687)	121,211	30,849	152,060
Environmental Services	97,837	3,374	101,211	(16,989)	84,222
Health and Adult Services	251,017	3,139	254,156	3,723	257,879
Resources and Central Services	139,673	1,196	140,869	(4,508)	136,361
Community Development	26,840	5,841	32,681	35,134	67,815
Housing Revenue Account	0	(1,203)	(1,203)	(8,599)	(9,802)
Corporate Miscellaneous	(62,453)	(14,745)	(77,198)	32,935	(44,263)
NYES	0	(1,229)	(1,229)	1,229	0
Yorwaste Limited	(2,388)	0	(2,388)	24,532	22,144
NYnet Limited	(5,612)	0	(5,612)	944	(4,668)
NY Highways	(1,387)	0	(1,387)	56,100	54,713
<b>Net Cost of Service</b>	<b>567,425</b>	<b>(6,314)</b>	<b>561,111</b>	<b>155,350</b>	<b>716,461</b>
Other Operating Income and Expenditure	0	0	0	60,939	60,939
Financing and Investment Income and Expenditure	738	0	738	(6,431)	(5,693)
Taxation and non specific Income and Expenditure	(596,603)	(9,995)	(606,598)	(82,763)	(689,361)
Tax Expenses	1,616	0	1,616	0	1,616
<b>(Surplus) or Deficit</b>	<b>(26,824)</b>	<b>(16,309)</b>	<b>(43,133)</b>	<b>127,095</b>	<b>83,962</b>
Opening Group Balance			(526,568)		
Less/Plus Surplus or (Deficit) on Group in Year			(43,133)		
Closing Group Balance at 31 March 2025			<b>(569,701)</b>		
General Working Balance			(55,326)		
Earmarked Reserves			(512,844)		
Group Reserves			(1,531)		
			<b>(569,701)</b>		

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts

	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Children and Young People's Service	36,230	(2,289)	(3,092)	30,849
Environmental Services	90,235	(731)	(25,861)	63,643
Health and Adult Services	5,446	(783)	(940)	3,723
Resources and Central Services	9,145	(1,054)	(11,655)	(3,564)
Community Development	38,222	(385)	(2,703)	35,134
Housing Revenue Account	12,445	(89)	(20,955)	(8,599)
Corporate Miscellaneous	0	4,366	28,569	32,935
NYES	0	(282)	1,511	1,229
Yorwaste Limited	0	0	0	0
NYnet Limited	0	0	0	0
NY Highways	0	0	0	0
<b>Net Cost of Services</b>	<b>191,723</b>	<b>(1,247)</b>	<b>(35,126)</b>	<b>155,350</b>
Other Operating Income and Expenditure	48,921	0	12,018	60,939
Financing and Investment Income and Expenditure	0	(1,178)	(5,253)	(6,431)
Taxation and non specific income and Expenditure	0	0	(82,763)	(82,763)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>240,644</b>	<b>(2,425)</b>	<b>(111,124)</b>	<b>127,095</b>

Comparative Expenditure and Funding Analysis 2023/24

	Net Expenditure £000	Movement to Earmarked Reserves £000	Net Expenditure Chargeable to the General Fund £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure £000
Children and Young People's Service	108,408	(6,212)	102,196	28,946	131,142
Environmental Services	108,879	(235)	108,644	8,558	117,202
Health and Adult Services	228,842	4,259	233,101	5,070	238,171
Resources and Central Services	127,678	19,870	147,548	(7,764)	139,784
Community Development	27,854	12,592	40,446	33,250	73,696
Housing Revenue Account	0	1,321	1,321	-4,230	(2,909)
Corporate Miscellaneous	(53,350)	(47,895)	(101,245)	87,514	(13,731)
NYES	0	(1,018)	(1,018)	1,018	0
Yorwaste Limited	23,072	0	23,072	0	23,072
NYnet Limited	(1,340)	0	(1,340)	0	(1,340)
NY Highways	45,377	0	45,377	0	45,377
<b>Net Cost of Service</b>	<b>615,420</b>	<b>(17,318)</b>	<b>598,102</b>	<b>152,362</b>	<b>750,464</b>
Other Operating Income and Expenditure	0	0	0	11,244	11,244
Financing and Investment Income and Expenditure	1974	0	1,974	(15,802)	(13,828)
Taxation and non specific Income and Expenditure	(559,629)	12,446	(547,183)	(204,156)	(751,339)
Tax Expenses	573	0	573	0	573
<b>(Surplus) or Deficit</b>	<b>58,338</b>	<b>(4,872)</b>	<b>53,466</b>	<b>(56,352)</b>	<b>(2,886)</b>
Opening Group Balance			(505,187)		
Less/Plus Surplus or (Deficit) on Group in Year			53,466		
Closing Group Balance at 31 March 2024			<b>(451,721)</b>		
General Working Balance			(75,157)		
Earmarked Reserves			(456,913)		
Group Reserves			5,502		
			<b>(526,568)</b>		

Comparator Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts 2023/24

	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Children and Young People's Service	33,709	(580)	(4,183)	28,946
Environmental Services	107,705	285	(24,394)	83,596
Health and Adult Services	4,685	329	56	5,070
Resources and Central Services	(5,600)	443	(3,907)	(9,064)
Community Development	42,240	130	(9,120)	33,250
Housing Revenue Account	17,645	33	(21,908)	(4,230)
Corporate Miscellaneous	0	2,561	84,953	87,514
NYES	0	126	892	1,018
Yorwaste Limited	0	0	0	0
NYnet Limited	0	0	0	0
NY Highways	0	0	0	0
<b>Net Cost of Services</b>	<b>200,384</b>	<b>3,327</b>	<b>22,389</b>	<b>226,100</b>
Other Operating Income and Expenditure	10,479	0	765	11,244
Financing and Investment Income and Expenditure	0	(2,390)	(13,412)	(15,802)
Taxation and non specific income and Expenditure	0	0	(204,156)	(204,156)
<b>Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>210,863</b>	<b>937</b>	<b>(194,414)</b>	<b>17,386</b>

2. The Individual Group Companies together with consolidating adjustments are identified within the following schedules for the Comprehensive Income and Expenditure Statement and the respective Balance Sheets.

Summarised Income and Expenditure Statements for the period to  
31st March 2025

	NYC £000	NYnet Limited £000	Yorwaste Limited £000	NY Highways £000	Consolidation Adjustments £000	Group £000
<b>Cost of Service</b>	725,848	(5,612)	(2,388)	(1,387)	0	716,461
<b>Other Operating Expenditure</b>						
Loss on Disposal of Property, Plant and Equipment	48,921	0	0	0	0	48,921
Impairment of Assets Held for Sale	0	0	0	0	0	0
Precepts of Local Precepting Authorities	12,018	0	0	0	0	12,018
	<u>60,939</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>60,939</u>
<b>Financing and Investment Income and Expenditure</b>						
Interest payable and similar charges	29,479	0	917	0	0	30,396
Interest receivable and similar income	(38,915)	0	(179)	0	0	(39,094)
Movement in fair value of financial assets	(440)	0	0	0	0	(440)
Financial Instruments Premiums	(34)	0	0	0	0	(34)
Investment Properties; revaluation and impairment	5,324	0	0	0	0	5,324
Deficit / (Surplus) on trading activities	(667)	0	0	0	0	(667)
Net interest on the defined benefit liability (asset)	(1,178)	0	0	0	0	(1,178)
	<u>(6,431)</u>	<u>0</u>	<u>738</u>	<u>0</u>	<u>0</u>	<u>(5,693)</u>
Taxation and Non-Specific Grant Income	(689,361)	0	0	0	0	(689,361)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>90,995</b>	<b>(5,612)</b>	<b>(1,650)</b>	<b>(1,387)</b>	<b>0</b>	<b>82,346</b>
Tax Expenses	0	0	534	1,082	0	1,616
Interim Dividend	0	0	0	0	0	0
<b>Group (Surplus) / Deficit</b>	<b>90,995</b>	<b>(5,612)</b>	<b>(1,116)</b>	<b>(305)</b>	<b>0</b>	<b>83,962</b>
(Surplus) / Deficit on Revaluation of Fixed Assets	0	0	0	0	0	0
Impairment losses on non-current assets charged to the Revaluation Reserve	(56,919)	0	0	0	0	(56,919)
Remeasurements of the Net Defined Benefit Liability	1,316	0	0	0	0	1,316
<b>Other Comprehensive Income and Expenditure</b>	<b>(55,603)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(55,603)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>35,392</b>	<b>(5,612)</b>	<b>(1,116)</b>	<b>(305)</b>	<b>0</b>	<b>28,359</b>

Balance Sheet as at 31st March 2025

	NYC £000	Yorwaste Limited £000	NYnet Limited £000	NY Highways £000	Consolidation Adjustments £000	Group £000
Property, Plant and Equipment	2,928,852	17,782	13,944	4,172	0	2,964,750
Investment Property	42,374	0	0	0	0	42,374
Intangible Assets	9,312	0	0	0	0	9,312
Heritage Assets	58,686	0	0	0	0	58,686
Long Term Investments	18,719	0	0	0	(4,018)	14,701
Long Term Debtors	73,135	0	0	0	(16,010)	57,125
<b>Long Term Assets</b>	<b>3,131,078</b>	<b>17,782</b>	<b>13,944</b>	<b>4,172</b>	<b>(20,028)</b>	<b>3,146,948</b>
Short Term Investments	487,520	0	0	0	0	487,520
Inventories	2,487	0	459	729	0	3,675
Short Term Debtors	204,622	8,245	6,283	5,404	(18,952)	205,602
Cash and Cash Equivalents	159,363	7,774	3	9,004	0	176,144
Assets held for sale	2,732	0	0	0	0	2,732
Current Tax Assets	0	0	0	0	0	0
<b>Current Assets</b>	<b>856,724</b>	<b>16,019</b>	<b>6,745</b>	<b>15,137</b>	<b>(18,952)</b>	<b>875,673</b>
Short Term Borrowing	(110,529)	0	0	0	0	(110,529)
Short Term Creditors	(161,853)	(6,387)	(7,469)	(10,953)	18,952	(167,710)
PFI/PPP Liability repayable within 12 months	(5,555)	0	0	0	0	(5,555)
Finance Lease repayable within 12 months	(1,599)	0	0	0	0	(1,599)
Provisions to be used within 12 months	(13,313)	0	0	0	0	(13,313)
Capital Grant Receipts in Advance	(16,910)	0	0	0	0	(16,910)
<b>Current Liabilities</b>	<b>(309,759)</b>	<b>(6,387)</b>	<b>(7,469)</b>	<b>(10,953)</b>	<b>18,952</b>	<b>(315,616)</b>
Long Term Creditors	(57,299)	(6,094)	(16,448)	0	0	(79,841)
PFI/PPP Liability repayable in excess of 12 months	(140,172)	0	0	0	0	(140,172)
Finance Lease repayable in excess of 12 months	(6,961)	0	0	0	0	(6,961)
Pension Liability	(6,248)	0	0	(881)	0	(7,129)
Provisions to be used in excess of 12 months	(20,024)	(11,058)	0	0	0	(31,082)
Long Term Borrowing	(350,449)	0	0	(8,960)	16,010	(343,399)
Capital Grant Receipts in Advance	(16,045)	0	0	0	0	(16,045)
<b>Long Term Liabilities</b>	<b>(597,198)</b>	<b>(17,152)</b>	<b>(16,448)</b>	<b>(9,841)</b>	<b>16,010</b>	<b>(624,629)</b>
<b>Net Assets</b>	<b>3,080,845</b>	<b>10,262</b>	<b>(3,228)</b>	<b>(1,485)</b>	<b>(4,018)</b>	<b>3,082,376</b>
Usable Reserves	680,038	0	0	0	0	680,038
Unusable Reserves	2,400,807	0	0	0	0	2,400,807
Reserves - Group Entities	0	10,262	(8,800)	(1,485)	(4,018)	(4,041)
Reserves - Group - Other	0	0	5,572	0	0	5,572
<b>Total Reserves</b>	<b>3,080,845</b>	<b>10,262</b>	<b>(3,228)</b>	<b>(1,485)</b>	<b>(4,018)</b>	<b>3,082,376</b>

### 3. Movement in Property, Plant and Equipment

	Council Dwellings £000	Aggregated Land and Buildings £000	Vehicles, Plant and Equipment £000	Landfill Site Development & Restoration Costs £000	Total £000
<b>Cost of Valuation</b>					
As at 1st April 2024	553,962	1,530,325	249,245	41,567	2,375,099
Additions	22,958	26,380	15,164	0	64,502
Disposals	(2,274)	(53,092)	(1,351)	(501)	(57,218)
Transferred to Assets Held for Sale	0	25,770	21	0	25,791
Revaluations / (Impairments)					
Recognised in the Revaluation Reserve	(6,021)	54,681	0	0	48,660
Recognised in Provision of Services	(11,472)	(89,919)	0	0	(101,391)
<b>As at 31st March 2025</b>	<b>557,153</b>	<b>1,494,145</b>	<b>263,079</b>	<b>41,066</b>	<b>2,355,443</b>
<b>Depreciation and Impairments</b>					
As at 1st April 2024	(2)	(65,771)	(197,740)	(38,529)	(302,042)
Year on Year Adjustments	0	0	0	0	0
Charge for the year	(8,196)	(48,640)	(16,056)	(1,334)	(74,226)
Disposals	0	(79)	1,226	0	1,147
Transferred					
Revaluations / (Impairments)	0	84	0	0	84
Recognised in the Revaluation Reserve	705	2,133	0	0	2,838
Recognised in Provision of Services	7,490	64,991	0	0	72,481
Yorwaste Asset Impairment	0	0	0	0	0
<b>As at 31st March 2025</b>	<b>(3)</b>	<b>(47,282)</b>	<b>(212,570)</b>	<b>(39,863)</b>	<b>(299,718)</b>
<b>Balance Sheet Net Amount at 31st March 2025</b>	<b>557,150</b>	<b>1,446,863</b>	<b>50,509</b>	<b>1,203</b>	<b>2,055,725</b>
<b>Balance Sheet Net Amount at 1st April 2024</b>	<b>553,960</b>	<b>1,464,554</b>	<b>51,505</b>	<b>3,038</b>	<b>2,073,057</b>



Comparative Movements in 2023/24

	Council Dwellings £000	Aggregated Land and Buildings £000	Vehicles, Plant and Equipment £000	Landfill Site Development & Restoration Costs £000	Total £000
<b>Cost of Valuation</b>					
As at 1st April 2023	541,918	1,445,445	235,008	41,764	2,264,135
Additions	19,632	35,715	15,225	0	70,572
Disposals	(1,332)	(20,066)	(988)	(197)	(22,583)
Transferred to Assets Held for Sale	4,377	(806)	0	0	3,571
Revaluations / (Impairments)					
Recognised in the Revaluation Reserve	8,208	167,263	0	0	175,471
Recognised in Provision of Services	(18,841)	(97,226)	0	0	(116,067)
<b>As at 31st March 2024</b>	<b>553,962</b>	<b>1,530,325</b>	<b>249,245</b>	<b>41,567</b>	<b>2,375,099</b>
<b>Depreciation and Impairments</b>					
As at 1st April 2023	(1,950)	(88,427)	(184,272)	(37,105)	(311,754)
Year on Year Adjustments	0	0	0	0	0
Charge for the year	(7,849)	(51,041)	(14,613)	(1,424)	(74,927)
Disposals	0	0	1,146	0	1,146
Revaluations / (Impairments)					
Recognised in the Revaluation Reserve	515	3,913	0	0	4,428
Recognised in Provision of Services	9,282	69,784	0	0	79,066
Yorwaste Asset Impairment	0	0	0	0	0
<b>As at 31st March 2024</b>	<b>(2)</b>	<b>(65,771)</b>	<b>(197,739)</b>	<b>(38,529)</b>	<b>(302,041)</b>
<b>Balance Sheet Net Amount at 31st March 2024</b>	<b>553,960</b>	<b>1,464,554</b>	<b>51,506</b>	<b>3,038</b>	<b>2,073,058</b>
<b>Balance Sheet Net Amount at 1st April 2023</b>	<b>539,968</b>	<b>1,357,018</b>	<b>50,736</b>	<b>4,659</b>	<b>1,952,381</b>

#### 4. Cash and Cash Equivalents

	31st March 2025 £000	31st March 2024 £000
Bank current accounts and cash held by the Council	17,229	16,658
Short term / call deposits, inc. Cash Balances held by Group Entities	158,680	91,837
Total Cash and Cash Equivalents	<u>175,909</u>	<u>108,495</u>

#### 5. Short Term Debtors

	31st March 2025 £000      £000		31st March 2024 £000      £000	
Government Entities				
Central Government Bodies	29,430		27,541	
Other Local Authorities	2,389		(4,927)	
NHS Bodies	<u>24,854</u>	56,673	<u>22,989</u>	45,603
General Debtors		129,316		126,729
(including Public Corporations and Trading Funds)				
Payments in Advance		<u>37,546</u>		<u>36,569</u>
		223,535		208,901
Less: Expected Loss Provision		<u>(17,881)</u>		<u>(17,815)</u>
Total Short Term Debtors		<u>205,654</u>		<u>191,086</u>

#### 6. Short Term Creditors

	31st March 2025 £000      £000		31st March 2024 £000      £000	
Government Entities				
Central Government Bodies	21,581		24,810	
Other Local Authorities	8,848		10,594	
NHS Bodies	<u>972</u>	31,401	<u>1,148</u>	36,552
General Creditors		103,825		104,146
(including Public Corporations and Trading Funds)				
Income in Advance		<u>32,484</u>		<u>47,317</u>
Total Short Term Creditors		<u>167,710</u>		<u>188,014</u>

## 7. Provisions

	Changes during the year				Balance as at 31st March 2025 £000	To be used		
	Balance as at 1st April 2024 £000	Provision Made £000	Provision Used £000	Provision Written Down £000		Within 1 year £000	In excess of 1 year £000	Total £000
Insurance	8,057	3,010	(1,770)	0	9,297	3,736	7,473	11,209
Highways Advance Payments	7,745	8,843	(2,405)	0	14,183	0	12,470	12,470
Alterations & Appeals	0	39,742	(40,427)	0	(685)	9,433	0	9,433
Other	273	0	0	0	273	144	81	225
	<u>16,075</u>	<u>51,595</u>	<u>(44,602)</u>	<u>0</u>	<u>23,068</u>	<u>13,313</u>	<u>20,024</u>	<u>33,337</u>
Yorwaste Limited	<u>11,239</u>	<u>601</u>	<u>(782)</u>	<u>0</u>	<u>11,058</u>	<u>0</u>	<u>11,058</u>	<u>11,058</u>
	<u>27,314</u>	<u>52,196</u>	<u>(45,384)</u>	<u>0</u>	<u>34,126</u>	<u>13,313</u>	<u>31,082</u>	<u>44,395</u>

### Comparative Movements in 2023/24

	Changes during the year				Balance as at 31st March 2024 £000	To be used		
	Balance as at 1st April 2023 £000	Provision Made £000	Provision Used £000	Provision Written Down £000		Within 1 year £000	In excess of 1 year £000	Total £000
Insurance	7,269	3,735	(1,035)	0	9,969	3,323	6,646	9,969
Highways Advance Payments	6,825	2,992	(3,785)	0	6,032	0	6,032	6,032
Alterations & Appeals	8,577	36,059	(34,518)	0	10,118	10,118	0	10,118
Other	225	0	0	0	225	143	82	225
	<u>22,896</u>	<u>42,786</u>	<u>(39,338)</u>	<u>0</u>	<u>26,344</u>	<u>13,584</u>	<u>12,760</u>	<u>26,344</u>
Yorwaste Limited	<u>10,946</u>	<u>293</u>	<u>0</u>	<u>0</u>	<u>11,239</u>	<u>0</u>	<u>11,239</u>	<u>11,239</u>
	<u>33,842</u>	<u>43,079</u>	<u>(39,338)</u>	<u>0</u>	<u>37,583</u>	<u>13,584</u>	<u>23,999</u>	<u>37,583</u>

**NORTH YORKSHIRE PENSION FUND**  
**FUND ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2025**

2023/24 £000		2023/24 £000	£000
<b>CONTRIBUTIONS AND BENEFITS</b>			
<b>Contributions</b>			
106,048	Employers - Normal	109,388	
1,738	- Deficit	1,459	
2,313	- Early Retirement Costs Recharged	4,053	
38,351	Employees - Normal	40,021	
42	- Additional Voluntary	84	
<u>148,492</u>	<b>Total Contributions Receivable (note 7)</b>		155,005
22,878	<b>Transfers in (note 8)</b>		31,049
<b><u>Less</u></b>			
<b>Benefits</b>			
(120,158)	Pensions	(133,689)	
(32,718)	Commutation and Lump Sum Retirement Benefits	(37,205)	
(5,136)	Lump Sums Death Benefits	(4,010)	
<u>(158,012)</u>	<b>Total Benefits Payable (note 9)</b>		(174,904)
<b>Payments to and on Account of Leavers</b>			
(769)	Refunds to Members Leaving Service	(692)	
(22,696)	Transfers Out	(34,399)	
<u>(23,465)</u>	<b>Total Payments on Account of Leavers (note 10)</b>		(35,091)
<u>(10,107)</u>	<b>Net additions/(withdrawals) from dealings with Members</b>		<u>(23,941)</u>
(35,711)	<b>Management Expenses (note 11)</b>		(38,286)
<u>(45,818)</u>	<b>Net additions/(withdrawals) including Fund Management expenses</b>		<u>(62,227)</u>
<b>RETURNS ON INVESTMENTS</b>			
20,383	Investment income (note 12)	33,873	
0	Taxation (note 12a)	0	
464,808	Change in market value of investments (note 14a)	104,845	
<u>485,191</u>	<b>Net returns on investments</b>	<u>138,718</u>	
439,373	<b>Net increase/ (decrease) in the Fund during the year</b>		76,491
4,220,724	<b>Opening Net Assets of the Fund</b>		4,660,097
<u>4,660,097</u>	<b>Closing Net Assets of the Fund</b>		<u>4,736,588</u>

## **NORTH YORKSHIRE PENSION FUND – NET ASSETS STATEMENT**

31st March 2024 £000		31st March 2025 £000
	<b>INVESTMENT ASSETS</b>	
0	Fixed Interest Securities	0
1,182	Equities	1,182
3,815,246	Pooled Investments	3,705,531
260,850	Pooled Property Investments	291,592
548,723	Private Equity	706,802
4,626,001		4,705,108
4,637	Cash Deposits	949
16,327	Investment Debtors	4,009
4,646,966	<b>TOTAL INVESTMENT ASSETS</b>	4,710,066
	<b>INVESTMENT LIABILITIES</b>	
0	<b>TOTAL INVESTMENT LIABILITIES</b>	0
4,646,966	<b>NET INVESTMENT ASSETS (note 14a)</b>	4,710,066
0	<b>LONG-TERM DEBTORS</b>	0
	<b>CURRENT ASSETS</b>	
12,071	Contributions due from employers	12,964
1,381	Other Non-Investment Debtors	1,078
2,083	Cash	15,017
15,535	<b>TOTAL CURRENT ASSETS</b>	29,059
	<b>CURRENT LIABILITIES</b>	
(2,404)	Non-Investment Creditors	(2,537)
(2,404)	<b>TOTAL CURRENT LIABILITIES</b>	(2,537)
4,660,097	<b>TOTAL NET ASSETS (note 14c)</b>	4,736,588

The accounts summarise the transactions of the Fund and deal with the net assets. They do not take account of the obligations to pay pensions and benefits which fall after the end of the financial year.

**NOTES TO THE NORTH YORKSHIRE PENSION FUND ACCOUNT**  
**FOR THE YEAR ENDED 31ST MARCH 2025**

**1. Description of the Fund**

The North Yorkshire Pension Fund (NYPF or “the Fund”) is part of the Local Government Pension Scheme (LGPS) and is administered by North Yorkshire Council (NYC). The Council is the reporting entity for the Fund.

The following description of the Fund is a summary only. For more detail, refer to the NYPF Annual Report 2024/25 and the statutory powers underpinning the Scheme, namely the Public Service Pensions Act 2013 and the Local Government Pension Scheme (LGPS) Regulations.

**(a) General**

The Fund is governed by the Public Service Pensions Act 2013 and is administered in accordance with the following secondary legislation:

- the LGPS Regulations 2013 (as amended)
- the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the LGPS (Management and Investment of Funds) Regulations 2016 (as amended)

It is a contributory defined benefit pension scheme administered by NYC to provide pensions and other benefits for pensionable employees of NYC and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and fire fighters are not included as they come within other national pension schemes.

The Fund is overseen by the Pension Fund Committee, which is a committee of NYC.

**(b) Membership**

Membership of the LGPS is voluntary and employees are free to choose whether to join the Fund, remain in the Fund or make their own personal arrangements outside the Scheme. New joiners are auto-enrolled to the Fund but may subsequently opt-out.

Organisations participating in NYPF include:

- scheduled bodies, which are local authorities, academy trusts and similar bodies whose staff are automatically entitled to be members of the Fund
- admitted bodies, which are other organisations that participate in the Fund under an admission agreement between the Fund and the relevant organisation. Admitted bodies include voluntary, charitable and similar bodies or private contractors undertaking a local authority function following outsourcing to the private sector.

At 31 March 2025 there were 124 contributing employer organisations within NYPF including the Council itself, and over 103,000 individual members.

Active, pensioner and deferred pensioner numbers, split between NYC as the Administering Authority and all other employers were as follows:

	31st March 2024 No.	31st March 2025 No.
Number of Employers with Active Members	118	124
Employees in the Fund		
NYC	15,371	15,204
Other employers	15,128	15,489
Total	<u>30,499</u>	<u>30,693</u>
Pensioners		
NYC	20,952	22,346
Other employers	9,824	10,638
Total	<u>30,776</u>	<u>32,984</u>
Deferred Pensioners		
NYC	26,917	25,865
Other employers	12,948	13,172
Total	<u>39,865</u>	<u>39,037</u>

### (c) Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the Fund in accordance with the LGPS Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ended 31 March 2025. Employee contributions are supplemented by employers' contributions which are primarily determined as part of each triennial valuations. The last such valuation was on 31 March 2022 and that set the contribution rates for 2023/24, 2024/25, 2025/26; details of the rates for individual employers are available on the Fund's website.

### (d) Benefits

Prior to 1 April 2014 pension benefits under the LGPS up to 31 March 2014 are based on final pensionable pay and length of pensionable service.

For service up to 31 March 2008 each year worked is worth 1/80<sup>th</sup> of final pensionable salary, an automatic lump sum of three times salary is payable, and part of the annual pension can be exchanged for a one-off tax free cash payment at the rate of £12 lump sum for each £1 pension given up. For service from 1 April 2008 each year worked is worth 1/60<sup>th</sup> of final pensionable salary, there is no automatic lump sum, and part of the annual pension can be exchanged at the same rate as for service up to 31 March 2008.

From 1 April 2014 the scheme became a career average scheme whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49<sup>th</sup>. Accrued pension is adjusted annually in line with CPI.

There are a range of other benefits provided under the Scheme including early retirement, disability pensions and death benefits. For more details please refer to the Publications section on the Fund's website at <https://www.nypf.org.uk/index.shtml>.

## **2. Basis of Preparation**

The Statement of Accounts summarises the Fund's transactions for the 2024/25 financial year and its year end position as at 31 March 2025. The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector. The accounts have been prepared on the basis that functions of the Pension Fund will continue in operational existence for the foreseeable future.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year.

## **3. Summary of Significant Accounting Policies**

### **Fund Account – Revenue Recognition**

#### **(a) Contribution Income**

Normal contributions, both from the members and from the employer, are accounted for on an accruals basis at the percentage rate recommended by the fund actuary for employer contributions and the rates set by statute for employee contributions.

Employer deficit funding contributions are accounted for in the period in which they are payable under the schedule of contributions set by the Actuary or on receipt if earlier than the due date.

Employers' augmentation contributions (pension strain due to early retirement and compensatory added years) are accounted for in the period in which the liability arises. Any amount due in year but unpaid will be classed as a current asset. Amounts due in future years are classed as long term assets.

#### **(b) Transfers To and From Other Schemes**

Transfer values represent the amounts received and paid during the year for members who have either joined or left the Fund during the financial year and are calculated in accordance with LGPS Regulations (see notes 8 and 10).

Individual Transfers in/out are accounted for when received/paid, which is normally when the member liability is accepted or discharged.

Transfers in from members wishing to use the proceeds of their additional voluntary contributions or other defined contribution arrangements to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In (see note 8).

Bulk (group) transfers are accounted for on an accruals basis in accordance with the terms of the transfer agreement.

#### **(c) Investment Income**

Interest income is recognised in the Fund as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination. Income includes the amortisation of any discount or premium, transaction costs or other differences between the initial cost of the instrument and its value at maturity calculated on an effective interest rate basis.



Dividend income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current asset.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the Net Assets Statement as a current asset.

Changes in the net market value of investments are recognised as income/expenditure and comprise all realised and unrealised profits/losses during the year.

## **Fund Account – Expense Items**

### **(d) Benefits Payable**

Pensions and lump sum benefits payable include all amounts known to be due as at the financial year end. Any amounts due but not paid are disclosed in the Net Assets Statement as current liabilities.

### **(e) Taxation**

The Fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin, unless exemption is permitted. Irrecoverable tax is accounted for as a Fund expense as it arises.

### **(f) Management expenses**

The Fund discloses its pension fund management expenses in accordance with the CIPFA guidance Accounting for Local Government Pension Scheme Management Expenses (2016), as shown below. All items of expenditure are charged to the fund on an accruals basis as follows:

#### **Administrative expenses**

All staff costs of the pensions administration team are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

#### **Oversight and governance**

All staff costs associated with governance and oversight are charged direct to the Fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the Fund.

#### **Investment management expenses**

Fees of the external investment managers are set out in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

In addition, the Fund has negotiated with the following managers that an element of their fee will be performance related:

- Baillie Gifford & Co - Global Equities
- Arcmont (formerly Bluebay) – Private Debt

- Permira – Private Debt
- BCPP – Infrastructure, Private Debt and Climate Opportunities

Where an investment manager's fee note has not been received by the year-end date, an estimate based upon the market value of their mandate as at the end of the year is used for inclusion in the Fund Account.

## **Net Assets Statement**

### **(g) Lifetime Allowances**

Members are entitled to request the Fund pays their tax liabilities due in respect of lifetime allowance in exchange for a reduction in pension. Where the Fund pays member tax liabilities direct to HMRC it is treated as an expense in the year in which the payment occurs.

### **(h) Financial Assets**

Equity shares in the LGPS asset pool, Border to Coast Pensions Partnership (BCPP), are valued at transaction price, i.e. cost, as an appropriate estimate of fair value. An asset is recognised in the Net Assets Statement on the date the Fund becomes party to the contractual acquisition of the asset. From this date any gains or losses arising from changes in the fair value of the asset are recognised in the Fund Account.

If valuations at the reporting date are not yet available, as may be the case for private debt and infrastructure investments, the latest available valuation is adjusted for cashflows in the intervening period.

The values of investments as shown on the Net Assets Statement have been determined at fair value in accordance with the requirements of the Code and IFRS 13 (see Note 16). For the purposes of disclosing levels of fair value hierarchy, the Fund has adopted the classification guidelines recommended in *Practical Guidance on Investment Disclosures* (PRAG / Investment Association, 2016).

### **(i) Foreign Currency Transactions**

Dividends, interest and purchases and sales of investments in foreign currencies have been accounted for at the spot market rates at the date of the transaction. End of year spot market exchange rates are used to value cash balances held in foreign currency bank accounts, market values of overseas investment and purchases and sales outstanding at the end of the reporting period.

### **(j) Derivatives**

The Fund does not hold derivatives for speculative purposes (see note 15).

### **(k) Cash and Cash Equivalents**

Cash comprises cash in hand and demand deposits, and includes amounts held by the Fund's external managers and custodian.

Cash equivalents are short term, highly liquid investments that are readily convertible into known amounts of cash and that are subject to minimal risk of changes in value.

## **(l) Liabilities**

The Fund holds liabilities at amortised cost as at the reporting date. A liability is recognised in the Net Assets Statement on the date the Fund becomes party to the liability. From this date any gains or losses arising from changes in the fair value of the liability are recognised in the Fund Account as part of the change in market value of investments.

## **(m) Actuarial Present Value of Promised Retirement Benefits**

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the Fund's Actuary in accordance with the requirements of IAS26 and relevant actuarial standards.

As permitted under the Code, the Fund has opted to disclose the actuarial present value of promised retirement benefits by way of an **Appendix** to these statements.

## **(n) Additional Voluntary Contributions**

The Fund provides an Additional Voluntary Contribution (AVC) scheme for its members, the assets of which are invested separately from those of the Fund. The Fund has appointed Prudential as its AVC provider. AVCs are paid to the AVC provider by employers and are specifically for providing additional benefits for individual contributors. Each AVC contributor receives an annual statement showing the amount held in their account and the movements in the year.

AVCs are not included in the accounts in accordance with Section 4(1)(b) of the LGPS (Management and Investment of Funds) Regulations 2016 but are disclosed for information only (see note 23).

## **(o) Contingent assets and contingent liabilities**

A contingent asset arises where an event has taken place giving rise to a possible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed or otherwise by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that it is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the Net Assets Statement but are disclosed by way of narrative in the notes.

## **4. Critical Judgement in Applying Accounting Policies**

There were no material instances of critical judgements in relation to the application of the accounting policies of the Fund resulting in significant impact to the presentation of the 2024/25 Financial Statements.

## **5. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty**

These accounts require management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities at the balance sheet date and for revenue and expenses during the year. Estimates are made taking into account historical experience, current

trends, and other relevant factors. However, the nature of estimation means that the actual outcomes could differ from those based on these assumptions and estimates.

Private equity investments are valued at fair value in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018). These investments are not publicly listed and as such there is a degree of estimation involved in the valuation, with other private market (unlisted) assets are treated similarly.

Investments, where at least one input with a material effect on the instrument's fair value is not based on observable market data, are classified as Level 3 assets within the Fair Value Hierarchy. The Fund held £708.0m of financial assets under this valuation basis as at 31 March 2025 (31 March 2024 £548.7m). A description of the valuation basis for each level 3 asset along with an associated sensitivity analysis can be found in Note 16.

## 6. Events After the End of the Reporting Period

In June 2023 the High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that amendments to certain defined benefit pension schemes were void if they were not accompanied by section 37 actuarial certificates. The Court of Appeal rejected an appeal of this decision in July 2024. The Local Government Pension Scheme is affected by this ruling.

The Government Actuary's Department has so far failed to locate evidence that section 37 certificates are in place for all amendments. Work is ongoing to discover whether the evidence exists. Until this work is complete, it is not possible to conclude whether there is any impact on the value of retirement benefits under IAS26 or if it can be reliably estimated.

Although this is the current position in law, the Government is being lobbied to make a change to the regulations to retrospectively validate amendments which would otherwise be void because of a failure to have obtained section 37 certificates. The Government has an existing power to make the necessary regulations but not yet said whether it will do anything. There is also the possibility that Virgin Media could seek permission to appeal to the Supreme Court.

Developments are being monitored. In the current circumstances, it is not considered necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the value of retirement benefits in the financial accounts.

## 7. Contributions Receivable

By category

	2023/24 £000	2024/25 £000
Employees' Contributions	38,393	40,105
Employers' Contributions		
Normal contributions	106,048	109,388
Deficit recovery contributions	1,738	1,459
Augmented contributions	2,313	4,053
Total Contributions	<u>148,492</u>	<u>155,005</u>

By authority

2023/24	2024/25
£000	£000

Contributions Receivable		
North Yorkshire Council	81,869	86,295
Other Scheduled Bodies	58,855	62,395
Admitted Bodies	7,768	6,315
	<u>148,492</u>	<u>155,005</u>

## 8. Transfers In from Other Pension Funds

Three transfers during 2024/25 were Group/Bulk Transfers (£0 in 2023/24). An amount of £158.8k was received from Redcar and Cleveland Pension Fund during October 2024 in relation to a Group Transfer in to NYPF. Group Transfers out of NYPF saw payments of £252.3k made to East Riding Pension Fund in May 2024 and £16.28m to West Yorkshire Pension Fund in December 2024.

## 9. Benefits Payable

2023/24	2024/25
£000	£000

Benefits Payable		
North Yorkshire Council	99,749	108,819
Other Scheduled Bodies	46,385	54,920
Admitted Bodies	11,878	11,166
	<u>158,012</u>	<u>174,905</u>

## 10. Payments To and On Account of Leavers

2023/24	2024/25
£000	£000

Leavers		
Refunds to Members Leaving Service	769	692
Individual Transfers	22,696	17,870
Group Transfers	0	16,529
	<u>23,465</u>	<u>18,562</u>

## 11. Management Expenses

2023/24	2024/25
£000	£000

Administrative Costs	2,545	2,294
Investment Management Costs	31,035	33,979
Oversight and Governance Costs	2,131	2,013
	<u>35,711</u>	<u>38,286</u>

Investment Management Costs includes £3,863k (2023/24: £4,136k) in respect of performance related fees payable to the Fund's investment managers and £7,354k in respect of transaction costs (2023/24; £7,072k).

In addition to these costs, indirect costs are incurred through the bid-offer spread on investments sales and purchases. These are reflected in the cost of acquisitions and in the proceeds from the sales of investments (see Note 14a).

## 12. Investment Income

	2023/24 £000	2024/25 £000
Income from Bonds	0	0
Income from Equities	(232)	0
Pooled Property Investments	4,178	5,993
Pooled Investments - Other Managed Funds	16,157	27,136
Interest on Cash Deposits	280	744
Other	0	0
	<u>20,383</u>	<u>33,873</u>

## 13. Other Fund Account Disclosures

	2023/24 £000	2024/25 £000
Payable in respect of external audit	<u>92</u>	<u>107</u>

## 14. Investments

### (a) Reconciliation of Movements in Investments

	Value as at 31st March 2024 £000	Change in market value £000	Sale proceeds receipts £000	Purchases as at cost payments £000	Value as at 31st March 2025 £000
Equities	1,182	0	0	0	1,182
Pooled Investments	3,815,246	63,871	(741,401)	567,815	3,705,531
Pooled Property	260,850	20,739	(19,996)	30,000	291,592
Private Equity / Infrastructure	548,723	20,237	(72,878)	210,720	706,802
Total Invested	4,626,001	104,847	(834,275)	808,535	4,705,107
Spot FX		0			
Amount receivable for sales	15,000				0
Cash Deposits	4,637				949
Net Investment Debtors	1,327	0			4,009
Net Investment Assets	4,646,965	104,847			4,710,066

	Value as at 31st March 2023 £000	Change in market value £000	Sale proceeds & derivative receipts £000	Purchases as at cost and derivative payments £000	Value as at 31st March 2024 £000
Equities	1,182	0	0	0	1,182
Pooled Funds	3,545,213	427,829	(793,340)	635,544	3,815,246
Pooled Property	266,225	3,206	(18,581)	10,000	260,850
Private Equity / Infrastructure	392,532	33,977	(54,556)	176,770	548,723
Total Invested	4,205,151	465,012	(866,477)	822,315	4,626,001
Spot FX		(204)			
Cash Deposits					15,000
Net Investment Debtors	1,902				4,637
Net Investment Assets	787	0			1,327
	4,207,840	464,808			4,646,966

**(b) Analysis of Investments**

	2023/24 £000	2024/25 £000
Fixed Interest Securities		
UK Public Sector Quoted	<u>0</u>	<u>0</u>
Equities		
UK Unquoted	<u>1,182</u>	<u>1,182</u>
	<u>1,182</u>	<u>1,182</u>
Pooled Investments		
UK Cash Funds	161,157	43,906
Overseas Cash Funds	11,679	7,831
UK Equity	424,473	366,762
UK Property	260,850	291,592
UK Government Bonds	576,649	696,122
UK Corporate Bonds	338,075	367,304
Multi Asset Credit	241,000	258,777
Overseas Equity	2,055,794	1,964,830
Private Debt	212,645	261,256
Insurance Linked Securities	6,419	0
Infrastructure	<u>336,079</u>	<u>445,546</u>
	<u>4,624,820</u>	<u>4,703,926</u>
Total Investments	<u>4,626,002</u>	<u>4,705,108</u>
Cash Deposits	4,637	949
Net Investment Debtors	16,327	4,009
Net Investment Assets	<u>4,646,966</u>	<u>4,710,066</u>



**(c) Investments analysed by Fund Manager**

	31st March 2024		31st March 2025	
	£000	%	£000	%
Investments managed by Border to Coast				
Pension Partnership:				
BCPP - Global Equity Alpha	1,372,719	29.5	1,394,942	29.6
BCPP - Index Linked Gilt Fund	576,649	12.4	696,122	14.8
BCPP - Investment Grade Credit	338,075	7.3	367,304	7.8
BCPP - Listed Alternatives	266,380	5.7	286,813	6.1
BCPP - Infrastructure 1A	256,792	5.5	282,234	6.0
BCPP - Multi Asset Credit	241,000	5.2	258,777	5.5
BCPP - UK Equities	180,383	3.8	144,945	3.1
BCPP - Private Debt	135,241	2.8	122,650	2.6
BCPP - Infrastructure Series 2A	58,405	1.3	112,255	2.4
BCCP - Climate Opportunities Fund	41,277	0.9	64,511	1.4
BCCP - Private Credit Series 2	20,782	0.4	49,445	1.0
			13,094	0.3
			3,721	0.1
	<u>3,487,703</u>	<u>74.8</u>	<u>3,796,813</u>	<u>80.7</u>
Investments managed outside of Border to Coast Pensions Partnership:				
Baillie Gifford & Co. - LTGG	660,785	14.2	537,582	11.4
Threadneedle	199,636	4.3	243,833	5.2
Northern Trust - STIF - UK	161,157	3.5	43,906	0.9
Legal & General	44,487	1.0	47,759	1.0
Blue Bay	26,800	0.6	19,438	0.4
Hermes	16,726	0.4	0	0.0
Northern Trust - STIF - Overseas	11,679	0.3	7,831	0.2
Permira	9,428	0.2	6,765	0.1
Leadenhall Remote Fund	2,877	0.1	0	0.0
Leadenhall Diversified Fund	2,543	0.1	0	0.0
BCPP - UK Unquoted Equities	1,182	0.0	1,182	0.0
Leadenhall NAT CAT Fund	999	0.0	0	0.0
	<u>1,138,299</u>	<u>24.7</u>	<u>908,296</u>	<u>19.2</u>
Cash Deposits	4,637	0.1	949	0.0
Net Investment Debtors	16,327	0.4	4,009	0.1
	<u></u>	<u></u>	<u></u>	<u></u>

The investments BCPP Global Equity Alpha, BCPP Listed Alternatives, BCPP Multi Asset Credit, BCPP Index Linked Bonds, BCPP Investment Grade Credit, BCPP Infrastructure, Baillie Gifford & Co and Threadneedle each represent more than 5% of net assets. These investments are in pooled funds.

## 15. Analysis of Derivatives

The Fund does not hold derivatives.

## 16. Fair Value – Basis of Valuation

The basis of the valuation of each class of investment asset is set out below. There has been no change in the valuation techniques used during the year. All assets have been valued using fair value techniques which represent the highest and best price available at the reporting date.

Description of asset	Valuation hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting the valuations provided
<b>Market quoted investments</b>	Level 1	Published bid market price ruling on the final day of the accounting period	Not required	Not required
<b>Quoted bonds</b>	Level 1	Fixed interest securities are valued at a market value based on current yields	Not required	Not required
<b>Exchange traded pooled investments</b>	Level 1	Closing bid value on published exchanges	Not required	Not required
<b>Unquoted bonds</b>	Level 2	Average of broker prices	Evaluated price feeds	Not required
<b>Overseas bond options</b>	Level 2	Option pricing model	Annualised volatility of counterparty credit risk	Not required
<b>Pooled investments – overseas unit trusts and property funds</b>	Level 2	Closing bid price where bid and offer prices are published  Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Not required
<b>Pooled investments – hedge funds</b>	Level 3	Closing bid price where bid and offer prices are published  Closing single price where single price published	NAV-based pricing set on a forward pricing basis	Valuations could be affected by material events occurring between the date of the financial statements provided and the pension fund's own reporting date, by changes to expected cashflows, and by

				any differences between audited and unaudited accounts
<b>Other unquoted and private equities</b>	Level 3	Comparable valuation of similar companies in accordance with International Private Equity and Venture Capital Valuation Guidelines (2018)	EBITDA multiple Revenue multiple Discount for lack of marketability Control premium	Valuations could be affected by changes to expected cashflows, and by any differences between audited and unaudited accounts

### Sensitivity of assets valued at level 3

Having analysed historical data and current market trends, and consulted with independent investment advisors, the Fund has determined that the valuation methods described above are likely to be accurate to within the following ranges, and has set out below the consequent potential impact on the closing value of investments held at 31 March 2025.

	Value at 31 March 2025 £000	Value on increase £000	Value on decrease £000
Assessed valuation range (+/-)			
Pooled investments- Private Debt	261,256	281,634	240,878
Pooled investments- Infrastructure	<u>445,546</u>	<u>480,298</u>	<u>410,793</u>
Total	<u>706,802</u>	<u>761,932</u>	<u>651,671</u>
	Value at 31 March 2024 £000	Value on increase £000	Value on decrease £000
Assessed valuation range (+/-)			
Pooled investments- Private Debt	212,645	221,570	188,365
Pooled investments- Infrastructure	<u>336,079</u>	<u>362,293</u>	<u>309,865</u>
Total	<u>548,724</u>	<u>583,863</u>	<u>498,230</u>

#### a. Fair Value Hierarchy

Asset and liability valuations have been classified into three levels, according to the quality and reliability of information used to determine fair values. Transfers between levels are recognised in the year in which they occur.

### Level 1

Assets and liabilities at level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprise quoted equities, quoted fixed securities, quoted index linked securities and unit trusts.

### Level 2

Assets and liabilities at level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value.

### Level 3

Assets and liabilities at level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data.

The following table provides an analysis of the financial assets and liabilities of the Pension Fund grouped into levels 1 to 3, based on the level at which the fair value is observable.

	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Values at 31 March 2025				
Financial assets at fair value through profit and loss	0	3,997,124	707,984	4,705,108
Net investment assets	0	3,997,124	707,984	4,705,108
	Quoted market price Level 1 £000	Using observable inputs Level 2 £000	With significant unobservable inputs Level 3 £000	Total £000
Values at 31 March 2024				
Financial assets at fair value through profit and loss	15,000	4,077,424	548,723	4,641,147
Net investment assets	15,000	4,077,424	548,723	4,641,147

#### b. Reconciliation of Fair Value Measurements Within Level 3

	Market Value at 31st March 2024 £000	Transfers into Level 3 £000	Transfers out of Level 3 £000	Purchases During the Year £000	Sales During the Year £000	Unrealised Gains and Losses £000	Realised Gains and Losses £000	Market Value at 31 March 2025 £000
Private Debt	212,644	0	0	61,730	(31,850)	1,894	(502)	243,916
Infrastructure	336,079	0	0	148,989	(32,714)	18,011	329	470,694
	548,723	0	0	210,719	(64,564)	19,905	(173)	714,610

	Market Value at 31st March 2023 £000	Transfers into Level 3 £000	Transfers out of Level 3 £000	Purchases During the Year £000	Sales During the Year £000	Unrealised Gains and Losses £000	Realised Gains and Losses £000	Market Value at 31 March 2024 £000
Private Debt	163,560	0	0	69,577	(28,794)	6,748	1,553	212,644
Infrastructure	228,972	0	0	107,193	(16,528)	15,992	450	336,079
	<u>392,532</u>	<u>0</u>	<u>0</u>	<u>176,770</u>	<u>(45,322)</u>	<u>22,740</u>	<u>2,003</u>	<u>548,723</u>

## 17. Financial Instruments

### (a) Classification of Financial Instruments

Accounting policies describe how different asset classes of financial instruments are measured, and how income and expenses, including fair value gains and losses, are recognised. The following table summarises the carrying amounts of financial assets and liabilities by category.

31st March 2024			31st March 2025		
Designated as fair value through profit and loss £000	Loans and Receivables £000	Financial Liabilities amortised at cost £000	Designated as fair value through profit and loss £000	Loans and Receivables £000	Financial Liabilities amortised at cost £000
<b>Assets</b>					
0	0	0	0	0	0
0	1,182	0	0	1,182	0
3,815,246	0	0	3,705,531	0	0
260,850	0	0	291,592	0	0
548,723	0	0	706,802	0	0
0	0	0	0	15,966	0
0	6,720	0	0	0	0
16,327	0	0	4,009	0	0
0	13,452	0	0	14,042	0
<u>4,641,146</u>	<u>21,354</u>	<u>0</u>	<u>4,707,934</u>	<u>31,190</u>	<u>0</u>
<b>Liabilities</b>					
0	0	0	0	0	0
0	0	(2,404)	0	0	(2,537)
0	0	(2,404)	0	0	(2,537)
<u>4,641,146</u>	<u>21,354</u>	<u>(2,404)</u>	<u>4,707,934</u>	<u>31,190</u>	<u>2,537</u>

### (b) Net Gains and Losses on Financial Instruments

	2023/24 £000	2024/25 £000
Fair Value Through Profit & Loss	<u>449,426</u>	<u>104,845</u>
	<u>449,426</u>	<u>104,845</u>

## 18. Nature and Extent of Risks Arising from Financial Instruments

### Risk and Risk Management

The Fund's primary long term risk is that the Fund's assets will fall short of its liabilities (i.e. promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The Fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure there is sufficient liquidity to meet the Fund's forecast cash flows. NYC manages these investment risks as part of its overall approach to Pension Fund risk.

Responsibility for the Fund's risk management strategy rests with the Pension Fund Committee. A Risk Register has been established to identify and analyse the risks faced by NYC's pensions operations. This document is reviewed regularly to reflect changes in activity and in market conditions.

#### (a) Market Risk

Market risk is the risk of loss from fluctuations in equity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities, particularly through its equity holdings. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix.

The objective of the Fund's Risk Register includes identifying, managing and controlling market risk exposure within acceptable parameters, whilst optimising the risk-adjusted return.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, the Pension Fund Committee (PFC) and its investment advisers undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks in two ways:

- the exposure of the Fund to market risk is monitored through advice from the investment advisers to ensure that risk remains within tolerable levels
- specific risk exposure is limited by applying risk weighted maximum exposures to individual investments through Investment Management Agreements

#### Other Price Risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such instruments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. The maximum risk resulting from financial instruments is determined by the fair value of the financial instruments.

The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure it is within limits specified in the Fund's investment strategy.

### Other Price Risk – Sensitivity Analysis

Following analysis of historical data and expected investment return movement during the financial year, in consultation with the Fund's investment consultants, the Fund has determined that the following movements in market price risk are reasonably possible for the 2024/25 reporting period.

Asset Type	Potential Market Movements as at 31st March 2025	Potential Market Movements as at 31st March 2024
	(+/-) %	(+/-) %
Equities	7.0	6.9
Property	5.9	6.6
Infrastructure	7.6	7.8
Listed alternatives	6.9	6.9
Illiquid credit	7.9	8.1
Investment grade credit	5.2	5.1
Non-investment grade credit	6.4	6.1
Absolute Return	6.0	8.0
Gilts	2.9	3.4
Cash	3.3	3.8

The potential price changes disclosed above are broadly consistent with a one-standard deviation movement in the value of the assets. The sensitivities are consistent with the assumptions contained in the investment advisors' most recent review. This analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund investments increased/decreased in line with the above, the change in the net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown below).



Asset Type	Value as at 31st March 2025 £000	Potential Market Movement £000	Value on Increase £000	Value on Decrease £000
Equities	2,331,592	163,211	2,494,803	2,168,381
Gilts	696,122	20,188	716,310	675,934
Investment grade credit	367,304	19,100	386,404	348,204
Non-investment grade credit	258,777	16,562	275,339	242,215
Other Pooled Investments	0	0	0	0
Property	291,592	17,204	308,796	274,388
Infrastructure	445,546	33,861	479,407	411,685
Illiquid credit	261,256	20,639	281,895	240,617
Total Assets	<u>4,652,189</u>		<u>4,942,954</u>	<u>4,361,424</u>

Asset Type	Value as at 31st March 2024 £000	Potential Market £000	Value on Increase £000	Value on Decrease £000
Equities	2,480,268	171,138	2,651,406	2,309,129
Gilts	576,649	19,606	596,255	557,043
Investment grade credit	338,075	17,242	355,316	320,833
Non-investment grade credit	248,677	15,169	263,847	233,508
Other Pooled Investments	6,419	0	6,419	6,419
Property	260,850	17,216	278,066	243,634
Infrastructure	336,079	26,214	362,293	309,865
Illiquid credit	204,968	16,602	221,570	188,365
Total Assets	<u>4,451,984</u>		<u>4,735,172</u>	<u>4,168,795</u>

### Interest Rate Risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These investments are subject to interest rate risks, which represent the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund's interest rate risk is monitored by the Fund and its investment advisers through the risk management strategy, including monitoring the exposure to interest rates and assessment of actual interest rates against the strategic benchmark.

The Fund's direct exposure to interest rate movements as at 31 March 2025 and 31 March 2024 is set out in the tables below. These disclosures present interest rate risk based on the underlying financial assets at fair value.

	2023/24 £000	2024/25 £000
Cash and Cash Equivalents	6,720	15,966
Pooled Investments	<u>1,135,093</u>	<u>1,102,451</u>
	<u>1,141,813</u>	<u>1,118,417</u>

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets available to pay benefits. For illustrative purposes if it were to change by +/- 1% the values in the table above would change by £148m for 2024/25 and £173m for 2023/24.



## Currency Risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk on financial instruments that are denominated in any currency other than the functional currency of the Fund (GBP). The Fund holds both monetary and non-monetary assets denominated in currencies other than GBP.

The Fund's currency rate risk is monitored in accordance with the Fund's risk management strategy, including monitoring the range of exposure to currency fluctuations.

After receiving advice it is considered that the likely volatility associated with foreign exchange movements to be +/-6.6%. A fluctuation of this size is considered reasonable based on an analysis of the implied volatility of the 1-year options contracts for the exchange rates in the financial market.

Assuming all other variables, in particular, interest rates remain constant, an 6.6% strengthening/weakening of the pound against the various currencies in which the Fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Asset Type	Value as at 31st March 2025 £000	Value on 6.9% Increase £000	Value on 6.9% Decrease £000
Overseas Cash Fund	7,830	8,370	7,290
Overseas Bonds	277,513	296,661	258,364
Overseas Equity	2,092,211	2,236,573	1,947,848
Overseas Pooled Funds	424,295	453,572	395,019
	<u>2,801,848</u>	<u>2,995,176</u>	<u>2,608,521</u>
Asset Type	Value as at 31st March 2024 £000	Value on 6.6% Increase £000	Value on 6.6% Decrease £000
Overseas Cash Fund	11,679	12,453	10,904
Overseas Bonds	224,853	239,761	209,946
Overseas Equity	2,057,081	2,193,465	1,920,696
Overseas Pooled Funds	417,171	444,830	389,513
	<u>2,710,784</u>	<u>2,890,509</u>	<u>2,531,059</u>

## (b) Credit Risk

Credit risk is the risk that the counterparty to a transaction or a financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market values of investments generally reflect an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, where the risk equates to the net market value of a positive derivative position. However the selection of high quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt outstanding, and the cost of replacing the derivative position in the event of counterparty default. The residual risk is minimal due to the various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over the counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by recognised rating agencies.

Deposits are not made with banks and financial institutions unless they are rated independently and meet NYC's credit criteria. NYC has also set limits as to the maximum amount of deposits placed with any one financial institution. The banks and institutions chosen all have at least the minimum credit rating as described in NYC's Treasury Management Strategy.

NYC believes it has managed its exposure to credit risk and has had no experience of default or uncollectible deposits over the past five financial years. The Fund's cash holding under its treasury management arrangements with NYC at 31 March 2025 was £15m (31 March 2024, £2.1m) and was held with the following institutions:

	Credit Rating	31 March 2024 £000	31 March 2025 £000
<b>Call Accounts</b>			
Barclays Bank Plc (NRFB)	A+ / F1	200	3,651
Handelsbanken	AA / F1+	94	62
<b>Fixed Term Deposit Notice Accounts</b>			
Santander UK	A+ / F1	290	2,672
Bank of Scotland	A+ / F1	0	0
National Westminster Bank PLC	A+ / F1	26	187
DBS Bank Ltd	AA- / F1+	94	677
Goldman Sachs	A+ / F1	187	623
Standard Chartered	A+ / F1	94	1,340
Helaba	A+ / F1+	23	55
Sumitomo Mitsui BCE	A- / F1	0	0
Local Authorities	-	1,075	5,750
		<u>2,083</u>	<u>15,017</u>

The Fund held liquid cash in a UK and an Overseas Short Term Investment Fund during 2024/25, the average investment balances for these funds were £22m and £5m respectively (£38m and £7m in 2023/24). The Fund received interest of £726k on these funds in 2024/25 (£852k in 2023/24).

### (c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments.

The Fund has immediate access to its cash holdings, subject to the fixed periods determined when deposits are placed. These deposits are scheduled to ensure cash is available when required.

The Fund also has access to an overdraft facility for short term (up to three months) cash needs. This facility is only used to address changes in the strategic benchmark and is met by either surplus cash from contributions received exceeding pensions paid or if necessary, disinvesting.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert to cash. As at 31 March 2025 the value of illiquid assets was £687m (31 March 2024, £533m).

All liabilities at 31 March 2025 are due within one year. The Fund does not have any financial instruments that have a refinancing risk as part of its treasury management and investment strategies.

## 19. Funding Arrangements

In line with the Local Government Pension Scheme Regulations 2013 the Fund's Actuary, Aon, undertakes a funding Valuation every three years for the purpose of setting employer contribution rates for the forthcoming triennial period. The last such Valuation took place as at 31 March 2022.

The key elements of NYPF's funding policy are:

- to ensure the long term solvency of the Fund, i.e. that sufficient funds are available to meet all pension liabilities as they fall due for payment
- to ensure that employer contribution rates are as stable as possible
- to minimise the long term cost of the scheme by recognising the link between assets and liabilities and adopting an investment strategy that balances risk and return
- to reflect the different characteristics of employing bodies in determining contribution rates where the Administering Authority considers it reasonable to do so
- to use reasonable measures to reduce the risk to other employers and ultimately to the council tax payer from an employer defaulting on its pension obligations

At the 2022 Valuation the aim was to achieve 100% solvency over a period of 18 years from April 2023 and to provide stability in employer contribution rates by spreading any increases in rates over a period of time. Solvency is achieved when the funds held, plus future expected investment returns and future contributions are sufficient to meet expected future pension benefits payable.

At the 2022 Triennial Valuation the Fund was assessed as 116% funded (114% at the 2019 Valuation). This reflected a surplus of £640m (surplus of £450m at the 2019 Valuation).

The common rate of employers' contributions is the average rate required from all employers calculated as being sufficient, together with contributions paid by employees, to meet all liabilities arising in respect of service after the Valuation date. For 2023/24 the common rate (determined at the 2012 Valuation) is 17.3% of pensionable pay.

Individual employers' rates will vary from the common contribution rate depending on the demographic and actuarial factors particular to each employer. Full details of the contribution rates payable can be found in the 2022 Triennial Valuation Report and the Funding Strategy Statement on the Fund's website.

The valuation of the Fund has been undertaken using the projected unit method under which the salary increase for each member is assumed to increase until they leave active service by death, retirement or withdrawal from service. The principal assumptions were:

	For Future Service Liabilities	
Investment Return	4.20%	per annum
Inflation	2.30%	per annum
Salary Increases	3.55%	per annum
Pensions Increases	2.30%	per annum

Future life expectancy (from age 65) based on the Actuary's Fund specific mortality review was:

	Male	Female
Future Pensioners (assumed current age 45)	23.4	26.0
Current Pensioners	22.5	24.9

### **Commutation Assumption**

It is assumed that future retirees will take 75% of the maximum additional tax-free lump sum up to HMRC limits for pre-April 2008 service and for post-April 2008 service.

### **50:50 Option**

It is assumed that no active members (evenly distributed across the age, service and salary range) will take up the 50:50 option in the LGPS 2014 scheme.

## **20. Actuarial Present Value of Promised Retirement Benefits**

The actuarial present value of promised retirement benefits based on projected salaries is disclosed via an IAS26 based Triennial Funding Valuation for the Fund. In addition to this, the Actuary also undertakes a valuation of pension fund liabilities on an IAS19 basis each year on behalf of Employers, using the same base data as the Valuation, taking account of changes in membership numbers, and utilising updated assumptions. A Statement prepared by the Actuary is attached as an Appendix.

In June 2023 the High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that amendments to certain defined benefit pension schemes were void if they were not accompanied by section 37 actuarial certificates. The Court of Appeal rejected an appeal of this decision in July 2024. The Local Government Pension Scheme is affected by this ruling.

The Government Actuary's Department has so far failed to locate evidence that section 37 certificates are in place for all amendments. Work is ongoing to discover whether the evidence exists. Until this work is complete, it is not possible to conclude whether there is any impact on the value of retirement benefits under IAS26 or if it can be reliably estimated.

Although this is the current position in law, the Government is being lobbied to make a change to the regulations so as to retrospectively validate amendments which would otherwise be void because of a failure to have obtained section 37 certificates. The Government has an existing power to make the necessary regulations but not yet said whether it will do anything. There is also the possibility that Virgin Media could seek permission to appeal to the Supreme Court. Developments are being monitored. In the current circumstances, it is not considered necessary to make any allowance for the potential impact of the Virgin Media case in the disclosure of the value of retirement benefits in the financial statements.

## 21. Current Assets

	31st March 2024 £000	31st March 2025 £000
<b>Debtors</b>		
<b>Investment Debtors</b>		
Accrued Dividends	0	0
Withholding Taxes Recoverable	1,327	4,009
Amount receivable for sales of investments	15,000	0
	<u>16,327</u>	<u>4,009</u>
<b>Other Debtors</b>		
Contributions due from Scheduled (Government) Bodies	12,071	12,337
Contributions due from Admitted Bodies	0	627
Pensions Rechargeable	994	491
Other	387	588
	<u>13,452</u>	<u>14,043</u>
<b>Cash</b>	2,083	15,017
	<u>31,862</u>	<u>33,069</u>

## 22. Current Liabilities

	31st March 2024 £000	31st March 2025 £000
<b>Creditors</b>		
Sundry Other Creditors	2,404	2,537
	<u>2,404</u>	<u>2,537</u>

## 23. Additional Voluntary Contributions (AVCs)

The AVC provider for the North Yorkshire Pension Fund is Prudential. The market value of the AVCs as at 31 March 2025 was £18.3m (£17.5m as at 31 March 2024). Contributions paid directly to Prudential during the year 2024/25 were £3.9m (£3.6m in 2023/24).

## 24. Agency Services

The North Yorkshire Pension Fund does not operate Agency Services contracts.

## 25. Related Party Transactions

### North Yorkshire Council

The North Yorkshire Pension Fund is administered by North Yorkshire Council. Consequently, there is a strong relationship between the Council and the Fund.

The Council incurred costs of £2.2m (£2.1m in 2023/24) in relation to the administration of the Fund and was subsequently reimbursed by the Fund for these expenses. The Council is also the single largest employer of members of the Fund and contributed £86.3m to the Fund in 2024/25 (£81.9m in 2023/24).

The Fund's cash holdings for cashflow purposes are invested with banks and other institutions by the treasury management operations of NYC, through a service level agreement. During the year to 31 March 2025 the Fund had an average investment balance of £5.2m (£3.6m during 2023/24) and received interest of £227k (£194k received in 2023/24) on these funds.

### **Governance**

At 31 March 2025 there were no Pension Fund Committee Members who were also active members of the Fund. The Corporate Director – Resources, who was also the Treasurer of the Fund was an active member. Benefits for the Treasurer were accrued on the same basis as for all other members of the Fund.

### **Key Management Personnel**

The section 151 Officer, linked to the Fund is directly employed by North Yorkshire Council and the costs to the Fund are included within recharges to the Fund. The remuneration disclosure required by The Accounts and Audit (England) Regulations can be found in the main accounts of NYC.

### **Members**

North Yorkshire Council appoint a number of elected members to the Pension Fund Committee and Audit Committee. Two of these members are in receipt of pension benefits from the Fund. There have been no material transactions between any Member or their families and the Pension Fund.

### **Employers**

Employers are related parties in so far as they pay contributions to the fund in accordance with the appropriate Local Government Pension Scheme (LGPS) Regulations. Contributions owed by employers in respect of March 2025 payroll total £12.96m and are included within the non-investment debtors figures in Note 17

## **26. Contractual Commitments**

Outstanding capital commitments (investments) at 31 March 2025 were £382.4m (31 March 2024 £515.5m). These commitments relate to outstanding call payments due on unquoted limited partnership funds held in the private debt and infrastructure parts of the portfolio.

## North Yorkshire Pension Fund

### Statement of the Actuary for the year ended 31 March 2025

#### Introduction

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2013 (the 'LGPS Regulations').

The LGPS Regulations require that a full actuarial valuation is carried out every third year. The purpose of this is to establish that the North Yorkshire Pension Fund (the 'Fund') is able to meet its liabilities to past and present contributors and to review employer contribution rates. The last full actuarial investigation into the financial position of the Fund was completed as at 31 March 2022 by Aon, in accordance with Regulation 62 of the LGPS Regulations.

#### Actuarial Position

1. The valuation as at 31 March 2022 showed that the funding level of the Fund had increased since the previous valuation with the market value of the Fund's assets as at 31 March 2022 (of £4,634.5M) covering 116% of the liabilities.
2. The valuation also assessed each individual employer's (or group of employers') position separately. Contribution requirements were determined based on the principles in the Fund's Funding Strategy Statement and are set out in Aon's report dated 29 March 2023 (the "actuarial valuation report"). In addition to the contributions certified, payments to cover additional liabilities arising from early retirements (other than ill-health retirements) will be made to the Fund by the employers.

Total contributions payable by all employers over the three years to 31 March 2026 are estimated to be:

Year from 1 April	% of pensionable pay	Plus total contribution amount (£M)
2023	17.3	1.495
2024	17.0	1.685
2025	16.7	1.888

3. The funding plan adopted in assessing the contributions for each employer is in accordance with the Funding Strategy Statement. Different approaches were adopted in relation to the calculation of the primary contribution rate, stepping of contribution changes and individual employers' recovery periods as agreed with the Administering Authority and reflected in the Funding Strategy Statement, reflecting the employers' circumstances.
4. The valuation was carried out using the projected unit actuarial method for most employers, allowing for future increases in pensionable pay. The main financial actuarial assumptions used for assessing the funding target and the contribution rates were as follows.

Discount rate for periods in service

Scheduled and subsumption body funding target *	4.20% p.a.
Intermediate (strong covenant approach) funding target	3.85% p.a.
Intermediate (standard approach) funding target	3.60% p.a.
Ongoing orphan funding target	3.60% p.a.

Discount rate for periods after leaving service

Scheduled and subsumption body funding target *	
Intermediate (strong covenant approach) funding target	
Intermediate (standard approach) funding target	
Ongoing orphan funding target	

Rate of pay increases

3.55% p.a.



Rate of increase to pension accounts **	2.30% p.a.
Rate of increases in pensions in payment ** (in excess of Guaranteed Minimum Pension)	2.30% p.a.

\* The secure scheduled body discount rate was also used for employers whose liabilities will be subsumed after exit by a scheduled body.

\*\* In addition, a 10% uplift has been applied to the past service liabilities on the scheduled body and subsumption funding targets to make allowance for short-term inflation above the long-term assumption.

In addition, the discount rate and rate of increases to pensions for already orphaned liabilities (i.e. where there is no scheme employer responsible for funding those liabilities and the employer has exited the Fund) were assumed to be 1.7% p.a. and 3.4% p.a. respectively.

The assets were valued at market value.

5. The key demographic assumption was the allowance made for longevity. The post retirement mortality assumption adopted for the actuarial valuation was in line with standard self-administered pension scheme (SAPS) S3 mortality tables with appropriate scaling factors applied based on an analysis of the Fund's pensioner mortality experience and a Fund membership postcode analysis using Aon's Demographic Horizons™ longevity model, and included an allowance for future improvements based on the 2021 Continuous Mortality Investigation Projections Model, with a long term annual rate of improvement in mortality rates of 1.5% p.a. The resulting average future life expectancies at age 65 (for normal health retirements) were:

	Men	Women
Current pensioners aged 65 at the valuation date	22.5	24.9
Current active members aged 45 at the valuation date	23.4	26.0

Further details of the assumptions adopted for the valuation, including the other demographic assumptions, are set out in the actuarial valuation report.

6. The valuation results summarised in paragraph 1 above are based on the financial position and market levels at the valuation date, 31 March 2022. As such the results do not make allowance for changes which have occurred subsequent to the valuation date. The Actuary, in conjunction with the Administering Authority, monitors the funding position on a regular basis.
7. The formal actuarial valuation report and the Rates and Adjustments Certificate setting out the employer contribution rates for the period from 1 April 2023 to 31 March 2026 were signed on 29 March 2023. Other than as agreed or otherwise permitted or required by the Regulations, employer contribution rates will be reviewed at the next actuarial valuation of the Fund as at 31 March 2025 in accordance with Regulation 62 of the Local Government Pension Scheme Regulations 2013.
8. This Statement has been prepared by the Actuary to the Fund, Aon, for inclusion in the accounts of the Fund. It provides a summary of the results of their actuarial valuation which was carried out as at 31 March 2022. The valuation provides a snapshot of the funding position at the valuation date and is used to assess the future level of contributions required.

This Statement must not be considered without reference to the formal actuarial valuation report which details fully the context and limitations of the actuarial valuation.

Aon does not accept any responsibility or liability to any party other than our client, North Yorkshire Council, the Administering Authority of the Fund, in respect of this Statement.

9. The report on the actuarial valuation as at 31 March 2022 is available on the Fund's website at the following address:  
[North Yorkshire Pension Fund 2022 valuation report FINAL \(nypf.org.uk\)](https://www.nypf.org.uk/2022-valuation-report)

Aon Solutions UK Limited

May 2025



# IAS 26 Results

## Whole of Pension Fund Accounting 2023

Prepared for: North Yorkshire Council, as Administering Authority to the North Yorkshire Pension Fund  
Prepared by: Scott Campbell FIA  
Date: 19 May 2023

### Glossary

Accounting Date	31 March 2023
Fund	North Yorkshire Pension Fund
Fund Administering Authority	North Yorkshire Council
2022 Valuation	Actuarial Valuation of the North Yorkshire Pension Fund as at 31 March 2022 as reported in the document titled 'Report on the 31 March 2022 actuarial valuation' dated 29 March 2023

# Introduction

## Why bring you this report?

This report is commissioned by and addressed to North Yorkshire Council (the Addressee).

This report sets out pension cost information required by the Fund Administering Authority in order to meet their disclosure requirements in relation to their pension obligations as specified by the accounting standard, IAS 26.

We have carried out this work in relation to benefits payable from the Fund.

## Related documents

The advice provided in this report is supported by advice contained in the following documents:

- IAS 26 Terms of Reference - Whole of Pension Fund accounting 2023 ('Terms of Reference').
- IAS 26 Assumptions Advice - Whole of Pension Fund accounting 2023 ('Assumptions Advice').

In addition, the following documents should be referred to:

- 2022 Valuation report

## Background

CIPFA's Code of Practice indicates that the Fund accounts for the year ending 31 March 2023 should disclose the "actuarial present value of the promised retirement benefits" as set out in IAS 26 and that the actuarial present value should be calculated on assumptions set in accordance with IAS 19 rather than on the funding assumptions.

CIPFA put forward three options for disclosing the actuarial present value of promised retirement benefits. Further detail on these can be found in our Terms of Reference.

The Fund Administering Authority has chosen option C which was confirmed to us in an e-mail dated 17 April 2023. Option C requires the actuarial valuation of the liabilities on an IAS 19 basis to be prepared at formal triennial valuations only, the most recent being as at 31 March 2022. Under option C this, together with other related information, should be disclosed in an actuarial report which will accompany the notes to the accounts.

The calculations contained in this document have been carried out on a basis consistent with our understanding of IAS 19.

I confirm that I am an independent qualified actuary.

## Contents

Introduction	186
IAS 26 disclosures	187
Appendix A: Explanation of actuarial methods used	191
Appendix B: Compliance and disclaimer	193

## Methodology

The approach to our calculations was set out in the Terms of Reference and Appendix A of this report.

# IAS 26 disclosures

IAS 26 requires the 'actuarial present value of the promised retirement benefits' to be disclosed, which is the IAS 26 terminology for what IAS 19 refers to as the 'defined benefit obligation'.

The information set out below relates to the actuarial present value of the promised retirement benefits in the Fund which is part of the Local Government Pension Scheme.

The LGPS is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme. Details of the benefits covered by these figures are set out in 'The Local Government Pension Scheme Regulations 2013' (as amended) and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014' (as amended).

## Actuarial present value of promised retirement benefits

CIPFA's Code of Practice on local authority accounting for 2022/23 sets out that the actuarial present value of promised retirement benefits based on projected salaries should be disclosed.

The results as at 31 March 2022, together with the results as at 31 March 2019 are shown in the table below. The corresponding fair value of Fund assets is also shown in order to show the level of surplus or deficit within the Fund when the liabilities are valued using IAS 19 assumptions.

We do not believe the Fund Administering Authority needs to show the 2019 figures under IAS 26 if it does not wish to do so. The Code of Practice is not clear if the fair value of assets and the surplus / deficit at 31 March 2022 also needs to be disclosed but you may want to include these figures for clarity.

	<b>Value as at 31 March 2022 (£M)</b>	<b>Value as at 31 March 2019 (£M)</b>
Fair value of net assets	4,634.5	3,575.2
Actuarial present value of the defined benefit obligation	5,533.1	4,418.3
Surplus / (deficit) in the Fund as measured for IAS 26 purposes	(898.6)	(843.1)

## Assumptions

The latest full triennial actuarial valuation of the Fund's liabilities was carried out as at 31 March 2022. The principal assumptions used for the purpose of IAS 26 by the Fund's independent qualified actuaries were:

	31 March 2022	31 March 2019
<b>Discount rate</b>	2.70%	2.40%
<b>CPI inflation <sup>(1) (2)</sup></b>	3.00%	2.20%
<b>Salary increases <sup>(3)</sup></b>	4.25%	3.45%

### Notes

- (1) Pension increases on pension in excess of Guaranteed Minimum Pension in payment where appropriate.
- (2) The assumption for the revaluation rate of pension accounts is set equal to the assumption for pension increases. In the 2022 assumption we have also made allowance for higher actual CPI for the period 30 September 2021 to 31 March 2022, where 30 September 2021 is the date of the reference CPI index that the Scheme's benefits had been increased by in April 2022.
- (3) A promotional salary scale is assumed to apply in addition to this, at the rates assumed in the relevant valuation of the Fund.

## Demographic assumptions

The mortality assumptions are based on actual mortality experience of members within the Fund based on an analysis carried out as part of the 2022 Actuarial Valuation and allow for expected future mortality improvements. Sample life expectancies at age 65 in normal health resulting from these mortality assumptions are shown below:

	31 March 2022	31 March 2019
<b>Males</b>		
Future lifetime from age 65 (pensioners aged 65 at 31 March 2022)	22.5	22.0
Future lifetime from age 65 (actives aged 45 at 31 March 2022)	23.4	23.7
<b>Females</b>		
Future lifetime from age 65 (pensioners aged 65 at 31 March 2022)	24.9	24.0
Future lifetime from age 65 (actives aged 45 at 31 March 2022)	26.0	25.9

Different mortality assumptions have been used for other categories of member as set out in the actuary's report on the 2022 valuation. Assumptions for the rates of withdrawal and ill health retirements (for active members), the allowance made for cash commutation on retirement, and the proportion of members whose death gives rise to a dependant's pension are the same as those adopted in the 2022 valuation of the Fund, which are detailed in the actuary's valuation report.

## Key risks associated with reporting under IAS 26 and sensitivity

### Volatility of results

Results under IAS 26 can change dramatically depending on market conditions. The defined benefit obligation is linked to yields on AA-rated corporate bonds, while a significant proportion of the assets of the Fund are invested in equities and other growth assets. Changing markets in conjunction with discount rate volatility will lead to volatility in the funded status of the pension fund. For example:

- A decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes, although this will be marginally offset by the increase in the assets as a result (to the extent the Fund invests in corporate bonds).
- The majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are not perfectly correlated with inflation meaning that an increase in inflation will increase the deficit.
- The majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

### Post balance sheet date experience

Since 31 March 2022 the Fund's assets have generally delivered lower than expected returns and inflation has been higher than expected. However, corporate bond yields have increased significantly which will have led to a reduction in the value of the defined benefit obligation (liabilities) on an accounting basis. We would expect the Funds' IAS 26 balance sheet position to have improved significantly over the year, with a lower IAS 26 deficit, at 31 March 2023 if the Fund had chosen to update the position annually.

If at any time during the year you want us to provide you with an update of the IAS 26 position, please let us know.

### Choice of accounting assumptions

The calculation of the actuarial present value of the promised retirement benefits involves projecting future cash-flows from the Fund many years into the future. This means that the assumptions used can have a material impact on the surplus / deficit. As such, the Fund Administering Authority should ensure that it understands the reasoning behind the assumptions adopted and is comfortable that they are appropriate.

Furthermore, the Fund Administering Authority should bear in mind that, as required by the accounting standard, the assumptions (with the exception of the discount rate) have been set so that they represent a best estimate of future experience from the Fund. In practice future experience within the Fund may not be in line with the assumptions adopted. This means that the liabilities shown in this report only represent one view of the future and the true position could be different from those shown. For example, members could live longer than foreseen or inflation could be higher or lower than allowed for in the calculations.

### Sensitivity of results to key assumptions

In order to understand the magnitude of the possible volatility in the balance sheet position and to understand which assumptions are most important in determining the

size of the liabilities, it is helpful to understand how sensitive the results are to the key assumptions.

IAS 19 requires entities to disclose information about the sensitivity of the defined benefit obligation to changes in key assumptions although it is not clear that IAS 26 or the CIPFA Code of Practice requires this information. Nevertheless, we have set out below how the results would alter by changing the discount rate, the pay increase assumption and pension increase assumption by plus or minus 0.1% and if life expectancy was to reduce or increase by 1 year. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

#### Discount rate assumption

Adjustment to discount rate assumption	+0.1% £M	-0.1% £M
£ change to present value of the defined benefit obligation	(114.5)	116.9
% change in present value of defined benefit obligation	-2.1%	2.1%

#### Rate of general increase in salaries

Adjustment to salary increase rate assumption	+0.1% £M	-0.1% £M
£ change to present value of the defined benefit obligation	4.2	(4.1)
% change in present value of defined benefit obligation	0.1%	-0.1%

#### Rate of increase to pensions and rate of revaluation of pensions accounts

Adjustment to pension increase rate assumption	+0.1% £M	-0.1% £M
£ change to present value of the defined benefit obligation	112.7	(110.3)
% change in present value of defined benefit obligation	2.0%	-2.0%

#### Post retirement mortality assumption

Adjustment to members' life expectancy	- 1 year £M	+ 1 year £M
£ change to present value of the defined benefit obligation	(233.6)	235.1
% change in present value of defined benefit obligation	-4.2%	4.2%

## Membership data

A summary of the membership data used in these calculations is set out in the 2022 Valuation report.

# Appendix A: Explanation of actuarial methods used

## Benefits

Our calculations relate to benefits payable from the Fund (as set out in LGPS Regulations at the relevant times – further details can be found in the 2022 valuation report). These benefits include retirement pensions and benefits on members' death and leaving service.

Unfunded defined benefit obligations e.g. discretionary pensions benefits being paid under the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations (generally referred to as Compensatory Added Years), have not been valued as they do not form part of the Fund. However, they may be required in the IAS 19 figures prepared for individual employers within the Fund.

## Data

The valuation of accrued pension benefits for IAS 26 purposes requires detailed information in respect of each member such as date of birth, gender, date of joining the fund, their accrued pension and so forth.

This information was supplied by the Fund Administering Authority for the 2022 formal actuarial valuation of the Fund in the form of a standardised data extract from the Fund Administering Authority's administration systems.

The formal valuation process (which is a precursor to the valuation for IAS 26 purposes) involves a series of structured validation tests on the data items for integrity and reasonableness. These tests, together with any actions taken in respect of specific data issues, are documented as part of the normal valuation process.

Where tests reveal issues with the data, the Fund Administering Authority is contacted with a view to resolving all data queries. Only when the data queries have been resolved to the satisfaction of the Fund Actuary, will the valuation proceed.

We can confirm that no data issues were identified at the 2022 valuation that we believe would have a material effect on the calculations presented in this report. Overall, it is our opinion that the data presented at the valuation is sufficiently accurate, relevant and complete for the Fund Administering Authority to rely on the resulting IAS 19 (IAS 26) figures.

## Assumptions

IAS 19 sets out the following general requirements for the setting of assumptions:

Actuarial assumptions shall be unbiased and mutually compatible; and

Financial assumptions shall be based on market expectations, at the balance sheet date, for the period over which the obligations are to be settled.

Furthermore IAS 19 requires that the assumed discount rate is determined by reference to market yields at the balance sheet date on high quality corporate bonds

and in countries where there is no deep market in such bonds, the market yield (at the balance sheet date) on government bonds shall be used.

The assumptions are ultimately the responsibility of the Fund Administering Authority. Any assumptions that are affected by economic conditions (financial assumptions) should reflect market expectations at the balance sheet date.

The key financial assumptions are set out in "Information required for IAS 26" and the derivation of the assumptions is set out in our assumptions letter referred to in the Related Documents section.

## Method of calculation

The figures at 31 March 2022 have been based on a full calculation of the liabilities using the data summarised in this report and the assumptions set out in the Assumptions Advice. Further information on the method was set out in the Terms of Reference.

## Assets

IAS 19 requires that assets be valued at Fair Value which is defined as the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. For the purposes of this exercise we have taken the asset values directly from the Fund's draft annual accounts as at 31 March 2022.

The assets do not include defined contribution Additional Voluntary Contributions.

## Treatment of risk benefits

To value the risk benefits paid on death in service and ill health early retirement we have valued service related benefits based on service completed to the date of calculation only.

## Expenses

Fund administration expenses are not reserved for in the net present value of actuarial liabilities, consistent with the treatment adopted for individual employers who require IAS 19 disclosures.

## IFRIC 14

IFRIC 14 is an interpretation of paragraph 58 of the IAS 19 accounting standard setting out limits to the amount of surplus that can be recognised by employing organisations in their accounts. We do not believe it has any relevance to IAS 26.



# Appendix B: Compliance and disclaimer

This document has been prepared in accordance with the framework below.

## Compliance with Professional Standards

This document, and the work relating to it, complies with 'Technical Actuarial Standard 100: Principles for Technical Actuarial Work' ('TAS 100').

## Disclaimer

The calculations contained in this report have been made on a basis consistent with our understanding of IAS 19 and IAS 26. Figures required for other purposes should be calculated in accordance with the specific requirements of those purposes. It must not be assumed that figures produced for the purposes of IAS 26, which we present in this report, have any relevance beyond the scope of IAS 26.

This report is prepared on the instructions of the Fund Administering Authority ("you" or "your") in relation to the preparation of accounting figures for your financial reporting as at the Accounting Date. It has been prepared at this date, for the purpose and on the basis set out in this report.

This report should not be used or relied upon by any person other than the Addressee for any other purpose including, without limitation, other professional advisers, including the auditors and accountants ("third parties" or "third party") to the Addressee. All third parties are hereby notified that this report shall not be used as a substitute for any enquiries, procedures or advice which ought to be undertaken or sought by them. We do not accept any responsibility for any consequences arising from any third party seeking to rely on this report.

We neither warrant nor represent (either expressly or by implication) to any third party who receives this report that the information contained within is fair, accurate or complete, whether at the date of its preparation or at any other time.

Unless we provide express prior written consent, no part of this report should be reproduced, distributed or communicated to any other person other than to meet any statutory requirements and, in providing this report, we do not accept or assume any responsibility for any other purpose or to anyone other than the Fund Administering Authority.

We recognise that the Fund Administering Authority's auditors may request to see a copy of our report, as part of their audit process and under statutory requirements. We agree that you may release our report to your auditors for such purpose however in making such disclosure you shall ensure that this disclaimer remains attached to this report, and you further agree that you shall ensure that your auditors have read this disclaimer. For the avoidance of doubt, if we are approached directly by any third party for copies of this report or requested to answer queries about the report, we will require such third party to accept a third party release non reliance letter agreeing that we did not prepare the report for the third party and we do not accept any legal obligations to them. Please rest assured that this approach does not affect our contractual obligations to you as our client, with whom we continue to hold a duty of care in accordance with our terms of engagement.

This report was based on data available to us at the effective date of our calculations and takes no account of developments after that date except where explicitly stated otherwise.

With respect to data on which we have relied in producing this report, whilst we have taken certain limited steps to satisfy ourselves that the data provided to us is of a quality sufficient for the purposes of our investigation, including carrying out certain basic tests for the purpose of detecting manifest inconsistencies, it is not possible for us to confirm the accuracy or completeness of the detailed information provided. Whilst the Fund Administering Authority may have relied on others for the maintenance of accurate data, it is their responsibility to ensure the adequacy of these arrangements and ultimately the Fund Administering Authority that bears the primary responsibility for the accuracy of such information provided.

# Annual Governance Statement **2024/25**

## Contents

### Section

1. Introduction
2. Scope of Responsibility
3. The Purpose of the Governance Framework
- 4 The Governance Framework
5. Review of Effectiveness
6. Significant Governance Issues
7. Conclusion

**June 2025**

## 1. Introduction

This statement explains how North Yorkshire Council (the Council) has complied with the Accounts and Audit (England) Regulations 2015, regulation 6 (b), which requires all relevant bodies to prepare an Annual Governance Statement.

This is the second Annual Governance Statement (AGS) for North Yorkshire Council since it became a unitary authority in April 2023. The Council's governance framework aims to ensure that in conducting its business it:

- operates in a lawful, open, inclusive and honest manner,
- ensures public money is safeguarded, properly accounted for and spent wisely
- has effective arrangements in place to manage risk
- meets the needs of North Yorkshire's communities – securing continuous improvements in the way the Council operates.

The format and content of the AGS has been reviewed and updated as part of a wider review of the Local Code of Corporate Governance, which subject to approval, will come into effect from 25/26.

We will over the coming year, take steps to address the matters identified in Section 6 of this Statement to support further improvements to the governance arrangements of the Council. Progress will be subject to monitoring by the Audit Committee.

## 2. Scope of responsibility

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure and deliver continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

The Council has approved and adopted a Local Code of Corporate Governance (Local Code) which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government (2016). The Local Code is reviewed annually, and it defines the expected standards of behaviour for members and staff, as well as referencing a number of relevant policies. A copy of the latest Code of Corporate Governance can be obtained from the Council's website [here](#).

The governance arrangements and Final Accounts of the North Yorkshire Pension Fund (NYPF) are audited separately from the Council. However, because the NYPF is administered by the Council, the governance arrangements of the Council also apply to the NYPF. This AGS therefore also forms part of the governance framework for the NYPF.

## 3. The purpose of the governance framework

The Governance Framework comprises the systems, processes, culture and values, by which the Council is directed and controlled and the activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives, manage risk and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that Governance Framework and it is designed to manage risk to a reasonable level rather than try to eliminate all risk of failure to achieve policies, aims and objectives. Because it is not possible to eliminate all risks, the system of internal control can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on a continuous process designed to identify and prioritise the risks that threaten the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and then to manage those risks efficiently, effectively and economically.

The overall Governance Framework, and in particular the system of internal control, described in this AGS, has been in place within the Council for the year ended 31 March 2025 and up to the date of approval by the Audit Committee of this Statement alongside the Statement of Final Accounts on 23 June 2025.

#### **4. The governance framework**

The Council's executive arrangements and the oversight of its functions ensures political, strategic, and partnership leadership arrangements.

The constitution sets out how the Council operates, how decisions are made and by who, and the procedures that are followed to ensure these are efficient, transparent and accountable to local people. The Council plan communicates the vision of its purpose and intended outcomes for all stakeholders to enable accountability and encourage open consultation. It is used as a basis for developing service plans and establishes clear channels of communication with all sections of our communities and other stakeholders.

The Council has effective arrangements in place for the discharge of the Head of Paid Service, the Chief Financial Officer (S151), and the Monitoring Officer functions as the Council's Statutory Officers. The roles and duties of each are contained in the Council's Constitution, and the Chief Executive leads the Council's Management Team and appropriate resources are made available for him/her to undertake the role.

##### Standards and Governance Committee

The Council's Standards and Governance Committee met regularly during the year and successfully completed a range of activities, including reviewing national ethical framework developments, delivering training to members to help maintain awareness of ethical standards, introducing new standards documentation and reviewing the existing complaints processes. The Committee also provided oversight of the process to investigate complaints against members for possible breaches of the Council's Code of Conduct and/or complaints about the conduct of members of local town and parish councils in North Yorkshire. The annual [report](#) of the Standards and Governance Committee was presented to Full Council in May 2025. The report detailed the work undertaken by the Committee during the year to promote and maintain high ethical standards and governance. No significant ethical failings or issues were identified.

##### The Audit Committee

The Audit Committee is a key part of the Council's governance framework and provides an important source of assurance about the organisation's arrangements for managing risk, maintaining an effective control environment, and reporting on financial and other performance. The Committee has a programme of work in place to ensure it can fulfil its responsibilities effectively.

The annual [report](#) of the Audit Committee was presented to Full Council in November 2024. The report detailed the work that been undertaken and concluded that the Committee was satisfied that adequate and effective controls have been maintained by the Council throughout the period of review.

The Committee has overseen and supported the Council's governance arrangements across a number of areas during the year including:

- establishing a corporate governance working group to review the draft 2023/24 Statement of Final Accounts (SOFA) for the Council and associated governance documents. The group also considered a number of the former district and borough council accounts, supporting the s151 officer to ensure that the outstanding accounts were finalised.
- receiving and considering the results of internal audit work performed in respect of corporate and operational areas. The committee also monitored the progress made by management during the period to address identified control weaknesses.
- receiving and considering the Annual Report of the Head of Internal Audit for 2023/24 which provided an overall opinion on the Council's framework of governance, risk management and control.
- ensuring the arrangements for Internal Audit continue to conform with the relevant professional standards. The Committee also considered the outcomes of the annual internal audit quality assurance and improvement programme (QAIP).
- considering the annual fraud risk assessment, approving the Counter Fraud Strategy and workplan for 2024/25 and proposed changes to the Council's anti-money laundering and terrorist financing policy.
- reviewing the effectiveness of the Council's risk management arrangements and procedures. The Committee received details of the corporate risk register and also assessed the adequacy and effectiveness of each directorate's risk management arrangements through consideration of the risks and mitigating actions identified in each directorate risk register.
- receiving a report detailing the results of a self-assessment of compliance with the CIPFA Financial Management Code. No significant compliance issues were noted in this report.
- considering changes to the Local Code of Corporate Governance prior to its approval.
- scrutinising the Council's treasury management arrangements. This included reviewing the updated Treasury Management Strategy for 2024/25.
- receiving a report detailing the work of the Procurement and Contract Management Service (PCMS) during the year.
- considering the ongoing work of the Corporate Information Governance Group (CIGG) which is responsible for updating the corporate information policy framework, identifying new or emerging risks, sharing best practice, and monitoring compliance with corporate information governance standards.

During the year the Committee continued to benefit from the attendance and participation of its two independent co-opted members.

#### External Audit

The role of external audit is to:

- provide an opinion on the financial statements for the Council and Pension Fund
- assess the councils' arrangements for delivering financial sustainability and good governance, and for ensuring economy, efficiency and effectiveness. The results inform the external auditor's conclusion on the council's value for money arrangements.

The Council's external auditors, Forvis Mazars reported the results of the audit of the 2023/24 financial statements and value for money opinion to the Audit Committee in February 2025. In respect of the financial statements, Forvis Mazars issued a disclaimer of opinion due to uncertainties with some of the brought forward balances included in the accounts. The uncertainties related to various issues with the audited accounts of several of the former North Yorkshire borough and district councils. However, a significant factor was the uncertainty relating to the outcome of a High Court case in respect of the accounting treatment of revenues from Whitby Harbour. The case had resulted in Forvis Mazars issuing a disclaimer of opinion for the accounts of the former Scarborough Borough Council in 2022/23 and previous years. The High Court subsequently found against the Council which means that there is now clarity about the correct accounting treatment. The Council is also committed to making all the necessary changes required by the judgement. Forvis Mazars confirmed there were no concerns regarding the financial accounting activities of the Council during the 2023/24 year. They also confirmed that, in respect of the Councils arrangements for financial sustainability, governance, and improving economy efficiency and effectiveness, they had not identified any significant weaknesses.

#### Risk Management

The Council's approach to risk management is set out in the Corporate Risk Management Policy and its associated Strategy. Risk Registers are prepared and maintained at corporate, directorate and service levels. The generic risk assessment methodology is also applied to specific key projects or areas of policy development. The risk prioritisation process is designed to identify key risks that are a threat to the achievement of the Council's objectives, evaluate risk controls and ensure risk reduction actions are embedded within service performance plans.

### **5. Review of effectiveness**

The Council has responsibility for formally conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. This review relates to the Governance Framework which has been in place at the Council for the year ended 31 March 2025 and up to the date of approval of the Statement of Accounts.

The review of effectiveness is informed in two ways. Firstly, at a corporate level, assurance is provided by those with key governance responsibilities within the Council including the Head of Paid Service, Monitoring Officer, s151 Officer, and other senior managers within the Council who have responsibility for the development and maintenance of the governance framework. Assurance is also provided through the work of internal audit and the Council's risk management processes, and the findings of the external auditors and other review agencies and inspectorates. Secondly, at a service level, assurance is provided by each corporate director through the annual reports presented to the Audit Committee on governance, risk and



control as part of the regular reporting cycle. A framework has recently been established, which will help align this service level reporting with the May 2025 issued CIPFA Solace 'delivering good governance in local government addendum' covering the annual review of governance and the annual governance statement, which applies to statements from 2025/26 onwards.

A range of other reports are presented to the Audit Committee each year which provide further assurance on the operation of elements of the Council's governance framework. Examples include updates on the Council's business continuity, partnership governance and information governance arrangements, and oversight of the Council's companies.

In addition, Management Board has considered the outcome of this year's review of effectiveness and confirmed that all significant matters have been considered for inclusion in the Annual Governance Statement.

After considering the assessments completed as part of our annual review process, our view is that the Councils governance arrangements, including the core areas included in relevant CIPFA Solace guidance are generally in place, operating effectively and supporting the achievement of the Council's objectives. However, we have found some areas where our governance framework needs to improve. Further information about these areas is included in section 6 below.

6. Significant governance issues 2024/25

The governance and internal control arrangements can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that material errors or irregularities are either prevented or would be detected within a timely period and that significant risks impacting on the achievement of the Council's objectives have been mitigated. It also needs to be recognised that the current external challenges to local government and the wider public sector are such that there are an unparalleled number of business risks and challenges; an effective governance framework therefore helps but cannot by itself eliminate such issues.

On the basis of the review work carried out it was considered that the majority of the governance and internal control arrangements continue to be fit for purpose and that the overall governance framework was effective during the financial year 2024/25. However, there were some areas identified which require attention either as a result of weaknesses or as a result of external challenges. The most significant of these areas are set out below where we also explain the actions being put in place to help to address these matters.

Significant Governance and Business Challenges requiring attention in 2024/25 and beyond	
Challenge	
A1	<b>Information Governance and security</b> To ensure the council continues to comply with its data protection, information governance and information security legislative, regulatory and statutory obligations <b>(Responsible officer: Senior Information Risk Owner)</b> .
Actions	

<b>Significant Governance and Business Challenges requiring attention in 2024/25 and beyond</b>	
a)	Ongoing monitoring and reporting of data breaches including identification of lessons learned.
b)	Ongoing measures to raise staff awareness of risks including updates to and completion of mandatory training as necessary; phishing simulation exercises; case studies; and monitoring arrangements in place to evaluate effectiveness and any other required actions.
c)	Continued investment in technology to best protect the Council's network and data integrity from potential cyber threats.
<b>Challenge</b>	
A2	<p><b>Transformation and savings delivery (Responsible Officer: Corporate Director Resources)</b></p> <p>The council has an established transformation programme to bring together services following unitarisation and deliver significant savings. However, increasing funding pressures mean there are further challenges ahead and more savings will be needed.</p>
<b>Actions</b>	
a)	Consider both internal and external opportunities for wider transformation and savings delivery.
b)	Review existing service delivery structures. Challenge current ways of working and service delivery. To fully roll out the Target Operating Model way of working throughout the Council. Adopt standard ways of working to reduce possible waste and to improve outcomes. Identify changes which cut across services and provide a better journey and outcome for customers (linked to the Customer Strategy).
c)	Consider opportunities for services to increase net income, reduce third party expenditure and deliver savings. Ensure services have the right tools and operating environment to drive out efficiencies and increase productivity.
d)	Identify measures to reduce and manage demand, working collaboratively across services and with partners.
e)	Develop and agree a council wide plan to help deliver these improvements and savings.
<b>Challenge</b>	
A3	<p><b>Consistent good quality management of Capital Schemes (Responsible officers: All of Management Board)</b></p> <p>To ensure the council consistently and effectively manages the delivery of major capital programmes and projects.</p>
<b>Actions</b>	
a)	Review of project management guidance to provide greater clarity on roles, responsibilities (including financial management), project governance, accountability and decision making.
b)	Review and roll out budget management training to ensure the consistent application of the Council's requirements for effective control of programme and project budgets.



<b>Significant Governance and Business Challenges requiring attention in 2024/25 and beyond</b>	
c)	Implement standard processes for the appointment, use and management of consultants to ensure consistent practices are being followed throughout the Council.
d)	Implement assurance frameworks to ensure capital schemes are being managed in line with Council expectations.
<b>Challenge</b>	
A4	<b>Data and Systems (Responsible officers: All of Management Board)</b> The new Council inherited a large number of systems and processes. Further work is required so that the council has the reliable data and insights to consistently support decision making, track outcomes and drive improvement.
<b>Actions</b>	
a)	To define, develop and implement the data strategy.
b	To fully roll out the Target Operating Model way of working throughout the Council.

## 7. Conclusion and Signatures

We, the undersigned, accept primary responsibility for the content of this Annual Governance Statement and will over the coming year, take steps to address the matters identified in Section 6 of this Statement to support further improvements to the governance arrangements of the Council.

We are satisfied that these steps will address the need for improvements that were identified in the significant governance and business challenges and will monitor their implementation and operation as part of the next annual review of effectiveness. Reports on progress will be submitted to the Audit Committee.

Signed:

Cllr Carl Les  
Leader of the Council

Date:

Richard Flinton  
Chief Executive

Date:

I confirm the Audit Committee (meeting on the 23 June 2025) was satisfied, on the basis of the information available to it, that this Annual Governance Statement for 2024/25 has been prepared and approved after due and careful enquiry.

Cllr Clifford Lunn  
Chairman of the Audit Committee

Date:

## **GLOSSARY OF TERMS**

### **Accruals**

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

### **Actuary**

An actuary is an expert on pension scheme assets and liabilities. The Local Government Pension Scheme Actuary determines the rate of employer contributions due to the Pension Fund every three years.

### **Amortised**

Written off over a suitable period of time (usually in line with the useful life of a fixed asset). This is a proxy for depreciation for intangible assets.

### **Appropriations**

Amounts transferred from the Comprehensive Income and Expenditure Statement through the Movement in General Fund Balance to revenue or capital reserves.

### **Asset Rental Charges**

The Council charges Asset Rentals to Services in order to reflect the economic costs of the assets they use in service provision. These charges do not impact on Council Tax.

### **Assets**

Anything which has a monetary value e.g. property, investments or cash.

### **Assets Held for Sale**

Those assets that are actively being marketed with the expectation that disposal will occur within a 12 month period.

### **Associate**

An entity is an associate of a reporting authority if it has a participating interest and over whose operating and financial policies the reporting authority is able to exercise significant influence.

### **AVC**

Additional Voluntary Contributions.

### **Benchmark**

A measure against which investment performance is assessed. The benchmark may take the form of a "market index" where performance is measured by comparison with a particular market or where measurement is against an average established by reference to the performance of a peer group or league table.

### **BCF**

Better Care Fund

### **Bid Price**

In the context of stock trading on a stock exchange, the bid price is the highest price a buyer of a stock is willing to pay for a share of that given stock.

### **Bond**

A type of investment where cash is exchanged for a certificate of debt issued by the government or company, promising regular payment on a specified date, or range of dates, usually involving a final lump sum capital payment at the time the bond is given up by the investor.

**Budget**

A statement of the Council's expected level of service and spending over a set period, usually one year.

**Callable Deposit**

Deposit with a bank or building society for an agreed term but where the bank has the option of repaying the full amount at set intervals. For example, a three year deposit with six monthly calls.

**Capital Expenditure**

Expenditure on the acquisition of a fixed asset or expenditure which adds to, or enhances, the life or value of an existing fixed asset.

**Capital Financing**

Funds used to pay for capital expenditure. These funds can come from both external and internal sources.

**Capital Plan**

The proposed budget for capital expenditure and funding for the Council.

**Capital Receipts**

Proceeds from the sale of Fixed Assets. These are used to finance new capital expenditure.

**Carrying Amount**

The amount at which an asset is recognised in the Balance Sheet.

**Cash and Cash Equivalents**

A Balance Sheet heading to identify both cash (or overdraft) and other highly liquid resources, these liquid resources are deemed to be short term investments that are held with maturity periods of three months or less and are for the purposes of cash management.

**CCG**

Clinical Commissioning Groups.

**The Code**

In relation to the financial statements The Code refers to the Code of Practice on Local Authority Accounting. The Code of Practice is based upon approved accounting standards and provides the accounting standards under which the Statement of Accounts are prepared.

**CFR**

Capital Financing Requirement.

**CIPFA**

The Chartered Institute of Public Finance and Accountancy is the lead accountancy body for the Public Sector on accounting practice and the preparation of local authority Accounts.

**CIPFA FM Code**

Chartered Institute of Public Finance and Accountancy Financial Management Code. This Code sets the standards of financial management for Local Authorities.

**Consolidation**

The process of adjusting and combining financial information from the individual financial statements of a reporting authority and its subsidiaries. The overall aim is to prepare consolidated financial statements that present financial information for the group as a single entity.

**Contingencies**

Sums set aside to meet either the potential costs of activities expected to occur during the year, over and above those costs included in the services budget (pay and price), or items which are difficult to predict in terms of financial impact or timing (uncertain items).

**Corporate Governance**

The authoritative rules and controls in place within an organisation required to promote openness, inclusivity, integrity and accountability.

**Council Tax**

The means of raising money locally to pay for local authority services. This is a property based tax where the amount levied depends on the valuation of each dwelling.

**Credit Rating**

A published ranking, based on detailed financial analysis by a credit bureau, of an organisation's financial history, specifically relating to an organisation's ability to meet its debt obligations.

**Creditors**

Amounts owed by the Council for goods or services that it has received but for which payment had not been made by the last day of the financial year (31st March).

**Current Assets and Liabilities**

Current assets are items that are owed to Council and can be readily converted into cash. Current liabilities are items that are due for payment immediately or in the short term.

**Current Service Cost IAS 19**

Employer pension contributions charged during the year have been removed from the Comprehensive Income and Expenditure Statement and replaced with an amount (i.e. current service cost) which reflects the increase in the scheme liabilities expected to arise from employee membership of the scheme in the year of account.

**Debtors**

Amounts owed to the Council at the last day of the financial year (31st March) where services have been delivered but payment has not been received.

**Delegated Budgets**

Budgets for which schools and other services have complete autonomy in spending decisions.

**Depreciation**

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

**DfE**

Department for Education.

**DSG**

Dedicated Schools Grant. A ring-fenced grant which can only be applied to expenditure properly included in the Schools budget.

**Earmarked Reserves**

These reserves represent monies set aside that can only be used for a specific purpose.

**EFA**

Expenditure & Funding Analysis

**Expected Return on Assets**

The average rate of return expected on the actual assets held by the Local Government Pension Fund.

**Fair Value**

A rational and unbiased estimate of the potential market price of a good, service or asset.

**Finance Leases**

Under a finance lease agreement, most of the risks and rewards associated with ownership are transferred to the lessee. The accounting policy is to recognise these assets.

**FRS**

Financial Reporting Standard

**FVOCI**

Financial Assets Measured at Fair Value through Other Comprehensive Income

**FVPL**

Financial Assets Measured at Fair Value through Profit or Loss

**GAAP**

Generally Accepted Accounting Practice.

**Government Grants**

Revenue grants and contributions are credited to the appropriate service Revenue Account where they relate to a specific service; general grants including capital grants are credited to non-specific grant income within the Comprehensive Income and Expenditure Statement to the extent that the conditions of the grant have been met.

**HWRC**

Household Waste Recycling Centre

**IAS**

International Accounting Standard

**ICT**

Information and Communications Technology.

**IFRIC**

Interpretations originated from the International Financial Reporting Interpretations Committee.

**IFRS**

International Financial Reporting Standards. Guidelines and rules set by the International Accounting Standards Board (IASB) that companies and organisations can follow when compiling financial statements.

**Impairment**

The worsening of an asset, through damage, dilapidation etc., which affects the value of that asset.

**Income**

Amounts which the Council receives, or expects to receive, from any source. Income includes fees, charges, sales, capital receipts, government grants, the precept on Council Tax collection funds, Revenue Support Grant and National Non-Domestic Rate.

**Income in Advance**

Amounts received by the Council during the current financial year relating to services to be delivered in the following financial year.

**Intangible Assets**

Assets that do not have physical substance but are identified and are controlled by the Council through custody or legal rights.

**Interest Cost**

A financing charge reflecting the increases in the present value of Pension Fund scheme liabilities.

**Investments**

Short term investments comprise of deposits of funds with banks or similar institutions.

**Investment Properties**

Properties that are held for income or capital appreciation only, rather than used for any service delivery purposes.

**ISAB**

International Accounting Standards Board.

**ISB**

Individual School Budgets.

**ISP**

Internet Service Provider.

**Joint Venture**

An entity in which the reporting authority has an interest on a long term basis and is jointly controlled by the reporting authority and one or more entities under a contractual or other binding arrangement.

**LAA**

Local Area Agreement. A partnership with other public bodies involving the pooling of government grants to finance work towards jointly agreed objectives for local public services.

**LAAP**

Local Authority Accounting Panel. Bulletins issued by CIPFA to provide guidance on topical issues and accounting developments and when appropriate provide clarification on the detailed accounting requirements.

**LASAAC**

Local Authorities (Scotland) Accounts Advisory Committee.

**LDDF**

Learning Difficulties Development Fund.

**LGPS**

Local Government Pension Scheme.

**LGR**

Local Government Reorganisation.

**LIBOR**

The London Interbank Offered Rate. A daily reference rate based on the interest rates at which banks borrow unsecured funds from other banks in the London wholesale money.

**LOBO**

Lender Option Borrower Option. Financial instrument used to borrow from the money market such loans feature on initial fixed interest period followed by a specified series of calls where the lender has the option to request an interest rate increase. The borrower has the option of repaying the loan (at no penalty) or accepting the higher rate.

**LPSA**

Local Public Service Agreement.

**LSP**

Local Strategic Partnership. A non-statutory, multi-agency partnership, which matches a local authority boundary, and includes representatives from the public, private, community and voluntary sector.

**LMS**

Local Management of Schools.

**Long Term Borrowing**

Long term borrowing is loans that have been raised to finance capital expenditure.

**Market Value**

The monetary value of an asset as determined by current market conditions.

**MHCLG**

Ministry of Housing, Communities and Local Government.

**Mid-market price**

The mid-point between the bid price and the offer price for a security based on quotations for transactions of normal market size by recognised market-makers or recognised trading exchanges.

**Minimum Revenue Provision**

The statutory minimum amount that must be charged to a Revenue Account in each financial year to repay external debt.

**Minority Interest**

The interest in a subsidiary entity that is attributable to the share held by, or on behalf of persons other than the reporting authority.

**MTFS**

Medium Term Financial Strategy

**NAHT**

National Association of Head Teachers.

**NASUWT**

National Association of Schoolmasters Union of Women Teachers.

**National Non-Domestic Rate**

The Government levies a standard rate on all properties used for commercial purposes. The rates are collected on behalf of the government by District Councils, and then redistributed nationally on the basis of resident population.

**Net Book Value**

The amount at which Fixed Assets are included in the Balance Sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Net Current Replacement Cost**

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

**Net Debt**

This comprises cash in hand, cash overdrawn, short term investments and long term borrowing.

**Net Realisable Value**

The 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.

**NEU**

National Education Union (formerly NUT National Union of Teachers and ATL Association of Teachers and Lecturers).

**NHS**

National Health Service.

**NJC**

National Joint Council.

**Non-Current Assets**

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

**NYBEP**

North Yorkshire Business and Education Partnership.

**NYES**

North Yorkshire Education Services.

**NYnet Limited**

A company providing broadband connectivity within North Yorkshire.

**Past Service Cost**

The increase in Pension Fund liabilities arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**PFC**

Pension Fund Committee.

**PFI**

Private Finance Initiative. A means of securing new assets and associated services in partnership with the private sector.

**PIP**

The Pending Issues Provision (PIP) was set up in 2008/09 as part of the budget and medium term financial strategy process to underpin a financial strategy that would ensure sufficient recurring funds are available in future years to meet the predicted year on year costs of the Waste Strategy. The provision was funded by increasing the annual Council Tax charge in the three year period 2008/09 to 2010/11 by more than was strictly needed to pay for the annual cost of the Council's services in those year's.



In addition to providing the longer term funding required for the Waste Strategy, the funding paid into the PIP but not yet drawn down by the Waste Strategy is available for non- recurring items of urgent expenditure and investment in services.

**Portfolio**

A block of assets managed by a fund manager, to an agreed performance specification, on behalf of an investor.

**PPP**

Public Private Partnership. A long-term contract between a private party and a government entity for providing a public asset.

**Precept**

The amount of money the Council has to levy on Council Tax payers (via district collection funds) to pay for Council services.

**Prepayments**

Amounts paid by the Council in the current financial year that relate to goods and services not received until the following financial year.

**Provisions**

Provisions represent sums set aside for any liabilities of uncertain amount or timing that have been incurred.

**PWLB**

Public Works Loan Board. The Government agency set up to provide loans to Local Authorities to finance capital expenditure.

**REFCUS (Revenue Expenditure funded from Capital under Statute)**

Expenditure which may be properly capitalised, but which does not result in the creation of any fixed asset.

**Reserves**

There are two types of reserves, usable and unusable reserves. Usable reserves are those reserves that can be applied to fund expenditure or reduce local taxation. Unusable reserves are other reserves, such as the revaluation reserve, that arise from accounting requirements.

**Revenue Expenditure**

Revenue expenditure is spending on the day to day running costs of the Council. It includes expenditure on employees, premises, transport and supplies and services.

**RICS**

Royal Institution of Chartered Surveyors.

**RSG**

Revenue Support Grant. Central Government grant support towards local government expenditure.

**SEN**

Special educational needs.

**SEND**

Special educational needs and disability.

**SDT**

Standard Desktop.

**Section 151 Officer**

The Officer designated to assume overall responsibility for the administration of the financial affairs of the Council and for the preparation of the Council's Statement of Accounts.

**Settlements and Curtailments**

Settlements and liabilities settled at a cost materially different to the IAS 19 reserve during the year. Curtailments represent the cost arising from early payment of accrued pensions in respect of any redundancies during the year.

**Simple Investment**

The reporting authority's interest does not qualify the entity as a subsidiary, associate or a joint venture because the reporting authority has limited influence or its interest is not long term.

**SIF**

Special Investment Fund.

**SIP**

Statement of Investment Principles.

**Subsidiary**

An entity is a subsidiary of a reporting authority if the authority is able to exercise control over the operating and financial policies of the entity and is able to gain benefits / be exposed to risk of potential losses from this control.

**Surplus Properties**

Those properties that are not used in service delivery but neither do they meet the classification of investment properties or assets held for sale.

**T&C**

Technology and Change.

**Term Deposit**

A deposit held in a financial institution for a fixed term at a fixed rate.

**TMP**

Treasury Management Practices.

**TMPS**

Treasury Management Policy Statement.

**VAT**

Value Added Tax.

**Veritau Limited**

A company providing Internal Audit, Counter fraud and Information Governance Services.

**VOICE**

This is a union for Education Professionals.

**Work in Progress**

The value of rechargeable work which has not been recharged at the end of the financial year.

**YDHTP**

Yorkshire Dales and Harrogate Tourism Partnership.

**Yorwaste Limited**

A subsidiary waste disposal company.

**YPO**

Yorkshire Purchasing Organisation.

DRAFT