

# Statement of Accounts

## 2023-24

### Final



## Contents

### Update

#### Leader's Introduction

Leader's Introduction Page 3

#### Written Statements & Narrative Report

Narrative Report Page 5

Independent Auditor's Report Page 22

Statement of Responsibilities Page 26

#### Core Financial Statements

Comprehensive Income and Expenditure Statement (CIES) Page 29

Movement in Reserves Statement Page 30

Balance Sheet Page 31

Cash Flow Statement Page 32

#### Notes to the Accounts

Notes References Page 35

CIES Page 37

Supporting the Movement in Reserves Statement Page 59

Supporting the Balance Sheet Page 69

Supporting the Cash Flow Statement Page 117

Other Notes Page 121

Housing Revenue Account Page 149

Collection Fund Account Page 157

Group Accounts Page 161

Firefighters' Pension Fund Page 175

#### Glossary & Contacts

Glossary of Terms Page 179

Contact Information Page 183

# Leader's Introduction



### **Introduction to the Statement of Accounts by the Leader of Northumberland County Council, Councillor Glen Sanderson**

We have had another year of great progress across our county - our land of great opportunities.

Our Council spending focuses on our three priorities – providing our residents with value for money, working with businesses to invest in new jobs and opportunities, and doing all we can to help those who most need our help.

As a result of our careful and considered management we remain in a strong financial position, and we are therefore able to continue to deliver on those priorities.

Our protection of frontline services is important to residents, and we are spending more through our Climate and Environment Policy - playing our part in ensuring our county is the best place to live.

At the same time, we continue our major investment in our county - from building superschools in Seaton Valley, Amble, and Berwick to new car parks. We are also investing in our leisure centres, and spending more

money on roads to deal with the impact of the flooding we have all had to experience this long winter.

Soon to open, the new Northumberland Line sees new public transport links which will be hugely valuable to many people for their daily commute or for visitors coming to enjoy our county.

Being a small part of our team is a great privilege and I am grateful indeed to all of our staff across all of our services.

I hope you find this year's Statement of Accounts useful and informative.

**Councillor Glen Sanderson**  
**Leader of Northumberland County Council**

# Written Statements and Narrative Report

# About the County of Northumberland

Northumberland is the northern most county in England, bordering Cumbria to the west, County Durham and Tyne and Wear to the south and Scotland to the north.

The county was once known as "The Kingdom of Northumbria" and was the largest kingdom in Britain. It stretched from the Firth of Forth in Scotland to the River Humber (hence 'north-Humber-land').

Northumberland officially has the largest protected area of night skies in Europe, with the sky above Northumberland National Park and Kielder Water & Forest Park being awarded the Gold-tier International dark Sky status.



# About the Council



**9,104** staff employed  
by the Council (including schools).



We have **30 libraries** with 64,496  
members with 459,645 physical issues and  
276,062 digital issues.



There were **644,965**  
**swims in 9 pools.**



**8.8 million** residential  
bins were emptied.



We have **46,959 streetlights.**



We maintain **5,186 km of roads** and 2,450 km  
of footways together with **4,100 structures**  
including 1,250 bridges, over 1,350 culverts  
and 1,500 retaining walls.



**Our adult social care services helped more than  
20,000** people in Northumberland.

**Over 20,000** people received information, advice,  
support and services on adult social care.



**2,300 adults were supported in care homes** and  
5,600 people received care in their own homes.



**92% of older people were still living independently**  
three months after being discharged from hospital.

**96%** of the Council's Short Term Support Service (STSS)  
referrals **did not go on to long-term services.**



**24%** of under 2's in the 30% most deprived areas  
regularly access our children's centres.

**91%** of all eligible 2 year-olds took up their  
statutory entitlement to early education.



**97% of parents** got their first choice of primary school.



**77.7% of 20-24 year olds were employed in  
2022**, the highest in the North of Tyne area and the  
highest since the series began in 2004.



# Political Structure

Northumberland County Council is made up of 67 elected members, each representing constituents within an area of Northumberland. The political structure of the Council at 31 March 2024 is shown below:

Party	Seats
<div></div> Conservative	33
<div></div> Labour	19
<div></div> Independent Group	8
<div></div> Liberal Democrat	4
<div></div> Green Party	2
<div></div> Non-aligned	1

# Financial Picture

In common with other councils, Northumberland has been required to make savings in recent years as shown below:

Delivered	Approved	Required
<div>£267.214 million between 2009-2024</div>	<div>£10.834 million for 2024-25</div>	<div>£45.097 million up to 2024-28</div>

# Management Structure

The Executive management structure of the Council at 31 March 2024 is shown below. The full structure can be viewed on Northumberland County Council’s website.





## Written Statements and Narrative Report

### Narrative Report

#### 1. Corporate Plan 2023-26

The Council's Corporate Plan was updated in May 2023 and is the Council's main strategic planning document, providing a framework for the delivery of all services. It is a clear statement of the Council's vision, strategic aims and policy priorities for the period 2023-26. It informs both the Medium Term Financial Plan and the Service Statements against which the Council's performance is measured.

The following brief excerpt from the Corporate Plan summarises the Council's vision and priorities: *"We are the largest and least densely populated local authority area in England. That makes for lots of communities with distinctive characteristics, heritage, functions, and needs. We aim to build on all these strengths to ensure the county continues to be a land of great opportunities for current and future generations. To achieve this, Members and Council staff are focused on working together to deliver our three Corporate Priorities:"*

1. Achieving Value for Money
2. Tackling Inequalities
3. Driving Economic Growth

The Council's Corporate Plan can be accessed in full at: [Corporate Plan 2023-26](#)

#### 2. Medium Term Financial Plan and Future Financial Prospects

The Council approved the Medium Term Financial Plan for 2024-25 to 2027-28 in February 2024 to support the objectives contained within the Corporate Plan whilst implementing budget reduction measures of £60.282 million over the same period. The first year of the plan is based on a one year settlement with central government, meaning that, in theory, the level of government funding is fixed up until this date.

The funding landscape after this point is more unclear with a fundamental change to the way in which local government is financed on the horizon. This includes a revised relative needs formula and more emphasis on locally raised revenue in place of government grants.

Due to this uncertainty, there is a risk that the level of income in the Medium Term Financial Plan is overestimated or the level of expenditure required to fund service provision is underestimated; both of which would have an impact on the level of savings required to balance the budget.

The Council's Medium Term Financial Plan can be accessed in full at:

[Northumberland County Council Medium Term Financial Plan](#)

## Written Statements and Narrative Report

### Narrative Report

#### 3. Revenue Budget and Outturn

The Council approved a net revenue budget of £401.910 million for 2023-24. Budget reduction measures and other savings totalling £17.045 million were needed in order to arrive at a balanced position. Revenue budget monitoring is reported to Cabinet and is regularly reviewed by the Executive Team. The final outturn, after accounting for transfers to and from earmarked reserves and provisions was an underspend of £0.354 million, which was transferred to the Council's General Fund Reserve as shown in the table below:

Service	Original Budget £m	Final Budget £m	Outturn £m	Variance £m
Adults, Ageing and Wellbeing	130.199	102.491	103.980	1.489
Chief Executive	34.147	34.367	35.002	0.635
Children, Education and Young People	86.576	96.751	105.059	8.308
Place and Regeneration	80.334	92.332	93.915	1.583
Public Health, Inequalities and Stronger Communities	13.082	17.032	16.687	(0.345)
Transformation and Resources	29.042	28.926	27.100	(1.826)
<b>Total Services</b>	<b>373.380</b>	<b>371.899</b>	<b>381.743</b>	<b>9.844</b>
Corporate Items	33.581	(31.694)	(32.679)	(0.985)
Treasury Management	(23.243)	(23.505)	(28.039)	(4.534)
Capital Financing	18.192	119.808	114.637	(5.171)
<b>Total Net Expenditure</b>	<b>401.910</b>	<b>436.508</b>	<b>435.662</b>	<b>(0.846)</b>
Funded by:				
Council Tax	(231.720)	(231.719)	(231.719)	-
Retained Business Rates (including S31 Grants)	(66.220)	(66.220)	(69.226)	(3.006)
Revenue Support Grant	(12.430)	(12.430)	(12.430)	-
Top Up Grant	(26.643)	(26.643)	(26.777)	(0.134)
Other Corporate Grants	(47.014)	(7.147)	(7.176)	(0.029)
Other Income	-	-	-	-
Earmarked Reserves	(17.883)	(17.851)	(14.190)	3.661
Amortisation of Government Grants	-	(74.498)	(74.498)	-
<b>Total Funding</b>	<b>(401.910)</b>	<b>(436.508)</b>	<b>(436.016)</b>	<b>0.492</b>
<b>Net Total</b>	<b>-</b>	<b>-</b>	<b>(0.354)</b>	<b>(0.354)</b>

Adults, Ageing and Wellbeing Services faced significant pressures where there continues to be an upward trend in the growth in demand for services to support vulnerable people with complex care needs, resulting in a £2.674 million overspend.

Children's Services faced significant pressures on external residential care placements, overspending by £5.940 million. This position is exacerbated by an increase in the average cost of placements due to market conditions with demand outstripping supply, and in some cases the increasingly complex needs of the young people.

The Waste PFI contract overspent by £1.896 million due to a combination of the Environment Agency banning the disposal of upholstered furniture containing Persistent Organic Pollutants (POPs) from recycling or landfill and potential liabilities within the Waste PFI contract.

A significant increase in interest rates and higher than expected balances meant that interest receivable from core treasury activities overachieved the budgeted level by £2.922 million.

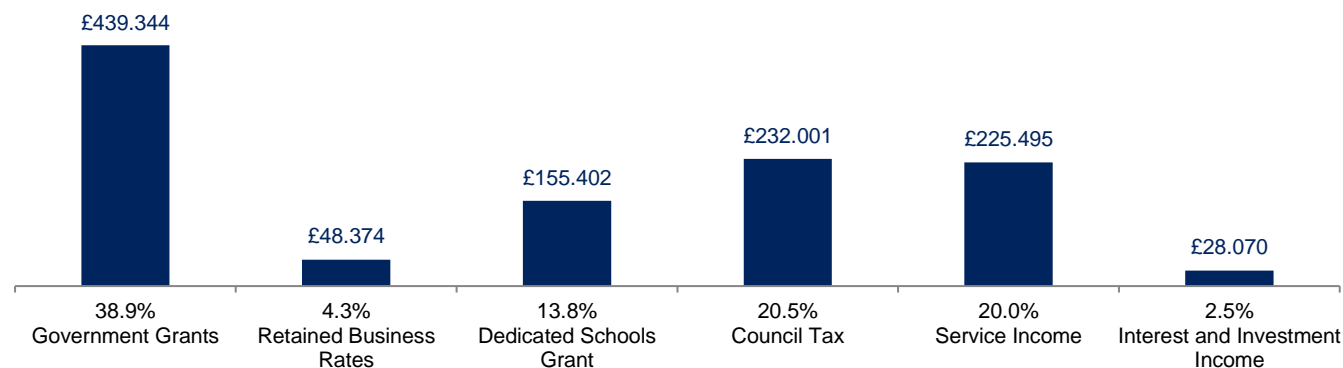
A significant decrease in external borrowing due to maturing existing loans offset by higher than expected interest rates on new loans required meant that interest payable from core treasury activities underspent by £3.504 million.

Additional Business Rates income was received including Section 31 Grants and Renewable Energy along with the Council's share of the national levy surplus funding.

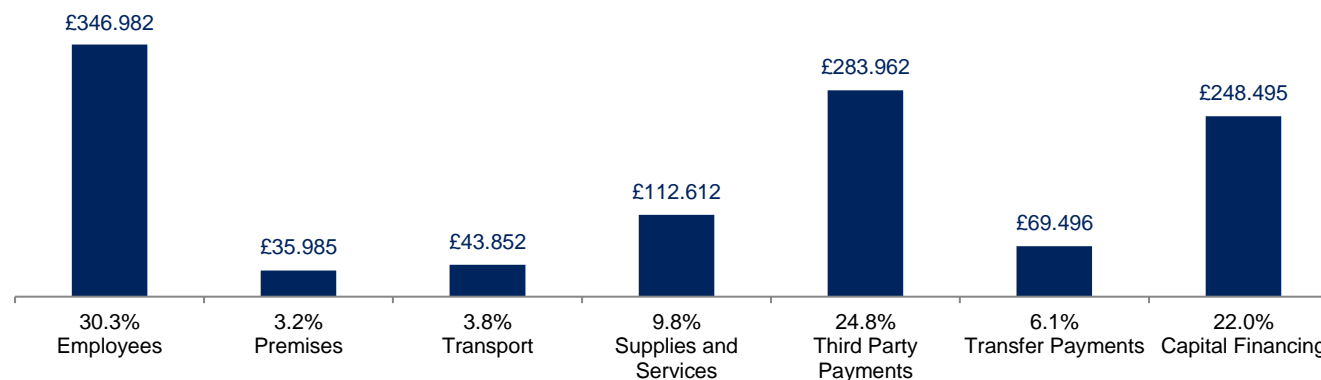
## Written Statements and Narrative Report

### Narrative Report

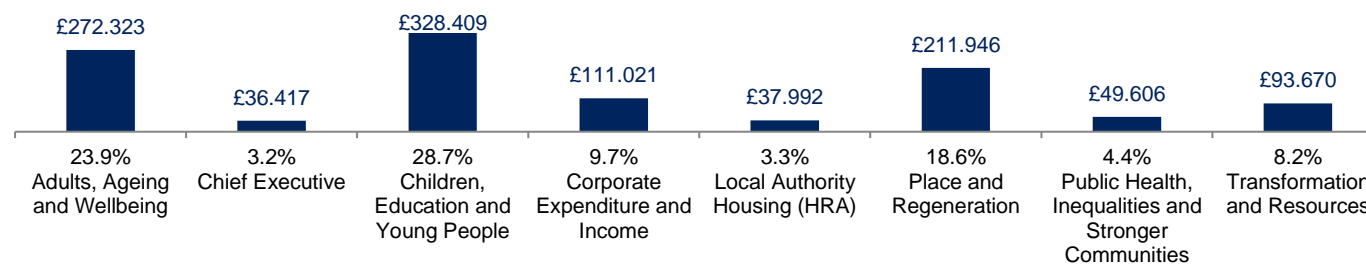
#### Where the money comes from



#### What the money was spent on\*



#### What services were provided?\*



\*All values are shown in millions

## Written Statements and Narrative Report

### Narrative Report

#### 4. Capital

##### Capital Outturn and Four Year Budget Plan

The following table shows capital expenditure by service area for 2023-24 and the Council's four year plan as approved by the Council from 2024-25 to 2027-28:

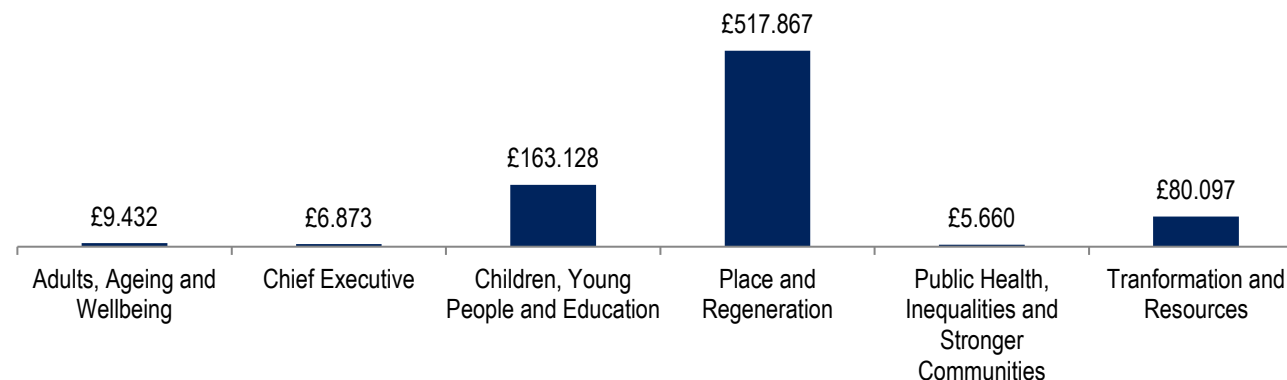
	Original Budget 2023-24 £m	Outturn Budget 2023-24 £m	Outturn 2023-24 £m	Budget 2024-25 £m	Budget 2025-26 £m	Budget 2026-27 £m	Budget 2027-28 £m	Total Budget £m
<b>Expenditure</b>								
Adults, Ageing and Wellbeing	4.427	3.183	2.954	5.432	2.000	2.000	-	9.432
Chief Executive	2.016	2.016	1.241	2.172	2.128	1.330	1.243	6.873
Children, Young People and Education	32.622	19.500	19.156	61.460	39.811	42.288	19.569	163.128
Place and Regeneration	166.270	211.145	174.132	223.712	206.782	67.402	19.971	517.867
Public Health, Inequalities and Stronger Communities	0.800	1.839	2.125	3.755	1.905	-	-	5.660
Transformation and Resources	16.814	15.377	10.602	41.216	22.828	8.268	7.785	80.097
<b>Total Capital Expenditure</b>	<b>222.949</b>	<b>253.060</b>	<b>210.210</b>	<b>337.747</b>	<b>275.454</b>	<b>121.288</b>	<b>48.568</b>	<b>783.057</b>
<b>Funding</b>								
Borrowing - General Fund	106.236	102.235	53.633	129.061	99.311	65.185	30.646	324.203
Capital Receipts	5.589	6.090	2.729	6.246	5.456	2.655	2.655	17.012
External Grants	96.863	112.810	137.582	165.540	145.453	40.802	3.106	354.901
HRA Contributions	14.011	10.489	13.353	23.729	18.643	12.646	12.161	67.179
Revenue Contributions	0.250	21.436	2.913	13.171	6.591	-	-	19.762
<b>Total Funding</b>	<b>222.949</b>	<b>253.060</b>	<b>210.210</b>	<b>337.747</b>	<b>275.454</b>	<b>121.288</b>	<b>48.568</b>	<b>783.057</b>

## Written Statements and Narrative Report

### Narrative Report

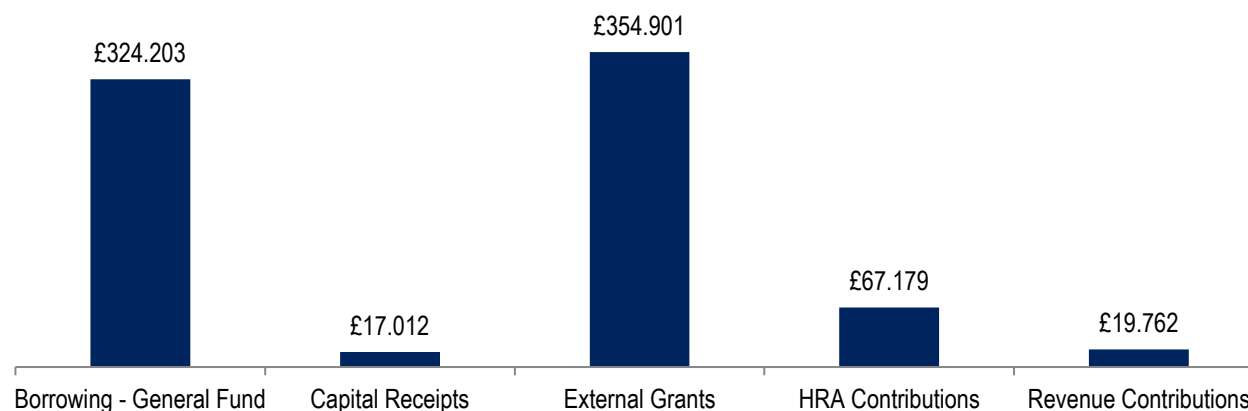
#### Four Year Capital Programme\*

The Council agreed to embark on a four year Capital Programme totalling £783.057 million to show its commitment to boosting the local economy, assist in the creation of employment opportunities and create new infrastructure, transport links, regeneration and a wider choice of housing. A comprehensive schedule of capital schemes is included in Appendix 14 of the Council's Budget 2024-25 and Medium Term Financial Plan 2024-25 to 2027-28 report at: [Northumberland County Council schedule of capital schemes](#)



#### Capital Funding 2024-25 to 2027-28\*

The Capital Programme is funded through a number of sources including external grants, capital receipts, contributions from the General Fund and Housing Revenue Account and borrowing. Examples of external grants include the Local Transport Plan, School Condition Allocation, Disabled Facilities and other sources.



**\*All values are shown in millions**

#### 5. Performance

This section has been compiled in accordance with the CIPFA Code of Practice on Local Authority Accounting 2023-24.

##### How do we measure performance?

The Council's Corporate Performance Framework operates on a quarterly and annual cycle, producing reports at a Service level and for the entire Council that include operational, workforce and financial information for each Service. Quarterly reports are compiled centrally using information provided by Services and are circulated to the Executive Team and to Elected Members via Cabinet and the Scrutiny Chairs. Following the publication of these reports, exception reports are raised as necessary to ensure that Services respond to any performance issues raised.

The Corporate Performance Framework is subject to its own continuous improvement programme and a review commenced in December 2023 to ensure that a refreshed framework is aligned with the Corporate Plan, as well as ensuring robust monitoring of internal service performance and external performance benchmarking.

##### Progress on performance measures

Council wide performance is monitored in several ways including:

- 84 operational indicators that have been identified by Cabinet and the Executive Team as a quarterly measure of progress against achieving the priorities in the Corporate Plan.
- 206 key performance indicators that have been identified by service areas as quarterly measures of service performance. Quarterly Service summaries inform Directorate Management teams performance discussions and are published on the Northumberland County Council website.
- A variety of operational performance data is used daily, weekly, monthly to ensure our services are responding proactively to performance insight.

#### Governance

Quarterly Corporate Performance reports are circulated to the Executive Team for review, prior to being presented to Cabinet, and to the Chairs of the Scrutiny Committees. In addition, the service reports are reviewed with the respective Portfolio Holder and Executive Director. A Quarter 4 outturn report and an annual achievements report are submitted to County Council every March.

Quarterly reports can be viewed at [Browse meetings - Cabinet - Northumberland County Council \(moderngov.co.uk\)](https://www.northumberland.gov.uk/Cabinet%20and%20Scrutiny/Meetings/Pages/Browse%20meetings%20-%20Cabinet%20-%20Northumberland%20County%20Council.aspx?mod=moderngov)

#### Workforce

The financial year 2023-24 saw the Council's workforce increase from 5,137 employees to 5,228 (excluding schools). During the year, the percentage of full-time-equivalent working hours taken as staff absence has decreased from 4.5% at the start of the year to 4.4% at the end of the year, the overall target for the year being 3.5%. In terms of the percentage of staff who have completed their mandatory learning, this has increased from 92.0% to 92.4%, above the target of 85.0%. The annual appraisal completion rate has decreased to 74.3% from 75.0%, against the 85.0% target.

#### Strategic Performance – Value for Money

In everything that the Council does, it will listen to and communicate with residents, businesses and partners, and ensure value for money in its services. It will pull its weight regionally and nationally, working with its partners to secure maximum benefit for residents and businesses.

The Council has continued to enhance its Customer Service offer with a focus on contact centre improvements allowing it to speak to more residents and provide a more efficient service. Our Customer Services are continuing an overall trend of improvement and have delivered impressive performance with the '% of calls answered', achieving an average of 97.6%, and for 'average time to answer calls', the team achieved 30 seconds for quarter 3.



## Written Statements and Narrative Report

### Narrative Report

The way our customers access our services has been redesigned to provide a coordinated, consistent and equitable offer that makes better use of the data we gather, delivers more pro-active services and makes the best use of digital services. It is enabling a more joined up experience for customers that can have multiple queries across the organisation dealt with in the one place and create the data to support “a single view” of the customer.

The Council continues to improve its digital offer, providing more services online and assisting residents to access services digitally where appropriate. This year Fix My Street, a platform that allows residents to report public realm issues and get updates on progress, was implemented. This system has improved the online offer for customers and has allowed better understanding and visibility of issues leading to more efficient service delivery.

Commissioning Framework Co-Production Workshops have commenced, with the aim to agree the key principles of our new commissioning framework. This will provide a robust and commercially minded focus on delivering good outcomes, value for money and social value in our spending decisions.

Procurement savings of £3.154 million were achieved in 2023-24. These comprise recurrent and non-recurrent efficiencies arising from a range of revenue and capital initiatives.

### Fire & Rescue Finance

Northumberland Fire and Rescue Service has been described by His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) as having 'a sound understanding of its future financial challenges and plans, using their assessment of risk within the county to guide them. The Service actively seeks efficiencies using technology to further enhance performance' (HMICFRS, 2023).

In addition, the most recent inspection confirmed that the Service's collaborative work aligns to its Community Risk Management Plan, including the sharing of its estate with other organisations that service the

community. Inspectors recognised that Northumberland Fire and Rescue Service has 'put in place the capacity and capability it needs to achieve sustainable transformation, and it routinely seeks opportunities to improve efficiency and effectiveness' (HMICFRS, 2023).

### Strategic Performance – Tackling Inequalities

Our residents are our greatest assets and our communities are full of potential. By tackling inequalities, we want to reduce the gap in experiences our residents have across health, education, employment and social outcomes.

A healthy and thriving community needs all the right building blocks in place, for instance, stable, high-quality jobs, high quality housing and good education. For some of our residents these building blocks are missing, weak or need replacing. Over the last 12 months we have invested additional capacity into working with Council departments with civic responsibilities such as policy, strategy, intelligence, housing, inclusive economy and planning to increase the impact that the Council and our partners have collectively on reducing inequalities. This has included the Health and Wellbeing Board refreshing the 'Building Blocks of a good health' theme of the Joint Health and Wellbeing Strategy.

The Council has led the way in convening a countywide partnership approach to tackling entrenched social, economic and health inequalities. Following adoption of the Tackling Inequalities Plan by County Council in September 2022, the Inequalities Plan has now been signed by key partners across the County and beyond, demonstrating the commitment by all partners. In July 2023, a Partnership event was hosted by the Council which focussed on bringing people, place and policy together - 100 delegates with representatives from the NHS (ICB, primary and secondary care), Local Authority (all departments), Housing providers, Voluntary, Community and Social Enterprise (VCSE) sector organisations, faith, private sector, Fire, Police and Academia.

The Council lead a range of partnership work including topics such as improving nutrition and healthy weight, increasing breastfeeding uptake and reducing health inequalities through support for vulnerable families

## Written Statements and Narrative Report

### Narrative Report

managing cost of living challenges. The development and implementation of an integrated two-year assessment between the Growing Healthy Northumberland 0-19 service and Northumberland County Council (NCC) Early Years is an example of effective partnership working which will help identify and support children with additional needs at an early stage.

Making Every Contact Count (MECC) is an approach to behaviour change that uses the millions of day-to-day interactions that organisations and individuals have with other people to support them in making positive changes to their physical and mental health and wellbeing. Over 1,000 frontline staff, volunteers and residents in Northumberland have been trained in MECC and over 100 have been trained as MECC trainers. Those trained have been from the NHS, the Council (including the Fire and Rescue Service), Citizens Advice, Primary Care Networks, Rise (the sports partnership), social housing providers, residents' associations, and numerous voluntary and community sector (VCS) organisations. There is a MECC Strategic Partnership which is overseeing work to understand the impact of training, in particular the 'train the trainer' approaches. A health improvement practitioner has been recruited to focus on supporting system partners to deliver MECC for financial wellbeing.

Continuing to ensure our young people have access across the county to the best education facilities and are educated in high-performing schools is important. Following completion of new schools in Hexham and Ponteland, the Council has approved a multi-million investment in the Coquet Partnership of schools and, following extensive consultation, a £50.427 million project will see Astley Community High School and Whytrig Middle School rebuilt on a new, shared campus to create a state-of-the-art learning environment for over 1,000 students. The Council has also pledged substantial investment for schools in Berwick.

More children and young people are "attending good or outstanding primary schools", which continues the improving trend over the last two years. The figure of 95.5% is 5.5% better than the national average. For 'pupils in good/outstanding secondary schools' we have seen very impressive performance over the last two years and at early March 2024,

the figure is 83.6%. Inspection outcomes are approximately 2.0% above the national average.

Maintaining our high standards of practice in Children's Services, Northumberland was also one of six local authorities nationally to participate in a Thematic Review of the Best Start in Life undertaken by Ofsted and Care Quality Commission (CQC) and similarly very positive feedback was received from inspectors about our staff, the inclusive and child focused services, and the partnership work.

Continuing to deliver high-quality Adults' Services, our latest 'Annual Adult Social Care Survey' results and the Biennial Carers Survey results show excellent Adult Social Care (ASC) survey results compared to the North-East and England.

- All 12 Adult Social Care Outcomes Framework (ASCOF) indicators from our two surveys report outturns better than the North-East regional and England average scores.
- All five indicators from the last ASC Carers' Survey were ranked within the upper quartile, with four indicators ranked 2nd, 3rd, 4th and 6th in England.
- Six out of seven indicators from the ASC User survey were ranked in the upper quartile.

Shared Lives Northumberland provides support in a family home for adults who are unable to live alone because of their age or disability. The service was inspected in October 2023 to check whether it is safe, caring and well-led. In a report published in January 2024, inspectors rated the service as Good overall, with individual ratings of Good for both safe and well-led, and Outstanding for caring. Inspectors described Shared Lives Northumberland as an 'exceptional service' where people were truly respected and valued as individuals.

In January 2024, the Council maintained its Gold Standard Award for the Armed Forces Covenant Employer Recognition Scheme. The Scheme rewards and recognises UK employers and organisations that show outstanding support to the armed forces community. In 2018, the Council

## Written Statements and Narrative Report

### Narrative Report

was one of just nine local authorities across the whole of the UK to receive the coveted Gold Award, which must be revalidated every five years.

In April 2023, Morpeth's new flagship sports & leisure centre opened its doors to the public. The fantastic £21.347 million facility, funded by the Council, provides state-of-the-art facilities and a whole new customer experience for all ages of the local community.

Northumberland Communities Together (NCT) has continued to provide support to eligible households in receipt of free school meals to cover the school holiday periods. In 2023-24, 65,024 vouchers were issued totalling £2.863 million, with a redemption rate of 94.0%.

NCT has received 9,408 referrals over the past 12 months from vulnerable residents seeking welfare support and assistance.

NCT continues to support VCSE organisations to build capacity, support vulnerable residents and enhance local service delivery. 158 community grants have been awarded to local community groups and organisations totalling £0.871 million.

### Fire & Rescue Inspection

In its most recent HMICFRS Report, Northumberland Fire and Rescue Service is described as 'good at preventing fires and other risk' (HMICFRS, 2023). This shows an improvement from a judgement of requires improvement in 2021. Inspectors have recognised that the Service uses a broad range of data to identify vulnerable people in the community, and that the service uses a risk-based approach to clearly prioritise its prevention activity at those most at risk from fires and other emergencies.

### Strategic Performance – Driving Economic Growth

The new Devolution Deal was agreed with Government in December 2022 and the process for establishing the new North East Combined Authority has been underway throughout 2023 and early 2024. A new Mayor was elected in May 2024, and North East Combined Authority legally came into formation. Through the Leader of the Council, Northumberland is leading the development of the Rural, Environment and Coastal Portfolio, building

on the Rural Investment and Stewardship Strategy developed by North East Combined Authority and incorporating the assets and priorities of all seven authorities to make North East Combined Authority a 'rural exemplar'.

The Borderlands Partnership, made up of the five local authorities along the English-Scottish border working together to achieve inclusive and sustainable growth, has been working together since 2016. The full £350.000 million Inclusive Growth Deal was agreed between the Partnership and the UK and Scottish Governments in March 2021, to be delivered over a ten year period. The programme is made up of a series of interlinked investment programmes and specific projects, including improvements to infrastructure and places, business, innovation and skills and encouraging Green Growth.

Two of the early projects are in Northumberland, which has seen the completion of the Ad Gefrin Distillery and visitor centre in Wooler, which is already attracting visitors and providing good-quality local jobs. In addition, Lilidorei children's play park, the largest of its kind in the world, opened at the Alnwick Garden in May 2023.

The capital investment of £1.293 million to deliver Northumberland Skills Welding & Fabrication training facility within the clean energy cluster at Port of Blyth reached completion and was handed over to the Skills team in April 2023. The facility welcomed its first small pilot cohort of nine young people for the remainder of the 2022-23 academic year, two of which have moved into apprenticeship and employment, while the remainder have returned for training to the next level on their journey to entering the engineering sector.

Northumberland Skills continues to provide training models through apprenticeships in various vocational sectors and have availability in various roles across the county to work directly with internal and external employers. Apprenticeship recruitment continued to increase in 2023, headline achievement was 67.1%, 7.1% above the current national rate and increased by 9.0% from the previous year.

## Written Statements and Narrative Report

### Narrative Report

In 2023 The Employability Service successfully completed two programmes - The Department for Work and Pensions (DWP) Job Entry Targeted Support (JETS) programme and The Refugee Employability Support Programme. The Employability Service continues to be well positioned to respond particularly to North of Tyne Inclusive Growth projects where the prime aims are to support residents into gaps, reduce inequality and disadvantage gaps and to support progression into employment as well as in work progression through training.

Continuing to invest in 'flagship' infrastructure, construction is now well underway on the Northumberland Line, with six new stations granted planning approval. Bringing passenger services back between the South East of the county and central Newcastle has made significant progress this year and will be open from Summer 2024. This is a hugely complex project, with major station construction works being undertaken at six separate sites, signalling and track improvements along the line and changes to numerous level crossing points. All of these must be co-ordinated and undertaken to minimise disruption to local communities, rail freight services and road users. With a journey time between Ashington and central Newcastle of around 35 minutes, the line will improve accessibility to employment, training and leisure for residents in South East Northumberland, as well as opening up new opportunities for education and travel. Continuing to maintain the standard of its own housing stock the Council has delivered £11.192 million of investment works to Council homes, including upgrades to kitchens, bathrooms, heating, electrical and roofing works, as well as delivering £0.907 million worth of aids and adaptations to support residents to continue living independently in their homes.

The Council has secured almost £20.000 million of external funding through the Department for Levelling Up, Housing and Communities (DLUHC) for Blyth Town Centre Housing Improvements, including the provision of new homes and energy improvements to existing homes. Also secured is approximately £4.500 million of Brownfield Housing funding to support development of new housing on sites previously deemed not viable. Over the last year the Council has managed a steady increase

(27.0%) of social housing applications via the "Homefinder" system. A large portion of these are due to increasing rents in the private sector, the cost-of-living crisis and private landlords choosing to leave the market. Although there is a high demand on the service, the Homefinder staff have remained focused and prioritised any urgent cases.

Despite national concerns about the supply of new homes, the county is exceeding our share of government target. We are achieving 270.0% of our Housing Delivery Target.

Maintaining high standards in our local environments, providing attractive, clean and safe places for people to do business is important. Our key performance indicators on cleanliness and attractiveness of places show good performance and we now have 12 parks with Green Flag status. Council teams worked round the clock in October 2023 to ensure residents were kept safe during Storm Babet. The storm, which brought heavy rainfall and strong winds caused significant impacts in Rothbury, while high river levels were also seen in Morpeth and other parts of the county.

In November 2023, the Council welcomed millions in extra funding to improve the condition of the county's road network. An extra £2.768 million is confirmed for the county for 2024-25 and it is expected this will continue thereafter, with a total uplift of over £184.836 million over the next ten years. The Council's main funding for highway maintenance comes from The Department for Transport and is around £21.780 million per year. In addition to this, since 2020-21 the Council has contributed a further £17.225 million of its own capital to improve road maintenance.

### Fire & Rescue Support to Businesses

Northumberland Fire and Rescue Service recognises that nearly 60.0% of businesses never recover after a fire. As such it delivers a risk-based inspection programme, using societal life risk, likelihood of a fire occurring and the likelihood of a non-compliance to target fire safety audits of commercial premises across Northumberland. This approach allows the Service to focus its resources on premises that are less likely to be compliant with the Regulatory Reform (Fire Safety) Order and therefore reduces risk. Recognised during its most recent HMICFRS inspection, the



## Written Statements and Narrative Report

### Narrative Report

Service consistently uses its full range of enforcement powers and, when appropriate, it prosecutes those who don't comply with fire safety regulations. Using grant funds, the Service has increased its capacity and the competence of operational staff to be able to conduct audits at lower risk commercial premises.

### 6. Treasury Management Activities

The Council's debt and investment position, excluding accrued interest, at the end of the period was as follows:

	Principal £m	31 March 2024 Average Rate %
Public Works Loans Board	537.205	3.1
Local Authority Loans	26.000	5.6
Other Market Loans	177.621	0.9
<b>Total Debt</b>	<b>740.826</b>	<b>3.4</b>
<b>Total Investments</b>	<b>61.900</b>	<b>5.3</b>

During the year the Council repaid £120.552 million of maturing borrowing and took out new borrowing of £116.000 million in line with authorised limits. This resulted in a net decrease in total borrowing of £4.552 million, from £745.378 million at the start of year to £740.826 million at 31 March 2024.

Overall external investments (excluding cash and accrued interest) decreased during the year by £52.550 million from £114.450 million to £61.900 million, and the Council maintained an average balance of £106.424 million of internally managed funds. The decrease was largely due to the utilisation of investment balances to cover the Capital Financing Requirement (CFR) in lieu of borrowing externally.

The Council manages its investments in-house and invests with the institutions listed in the Council's approved counterparty list. The Council's aim is to achieve the optimum return on its investments while remaining within the authorised levels of security and liquidity.

The Council invests for a range of periods from overnight to 12 months for banks and building societies, dependent on the Council's cash flows, the interest rates on offer, durational limits set out in the approved investment strategy and assumptions about future changes in interest rates. Funds are also placed with other local authorities for longer periods.

### 7. Pension Surplus and Deficit

At 31 March 2024 the County Council's net liability for future pension costs was £154.063 million. The Local Government Pension Scheme (LGPS), which is a funded scheme, had a net surplus of £50.250 million. The unfunded schemes such as the Firefighters' Pension Scheme; LGPS Unfunded; and Teachers' Unfunded had a total net liability of £204.313 million. For the LGPS, the Council pays an employer's contribution into the Tyne and Wear Pension Fund at a rate set by the Fund's actuary. The rate paid in 2023-24 was set on the basis of the actuarial valuation of the Fund as at 31 March 2022. This set the rate payable for the three years ending 31 March 2026.

### 8. Group Results

The Council delivers some of its activities through a number of wholly owned subsidiaries. Group financial statements are therefore produced to reflect the full extent of the Council's economic activity and financial position.

The Group accounts consolidate the results and balances of the Council with those organisations considered to be part of the Group. Intra-company transactions are eliminated, and the accounting policies of the subsidiaries are aligned with those of the Council on consolidation in order to present the overall Group position. The Group and Single Entity accounts should be viewed with equal prominence.

On 22 January 2018, Advance Northumberland Limited was incorporated at Companies House. Advance Northumberland and its subsidiary companies started trading within 2018-19.

On 17 September 2020 Northumberland Enterprise Holdings Limited (NEHL) was incorporated at Companies House, and on 29 March 2021

## Written Statements and Narrative Report

### Narrative Report

Northumbria Integrated Consultancy Limited, a subsidiary company of NEHL, was also incorporated. Northumbria Integrated Consultancy Limited was dissolved at Companies House on 10 October 2023, and NEHL remained inactive during 2023-24.

The Group results show a deficit on the provision of services after taxation of £14.479 million (£13.192 million deficit in 2022-23), incorporating a net surplus for the Advance Northumberland Group after group consolidation adjustments of £9.729 million (£22.101 million surplus in 2022-23). Within the Advance Northumberland Group balance there is an unrealised net gain of £5.616 million on Investment Properties (£11.155 million unrealised net gain in 2022-23) as a result of net upward revaluations. Prior to consolidation adjustments the Advance Northumberland Group showed a deficit of £2.532 million (£7.268 million surplus in 2022-23), and the Northumberland Enterprise Holdings Group showed nil (£0.021 million deficit in 2022-23).

The Group balance sheet shows the value of assets and liabilities recognised by the Group at 31 March 2024 and the level of reserves, split into usable and unusable.

31 March 2023		31 March 2024
£m		£m
1,916.523	Long Term Assets	2,015.046
79.128	Net Current Assets	(29.819)
(1,037.590)	Long Term Liabilities and Provisions	(911.971)
<b>958.061</b>	<b>Net Assets</b>	<b>1,073.256</b>
	Represented by:	
342.678	Usable Reserves - Council	333.666
595.785	Unusable Reserves - Council	723.720
19.598	Unusable Reserves - Subsidiaries	15.870
<b>958.061</b>	<b>Total Reserves</b>	<b>1,073.256</b>

As at 31 March 2024 the Advance Group owed the Council £283.505 million (£285.391 million at 31 March 2023) primarily in respect of principal

and interest due on a commercial loan facility; whilst the Council owed Advance Northumberland Group £0.511 million (£1.191 million at 31 March 2023) primarily for capital grant claims for Northumberland Energy Park Phase 1 and Bedlington Town Centre projects.

At 31 March 2024 there were no balances owed to the Council (the ultimate holding company) by NEHL (nil at 31 March 2023), whilst the Council owed NEHL £0.130 million (nil at 31 March 2023) for cash balances held on behalf of NEHL.



#### 9. Corporate Risks

The Council has a process to manage risks and assist the achievement of its objectives, alongside national and local performance targets. The Corporate Risk Register plays an integral role in supporting achievement of priorities as set out in the Corporate Plan.

A review of corporate risks was undertaken during 2023-24, with an updated Corporate Risk Register agreed by Cabinet in December 2023.

Key risks identified and managed at the corporate level include those relating to the following areas:

- Financial Sustainability
- Organisational Development/Workforce
- Civil Contingency & Business Continuity
- Corporate Compliance
- High-profile Capital Projects
- Response to Climate Change
- Wholly-owned Companies
- Cyber Security
- Adult Service Domiciliary Care National Shortage
- BEST
- Strategic Community Safety
- Social Housing (Regulations) Act 2023

## Written Statements and Narrative Report

### Narrative Report

#### 10. Explanation of the Financial Statements

The Statement of Accounts for Northumberland County Council presents the overall financial performance and position of the Council for the year ended 31 March 2024 and has been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24, published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The amounts presented in the financial statements and notes have been rounded to the nearest million pounds unless otherwise stated.

It comprises core financial statements together with disclosure notes and the following:

- Housing Revenue Account (HRA)
- Collection Fund Account
- Group Accounts
- Firefighters' Pension Fund

#### The Core Financial Statements are: Comprehensive Income and Expenditure Statement

This reports the income and expenditure associated with the provision of Council services. It also discloses non-cash surpluses and deficits relating to the revaluation of Council assets, and gains and losses on pension scheme assets and liabilities.

#### Movement in Reserves Statement

This shows the movement in the year for the different reserves held by the Council. These reserves are analysed into "usable" (i.e. those that represent resources that can be applied to fund expenditure) and "unusable" (i.e. those that must be set aside for specific purposes).

#### Balance Sheet

This is fundamental to the understanding of the Council's year-end financial position. It shows the balances and reserves at the Council's disposal, its long term indebtedness and summarised information on the assets held.

#### Cash Flow Statement

This summarises the inflows and outflows of cash and cash equivalents arising from transactions with third parties for revenue and capital purposes. Cash is defined for the purpose of this statement as cash in hand. Cash equivalents are deposits repayable on demand.

#### Notes to the Financial Statements

The notes to the accounts provide further detail of material items within the core Financial Statements.

#### Housing Revenue Account (HRA)

This separately identifies the Council's statutory landlord function as a provider of social housing under the Local Government and Housing Act 1989.

#### Collection Fund Account

This account is maintained separately as a statutory requirement, to show the transactions of the Council as a billing authority in relation to Council Tax and Non-domestic Rates. It shows the way in which the income collected has been distributed to precepting authorities.

#### Group Accounts

The Group Accounts show the full extent of the Council's economic activities by reflecting the Group's activities.

#### Firefighters' Pension Fund

These statements provide information relating to the transactions in the year.

## Written Statements and Narrative Report

### Independent Auditor's Report

### Independent Auditor's Report to the Members of Northumberland County Council

#### Report on the audit of the financial statements

##### Opinion on the financial statements

We have audited the financial statements of Northumberland County Council ('the Council') and its subsidiaries ('the Group') for the year ended 31 March 2024, which comprise the Council and Group Comprehensive Income and Expenditure Statements, the Council and Group Movement in Reserves Statements, the Council and Group Balance Sheets, the Council and Group Cash Flow Statements, the Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, the Collection Fund Account, the Firefighters' Pension Fund Account and Net Assets Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Council and the Group as at 31st March 2024 and of the Council's and the Group's expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities section of our report. We are independent of the Council and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Executive Director of Transformation and Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council and Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Executive Director of Transformation and Resources with respect to going concern are described in the relevant sections of this report.

##### Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Executive Director of Transformation and Resources is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

## Written Statements and Narrative Report

### Independent Auditor's Report

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### Responsibilities of the Executive Director of Transformation and Resources for the financial statements

As explained more fully in the Statement of Responsibilities, the Executive Director of Transformation and Resource is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24, and for being satisfied that they give a true and fair view. The Executive Director of Transformation and Resources is also responsible for such internal control as the Executive Director of Transformation and Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Executive Director of Transformation and Resources is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 and prepare the financial statements on a going concern basis, on the assumption that the functions of the Council will continue in operational existence for the foreseeable future. The Executive Director of Transformation and Resources is responsible for assessing each year whether or not it is appropriate for the Council and Group to prepare its accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. Based on our understanding of the Council, we identified that the principal risks of non-compliance with laws and regulations related to the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, the Local Government and Housing Act 1989 and the Accounts and Audit Regulations 2015 and we considered the extent to which non-compliance might have a material effect on the financial statements.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- inquiring with management and the Audit Committee, as to whether the Council is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and

## Written Statements and Narrative Report

### Independent Auditor's Report

- considering the risk of acts by the Council and the Group which were contrary to applicable laws and regulations, including fraud.

We evaluated the Executive Director of Transformation and Resources' incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Audit Committee on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management and the Audit Committee. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Executive Director of Transformation and Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statement and regularity of public sector bodies in the United Kingdom, and Supplementary Guidance Note 01, issued by the National Audit Office in February 2023.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Report on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources**

#### **Matter on which we are required to report by exception**

We are required to report to you if, in our view, we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in this respect.

#### **Responsibilities of the Council**

The Council is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

#### **Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources**

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in May 2024.

#### **Matters on which we are required to report by exception under the Code of Audit Practice**

We are required by the Code of Audit Practice to report to you if:

## Written Statements and Narrative Report

### Independent Auditor's Report

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

### Use of the audit report

This report is made solely to the members of Northumberland County Council, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 44 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Members of the Council those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Members of the Council, as a body, for our audit work, for this report, or for the opinions we have formed.

### Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Council's Whole of Government Accounts consolidation pack.



Mark Kirkham (Feb 27, 2025 08:55 GMT)

Mark Kirkham

Key Audit Partner

For and on behalf of Forvis Mazars LLP

Date 02/27/2025



## Written Statements and Narrative Report

### Statement of Responsibilities

#### The Council's Responsibilities

The Council is required to:

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

#### The Section 151 Officer's responsibilities

The Section 151 Officer is responsible for the preparation of the Council's Statement of Accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom ("the Code"), are required respectively to present fairly the financial position of the Council at the accounting date and the income and expenditure for the year then ended.

In preparing this Statement of Accounts the Section 151 Officer has:

- selected suitable accounting policies and then applied them consistently except where policy changes have been noted in these accounts;
- made judgements and estimates that were reasonable and prudent; and,
- complied with the Code.

The Section 151 Officer has also:

- kept proper accounting records which were up to date; and,
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

#### Approval of Audited Statement of Accounts

In accordance with the Accounts and Audit Regulations 2015, I confirm that the Statement of Accounts was approved by the Audit Committee on 26 February 2025.



Peter Topping

Chair of Audit Committee

Date 26 February 2025

#### Executive Director of Finance - Finance Certificate (subject to Audit)

I certify that the Statement of Accounts (subject to Audit) presents a true and fair view of the financial position of the Council as at 31 March 2024 and their income and expenditure for the year ended 31 March 2024.



Jan Willis

Executive Director of Transformation and Resources (Section 151 Officer)

Date 26 February 2025

this page is intentionally left blank

# Core Financial Statements

## Core Financial Statements

### Comprehensive Income and Expenditure Statement

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 regulations; 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.

As restated 2022-23			Note	2023-24		
Gross Expenditure £m	Gross Income £m	Net Expenditure £m		Gross Expenditure £m	Gross Income £m	Net Expenditure £m
237.816	(140.517)	97.299		272.313	(169.022)	103.291
44.079	(6.622)	37.457		36.418	(5.570)	30.848
294.799	(206.726)	88.073		328.407	(221.981)	106.426
4.155	(0.988)	3.167		1.906	(1.101)	0.805
33.685	(47.415)	(13.730)		33.261	(38.723)	(5.462)
142.870	(96.056)	46.814		211.943	(115.003)	96.940
58.141	(29.530)	28.611		49.606	(30.654)	18.952
133.927	(60.778)	73.149		93.670	(61.687)	31.983
<b>949.472</b>	<b>(588.632)</b>	<b>360.840</b>		<b>1,027.524</b>	<b>(643.741)</b>	<b>383.783</b>
32.366	(13.806)	18.560	3	70.649	(15.924)	54.725
49.349	(24.195)	25.154	4	43.211	(28.092)	15.119
-	(380.198)	(380.198)	5	-	(440.929)	(440.929)
<b>1,031.187</b>	<b>(1,006.831)</b>	<b>24.356</b>		<b>1,141.384</b>	<b>(1,128.686)</b>	<b>12.698</b>
	(18.522)		14,16			(23.682)
	-		19,29			-
	(535.512)		31			(99.822)
	-		31			(6.170)
	<b>(554.034)</b>					<b>(129.674)</b>
	<b>(529.678)</b>					<b>(116.976)</b>

The 2022-23 comparative Cost of Services figures have been restated to reflect the current service structure. There is no net impact on the Cost of Services or the (Surplus) or Deficit on Provision of Services. The impact of this is illustrated in Note 45 Restatements.

## Core Financial Statements

### Movement in Reserves Statement

This statement shows the movement in the year of the reserves held by the Council; analysed into, “usable reserves” (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

2022-23	General Fund Balance £m	Earmarked General Fund Reserves £m	Housing Revenue Account £m	Earmarked HRA Reserves £m	Capital Receipts Reserve £m	Capital Grants Unapplied £m	Major Repairs Reserve £m	Total Usable Reserves £m	Unusable Reserves £m	Total £m
<b>Balance brought forward 1 April 2022</b>	<b>(70.079)</b>	<b>(183.148)</b>	<b>(29.873)</b>	<b>(2.177)</b>	<b>(4.951)</b>	<b>(61.306)</b>	<b>(10.213)</b>	<b>(361.747)</b>	<b>(13.046)</b>	<b>(374.793)</b>
Movement in Reserves during 2022-23:										
(Surplus)/Deficit on the provision of services	34.114	-	(9.758)	-	-	-	-	24.356	-	24.356
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	-	(554.034)	(554.034)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>34.114</b>	<b>-</b>	<b>(9.758)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24.356</b>	<b>(554.034)</b>	<b>(529.678)</b>
Adjustments between accounting basis & funding basis under regulations (Note 12)	(10.016)	-	11.072	-	(3.379)	(2.172)	0.206	(4.289)	4.289	-
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>24.098</b>	<b>-</b>	<b>1.314</b>	<b>-</b>	<b>(3.379)</b>	<b>(2.172)</b>	<b>0.206</b>	<b>20.067</b>	<b>(549.745)</b>	<b>(529.678)</b>
Transfers (to)/from Earmarked Reserves (Note 13)	(4.973)	4.973	(0.437)	0.437	-	-	-	-	-	-
<b>(Increase)/Decrease in 2022-23</b>	<b>19.125</b>	<b>4.973</b>	<b>0.877</b>	<b>0.437</b>	<b>(3.379)</b>	<b>(2.172)</b>	<b>0.206</b>	<b>20.067</b>	<b>(549.745)</b>	<b>(529.678)</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>(50.954)</b>	<b>(178.175)</b>	<b>(28.996)</b>	<b>(1.740)</b>	<b>(8.330)</b>	<b>(63.478)</b>	<b>(10.007)</b>	<b>(341.680)</b>	<b>(562.791)</b>	<b>(904.471)</b>

2023-24	General Fund Balance £m	Earmarked General Fund Reserves £m	Housing Revenue Account £m	Earmarked HRA Reserves £m	Capital Receipts Reserve £m	Capital Grants Unapplied £m	Major Repairs Reserve £m	Total Usable Reserves £m	Unusable Reserves £m	Total £m
<b>Balance brought forward 1 April 2023</b>	<b>(50.954)</b>	<b>(178.175)</b>	<b>(28.996)</b>	<b>(1.740)</b>	<b>(8.330)</b>	<b>(63.478)</b>	<b>(10.007)</b>	<b>(341.680)</b>	<b>(562.791)</b>	<b>(904.471)</b>
Movement in Reserves during 2023-24:										
(Surplus)/Deficit on the provision of services	17.314	-	(4.616)	-	-	-	-	12.698	-	12.698
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	-	(129.674)	(129.674)
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>17.314</b>	<b>-</b>	<b>(4.616)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12.698</b>	<b>(129.674)</b>	<b>(116.976)</b>
Adjustments between accounting basis & funding basis under regulations (Note 12)	(5.491)	-	5.206	-	(0.792)	(4.476)	1.867	(3.686)	3.686	-
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>11.823</b>	<b>-</b>	<b>0.590</b>	<b>-</b>	<b>(0.792)</b>	<b>(4.476)</b>	<b>1.867</b>	<b>9.012</b>	<b>(125.988)</b>	<b>(116.976)</b>
Transfers (to)/from Earmarked Reserves (Note 13)	(12.179)	12.179	(0.532)	0.532	-	-	-	-	-	-
<b>(Increase)/Decrease in 2023-24</b>	<b>(0.356)</b>	<b>12.179</b>	<b>0.058</b>	<b>0.532</b>	<b>(0.792)</b>	<b>(4.476)</b>	<b>1.867</b>	<b>9.012</b>	<b>(125.988)</b>	<b>(116.976)</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>(51.310)</b>	<b>(165.996)</b>	<b>(28.938)</b>	<b>(1.208)</b>	<b>(9.122)</b>	<b>(67.954)</b>	<b>(8.140)</b>	<b>(332.668)</b>	<b>(688.779)</b>	<b>(1,021.447)</b>

## Core Financial Statements

### Balance Sheet

The Balance Sheet shows the value as at 31 March 2024 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves is usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserve includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and, reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2023		Note	31 March 2024
£m			£m
1,463.366	Property, Plant and Equipment	14	1,513.608
7.951	Heritage Assets	16	7.951
2.265	Investment Property	15	2.402
0.888	Long Term Intangible Assets	18	1.930
0.295	Assets Held for Sale - non current	24	-
18.977	Long Term Investments	19	19.847
-	Net Defined Pension Asset	31	50.250
395.660	Long Term Debtors	19,22	385.692
<b>1,889.402</b>	<b>Long Term Assets</b>		<b>1,981.680</b>
35.066	Short Term Investments	19	-
3.619	Assets Held for Sale - current	24	0.540
2.407	Inventories		2.365
90.154	Short Term Debtors	19,22	130.312
80.673	Cash and Cash Equivalents	23	62.816
<b>211.919</b>	<b>Current Assets</b>		<b>196.033</b>

31 March 2023		Note	31 March 2024
£m			£m
(13.907)	Bank Overdraft	23	(19.998)
(57.018)	Short Term Borrowing	19	(120.637)
(82.297)	Short Term Creditors	19,26	(105.326)
(6.618)	Short Term Provisions	28	(3.040)
(1.902)	Revenue Grants Receipts in Advance	11	(0.650)
(15.535)	Capital Grants Receipts in Advance	11	(15.303)
<b>(177.277)</b>	<b>Current Liabilities</b>		<b>(264.954)</b>
(64.392)	Long Term Creditors - PFI	19,25	(61.126)
(0.126)	Long Term Provisions	28	-
(693.826)	Long Term Borrowing	19,20	(625.524)
(259.243)	Net Defined Pension Liability	31	(204.313)
(1.986)	Capital Grants Receipts in Advance	11	(0.349)
<b>(1,019.573)</b>	<b>Long Term Liabilities</b>		<b>(891.312)</b>
<b>904.471</b>	<b>Net Assets</b>		<b>1,021.447</b>
341.680	Usable Reserves		332.668
562.791	Unusable Reserves	29	688.779
<b>904.471</b>	<b>Total Reserves</b>		<b>1,021.447</b>



## Core Financial Statements

### Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the year to 31 March 2024 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 to the Council.

2022-23 £m		Note	2023-24 £m
(24.356)	Net surplus/(deficit) on the provision of services		(12.698)
59.042	Adjustments to net surplus or deficit on the provision of services for non-cash movements	32	86.990
(88.022)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	32	(150.730)
<b>(53.336)</b>	<b>Net cash flows from Operating Activities</b>		<b>(76.438)</b>
37.758	Investing Activities	33	59.499
(4.544)	Financing Activities	34	(7.009)
<b>(20.122)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(23.948)</b>
86.888	Cash and cash equivalents at the beginning of the reporting period		66.766
<b>66.766</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	23	<b>42.818</b>

this page is intentionally left blank

# Notes to the Accounts

## Notes to the Accounts

### Notes References

Note	Note Description	Note	Note Description
<b>Notes Supporting the CIES</b>		23	Cash and Cash Equivalents
1	Expenditure and Funding Analysis	24	Assets Held for Sale
2	Expenditure and Income Analysed by Nature	25	Private Finance Initiatives (PFI) and Similar Contracts
3	Other Operating Income and Expenditure	26	Creditors
4	Financing and Investment Income and Expenditure	27	Significant Commitments Under Capital Contracts
5	Taxation and Non-Specific Grant Income	28	Provisions
6	Better Care Fund	29	Unusable Reserves
7	Members' Allowances	30	Pension Schemes Accounted for as Defined Contribution Schemes
8	Officers' Remuneration	31	Defined Benefit Pension Schemes
9	External Audit Costs	<b>Notes Supporting the Cash Flow Statement</b>	
10	Dedicated Schools Grant	32	Cash Flows from Operating Activities
11	Grant Income	33	Cash Flows from Investing Activities
<b>Notes Supporting the Movement in Reserves Statement</b>		34	Cash Flows from Financing Activities
12	Adjustments Between Accounting Basis and Funding Basis under Regulations	<b>Other Notes</b>	
13	Transfers to/from Earmarked Reserves	35	Related Parties
<b>Notes Supporting the Balance Sheet</b>		36	Trust and Other Third Party Funds
14	Property, Plant and Equipment	37	Impairment Losses
15	Investment Property	38	Contingent Liabilities
16	Heritage Assets	39	Contingent Assets
17	Capital Expenditure and Capital Financing	40	Accounting Policies
18	Intangible Assets	41	Accounting Standards That Have Been Issued but Have Not Yet Been Adopted
19	Financial Instruments	42	Critical Judgements in Applying Accounting Policies
20	Nature and Extent of Risks Arising from Financial Instruments	43	Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty
21	Leases	44	Events After the Reporting Period
22	Debtors	45	Restatements

Notes

Supporting the  
Comprehensive  
Income and  
Expenditure  
Statement

## 1. Expenditure and Funding Analysis

The objective of the Expenditure and Funding Analysis is to demonstrate to council tax and rent payers how the funding available to the Council (i.e. government grants, rents, council tax and business rates) 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.

The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Council's services.

Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

As restated 2022-23				2023-24		
Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund and HRA Balances	Adjustments between Funding and Accounting Basis	Net Expenditure in the CIES
£m	£m	£m		£m	£m	£m
91.647	5.652	97.299	Adults, Ageing and Wellbeing	101.473	1.818	103.291
32.934	4.523	37.457	Chief Executive	34.317	(3.469)	30.848
69.243	18.830	88.073	Children, Education and Young People	85.603	20.823	106.426
5.306	(2.139)	3.167	Corporate Expenditure & Income	2.608	(1.803)	0.805
(2.656)	(11.074)	(13.730)	Local Authority Housing (HRA)	(0.256)	(5.206)	(5.462)
34.296	12.518	46.814	Place and Regeneration	52.866	44.074	96.940
13.543	15.068	28.611	Public Health, Inequalities and Stronger Communities	13.580	5.372	18.952
25.241	47.908	73.149	Transformation and Resources	33.156	(1.173)	31.983
<b>269.554</b>	<b>91.286</b>	<b>360.840</b>	<b>Net Cost of services</b>	<b>323.347</b>	<b>60.436</b>	<b>383.783</b>
(244.142)	(92.342)	(336.484)	Other Income And Expenditure	(310.934)	(60.151)	(371.085)
<b>25.412</b>	<b>(1.056)</b>	<b>24.356</b>	<b>Deficit/(Surplus) on General Fund and HRA</b>	<b>12.413</b>	<b>0.285</b>	<b>12.698</b>
(285.277)			Opening General Fund and HRA Balance at 31 March 2023	(259.865)		
25.412			Add: Surplus on General Fund and HRA Balance in Year	12.413		
<b>(259.865)</b>			<b>Closing General Fund and HRA Balance at 31 March 2024</b>	<b>(247.452)</b>		

Note the split between the General Fund and HRA balances is detailed in the Movement in Reserves Statement.

The 2022-23 comparative Cost of Services figures have been restated to reflect the current service structure. There is no impact on the net Cost of Services or the (Surplus) or Deficit as can be seen in Note 45.



## Notes to the Accounts

### Notes to the Expenditure and Funding Analysis

The adjustments between the funding and accounting basis shown above are analysed further in the following tables:

#### Adjustments for Capital Purposes

This column adds in depreciation, impairment and revaluation gains and losses in the services line; and, for:

- Other Operating Expenditure – adjusts for capital disposals with a transfer of income on disposal of assets and the amounts written off for those assets. Also, any change in the fair value of assets held for sale is reflected in this note;
- Financing and Investment income and expenditure – the statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices; and,
- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income line is credited with capital grants receivable in the year without conditions; or, for which conditions were satisfied in the year.

#### Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- For Services - this represents the removal of the employers' pension contributions made by the authority as allowed by statute; and, the replacement with current service costs and past service costs; and,
- For Financing and Investment income and expenditure – the net interest on the defined benefit liability is charged to the comprehensive income and expenditure statement.

#### Other Differences

Other differences between amounts debited/credited to the comprehensive income and expenditure statement and amounts payable/receivable to be recognised under statute:

- For Financing and Investment income and expenditure - the other differences column recognises adjustments to the General Fund for the timing differences for premiums and discounts;
- For Services - this represents the change in accrued employee benefits such as annual leave;
- The charge under taxation and non-specific grant income represents the difference between what is chargeable under statutory regulations for council tax and non-domestic rates that was projected to be received at the start of the year; and, the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future surpluses or deficits in the Collection Fund; and,
- Adjustments from the General Fund to arrive at the amounts disclosed within the Comprehensive Income and Expenditure Statement.

As restated 2022-23					2023-24			
Adjustments for Capital Purposes £m	Net Change for the Pensions Adjustment £m	Other Differences £m	Total Adjustments £m		Adjustments for Capital Purposes £m	Net Change for the Pensions Adjustment £m	Other Differences £m	Total Adjustments £m
1.182	4.439	0.031	5.652	Adults, Ageing and Wellbeing	1.515	0.173	0.130	1.818
2.288	2.275	(0.040)	4.523	Chief Executive	0.853	(4.486)	0.164	(3.469)
8.819	9.219	0.792	18.830	Children, Education and Young People	22.733	(2.193)	0.283	20.823
-	(2.139)	-	(2.139)	Corporate Expenditure and Income	-	(1.803)	-	(1.803)
(13.597)	2.528	(0.005)	(11.074)	Local Authority Housing (HRA)	(5.300)	0.079	0.015	(5.206)
2.666	9.879	(0.027)	12.518	Place and Regeneration	43.579	0.337	0.158	44.074
12.825	2.246	(0.003)	15.068	Public Health, Inequalities and Stronger Communities	5.347	0.078	(0.053)	5.372
43.586	4.344	(0.022)	47.908	Transformation and Resources	(1.359)	0.083	0.103	(1.173)
<b>57.769</b>	<b>32.791</b>	<b>0.726</b>	<b>91.286</b>	<b>Net Cost of services</b>	<b>67.368</b>	<b>(7.732)</b>	<b>0.800</b>	<b>60.436</b>
(98.973)	19.477	(12.846)	(92.342)	Other Income And Expenditure	(62.737)	8.544	(5.958)	(60.151)
<b>(41.204)</b>	<b>52.268</b>	<b>(12.120)</b>	<b>(1.056)</b>	<b>(Surplus) or Deficit</b>	<b>4.631</b>	<b>0.812</b>	<b>(5.158)</b>	<b>0.285</b>

The 2022-23 comparative Cost of Services figures have been restated to reflect the current service structure. There is no impact on the Net Cost of Services or the (Surplus) or Deficit, as can be seen in Note 45.

## 2. Expenditure and Income Analysed by Nature

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

	2023-24 £m	Adults, Ageing and Wellbeing £m	Chief Executive £m	Children, Education and Young People £m	Corporate Expenditure and Income £m	Local Authority Housing (HRA) £m	Place and Regeneration £m	Public Health, Inequalities and Stronger Communities £m	Transformation and Resources £m
Expenditure:									
Depreciation, Amortisation, Impairment	59.206	0.594	1.535	6.770	-	10.607	31.622	6.081	1.997
Employee Benefits Expenses	340.821	40.859	24.662	167.834	9.451	10.109	52.870	12.291	22.745
(Gain) or Loss on the Disposal of Assets	36.805	-	-	-	36.805	-	-	-	-
Interest Payments	34.651	0.012	-	-	29.922	4.717	-	-	-
Other Services Expenditure	659.002	230.789	11.147	150.484	2.124	13.684	144.507	29.364	76.903
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	-	-
Precepts and Levies	17.920	-	-	-	17.920	-	-	-	-
Support Services Recharges	(22.975)	0.071	(0.927)	3.319	(1.125)	(1.155)	(17.053)	1.870	(7.975)
<b>Total Expenditure</b>	<b>1,125.430</b>	<b>272.325</b>	<b>36.417</b>	<b>328.407</b>	<b>95.097</b>	<b>37.962</b>	<b>211.946</b>	<b>49.606</b>	<b>93.670</b>
Income:									
Fees Charges and Other Services Income	(209.679)	(100.501)	(2.645)	(14.245)	(0.039)	(38.660)	(43.000)	(5.315)	(5.274)
Government Grants	(594.745)	(68.520)	(2.954)	(207.995)	(159.433)	(1.942)	(72.150)	(25.338)	(56.413)
Income from Council Tax and Non-domestic Rates	(280.376)	-	-	-	(280.376)	-	-	-	-
Interest and Investment Income	(27.932)	-	-	-	(26.007)	(1.919)	(0.006)	-	-
<b>Total Income</b>	<b>(1,112.732)</b>	<b>(169.021)</b>	<b>(5.599)</b>	<b>(222.240)</b>	<b>(465.855)</b>	<b>(42.521)</b>	<b>(115.156)</b>	<b>(30.653)</b>	<b>(61.687)</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>12.698</b>	<b>103.304</b>	<b>30.818</b>	<b>106.167</b>	<b>(370.758)</b>	<b>(4.559)</b>	<b>96.790</b>	<b>18.953</b>	<b>31.983</b>

## Notes to the Accounts

	As restated 2022-23 £m	Adults, Ageing and Wellbeing £m	Chief Executive £m	Children, Education and Young People £m	Corporate Expenditure and Income £m	Local Authority Housing (HRA) £m	Place and Regeneration £m	Public Health, Inequalities and Stronger Communities £m	Transformation and Resources £m
Expenditure:									
Depreciation, amortisation, impairment	57.581	0.390	1.785	6.627	-	10.419	30.119	5.712	2.529
Employee Benefits Expenses	372.668	42.373	29.888	168.913	20.318	12.114	59.055	13.841	26.166
(Gain) or Loss on the Disposal of Assets	1.215	-	-	-	1.231	-	(0.016)	-	-
Interest Payments	29.850	0.009	-	0.005	25.622	4.214	-	-	-
Other Services Expenditure	560.234	195.242	13.278	115.940	4.434	12.118	70.269	36.490	112.463
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	-	-
Precepts and Levies	17.345	-	-	-	17.345	-	-	-	-
Support Services Recharges	(21.515)	(0.189)	(0.872)	3.319	(1.119)	(0.972)	(16.549)	2.099	(7.232)
<b>Total Expenditure</b>	<b>1,017.378</b>	<b>237.825</b>	<b>44.079</b>	<b>294.804</b>	<b>67.831</b>	<b>37.893</b>	<b>142.878</b>	<b>58.142</b>	<b>133.926</b>
Income:									
Fees Charges and Other Services Income	(193.274)	(82.733)	(3.546)	(13.296)	(0.056)	(47.257)	(37.012)	(3.883)	(5.491)
Government Grants	(513.811)	(57.784)	(3.105)	(193.943)	(118.701)	(0.256)	(59.088)	(25.647)	(55.287)
Income from Council Tax and Non-domestic Rates	(261.786)	-	-	-	(261.786)	-	-	-	-
Interest and Investment Income	(24.151)	-	-	-	(23.218)	(0.927)	(0.006)	-	-
<b>Total Income</b>	<b>(993.022)</b>	<b>(140.517)</b>	<b>(6.651)</b>	<b>(207.239)</b>	<b>(403.761)</b>	<b>(48.440)</b>	<b>(96.106)</b>	<b>(29.530)</b>	<b>(60.778)</b>
<b>(Surplus)/Deficit on the Provision of Services</b>	<b>24.356</b>	<b>97.308</b>	<b>37.428</b>	<b>87.565</b>	<b>(335.930)</b>	<b>(10.547)</b>	<b>46.772</b>	<b>28.612</b>	<b>73.148</b>

The 2022-23 comparative Cost of Services figures have been restated to reflect the current service structure. There is no impact on the net Cost of Services or the (Surplus) or Deficit as can be seen in Note 45.

### 3. Other Operating Income and Expenditure

2022-23 £m	2023-24 £m
17.345	17.920
-	-
-	-
1.215	36.805
<b>18.560</b>	<b>54.725</b>

\* Includes losses of £4.591 million and gains of £3.376 million in 2022-23 and losses of £37.916 million and gains of £1.111 million in 2023-24.

### 4. Financing and Investment Income and Expenditure

2022-23 £m	2023-24 £m
29.849	34.651
19.477	8.544
(24.151)	(27.933)
(0.021)	(0.143)
<b>25.154</b>	<b>15.119</b>

### 5. Taxation and Non-Specific Grant Income

As restated 2022-23 £m	2023-24 £m
(218.678)	(232.001)
(43.108)	(48.375)
(72.448)	(73.010)
(45.964)	(87.543)
<b>(380.198)</b>	<b>(440.929)</b>

\* Further analysis is shown within Note 11

### 6. Better Care Fund

National policy requires local authorities and Integrated Care Boards (ICBs) to establish a pooled fund under Section 75 of the NHS Act 2006, and to make joint decisions about how to use the fund to promote integration between health and social care services. A Better Care Fund Plan for 2023-25, submitted to NHS England, set out in detail how the funds, which the Council and North East and North Cumbria ICB were required to include in the pooled fund, would be allocated to specific purposes. The local authority was required to include in the fund "Improved Better Care Fund" (iBCF) grant funding paid directly to the Council, as well as capital funding for adaptations to the homes of disabled people and related purposes.

A further national fund was announced to support timely and safe discharge from hospital into the community. A grant circular was published setting out the conditions of the grant under Section 31(4) of the Local Government Act 2003. It was determined that this funding should be pooled into the local BCF with plans for health and social care spend to be agreed by the local authorities and ICB. Northumberland was allocated £1.752 million and a further £1.127 million was allocated to the ICB. Regular activity reports were then submitted, detailing delivery of activities, followed by a final spending report which will be provided to the Department of Health and Social Care.

2022-23 £m	2023-24 £m
Funding Provided to the pooled budget:	
(17.093)	(17.867)
(29.551)	(30.943)
<b>(46.644)</b>	<b>(48.810)</b>
Expenditure met from the pooled budget:	
36.837	36.450
9.807	12.360
<b>46.644</b>	<b>48.810</b>
<b>-</b>	<b>-</b>

## 7. Members' Allowances

The Council paid the following amounts to Members during the year:

2022-23 £m		2023-24 £m
1.524	Allowances	1.641
0.035	Expenses	0.030
<b>1.559</b>	<b>Total</b>	<b>1.671</b>

## 8. Officers' Remuneration

The Accounts and Audit Regulations 2015 require authorities to disclose the number of employees whose remuneration in the year was £50,000 and above, shown in bands of £5,000. Remuneration is defined as all amounts paid to or receivable by an employee, expense allowances chargeable to tax and the money value of benefits. The change in the profile of number of employees within each band reflects salary increments and pay awards, early retirements and part-year effects of staff joining or leaving the Council within the year.

The note excludes senior employees whose individual remuneration is in the remuneration of senior officers' disclosure.

2022-23 All Employees	Remuneration Band	2023-24 All Employees
202	£50,000 to £54,999	260
101	£55,000 to £59,999	151
65	£60,000 to £64,999	72
66	£65,000 to £69,999	58
33	£70,000 to £74,999	40
14	£75,000 to £79,999	37
7	£80,000 to £84,999	15
7	£85,000 to £89,999	8
5	£90,000 to £94,999	3
8	£95,000 to £99,999	2
2	£100,000 to £104,999	5
-	£105,000 to £109,999	1
-	£110,000 to £114,999	-
3	£115,000 to £119,999	3
1	£120,000 to £124,999	2
2	£125,000 to £129,999	-
-	£130,000 to £134,999	1
1	£135,000 to £139,999	-
-	£140,000 to £144,999	1
<b>517</b>	<b>Total</b>	<b>659</b>



## Notes to the Accounts

The Accounts and Audit Regulations 2015 require authorities to disclose the remuneration of senior officers. There have been no bonuses paid to senior officers in 2022-23 or 2023-24.

2023-24	Note	Salary £	Allowances & Expenses £	Benefit in kind £	Total Remuneration £	Pension Contributions £	Total Remuneration inc Pension Contributions £
Post Holder Information							
<b>Senior Officers emoluments – salary is £150,001 or more per year</b>							
Chief Executive - Helen Paterson		207,306	1,279	-	<b>208,585</b>	-	<b>208,585</b>
Executive Director of Transformation & Resources (Section 151 Officer) - Jan Willis		168,582	-	-	<b>168,582</b>	31,019	<b>199,601</b>
Executive Director of Public Health, Inequalities & Stronger Communities - Gill O'Neill		156,672	-	-	<b>156,672</b>	28,828	<b>185,500</b>
Executive Director for Adults, Ageing & Wellbeing - Neil Bradley		156,672	529	8,443	<b>165,644</b>	21,536	<b>187,180</b>
Executive Director for Children, Young People & Education - Audrey Kingham		156,672	1,571	-	<b>158,243</b>	28,828	<b>187,071</b>
Executive Director Place & Regeneration - Simon Neilson		156,672	444	196	<b>157,312</b>	28,295	<b>185,607</b>
<b>Senior Officers emoluments – salary is between £50,000 and £150,000 per year</b>							
Director of Law & Corporate Governance	1	-	-	-	-	-	-
Director of Law & Corporate Governance	2	119,036	-	-	<b>119,036</b>	21,903	<b>140,939</b>
Chief Fire Officer	3	59,155	285	-	<b>59,440</b>	17,037	<b>76,477</b>
Chief Fire Officer	4	86,008	-	-	<b>86,008</b>	24,770	<b>110,778</b>
Director of Workforce and Organisational Development		100,157	-	336	<b>100,493</b>	17,637	<b>118,130</b>
Assistant Chief Executive	5	103,431	-	-	<b>103,431</b>	19,031	<b>122,462</b>

## Notes to the Accounts

Note	From	To	Post Holder	Information
1	1 April 2023	4 June 2023	Director of Law & Corporate Governance	The role was covered by an interim appointment who was not a Northumberland County Council employee and left the organisation on 4 June 2023. The post holder was the Council's designated Monitoring Officer.
2	5 June 2023	31 March 2024	Director of Law & Corporate Governance	The post holder commenced employment with the Council on 5 June 2023. The post holder is the Council's designated Monitoring Officer.
3	1 April 2023	28 August 2023	Chief Fire Officer	The post holder left the organisation on 28 August 2023.
4	28 August 2023	31 March 2024	Chief Fire Officer	The post holder commenced this role on 28 August 2023.
5	1 April 2023	30 June 2023	Interim Senior Service Director	
	1 July 2023	30 November 2023	Director of Strategy & Communication	
	1 December 2023	31 March 2024	Assistant Chief Executive	

2022-23 Post Holder Information	Note	Salary £	Allowances & Expenses £	Exit Packages £	Strain on the Fund £	Benefit in kind £	Total Remuneration £	Pension Contributions £	Total Remuneration inc Pension Contributions £
<b>Senior Officers emoluments – salary is £150,001 or more per year</b>									
Chief Executive - Helen Paterson	1	29,210	8,181	-	-	-	37,391	-	37,391
Interim Chief Executive - Frederick O'Farrell	2	156,322	493	-	-	-	156,815	31,308	188,123
Chief Executive and Head of Paid Service - Daljit Lally	3	67,372	5,699	420,383	-	2,067	495,521	13,868	509,389
Executive Director of Adults and Children's Services and Deputy Chief Executive - Cath McEvoy-Carr	4	19,830	79	-	-	109	20,018	3,941	23,959
Executive Director of Finance & Section 151 Officer	5	-	-	-	-	-	-	-	-
Interim Executive Director of Planning and Local Services - Robert Murfin	6	150,820	-	-	-	-	150,820	31,672	182,492
Interim Executive Director for Public Health and Community Services - Elizabeth Morgan	7	124,872	1,026	-	-	-	125,898	26,223	152,121
Executive Director Public Health, Inequalities & Stronger Communities - Gill O'Neill	8	103,713	-	-	-	-	103,713	19,501	123,214
Interim Executive Director of Communities and Business Development - Maureen Taylor	9	150,820	-	13,576	56,712	495	221,603	30,596	252,199
Executive Director for Adults, Ageing & Wellbeing - Neil Bradley	10	128,815	248	-	-	8,443	137,506	17,531	155,037
Executive Director for Children, Young People & Education - Audrey Kingham	11	130,691	1,847	-	-	-	132,538	27,445	159,983
Director of Transformation - Allison Joynson	12	81,143	-	72,998	146,424	432	300,997	15,866	316,863
Interim Executive Director of Regeneration - Janice Rose	13	94,849	-	-	-	-	94,849	19,918	114,767
<b>Senior Officers emoluments – salary is between £50,000 and £150,000 per year</b>									
Service Director Children's Social Care	14	124,586	160	-	-	-	124,746	26,163	150,909
Monitoring Officer and Director of Corporate Governance	15	-	-	-	-	-	-	-	-
Chief Fire Officer		139,366	429	-	-	-	139,795	40,137	179,932
Interim Service Director HR & OD	16	58,013	-	-	-	-	58,013	7,840	65,853
Director of Workforce and Organisational Development	17	78,425	23	-	-	335	78,783	15,565	94,348
Interim Senior Service Director		115,325	-	-	-	-	115,325	24,218	139,543

## Notes to the Accounts

Note	From	To	Post Holder	Information
1	8 February 2023	31 March 2023	Chief Executive	The post holder is the Council's designated Head of Paid Service.
2	1 April 2022	18 April 2022	Interim Executive Director Regeneration/Executive Director Advance Northumberland	
	19 April 2022	31 July 2022	Interim Deputy Chief Executive & Interim Executive Director of Regeneration/Executive Director Advance Northumberland	
	1 August 2022	7 February 2023	Interim Chief Executive	The post holder was the Council's designated Head of Paid Service and left the organisation on 7 February 2023.
3	1 April 2022	31 July 2022	Chief Executive and Head of Paid Service	A report regarding the exit package of the Chief Executive was presented to and agreed at an extraordinary meeting of full Council on 27 July 2022. The report is available at the following link: <a href="#">Extraordinary Meeting of Full Council - 27 July 2022</a>

The exit package components are as follows:

	£
Holiday Pay	15,000
Injury	90,000
Injury to feelings	75,000
Leased Car Termination Fee	4,000
Legal Fees	50,000
PILON	25,000
Write off of debt re: International Allowance **	161,383
<b>Total Cost of Exit Package</b>	<b>420,383</b>

\*\* The write off of £100,000 which formed part of the agreed exit package was accrued in 2022-23 and written off in financial year 2023-24.

Following confirmation from HMRC that it would not repay tax and national insurance contributions for Mrs Lally in relation to the International Allowance, a further £61,383 has been written off during financial year 2024-25.

The post holder left the organisation on 31 July 2022.

## Notes to the Accounts

Note	From	To	Post Holder	Information												
4	1 April 2022	15 May 2022	Executive Director of Adult Social Care & Children's Services and Deputy Chief Executive	The post holder left the organisation on 15 May 2022.												
5	1 April 2022	31 March 2023	Executive Director of Finance & Section 151 Officer	The role was covered by an interim appointment who was not a Northumberland County Council Employee.												
6	1 April 2022	31 March 2023	Interim Executive Director of Planning & Local Services													
7	1 April 2022	29 January 2023	Interim Executive Director for Public Health & Community Services													
8	1 April 2022	28 January 2023	Interim Deputy Director of Public Health	The post holder was seconded from and paid by Durham County Council. Salary was recharged 100.0% to Northumberland County Council.												
	29 January 2023	28 February 2023	Interim Executive Director Public Health & Community Services	The post holder was seconded from and paid by Durham County Council. Salary was recharged 100.0% to Northumberland County Council.												
	1 March 2023	31 March 2023	Executive Director Public Health, Stronger Communities & Inequalities (DPH)	Employed by Northumberland County Council from 1 March 2023.												
9	1 April 2022	31 March 2023	Interim Executive Director of Communities & Business Development	<p>The post holder left the organisation on 31 March 2023. A report regarding the exit package was presented to and agreed by Staff and Appointments Committee on 30 January 2023. The report is available at the following link:</p> <p><a href="#">Recommended Approval of the Voluntary Redundancy of the Interim Executive Director of Communities and Business Development</a></p> <p>The exit package components are as follows:</p> <table><tr><td></td><td>£ : p</td></tr><tr><td>Redundancy</td><td>13,015.99</td></tr><tr><td>Leased Car Termination Fee</td><td>559.92</td></tr><tr><td><b>Exit Package (excluding Strain on the Fund cost)</b></td><td><b>13,575.91</b></td></tr><tr><td>Strain on the Fund Cost</td><td>56,712.00</td></tr><tr><td><b>Total Exit Package Cost</b></td><td><b>70,287.91</b></td></tr></table>		£ : p	Redundancy	13,015.99	Leased Car Termination Fee	559.92	<b>Exit Package (excluding Strain on the Fund cost)</b>	<b>13,575.91</b>	Strain on the Fund Cost	56,712.00	<b>Total Exit Package Cost</b>	<b>70,287.91</b>
	£ : p															
Redundancy	13,015.99															
Leased Car Termination Fee	559.92															
<b>Exit Package (excluding Strain on the Fund cost)</b>	<b>13,575.91</b>															
Strain on the Fund Cost	56,712.00															
<b>Total Exit Package Cost</b>	<b>70,287.91</b>															
10	19 April 2022	31 January 2023	Interim Executive Director of Adult Social Services													
	1 February 2023	31 March 2023	Executive Director for Adults, Ageing & Wellbeing													

## Notes to the Accounts

Note	From	To	Post Holder	Information																
11	1 April 2022	18 April 2022	Senior Service Director & Director of Education & Skills																	
	19 April 2022	31 January 2023	Service Director Education and Interim Director of Children's Services																	
	1 February 2023	31 March 2023	Executive Director for Children, Young People & Education																	
12	1 April 2022	30 September 2022	Director of Transformation	<p>The post holder left the organisation on 30 September 2022. A report regarding the exit package was presented to and agreed by Staff and Appointments Committee on 20 September 2022 and then subsequently agreed by County Council on 21 September 2022. The reports are available at the following links:</p> <p><a href="#">Recommended Approval of the Voluntary Redundancy of the Director of Transformation - Update</a></p> <p><a href="#">Voluntary Redundancy of the Director of Transformation</a></p> <p>The exit package components are as follows:</p> <table><tr><th></th><th>£ : p</th></tr><tr><td>Redundancy</td><td>23,065.50</td></tr><tr><td>Holiday Pay</td><td>12,301.60</td></tr><tr><td>Leased Car Termination Fee</td><td>726.58</td></tr><tr><td>PILON</td><td>36,904.20</td></tr><tr><td><b>Exit Package (excluding Strain on the Fund cost)</b></td><td><b>72,997.88</b></td></tr><tr><td>Strain on the Fund Cost</td><td>146,424.00</td></tr><tr><td><b>Total Exit Package Cost</b></td><td><b>219,421.88</b></td></tr></table>		£ : p	Redundancy	23,065.50	Holiday Pay	12,301.60	Leased Car Termination Fee	726.58	PILON	36,904.20	<b>Exit Package (excluding Strain on the Fund cost)</b>	<b>72,997.88</b>	Strain on the Fund Cost	146,424.00	<b>Total Exit Package Cost</b>	<b>219,421.88</b>
	£ : p																			
Redundancy	23,065.50																			
Holiday Pay	12,301.60																			
Leased Car Termination Fee	726.58																			
PILON	36,904.20																			
<b>Exit Package (excluding Strain on the Fund cost)</b>	<b>72,997.88</b>																			
Strain on the Fund Cost	146,424.00																			
<b>Total Exit Package Cost</b>	<b>219,421.88</b>																			
13	1 April 2022	7 February 2023	Interim Director of Regeneration																	
	8 February 2023	31 March 2023	Interim Executive Director - Regeneration																	
14	1 April 2022	18 April 2022	Service Director, Children's Social Care																	
	19 April 2023	31 January 2023	Service Director Children's Social Care and Interim Director of Children's Services																	
	1 February 2023	31 March 2023	Service Director, Children's Social Care																	



## Notes to the Accounts

Note	From	To	Post Holder	Information
15	1 April 2022	31 March 2023	Monitoring Officer and Director of Corporate Governance	The role was covered by an interim appointment who was not a Northumberland County Council Employee.
16	1 April 2022	31 October 2022	Interim Service Director HR & OD	Employee seconded from and paid by Northumbria Healthcare NHS Foundation Trust. Salary recharged 100.0% to Northumberland County Council.
17	1 April 2022	31 October 2022	Deputy Head of HR, People and Culture	
	1 November 2022	9 March 2023	Interim Head of Service HR & OD	
	10 March 2023	31 March 2023	Director of Workforce and Organisational Development	

## Notes to the Accounts

The number of exit packages with total cost per band and total cost of compulsory and other redundancies are set out in the table below:

Exit package cost band	Number of Compulsory Redundancies 2022-23	Number of Compulsory Redundancies 2023-24	Number of Other Departures Agreed 2022-23	Number of Other Departures Agreed 2023-24	Total Number of Exit Packages by cost band 2022-23	Total Number of Exit Packages by cost band 2023-24	Total Cost of Exit packages in each band 2022-23 £	Total Cost of Exit packages in each band 2023-24 £
£0 - £20,000	-	-	35	23	35	23	253,928	128,296
£20,001 - £40,000	-	-	5	8	5	8	147,754	237,959
£40,001 - £60,000	-	-	2	2	2	2	94,382	98,178
£60,001 - £100,000	-	-	1	2	1	2	70,288	173,680
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	2	-	2	-	375,338
£200,001 - £250,000	-	-	1	-	1	-	219,422	-
£250,001 - £300,000	-	-	-	-	-	-	-	-
£300,001 - £350,000	-	-	-	-	-	-	-	-
£350,001 - £400,000	-	-	1	-	1	-	359,000	-
<b>Total cost included in Comprehensive Income and Expenditure Statement</b>	<b>-</b>	<b>-</b>	<b>45</b>	<b>37</b>	<b>45</b>	<b>37</b>	<b>1,144,774</b>	<b>1,013,451</b>

## 9. External Audit Costs

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

2022-23 £m	2023-24 £m
0.170	0.476
0.019	0.020
-	-
<b>0.189 Total</b>	<b>0.496</b>

Note: Fees payable in respect of other services provided by the appointed auditor in 2023-24 are in relation to assurance work in relation to the Housing Benefits Assurance Process, Teacher Pensions and Pooling of Housing Capital Receipts returns. Fee variations of £0.344 million have been confirmed by Public Sector Audit Appointments (PSAA) in addition to the amounts set out above. The breakdown is as follows:

- Fee variation 2019-20 - £0.063 million
- Fee variation 2020-21 - £0.092 million
- Fee variation 2021-22 - £0.096 million
- Fee variation 2022-23 - £0.088 million
- Legal charges 2019-23 - £0.005 million

## 10. 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 Schools Finance and Early Years (England) Regulations 2022. The Schools' Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools'

Budget (ISB), which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2023-24 are as follows:

Schools' Budget Funded by DSG	Expenditure £m	Schools' Budget £m	Total £m
Final DSG for 2023-24 before academy and high needs recoupment			291.432
Academy and high needs figure recouped for 2023-24			(134.057)
<b>Total DSG after academy and high needs recoupment for 2023-24</b>			<b>157.375</b>
Plus: Brought forward from 2022-23			4.501
Less: Carry forward to 2024-25 agreed in advance			(2.067)
<b>Agreed budgeted distribution in 2023-24</b>	<b>43.452</b>	<b>116.357</b>	<b>159.809</b>
In Year Adjustments *	-	(0.412)	(0.412)
<b>Final Budget Distribution for 2023-24</b>	<b>43.452</b>	<b>115.945</b>	<b>159.397</b>
Less Actual Central Expenditure	(44.496)	-	(44.496)
Less Actual ISB deployed to Schools	-	(115.809)	(115.809)
<b>In year carry forward to 2024-25</b>	<b>(1.044)</b>	<b>0.136</b>	<b>(0.908)</b>
Plus: carry forward to 2024-25 agreed in advance			2.067
<b>Net DSG position at the end of 2023-24</b>			<b>1.159</b>

Note: The £0.412 million In Year adjustment relates to the following:

- £0.198 million reduction in the grant allocation required to meet the actual NNDR costs for maintained schools;
- £0.214 million estimated clawback of the Early Years block funding for 2023-24, confirmed in July 2024.

## Notes to the Accounts

Details of the deployment of DSG receivable for 2022-23 are as follows:

Schools' Budget Funded by DSG	Expenditure £m	Schools' Budget £m	Total £m
Final DSG for 2022-23 before academy and high needs recoupment			275.623
Academy and high needs figure recouped for 2022-23			(123.026)
<b>Total DSG after academy and high needs recoupment for 2022-23</b>			<b>152.597</b>
Plus: Brought forward from 2021-22			4.032
Less: Carry forward to 2023-24 agreed in advance			(2.969)
<b>Agreed budgeted distribution in 2022-23</b>	<b>37.292</b>	<b>116.368</b>	<b>153.660</b>
In Year Adjustments *	-	(0.503)	(0.503)
<b>Final Budget Distribution for 2022-23</b>	<b>37.292</b>	<b>115.865</b>	<b>153.157</b>
Less Actual Central Expenditure	(36.134)	-	(36.134)
Less Actual ISB deployed to Schools	-	(115.491)	(115.491)
In year carry forward to 2023-24	1.158	0.374	1.532
Plus: carry forward to 2023-24 agreed in advance			2.969
<b>Net DSG position at the end of 2022-23</b>			<b>4.501</b>

Note: The £0.503 million In Year adjustment relates to the following:

- £0.078 million additional grant received to meet the actual NNDR costs for schools;
- £0.356 million claw back of the 2021-22 Early Years block funding in July 2022;
- £0.225 million claw back of the Early Years block funding in July 2023.

## 11. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023-24:

As restated 2022-23 £m		2023-24 £m
	Revenue Grants Credited to Taxation and Non Specific Grant Income:	
21.738	Business Rates Section 31 Grants	26.251
4.011	New Homes Bonus Grant	0.989
1.120	Other	1.031
27.535	Retained Business Rates Top up Grant	26.777
10.837	Revenue Support Grant	12.430
2.456	Rural Services Delivery Grant	2.745
4.751	Services Grant	2.787
<b>72.448</b>	<b>Total Revenue Grants Credited to Taxation and Non Specific Grant Income</b>	<b>73.010</b>

As restated 2022-23 £m		2023-24 £m
	Grants Credited to Services:	
	Revenue:	
2.600	Adult Social Care Discharge Fund	1.752
2.882	Combined Authority Grants	1.344
150.251	Dedicated Schools Grant (DSG)	155.402
3.580	Education and Skills Funding Agency (ESFA)	2.681
16.305	Grants in Support of Individual School Budgets	18.417
1.082	Homes for Ukraine Education and Childcare Grant	-
6.006	Homes for Ukraine Funding	0.880
54.294	Housing Benefit Subsidy Grants	53.717
12.496	Improved Better Care Fund	12.496
1.027	Market Sustainability and Improvement Fund	3.563
31.709	Other Grants	36.331

As restated 2022-23 £m		2023-24 £m
17.366	Public Health Grant	17.932
13.287	Social Care Support Grant	22.055
4.760	The Private Finance Initiative (PFI) Grant	4.760
	Revenue Expenditure Funded from Capital Under Statute (REFCUS):	
-	British Telecom - Broadband Gainshare	1.794
-	Department for Education - Capital Maintenance	1.608
1.000	Department for Levelling Up, Housing and Communities - Borderlands Ad Gefrin	-
-	Department for Levelling Up, Housing and Communities - Blyth Deep Dive	1.367
-	Department for Levelling Up, Housing and Communities - Blyth Town Deal	2.984
-	Department for Levelling Up, Housing and Communities - Borderlands	2.619
2.975	Department for Levelling Up, Housing and Communities - Borderlands Carlisle University	-
1.052	Department for Levelling Up, Housing and Communities - Business Growth Fund	-
2.058	Department for Levelling Up, Housing and Communities - Disabled Facilities Grant	2.271
1.844	Department for Transport - Local Transport Plan	-
21.862	Department for Transport - Northumberland Line	40.511
<b>348.436</b>	<b>Total Revenue Grants</b>	<b>384.484</b>
	Donations and Contributions:	
12.377	Contributions from Other Local Authorities	15.550
18.738	Health Service	18.583
4.572	Other Donations and Contributions	4.757
11.276	S117 Health Contribution	12.331
<b>46.963</b>	<b>Total Donations and Contributions</b>	<b>51.221</b>
<b>395.399</b>	<b>Total Credited to Services</b>	<b>435.705</b>

## Notes to the Accounts

2022-23 £m	2023-24 £m
Capital:	
0.590 Department for Business, Energy and Industrial Strategy - Green Homes Grant	-
1.044 Department for Business, Energy and Industrial Strategy - Public Sector Decarbonisation Scheme	-
- Department for Business, Energy and Industrial Strategy - Social Housing Decarbonisation Fund (SHDF)	0.743
- Department for Education - Basic Need	4.998
5.529 Department for Education - Capital Maintenance	2.293
1.072 Department for Education - Kyoee House Refurbishment	-
2.666 Department for Education - Special Educational Needs Capacity (SEN)	3.978
- Department for Environment, Food and Rural Affairs - Great Northumberland Forest	0.656
- Department for Levelling Up, Housing and Communities - Ashington Levelling Up	0.927
- Department for Levelling Up, Housing and Communities - Blyth Deep Dive	18.264
- Department for Levelling Up, Housing and Communities - Blyth Future High Streets Fund	3.977
2.566 Department for Levelling Up, Housing and Communities - Blyth Town Deal	-
1.335 Department for Levelling Up, Housing and Communities - Borderlands Carlisle University	-
0.398 Department for Levelling Up, Housing and Communities - Disabled Facilities Grant	0.506
- Department for Transport - Levelling Up	2.117
19.216 Department for Transport - Local Transport Plan	24.269
6.069 Department for Transport - Northumberland Line	8.502
- Environment Agency - Next Generation Flood Resilience	1.741
- Haydon Bridge High School - Asset Donation	5.150
- Heritage Lottery Fund - Union Chain Bridge	1.482
1.568 North East Combined Authority - Integrated Transport	1.420
- North East Combined Authority - Ponteland to Callerton Cycle Route	1.305

2022-23 £m	2023-24 £m
3.911 Other	5.215
<b>45.964</b>	<b>Total Capital</b>
	<b>87.543</b>

Restatements have been made to 2022-23 figures to facilitate comparison with 2023-24. These restatements are due to the presentation of grant income (Social Care Grant, Better Care Fund and changes between non-specific and specific grants applied to REFCUS). There is no impact on the net Cost of Services or the (Surplus) or Deficit as can be seen in Note 45.



## Notes to the Accounts

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

2022-23 £m	2023-24 £m
Short Term Capital Grant Receipts in Advance:	
- British Telecom - Broadband Gainshare	2.207
0.192 Department for Business, Energy & Industrial Strategy - Green Homes Grant	-
3.458 Department for Business, Energy & Industrial Strategy - HUG 1 Sustainable Warmth	-
- Department for Business, Energy & Industrial Strategy - HUG 2	1.452
1.815 Department for Business, Energy & Industrial Strategy - LAD 3 Sustainable Warmth	-
0.366 Department for Business, Energy & Industrial Strategy - Public Sector Decarbonisation Scheme	-
1.158 Department for Business, Energy & Industrial Strategy - Social Housing Decarbonisation Fund	-
0.687 Department for Education - Devolved Formula Capital (DFC)	1.163
- Department for Education - Early Years	0.593
1.275 Department for Education - Energy Efficiency Devolved Formula Capital (EE DFC)	0.852
- Department for Levelling Up, Housing and Communities - Blyth Town Deal	0.785
4.752 Department for Levelling Up, Housing and Communities - Future High Streets Fund - Blyth	6.362
- Department for Levelling Up, Housing and Communities - Local Area Housing Fund (LAHF)	0.359
1.045 Department for Levelling Up, Housing and Communities - Towns Fund - Energising Blyth Northern Gateway Phase 1	-
0.451 Gladman Developments LTD - Corbridge Middle School 3G Pitch	0.451
0.336 Homes and Communities Agency - Acquisitions	-
- Other	0.715

2022-23 £m	2023-24 £m
- UK Coal - Lynemouth Bay	0.364
<b>15.535 Total Short Term Capital Grant Receipts in Advance</b>	<b>15.303</b>
Long Term Capital Grant Receipts in Advance:	
0.687 Department for Education - Devolved Formula Capital (DFC)	-
1.299 Other	0.349
<b>1.986 Total Long Term Capital Grant Receipts in Advance</b>	<b>0.349</b>
Revenue Grant Receipts in Advance:	
- Community Foundation	0.008
1.183 Department for Business Energy and Industrial Strategy	-
0.340 Department for Energy Security and Net Zero	-
- Department for Education	0.034
- Department for Health and Social Care	0.030
0.283 Department for Levelling Up, Housing and Communities	-
- Electoral Commission	0.502
0.025 Forestry England	-
0.029 Heritage Lottery Fund	-
- Home Office	0.027
0.014 National Archives	0.019
0.025 National Heritage	-
- National Lottery	0.030
0.003 Society of Antiquaries of Newcastle upon Tyne	-
<b>1.902 Total Revenue Grant Receipts in Advance</b>	<b>0.650</b>
<b>19.423 Total Receipts in Advance</b>	<b>16.302</b>

this page is intentionally left blank

# Notes Supporting the Movement in Reserves Statement

## 12. Adjustments between Accounting Basis and Funding Basis under Regulations

The following note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure. The year end balances are stated in the Movement in Reserves Statement.

2023-24	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Capital Grants Unapplied	Major Repairs Reserve	Movement in Unusable Reserves
	£m	£m	£m	£m	£m	£m
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	(48.239)	(10.547)	-	-	-	58.786
Revaluation (losses)/gains on Property Plant and Equipment	(7.433)	2.847	-	-	-	4.586
Modification losses/(gains) in respect of capital financial assets	0.237	-	-	-	-	(0.237)
Loss allowances in respect of capital financial assets	0.025	-	-	-	-	(0.025)
Movements in the fair value of Investment Properties	0.137	-	-	-	-	(0.137)
Amortisation of intangible assets	(0.359)	(0.060)	-	-	-	0.419
Capital grants and contributions applied	128.253	1.895	-	-	-	(130.148)
Revenue expenditure funded from capital under statute	(84.043)	(0.378)	-	-	-	84.421
Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(52.673)	-	-	-	-	52.673
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Provision for the financing of capital investment	25.970	-	-	-	-	(25.970)
Additional provision for the financing of capital investment	(7.604)	-	-	-	-	7.604
Capital expenditure charged against the General Fund and HRA balances	2.913	0.878	-	-	-	(3.791)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	17.060	-	-	(17.060)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	12.584	-	(12.584)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	15.924	-	(15.924)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	2.729	-	-	(2.729)
Set aside of Capital Receipts to repay debt	-	-	12.363	-	-	(12.363)

## Notes to the Accounts

2023-24	General Fund Balance £m	Housing Revenue Account £m	Capital Receipts Reserve £m	Capital Grants Unapplied £m	Major Repairs Reserve £m	Movement in Unusable Reserves £m
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(0.040)	-	0.040	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-	-	-
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to HRA	-	10.607	-	-	(10.607)	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	-	12.474	(12.474)
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0.275	-	-	-	-	(0.275)
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(39.763)	(1.792)	-	-	-	41.555
Employer's pension contributions and direct payments to pensioners payable in the year	38.972	1.771	-	-	-	(40.743)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax and NNDR income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	5.683	-	-	-	-	(5.683)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.786)	(0.015)	-	-	-	0.801
<b>Total Adjustments</b>	<b>(5.491)</b>	<b>5.206</b>	<b>(0.792)</b>	<b>(4.476)</b>	<b>1.867</b>	<b>3.686</b>

2022-23	General Fund Balance £m	Housing Revenue Account £m	Capital Receipts Reserve £m	Capital Grants Unapplied £m	Major Repairs Reserve £m	Movement in Unusable Reserves £m
<b>Adjustments primarily involving the Capital Adjustment Account:</b>						
<b>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Charges for depreciation and impairment of non-current assets	(46.813)	(10.360)	-	-	-	57.173
Revaluation (losses)/gains on Property Plant and Equipment	(21.498)	13.897	-	-	-	7.601
Modification losses/(gains) in respect of capital financial assets	1.427	-	-	-	-	(1.427)
Loss allowances in respect of capital financial assets	(0.091)	-	-	-	-	0.091
Movements in the fair value of Investment Properties	0.023	-	-	-	-	(0.023)
Amortisation of intangible assets	(0.350)	(0.060)	-	-	-	0.410
Capital grants and contributions applied	69.392	0.102	-	-	-	(69.494)
Revenue expenditure funded from capital under statute	(44.586)	(0.075)	-	-	-	44.661
Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(14.641)	-	-	-	-	14.641
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>						
Provision for the financing of capital investment	24.354	-	-	-	-	(24.354)
Additional provision for the financing of capital investment	32.112	-	-	-	-	(32.112)
Capital expenditure charged against the General Fund and HRA balances	2.051	0.461	-	-	-	(2.512)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	12.010	-	-	(12.010)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	9.838	-	(9.838)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>						
Transfer of cash sale proceeds credited as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	13.540	-	(13.540)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	3.138	-	-	(3.138)
Set aside of Capital Receipts to repay debt	-	-	6.913	-	-	(6.913)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(0.110)	-	0.110	-	-	-
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool	-	-	-	-	-	-
<b>Adjustment primarily involving the Major Repairs Reserve:</b>						
Reversal of Major Repairs Allowance credited to HRA	-	10.420	-	-	(10.420)	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	-	10.626	(10.626)

2022-23	General Fund Balance £m	Housing Revenue Account £m	Capital Receipts Reserve £m	Capital Grants Unapplied £m	Major Repairs Reserve £m	Movement in Unusable Reserves £m
<b>Adjustments primarily involving the Financial Instruments Adjustment Account:</b>						
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	0.276	-	-	-	-	(0.276)
<b>Adjustments primarily involving the Pensions Reserve:</b>						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(87.589)	(5.333)	-	-	-	92.922
Employer's pension contributions and direct payments to pensioners payable in the year	38.638	2.016	-	-	-	(40.654)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>						
Amount by which council tax and NNDR income credited to the Comprehensive Income and Expenditure Statement is different from income calculated for the year in accordance with statutory requirements	12.570	-	-	-	-	(12.570)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>						
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(0.731)	0.004	-	-	-	0.727
<b>Total Adjustments</b>	<b>(10.016)</b>	<b>11.072</b>	<b>(3.379)</b>	<b>(2.172)</b>	<b>0.206</b>	<b>4.289</b>

### 13. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund and HRA balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund and HRA expenditure in 2023-24.

2022-23					2023-24			
1 April 2022	Transfers Out	Transfers In	31 March 2023		1 April 2023	Transfers Out	Transfers In	31 March 2024
£m	£m	£m	£m		£m	£m	£m	£m
Earmarked General Fund Reserves:								
9.192	(1.317)	1.066	8.941	Balances Held by Schools Under a Scheme of Delegation	8.941	(1.456)	0.306	7.791
2.322	-	-	2.322	Business Recovery	2.322	(2.000)	-	0.322
0.262	(0.262)	-	-	Cessation of the NHS Partnership Agreement	-	-	-	-
15.155	(15.820)	2.609	1.944	Collection Fund Smoothing	1.944	(1.944)	-	-
2.130	(2.130)	0.260	0.260	Contain Outbreak Management	0.260	(0.260)	-	-
8.981	(1.461)	-	7.520	Council Commissioned Services	7.520	(1.193)	-	6.327
-	-	6.588	6.588	Council Tax Hardship and Discount Scheme	6.588	(4.700)	-	1.888
17.902	(0.758)	-	17.144	Council Transformation Fund	17.144	(3.000)	-	14.144
4.032	(2.964)	3.433	4.501	Dedicated Schools Grant	4.501	(3.342)		1.159
7.242	(0.985)	-	6.257	Estates Rationalisation	6.257	(1.212)	-	5.045
5.208	(5.208)	1.017	1.017	Exceptional Inflationary Pressures	1.017	-	-	1.017
-	-	1.127	1.127	Highways Commuted Maintenance Funds	1.127	(0.054)	-	1.073
-	-	4.586	4.586	Homes for Ukraine	4.586	(1.073)	-	3.513
8.479	(0.657)	-	7.822	Insurance	7.822	(1.105)	-	6.717
1.800	(0.729)	-	1.071	Legal Challenges	1.071	(0.165)	-	0.906
4.304	(0.876)	0.905	4.333	Other Reserves	4.333	(0.523)	0.822	4.632
0.654	(0.141)	0.565	1.078	Planning Delivery Grant	1.078	-	-	1.078
2.473	(0.521)	1.000	2.952	Regeneration Development	2.952	(0.769)	-	2.183
-	-	2.930	2.930	Replacement of Defective Street Lanterns	2.930	(0.512)	-	2.418
2.000	(1.197)	0.035	0.838	Restructuring	0.838	(0.457)	0.305	0.686
17.331	(4.294)	7.316	20.353	Revenue Grants	20.353	(12.477)	12.976	20.852
10.830	(1.184)	5.051	14.697	Section 106	14.697	(2.269)	7.210	19.638
7.500	-	-	7.500	Severe Weather	7.500	(2.091)	-	5.409
2.936	(2.443)	-	0.493	Social Fund	0.493	-	0.231	0.724
2.178	(1.985)	-	0.193	Storm Arwen	0.193	(0.039)	-	0.154



## Notes to the Accounts

2022-23					2023-24				
1 April 2022	Transfers Out	Transfers In	31 March 2023		1 April 2023	Transfers Out	Transfers In	31 March 2024	
£m	£m	£m	£m		£m	£m	£m	£m	
48.237	(5.488)	6.959	49.708	Strategic Management	49.708	(11.902)	18.764	56.570	
2.000	-	-	2.000	Winter Services	2.000	(0.250)	-	1.750	
<b>183.148</b>	<b>(50.420)</b>	<b>45.447</b>	<b>178.175</b>	<b>Total Earmarked General Fund Reserves</b>	<b>178.175</b>	<b>(52.793)</b>	<b>40.614</b>	<b>165.996</b>	
HRA Earmarked Reserves:									
2.177	(0.461)	0.024	1.740	HRA - Capital Investment	1.740	(0.762)		0.978	
-	-	-	-	HRA - Hardship Fund	-	-	0.230	0.230	
<b>2.177</b>	<b>(0.461)</b>	<b>0.024</b>	<b>1.740</b>	<b>Total HRA Earmarked Reserves</b>	<b>1.740</b>	<b>(0.762)</b>	<b>0.230</b>	<b>1.208</b>	
<b>185.325</b>	<b>(50.881)</b>	<b>45.471</b>	<b>179.915</b>	<b>Total Earmarked Reserves</b>	<b>179.915</b>	<b>(53.555)</b>	<b>40.844</b>	<b>167.204</b>	

## Notes to the Accounts

The significant earmarked reserves at 31 March 2024, together with a brief explanation of their purpose were as follows:

### Balances Held by Schools under a Scheme of Delegation

A reserve of surplus and deficit balances of locally managed schools, which are committed to be spent on the education service.

### Business Recovery

A reserve to support businesses during the Covid-19 recovery period and support economic growth within Northumberland.

### Collection Fund Smoothing

A reserve to mitigate the impact of the estimated Collection Fund deficits for Business Rates and Council Tax which are to be recognised over the course of the Medium-Term Financial Plan.

### Contain Outbreak Management Fund

A reserve to support Council activity to mitigate and manage local outbreaks of Covid-19.

### Council Commissioned Services

A reserve to support Council commissioned services during the Covid-19 recovery period.

### Council Tax Hardship & Discount Reserve

A reserve to fund the Council Tax Hardship and Discounts Schemes for 2023-24 and 2024-25.

### Council Transformation Fund

A reserve to fund projects that will realise the transformation ambitions of the Council.

### Dedicated Schools Grant (DSG)

A reserve ring-fenced for schools use which will be agreed by Schools Forum.

### Estates Rationalisation

A reserve to cover the future costs arising from the Council's Estates Rationalisation Programme.

### Exceptional Inflationary Pressures

A reserve to fund exceptional inflationary pressures within the Council.

### Highways Commuted Maintenance Sums

A reserve set aside for future use on the maintenance of the highway following adoption by the Council.

### Homes for Ukraine Scheme

A reserve to support Ukrainian nationals and their immediate families who were residents in Ukraine prior to 1 January 2022. The reserve will also fund support families and sponsoring households.

### Housing Revenue Account – Earmarked Reserve HRA

The HRA Capital Investment reserve was created within Earmarked Reserves during 2018-19 to fund the development and delivery of a housing development plan. In addition, at the year-end it was agreed to set up a new HRA – Hardship Fund reserve using unspent balances on the 2023-24 HRA Hardship allocation. Movements in the Capital Investment Reserve are detailed in Note 10 of the Notes to the Housing Revenue Account Income and Expenditure Statement.

### Insurance

A reserve used to cover those risks not insured by the Councils external insurers which are below the excess levels.

### Legal Challenges

A reserve to fund legal fees required to secure the Council's interests in a number of ongoing disputes.

## Notes to the Accounts

### Other Reserves

There are a number of small value reserves which cover a wide range of services that have been set aside to support future years' service delivery.

### Planning Delivery Grant

A reserve used to contribute towards expenditure in relation to the Northumberland Local Plan, primarily the core strategy.

### Regeneration Development

A reserve to fund the development of priority regeneration and economic growth projects.

### Replacement of Defective Street Lanterns

A reserve to fund the replacement of defective street lanterns.

### Restructuring

A reserve to fund the one-off voluntary severance staffing costs required to support the Council's Strategic Change agenda.

### Revenue Grants

A reserve to hold revenue government grants that have various conditions attached. The introduction of International Financial Reporting Standards (IFRS – IAS20) has resulted in an amendment to the accounting treatment: where no grant conditions exist, or conditions have been met the grant is transferred into the Comprehensive Income and Expenditure Statement. If, however expenditure has not yet been incurred the grants are transferred into an earmarked reserve and then subsequently released back into revenue once expenditure is incurred.

### Section 106

A reserve to hold balances of contributions secured by Planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended), commonly known as S106 agreements. They are focused on site specific mitigation of the impact of development and are often referred to as 'developer contributions'. Northumberland's main requirements tend to be contributions for Affordable Housing, Education, Healthcare, Amenity Green Space, Play, Parks and Gardens and Coastal Mitigation.

### Severe Weather

A reserve used to repair damage to local highways and associated assets caused by incidents, such as extreme weather, that may occur from time to time.

### Social Fund

A reserve to provide emergency or one-off crisis support to families in Northumberland.

### Strategic Management

A reserve used to support the Medium-Term Financial Plan.

### Winter Services

A reserve used to react to future severe winter weather events.

this page is intentionally left blank

Notes

Supporting the  
Balance Sheet

## 14. Property, Plant and Equipment

Movements in 2023-24:	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant, Furniture & Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Total Property, Plant and Equipment £m	PFI Assets Included in Property, Plant and Equipment £m
Cost or Valuation:								
<b>At 1 April 2023</b>	<b>366.829</b>	<b>521.903</b>	<b>126.611</b>	<b>11.188</b>	<b>16.251</b>	<b>50.069</b>	<b>1,092.851</b>	<b>89.188</b>
Additions	13.237	8.354	7.403	0.162	-	81.736	110.892	1.355
Reclassifications	3.354	12.868	3.118	0.394	(0.437)	(37.217)	(17.920)	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	(9.187)	(1.270)	(0.111)	22.086	-	11.518	0.835
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	(7.548)	(13.306)	0.001	-	1.389	-	(19.464)	-
De-recognition - Disposals	(3.196)	(27.859)	(3.128)	(0.430)	(0.321)	-	(34.934)	-
De-recognition - Other	-	(3.754)	(1.371)	-	-	-	(5.125)	(1.355)
Assets reclassified (to)/from Held for Sale	-	-	-	-	0.988	-	0.988	-
Other movements in Cost or Valuation	-	-	-	-	-	(0.378)	(0.378)	-
<b>At 31 March 2024</b>	<b>372.676</b>	<b>489.019</b>	<b>131.364</b>	<b>11.203</b>	<b>39.956</b>	<b>94.210</b>	<b>1,138.428</b>	<b>90.023</b>
Accumulated Depreciation and Impairment:								
<b>At 1 April 2023</b>	<b>-</b>	<b>11.699</b>	<b>43.095</b>	<b>2.375</b>	<b>-</b>	<b>-</b>	<b>57.169</b>	<b>7.218</b>
Depreciation/Impairment charge	10.387	17.057	10.707	0.163	-	-	38.314	4.751
Reclassifications	-	-	-	-	-	-	-	-
Depreciation written out to the Revaluation Reserve	-	(9.647)	(2.517)	-	-	-	(12.164)	(3.272)
Depreciation written out to the (Deficit) on the Provision of Services	(10.387)	(4.491)	-	-	-	-	(14.878)	-
De-recognition - Disposals	-	(0.865)	(2.598)	(0.205)	-	-	(3.668)	-
De-recognition - Other	-	(0.237)	(0.079)	-	-	-	(0.316)	(0.077)
<b>At 31 March 2024</b>	<b>-</b>	<b>13.516</b>	<b>48.608</b>	<b>2.333</b>	<b>-</b>	<b>-</b>	<b>64.457</b>	<b>8.620</b>
Net Book Value:								
<b>At 31 March 2024</b>	<b>372.676</b>	<b>475.503</b>	<b>82.756</b>	<b>8.870</b>	<b>39.956</b>	<b>94.210</b>	<b>1,073.971</b>	<b>81.403</b>
At 31 March 2023	366.829	510.204	83.516	8.813	16.251	50.069	1,035.682	81.970
NBV Revaluation to CIES cost of services adjusted out under regulation - see Note 12	2.839	(8.815)	0.001	-	1.389	-	(4.586)	-
NBV Revaluation to Revaluation Reserve - see CIES note line (Gains)/Losses on Revaluation of Non Current Assets and Note 29 Unusable Reserves	-	0.460	1.247	(0.111)	22.086	-	23.682	4.107

## Notes to the Accounts

Movements in 2022-23:	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant, Furniture & Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Total Property, Plant and Equipment £m	PFI Assets Included in Property, Plant and Equipment £m
Cost or Valuation:								
<b>At 1 April 2022</b>	<b>355.349</b>	<b>512.056</b>	<b>125.126</b>	<b>11.111</b>	<b>17.246</b>	<b>47.928</b>	<b>1,068.816</b>	<b>99.824</b>
Additions	10.962	2.296	6.360	0.037	-	69.709	89.364	1.848
Reclassifications	0.178	44.370	0.378	0.041	3.704	(67.164)	(18.493)	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	(6.687)	4.000	-	(2.589)	-	(5.276)	(10.623)
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	3.650	(28.379)	0.001	-	(2.094)	-	(26.822)	-
De-recognition - Disposals	(3.310)	(0.188)	(7.406)	(0.001)	(0.016)	-	(10.921)	(0.013)
De-recognition - Other	-	(1.563)	(1.848)	-	-	-	(3.411)	(1.848)
Assets reclassified (to)/from Held for Sale	-	(0.002)	-	-	-	-	(0.002)	-
Other movements in Cost or Valuation	-	-	-	-	-	(0.404)	(0.404)	-
<b>At 31 March 2023</b>	<b>366.829</b>	<b>521.903</b>	<b>126.611</b>	<b>11.188</b>	<b>16.251</b>	<b>50.069</b>	<b>1,092.851</b>	<b>89.188</b>
Accumulated Depreciation and Impairment:								
<b>At 1 April 2022</b>	<b>-</b>	<b>26.240</b>	<b>41.503</b>	<b>2.213</b>	<b>-</b>	<b>-</b>	<b>69.956</b>	<b>10.021</b>
Depreciation/Impairment charge	10.214	16.411	10.653	0.162	-	-	37.440	4.728
Reclassifications	-	(0.870)	-	-	0.870	-	-	-
Depreciation written out to the Revaluation Reserve	-	(21.237)	(2.082)	-	(0.479)	-	(23.798)	(7.410)
Depreciation written out to the (Deficit) on the Provision of Services	(10.214)	(8.615)	-	-	(0.391)	-	(19.220)	-
De-recognition - Disposals	-	(0.024)	(6.871)	-	-	-	(6.895)	-
De-recognition - Other	-	(0.206)	(0.108)	-	-	-	(0.314)	(0.121)
<b>At 31 March 2023</b>	<b>-</b>	<b>11.699</b>	<b>43.095</b>	<b>2.375</b>	<b>-</b>	<b>-</b>	<b>57.169</b>	<b>7.218</b>
Net Book Value:								
<b>At 31 March 2023</b>	<b>366.829</b>	<b>510.204</b>	<b>83.516</b>	<b>8.813</b>	<b>16.251</b>	<b>50.069</b>	<b>1,035.682</b>	<b>81.970</b>
At 31 March 2022	355.349	485.816	83.623	8.898	17.246	47.928	998.860	89.803
NBV Revaluation to CIES cost of services adjusted out under regulation - see Note 12	13.864	(19.764)	0.001	-	(1.703)	-	(7.602)	-
NBV Revaluation to Revaluation Reserve - see CIES note line (Gains)/Losses on Revaluation of Non Current Assets and Note 29 Unusable Reserves	-	14.550	6.082	-	(2.110)	-	18.522	(3.214)

## Notes to the Accounts

### Movement on balances of Infrastructure assets

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

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

	2022-23	2023-24
	£m	£m
<b>Movement of Infrastructure assets</b>		
<b>Net Book Value (modified historic cost) at 1 April</b>	<b>413.874</b>	<b>427.684</b>
Additions	15.049	17.288
Reclassifications	18.494	16.607
Derecognition	-	(1.470)
Depreciation	(19.733)	(20.472)
Impairment	-	-
Other movement in cost	-	-
<b>Net Book Value (modified historic cost) at 31 March</b>	<b>427.684</b>	<b>439.637</b>

	2022-23	2023-24
	£m	£m
<b>Property Plant and Equipment</b>		
Infrastructure assets	427.684	439.637
Other PPE assets	1,035.682	1,073.971
<b>Total PPE Assets</b>	<b>1,463.366</b>	<b>1,513.608</b>

### Valuation of Non-Current Assets

Operational land and buildings were revalued as at 31 March 2024 according to a 3-year programme. The valuations are the existing use value, or where no active market exists the depreciated replacement cost. In addition to this, valuations were carried out on assets which had a material change in year, that is, where assets had additions of over £1.000 million or a new build costing in excess of £2.500 million. Material change valuations are dated 31 March 2024.

For operational buildings not valued in year, an indexation exercise, using appropriate BCIS indices, was carried out by the Council, to reflect the impact of any in year changes to build costs and therefore the asset valuation. This exercise resulted in a £6.383 million adjustment, increasing Property, Plant and Equipment, increasing the CIES by £1.846 million and the Revaluation Reserve by £4.537 million.



## Notes to the Accounts

Surplus Properties were revalued as at 31 March 2024 at fair value, estimated at highest and best use. The council uses valuation techniques that are appropriate and for which sufficient data is available. Inputs to the valuation techniques are categorised within the fair value hierarchy, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets;
- Level 2: inputs other than those in Level 1 that are observable, directly or indirectly; and
- Level 3: unobservable inputs.

The fair values of the Council's surplus assets could not be measured based on quoted prices in active markets for identical properties (i.e. Level 1 inputs), so their fair value was measured using valuation techniques using Level 3 inputs, having regard to comparable evidence, applying a rent and yield or capital value rate where appropriate for similar assets in the local area. Development appraisals have been undertaken on sites where there is a clear development opportunity. The valuations required judgement to establish fair values, including considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the council's assets. The valuation of the Surplus assets increased by £23.475 million in financial year 2023-24, £16.669 million of the increase was due to a change in assumptions as to the potential use of the land from amenity land to residential land, the remainder due to higher rates per acre being used, based on comparative evidence. Note 43, Assumptions made about future and other major sources of estimation uncertainty, describes the assumptions made and uncertainties surrounding the Property Plant and Equipment valuations.

Valuation work was undertaken as follows:

Energy From Waste plant and equipment – Hilco Valuation Services, 11 Ironmonger Lane, London, EC2V 8EY

HRA Housing stock and all other land and buildings – Bruton Knowles LLP, Olympus House, Olympus Park, Quedgeley, Gloucester, GL2 4NF

The valuations of land and buildings were in accordance with the requirements of the RICS Valuation – Global Standards incorporating the International Valuation Standards (IVS) and the International Financial Reporting Standards (IFRS) – based on the Code of Practice on Local Authority Accounting (The Code), published by the Chartered Institute of Public Finance and Accounting (CIPFA).

## Notes to the Accounts

### Valuation of Non-Current Assets Carried at Current Value

Of the Property, Plant and Equipment not held at cost on the Balance Sheet, 68.0% was valued in year. Those properties which have not been valued in this financial year were last valued in either financial year 2021-22 or 2022-23.

The following statement shows the current net book value of the Council's Property, Plant and Equipment by financial year of revaluation:

	Council Dwellings £m	Other Land and Buildings **/*** £m	Vehicles, Plant, Furniture & Equipment £m	Infrastructure Assets £m	Community Assets * £m	Surplus Assets £m	Assets Under Construction £m	Total £m
Carried at Historical Cost***	-	5.315	48.626	439.637	8.870	-	94.210	596.658
Valued at Current Value in:								
2023-24	372.676	172.833	34.130	-	-	39.956	-	619.595
2023-24 Indexation Adjustment **	-	6.383	-	-	-	-	-	6.383
2022-23	-	249.296	-	-	-	-	-	249.296
2021-22	-	41.676	-	-	-	-	-	41.676
<b>Total Cost of Valuation</b>	<b>372.676</b>	<b>475.503</b>	<b>82.756</b>	<b>439.637</b>	<b>8.870</b>	<b>39.956</b>	<b>94.210</b>	<b>1,513.608</b>

\* Due to the re-categorisation of assets, an approximation to historical cost has been made in some cases.

\*\* Adjustment to the accounts to represent the movement in building and construction costs.

\*\*\* The £5.315 million under Other land and buildings is the cost of capital additions added to the assets since the last valuation, the individual amounts are below the de minimus for required valuations and will be included until the asset is next valued as a part of the 3-year rolling programme.

## 15. Investment Property

There was no material income or expenditure during the financial year.

2022-23 £m	2023-24 £m
(0.021) Rental income from investment property	(0.022)
0.023 Direct operating expenses arising from investment property	0.016
<b>0.002 Net (Gain)/Loss</b>	<b>(0.006)</b>

There are no restrictions in the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no contractual obligation to purchase, construct or develop investment property or for repairs, maintenance or enhancement.

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

2022-23 £m	2023-24 £m
2.268 Balance at the start of the year	2.265
(0.001) Reclassifications	-
(0.005) Assets reclassified (to)/from Held for Sale	-
(0.020) Disposals	-
0.023 Net (losses)/gains from fair value adjustments	0.137
<b>2.265 Balance at the end of the year</b>	<b>2.402</b>

### Fair Value Hierarchy

All of the Council's investment property portfolio has been assessed as Level 3 for valuation purposes (see accounting policies for explanation of fair value levels).

### Valuation Techniques use Level 3 inputs to determine Fair Values for Investment Properties

The fair value of investment property has been determined having regard to comparable evidence, applying a Rent and Yield or Capital Value Rate where appropriate.

### Highest and Best use of Investment Properties

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is deemed to be their current use.

### Valuers

The investment property portfolio has been valued at 31 March 2024 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution for Chartered Surveyors. The assets were valued by Bruton Knowles LLP, the Council's valuing agents.

## 16. Heritage Assets

Reconciliation of the carrying value of Heritage Assets held by the Council:

	Museum, Art and Artefact Collection £m	Public Sculptures and Memorials £m	Historic Buildings £m	Total £m
Cost or Valuation:				
<b>As at 1 April 2023</b>	<b>5.628</b>	<b>1.328</b>	<b>1.070</b>	<b>8.026</b>
Additions	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	-	-	-	-
<b>As at 31 March 2024</b>	<b>5.628</b>	<b>1.328</b>	<b>1.070</b>	<b>8.026</b>
Accumulated Depreciation and Impairment :				
<b>As at 1 April 2023</b>	<b>-</b>	<b>0.052</b>	<b>0.023</b>	<b>0.075</b>
<b>As at 31 March 2024</b>	<b>-</b>	<b>0.052</b>	<b>0.023</b>	<b>0.075</b>
<b>Net Book Value 31 March 2024</b>	<b>5.628</b>	<b>1.276</b>	<b>1.047</b>	<b>7.951</b>
Net Book Value 31 March 2023	5.628	1.276	1.047	7.951

### Museum, Art, and Artefact Collection

The Council's museum, art and artefacts collections are included in the Balance Sheet on the basis of their insurance valuation, which is periodically reviewed.

The museum collections are all on loan to the Woodhorn Trust and include the collections from Woodhorn Museum, the Berwick Museum and Art Gallery and the Hexham Old Gaol.

The archive collection is split between Woodhorn and Berwick-upon-Tweed Records Office. Further details can be found on the Woodhorn Museum website [www.experiencewoodhorn.com](http://www.experiencewoodhorn.com).

The Art collection includes oil paintings on display in public libraries. These were last valued by auctioneers Anderson & Garland as at 31 March 2021.

### Public Sculptures and Memorials

Carried at cost on the Balance Sheet, the Council is custodian of Public Art, much of which is the result of the Inspire Initiative established in 2003.

The Council is also custodian or has a duty of care for a variety of monuments and memorials throughout the county, details of which can be found from the Public Monuments and Sculpture

Association National recording project ([www.pmsa.org.uk](http://www.pmsa.org.uk)) and the North East War Memorial Project ([www.newmp.org.uk](http://www.newmp.org.uk)).

### Historic Buildings

The historic buildings included within the Heritage Assets category are held principally for their contribution to knowledge or culture where they are not used for operational purposes. They are carried at cost on the Balance Sheet and include Blyth Battery and Morpeth Clock Tower.

The County Historic Environment Record (HER) database holds records of all of the historic buildings within the county. The majority of historic buildings owned by the Council are in operational use and are therefore included in the main Property Plant and Equipment section of the Balance Sheet.

### Archaeology

The Council owns the HER which is a database and associated GIS data sets, which records all known archaeology sites and historic buildings within the county including Northumberland National Park. This is a public information service and can be found on the Archaeology Data Service website

<https://archaeologydataservice.ac.uk/> and a shortened version is available on the Keys to the Past website

<https://www.keystothepast.info>.

This is not recognised on the Balance Sheet.

## 17. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the following 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. The CFR is analysed in the second part of this note.

2022-23 £m		2023-24 £m
<b>1,072.134</b>	<b>Opening Capital Financing Requirement</b>	<b>1,066.545</b>
	Capital Investment:	
102.625	Property, Plant and Equipment	126.975
4.264	Capital Long Term Debtors	3.964
1.848	PFI / Finance Lease Additions	1.355
44.661	Revenue Expenditure Funded From Capital under Statute	84.421
	Sources of Finance:	
(3.138)	Capital receipts	(2.729)
(79.331)	Government grants and other contributions	(142.732)
	Sums set aside from revenue/Major Repairs Reserve:	
(10.626)	Major Repairs Reserve	(12.474)
(2.512)	Direct revenue contributions	(3.791)
(24.355)	Provision for the financing of capital investment charged against the General Fund and HRA balances	(25.971)
(32.112)	Additional provision for the financing of capital investment charged against the General Fund and HRA balances*	7.604
(6.913)	Set aside of capital receipt for the repayment of debt	(12.363)
<b>1,066.545</b>	<b>Closing Capital Financing Requirement</b>	<b>1,090.804</b>
	Explanation of movements in year:	
(7.437)	Increase in underlying need to borrow (unsupported by government financial assistance)	22.904
1.848	Assets acquired under PFI / PPP contracts	1.355
<b>(5.589)</b>	<b>Increase/(Decrease) in Capital Financing Requirement</b>	<b>24.259</b>

\*The figures for the additional provision for the financing of capital investment charged against the General Fund and HRA balances includes a £25.000 million overpayment of MRP in 2022-23 and a subsequent £15.000 million reduction in MRP in 2023-24.

## 18. Intangible Assets

The Council accounts for its software as Intangible Assets, wherever it is not an integral part of a particular IT hardware item included within Property, Plant and Equipment. The Council has no internally generated assets.

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

2022-23		2023-24
Total Intangible Assets		Total Intangible Assets
Long Term		Long Term
£m		£m
Balance at start of year:		
5.413	Gross carrying amounts	4.280
(4.176)	Accumulated amortisation	(3.392)
<b>1.237</b>	<b>Net carrying amount at the start of year</b>	<b>0.888</b>
Additions:		
0.061	Purchases	0.151
-	- Assets Classified from PPE	1.313
-	- Accumulated amortisation on assets reclassified from PPE	-
-	- Revaluations increase or decreases	-
(1.194)	Other Disposals - cost	(0.097)
1.194	Other Disposals - amortisation	0.094
(0.410)	Amortisation for the period	(0.419)
<b>0.888</b>	<b>Net carrying amount at the end of year</b>	<b>1.930</b>
Comprising:		
4.280	Gross carrying amounts	5.647
(3.392)	Accumulated amortisation	(3.717)
<b>0.888</b>		<b>1.930</b>

## 19. Financial Instruments

### Categories of Financial Instruments

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

31 March 2023				31 March 2024			
Short Term		Long Term		Short Term		Long Term	
Investments	Debtors	Investments	Debtors	Investments	Debtors	Investments	Debtors
£m	£m	£m	£m	£m	£m	£m	£m
Amortised Cost:							
35.000	69.240	-	395.660	-	101.049	-	385.692
0.066	-	-	-	-	-	-	-
<b>35.066</b>	<b>69.240</b>	<b>-</b>	<b>395.660</b>	<b>-</b>	<b>101.049</b>	<b>-</b>	<b>385.692</b>
Fair value through Other Comprehensive Income - designated equity Instruments							
-	-	13.490	-	-	-	13.490	-
<b>35.066</b>	<b>69.240</b>	<b>13.490</b>	<b>395.660</b>	<b>-</b>	<b>101.049</b>	<b>13.490</b>	<b>385.692</b>
-	20.914	5.487	-	-	29.263	6.357	-
<b>35.066</b>	<b>90.154</b>	<b>18.977</b>	<b>395.660</b>	<b>-</b>	<b>130.312</b>	<b>19.847</b>	<b>385.692</b>

31 March 2023				31 March 2024			
Short Term		Long Term		Short Term		Long Term	
Borrowings	Creditors	Borrowings	Creditors	Borrowings	Creditors	Borrowings	Creditors
£m	£m	£m	£m	£m	£m	£m	£m
Amortised Cost:							
(51.552)	(70.984)	(693.826)	-	(115.302)	(87.643)	(625.524)	-
(5.466)	-	-	-	(5.335)	-	-	-
<b>(57.018)</b>	<b>(70.984)</b>	<b>(693.826)</b>	<b>-</b>	<b>(120.637)</b>	<b>(87.643)</b>	<b>(625.524)</b>	<b>-</b>
-	-	-	-	-	-	-	-
<b>(57.018)</b>	<b>(70.984)</b>	<b>(693.826)</b>	<b>-</b>	<b>(120.637)</b>	<b>(87.643)</b>	<b>(625.524)</b>	<b>-</b>
-	(11.313)	-	(64.392)	-	(17.683)	-	(61.126)
<b>(57.018)</b>	<b>(82.297)</b>	<b>(693.826)</b>	<b>(64.392)</b>	<b>(120.637)</b>	<b>(105.326)</b>	<b>(625.524)</b>	<b>(61.126)</b>

The non-financial instruments figures represent items outside the scope of financial instruments; such as amounts in respect of statutory debts which do not arise from contracts (Council Tax and Non-Domestic Rates), rights and obligations arising from leases, Private Finance Initiatives (PFI), receipts in advance, prepayments, and investments in subsidiaries and entities that are included within the authority's group accounts. Cash and cash equivalents are financial instruments but are not included in the tables of this note on the basis that the carrying value equals the fair value and is already disclosed elsewhere in the accounts.

## Notes to the Accounts

### Investments in equity instruments designated at fair value through other comprehensive income

The Council has decided to designate its 15.42% shareholding in Newcastle Airport Local Authority Holding Company Limited (NALAHCL) as fair value through other comprehensive income under IFRS 9 classifications. This decision protects Council taxpayers from any future movements in the value of these shareholdings until such time as the shares are sold or released.

	Nominal Value £m	Fair Value 31 March 2023 £m	Movement in Fair Value during 2022-23 £m	Fair Value 31 March 2024 £m	Movement in Fair Value during 2023-24 £m
Newcastle Airport	0.295	13.490	-	13.490	-

### Soft Loans Made by the Council

The Council has made a number of soft loans to voluntary, other organisations and wholly-owned subsidiaries at less than market rates. The Council applies a de minimis level of £0.100 million for new soft loan adjustments.



## Notes to the Accounts

### Financial Instrument Income and Expenditure and Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments are made up as follows:

2022-23				2023-24				
Financial Liabilities measured at Amortised Cost £m	Financial Assets measured at Amortised Cost £m	Investments in equity instruments designated as fair value through other comprehensive income £m	Total £m		Financial Liabilities measured at Amortised Cost £m	Financial Assets measured at Amortised Cost £m	Investments in equity instruments designated as fair value through other comprehensive income £m	Total £m
(23.847)	-	-	(23.847)	Interest expense	(25.500)	-	-	(25.500)
(0.024)	-	-	(0.024)	Fee Expense	(0.017)	-	-	(0.017)
(23.871)	-	-	(23.871)	<b>Total expense in deficit on the provision of services</b>	(25.517)	-	-	(25.517)
-	22.909	-	22.909	Interest income	-	28.443	-	28.443
-	22.909	-	22.909	<b>Total income in surplus/(deficit) on the provision of services</b>	-	28.443	-	28.443
-	-	-	-	Gain on Revaluation	-	-	-	-
-	-	-	-	<b>Surplus/(deficit) arising on revaluation of financial assets in Other Comprehensive Income and Expenditure</b>	-	-	-	-
(23.871)	22.909	-	(0.962)	<b>Net Gain/(Loss) for the year</b>	(25.517)	28.443	-	2.926

## Notes to the Accounts

### Fair Value of Financial Assets

Some of the Council's financial assets are measured in the balance sheet at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

31 March 2023 Fair Value £m	Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation technique used to measure fair value	31 March 2024 Fair Value £m
13.490	Equity shareholding in Newcastle Airport Local Authority Holding Company Limited	Level 3	Combination of the discounted cash flow of income method together with the guideline public company method of the market approach to valuations	13.490
<b>13.490</b>		<b>Total Assets</b>		<b>13.490</b>

Through its shares and 15.42% holding in Newcastle Airport Local Authority Holding Company Limited (NALAHCL) the Council has an effective shareholding of 7.86% in Newcastle International Airport Limited (NIAL) (and the group companies of NIAL Group Limited and NIAL Holdings Limited) - see Related Parties note 35.

The fair value for Newcastle Airport is based on a combination of the discounted cash flow of income method together with the guideline public company method of the market approach to valuations and other observable and unobservable factors. The last external valuation took place at 31 March 2022.

The valuation of the holding is reviewed each year to consider whether any events have occurred which would materially decrease the valuation. The spread of Covid-19 across the world towards the end of 2019-20 led to a sudden decline in air travel prompting the value of the shareholding to be valued downwards. This continued throughout 2020-21 but subsequent vaccine rollout and a lifting of restrictions has seen the travel sector experience a resurgence in passenger numbers. As a result, the Covid-19 related downward valuation has been reversed by 31 March 2024.

Forecast earnings before interest, tax and depreciation (EBITDA) (£46.610 million) have been compared against the EBITDA used for the last external valuation at 31 March 2022 (£33.800 million) to calculate any required revaluation to the share value at 31 March 2024. No change to the valuation was considered necessary.

The upper and lower limits for the fair value, established at the last external valuation, have been increased at 31 March 2024 based on EBITDA forecasts and the current value reflected on the Balance Sheet is within the revised parameters. The estimation of these upper and lower limits is sensitive to the accuracy of the EBITDA forecasts used. Sensitivity analysis shows that the current value would still be within acceptable parameters if the EBITDA projection was to either increase or decrease by 5%.

Trading of shares only takes place when one or more of the LA7 or AMP Capital Investors Limited wishes to sell their shareholding. There are no plans to dispose of shares next year.

There has been no change in valuation technique used during the year for the financial instruments.

## Notes to the Accounts

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

Except for all the other financial liabilities, financial assets (excluding long-term investments) represented by loans and receivables and long term debtors and creditors are carried in the Balance Sheet at amortised cost. 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 Loans Board (PWLB) new loan rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. Note that under an alternative valuation using premature redemption rates the total value of PWLB loans would be £458.509 million (2022-23 £400.693 million);
- For other loans premature redemption rates have been applied to provide the fair value;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised;
- Where an instrument will mature in the next 12 months the carrying amount is assumed to approximate to fair value; and,
- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values are calculated as follows:

31 March 2023			31 March 2024	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£m	£m		£m	£m
448.343	342.436	PWLB - Maturity	533.313	405.071
0.548	0.693	PWLB - Annuity	0.508	0.619
4.042	3.920	PWLB - EIP	7.088	6.990
178.201	199.042	LOBOs	109.520	110.930
119.710	128.237	Market Loans	95.732	94.599
<b>750.844</b>	<b>674.328</b>	<b>Total Financial Liabilities</b>	<b>746.161</b>	<b>618.209</b>

The fair value is less 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 in the market at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

The differences are attributable to fixed interest instruments receivable being held by the Council where the interest rate is lower than the prevailing rate estimated to be available at 31 March. This decreases the fair value of financial liabilities and lowers the value of loans and receivables.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

31 March 2023			31 March 2024	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£m	£m		£m	£m
35.066	35.066	Short Term Investments	-	-
13.490	13.490	Long Term Investments	13.490	13.490
395.660	392.850	Long Term Debtors	385.692	382.897
<b>444.216</b>	<b>441.406</b>	<b>Total Financial Assets</b>	<b>399.182</b>	<b>396.387</b>

## 20. Nature and Extent of Risks Arising from Financial Instruments

### Risk Management

The Council's activities expose it to a variety of financial risks:

- 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; and,
- market risk – the possibility that financial loss might arise for the Council as a result of changes in measures such as interest rates and stock market movements.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities focuses on the risk implications for the organisation.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposure from the Council's customers. The Council's Counterparty Policy sets out the limits for investments.

### Specified Investments

Type of Organisation	Minimum Credit Rating Criteria		Maximum Investment Amount	Maximum Period of Investment
	Fitch	Moody		
UK Local Authorities (Including the North East Combined Authority)	N/A	N/A	Unlimited	15 years (with annual calls)
Debt Management Organisations	N/A	N/A	Unlimited	6 months
UK Government Gilts, Bonds and Treasury Bills	N/A	N/A	Unlimited	12 months
Nationalised and Semi-Nationalised Banks	N/A	N/A	£35m (Group Limit £70m)	12 months
Money Market Funds	AAA	Aaa	£25m (Group Limit £150m)	Instant access
<b>Deposits and Certificates of Deposit with approved eligible financial institutions which meet the following criteria</b>				
Very High Grade UK Clearing Banks/ Building Societies	ST:F1+	ST:P-1		
	LT:AA-	LT:Aa2	£25m (Group Limit £50m)	12 months
High Upper Medium Grade UK Clearing Banks/ Building Societies	ST:F1	ST:P-1		
	LT:A-	LT:A3	£15m (Group Limit £30m)	12 months
High Grade Foreign Banks	ST:F1	ST:P-1		
	LT:A-	LT:A3	£10m (Group Limit £30m)	6 months

## Notes to the Accounts

### Non-specified Investments

No Treasury Management Strategy limits were exceeded during the reporting period.

Type of Organisation	Minimum Credit Rating Criteria		Maximum Investment Amount	Maximum Period of Investment
	Fitch	Moody		
UK Local Authorities (Including the North East Combined Authority)	N/A	N/A	Unlimited	15 years
UK Government Gilts, Bonds and Treasury Bills	N/A	N/A	Unlimited	15 years
Enhanced Cash Funds (Variable net asset value)	AAA	Aaa	£15m per fund (£60m in total)	30 (1) days notice
Deposits or Corporate Bonds with institutions which meet the rating criteria	ST:F1	ST:P-1	£10m per institution	5 Years
	LT:A-	LT:A3		
Deposits or Corporate Bonds with institutions which meet the rating criteria	ST:F2	ST:P-2	£5m per institution	12 months
	LT:A-	LT:A3		
Good, Medium Grade UK Clearing Banks/ Building Societies	ST:F2	ST:P-2		
	LT:BBB	LT:Baa1	£10m per Banking Group	6 months
Building Societies which have assets in excess of £10,000m	N/A	N/A	£12m per Building Society	12 months
Building Societies which have assets in excess of £5,000m	N/A	N/A	£10m per Building Society	6 months
Building Societies which have assets in excess of £1,000m	N/A	N/A	£5m per Building Society	3 months

### Amounts Arising from Expected Credit Losses

Allowances for impairment losses have been assessed for amortised cost assets (including long-term debtors), applying the expected credit losses model.

As a result of the COVID 19 pandemic, and its impact on airport operations, an expected credit loss adjustment has been made to the loan notes provided to Newcastle International Airport (NIAL) Group Limited – as outlined in note 35, Related Parties.

In considering other financial assets, the Council specifically considered the following material loans to other bodies and whether there have been any indicators of expected credit losses:

- **Advance Northumberland loans:** the Council has made material loans to its subsidiary, the Advance Northumberland Group, these are consolidated in the group accounts, however, the Council is still required to consider any expected credit losses. The Council is the sole owner of the Advance Group. The Council has previously assessed the expected credit losses. The Council has reassessed this for 2023-24 and there are no significant changes. In addition, the Council has satisfied itself that the financial position of the Advance Group is robust, with no indication of any expected credit losses, based on the financial results to date and those expected, based on business plans approved by the Council.
- **Northumbria Foundation Trust loans:** the Council has also made material loans to Northumbria Foundation Trust. There is no indication of non-payment by Northumbria Foundation Trust based on past and expected financial performance. In addition, the Council anticipates that if the Foundation Trust was wound up, any liabilities would be transferred to a successor body.

The balances outstanding for the above are set out in the long-term debtors disclosure note. As a result, no allowance for expected credit losses have been made, other than in respect of the Council's loan notes to Newcastle Airport, as set out earlier in this section.

## Notes to the Accounts

### Customer Debt

The Council at 31 March 2024 had £54.925 million (2022-23 £28.622 million) of customer debt, with £18.154 million of this past due (2022-23 £10.256 million). This amount can be analysed by age as follows:

31 March 2023 £m		31 March 2024 £m
18.366	Debt within terms	36.771
1.991	Less than three months	4.761
0.445	Three to six months	1.945
2.975	Six months to one year	4.476
4.845	More than one year	6.972
<b>28.622</b>	<b>Total</b>	<b>54.925</b>

A review of balances at 31 March 2024 suggested that an allowance for credit losses of £5.727 million (2022-23 £4.639 million) was appropriate.

In addition to customer debt, the Council has also impaired the non-contractual debt which it holds in relation to Council Tax, Business Rates and Housing Benefits. For Council Tax and Business Rates, any debt that is determined to be individually significant is considered initially on a case-by-case basis, taking into account the recovery action taken to date and the likelihood of recovery. The remaining debt is then grouped, and an aged debt analysis is carried out applying the percentages shown below:

2023-24						
Year	Council Tax			Business Rates		
	Percentage %	Debt £m	Allowance for Credit Losses £m	Percentage %	Debt £m	Allowance for Credit Losses £m
2018-19 and older	100	4.816	4.816	100	2.199	2.169
2019-20	80	2.074	1.659	80	0.692	0.550
2020-21	60	2.928	1.757	60	1.019	0.639
2021-22	40	4.404	1.762	40	1.470	0.671
2022-23	10	8.714	0.871	20	3.024	0.601
<b>Total</b>	<b>N/A</b>	<b>22.936</b>	<b>10.865</b>	<b>N/A</b>	<b>8.404</b>	<b>4.630</b>
<b>Council's share</b>	<b>N/A</b>	<b>21.066</b>	<b>10.026</b>	<b>N/A</b>	<b>3.732</b>	<b>2.315</b>

As with other Collection Fund balances, the debt and impairment balances relating to Council Tax and Business Rates are shared between the relevant precepting authorities.

For Housing Benefits, the debt is impaired based on the recovery action taken and the likelihood of recovery.

The Council's overall allowance for credit losses is shown below:

2023-24				
	Debt £m	Allowance for Credit Losses £m	Balance of Debt £m	Historical Experience of Default %
Customers	18.154	5.727	12.427	1.8
Council Tax	21.066	10.026	11.040	2.2
Business Rates	3.732	2.315	1.417	7.6
Housing Benefits	1.513	0.188	1.325	4.3
<b>Total</b>	<b>44.465</b>	<b>18.256</b>	<b>26.209</b>	<b>3.1</b>

Debt over four years old is provided for at 100%. Therefore historical % does not equal impairment value. The Housing Revenue Account arrears and allowance are not included in the above.

## Notes to the Accounts

### Financial Guarantees

The Council has reviewed its exposure to financial guarantees provided in the event of default by other organisations. The only area of risk identified is in relation to guarantees provided to Tyne and Wear Pension Fund in respect of certain employers participating in the Local Government Pension Scheme. Formal agreements are in place in respect of The Association of North East Councils, Bernicia Group and Karbon Homes, Newcastle International Airport Company Ltd, Queens Hall Art Centre, Woodhorn Charitable Trust, and The Newcastle, North Tyneside and Northumberland Combined Authority but the risk of any guarantee being called upon is assessed as very low, therefore no fair value has been calculated on grounds of materiality.

The Active Northumberland guarantee is no longer in place as the contract came to an end in 2023-24. The Council has subsumed the gross pension assets and liabilities for Active Northumberland as shown in note 35.

### Liquidity Risk

The Council manages its liquidity position through the risk management procedures set out earlier (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 borrow from the money markets to cover any day-to-day cash flow need; and, the PWLB and money markets for access to longer term funds. The Council is also required to 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 raise finance to meet its commitments under financial instruments.

The Council's long-term borrowing can be analysed as follows:

31 March 2023		31 March 2024
£m		£m
Analysis by Loan Type		
448.205	Public Works Loans Board	447.912
69.121	Other Market Loans	69.112
176.500	LOBO (Market Loans)	108.500
<b>693.826</b>		<b>625.524</b>
Analysis of Loans by Maturity		
2.303	Between 1 and 2 years	18.056
27.170	Between 2 and 5 years	21.178
52.285	Between 5 and 10 years	45.236
100.268	Between 10 and 20 years	95.254
20.200	Between 20 and 30 years	33.200
125.000	Between 30 and 40 years	112.000
250.600	Between 40 and 50 years	250.600
116.000	Between 50 and 60 years	50.000
<b>693.826</b>		<b>625.524</b>

All trade and other payables are due to be paid in less than one year.



### Market Risk – Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the Council. For instance, a rise in 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 liabilities associated with borrowings will fall;
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise; and,
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings are not carried at fair value 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 rate borrowings and investments will be included in the Comprehensive Income and Expenditure Statement and impact upon the General Fund Balance. Movements in the fair value of fixed rate investments will be reflected in the Comprehensive Income and Expenditure Statement.

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

If interest rates had been 1.0% higher at 31 March 2024 with all other variables held constant, the effect would have been:

	31 March 2024 £m
Increase in Interest Payable on Variable Rate Borrowings	0.320
Increase in Interest Receivable on Variable Rate Investments	(0.237)
Impact on Deficit/(Surplus) on the Provision of Services	0.083
Decrease in Fair Value of fixed rate borrowing (no impact on CIES)	(80.695)

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

The increase in interest payable on borrowings is largely due to the fact that the Council has £32.000 million of LOBO borrowing which has now gone past its initial fixed interest period and is subject to the potential to be called by the lender at specific intervals. If a loan were called, the Council would be exposed to a potential change in interest rate. Despite recent increases in interest rates, current market forecasts indicate that the rates will return to lower levels, and it is considered that there is a low risk of those LOBO loans with call dates within the next 12 months being called. All LOBO loans have therefore been classified as long term.

### Market Risk – Price Risk

The Council does not invest in equity shares but does have shareholdings in Newcastle Airport Local Authority Holding Company and Advance Northumberland Limited. Further information on these shareholdings is contained in Note 35 Related Parties.

As the shareholdings have arisen in the acquisition of specific interests, the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. The shares in Newcastle Airport Local Authority Holding Company and Advance Northumberland Limited are classified as "Fair Value through other Comprehensive Income" and are included at fair value.



## 21. Leases

### Council as Lessee

#### Finance Leases

The Council has a number of leases for assets included within Property, Plant and Equipment in the Balance Sheet. The net book value of assets leased in by the Council as finance leases includes:

- PFI assets (Detail in Notes 14 and 25) with a net book value of £81.403 million as at 31 March 2024 (£81.970 million at 31 March 2023); and
- Other ground leases for assets with a combined net book value of £3.096 million as at 31 March 2024 (£3.069 million at 31 March 2023).

#### Operating Leases

The majority of the leases are for land and buildings, with a small number of residual vehicle leases.

The future minimum lease payments due under non-cancellable leases in future years are:

31 March 2023 £m	31 March 2024 £m
1.080 Not later than one year	0.990
0.973 Later than one year and not later than five years	1.422
0.567 Later than five years	0.522
<b>2.620</b>	<b>2.934</b>

The expenditure charged to the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

31 March 2023 £m	31 March 2024 £m
1.383 Minimum lease payments	1.435

### Council as Lessor

#### Finance Leases

The Council has numerous finance leases in place, including schools previously controlled by the Council which have converted to Academy

Schools which are now on 125-year leases. The Council either receives nil or peppercorn annual rental for these properties.

#### Operating Leases

The Council leases out property under operating leases for the following purposes:

- for the provision of community services, such as sports facilities and playgroups; and,
- for economic development purposes to provide suitable affordable accommodation for local businesses.

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

31 March 2023 £m	31 March 2024 £m
0.461 Not later than one year	0.514
0.365 Later than one year and not later than five years	0.595
0.681 Later than five years	0.778
<b>1.507</b>	<b>1.887</b>

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews.

The net book value of assets which the Council leases to other bodies under operating leases includes the following:

- Leisure centres (leased to Active Northumberland, as detailed in Note 35 Related Parties) with a net book value of £126.361 million as at 31 March 2024 (£118.490 million as at 31 March 2023); and,
- Other significant assets with a combined net book value of £10.730 million as at 31 March 2024 (£10.119 million as at 31 March 2023). The value of all other land and buildings leased out has not been separately determined.

## 22. Debtors

31 March 2023		31 March 2024
£m		£m
Short Term:		
23.322	Government bodies	31.216
12.451	NHS bodies	32.325
49.721	Other entities and individuals	60.532
3.894	Other local authorities	6.221
0.766	Public corporations and trading funds	0.018
<b>90.154</b>	<b>Total Short Term</b>	<b>130.312</b>
Long Term:		
188.117	Advance Northumberland Commercial	186.518
38.256	Advance Northumberland Development	36.886
40.648	Advance Northumberland Housing	39.928
9.521	Advance Northumberland Housing - Executive	9.521
15.086	NCC - Airport Loan Notes	15.348
1.288	NELEP - Ashwood	1.640
2.850	NELEP - Bates/Blyth Harbour	2.533
8.589	NELEP - East Sleekburn Enterprise Zone	8.011
1.114	Northumberland Aged Miners Housing Association - Solar Panel Loan	1.029
5.200	Northumberland College Loan 2014	5.038
16.000	Northumbria Healthcare NHS Foundation Trust Berwick Hospital Loan	15.000
67.326	Northumbria Healthcare NHS Foundation Trust Hexham Hospital Loan	62.898
1.665	Other Loans	1.342
<b>395.660</b>	<b>Total Long Term</b>	<b>385.692</b>
<b>485.814</b>	<b>Total Debtors</b>	<b>516.004</b>

## 23. Cash and Cash Equivalents

Cash and Cash Equivalents are made up of the following elements:

31 March 2023		31 March 2024
£m		£m
80.673	Cash and Cash Equivalents	62.816
(13.907)	Bank overdraft	(19.998)
<b>66.766</b>	<b>Total Cash and Cash Equivalents</b>	<b>42.818</b>

## 24. Assets Held for Sale

Current 2022-23 £m	Non-Current 2022-23 £m		Current 2023-24 £m	Non-Current 2023-24 £m
<b>3.793</b>	<b>0.295</b>	<b>Balance at 1 April</b>	<b>3.619</b>	<b>0.295</b>
Assets newly classified as held for sale:				
0.008	-	Property, Plant and Equipment	-	-
-	-	Revaluation losses	-	-
-	-	Revaluation gains	-	-
Assets declassified as held for sale:				
-	-	Property, Plant and Equipment	(0.693)	(0.295)
-	-	Investment property	-	-
(0.182)	-	Assets sold	(2.386)	-
Assets transferred from Non current to current				
-	-		-	-
<b>3.619</b>	<b>0.295</b>	<b>Balance at 31 March</b>	<b>0.540</b>	<b>-</b>

## 25. Private Finance Initiatives (PFI) and Similar Contracts

The following table shows the reconciliation of long-term creditors to the PFI and other finance lease liabilities:

31 March 2023 £m		31 March 2024 £m
	Long term finance lease liability:	
(47.593)	Waste PFI	(45.495)
(9.460)	Fire PFI	(8.959)
<b>(57.053)</b>	<b>Total Finance Lease Liability</b>	<b>(54.454)</b>
	Long term deferred credits:	
(7.339)	Waste PFI	(6.672)
<b>(7.339)</b>	<b>Total Deferred Credits</b>	<b>(6.672)</b>
<b>(64.392)</b>	<b>Total Long Term Creditors</b>	<b>(61.126)</b>

The Council has entered into two PFI schemes as detailed below:

### Waste PFI

2023-24 was the 17th year of a 28-year integrated Waste PFI contract covering the construction, maintenance and operation of a range of waste treatment facilities and reception, storage, transport, recycling, composting, energy recovery and landfill disposal of household and commercial wastes collected by the Council. The Council has the right under the Agreement to use the various waste facilities for the provision of waste services.

The contract specifies a minimum standard for the services to be provided by the contractor. In the event of a service performance shortfall or if facilities become unavailable deductions will be made to the unitary charge payable. The contractor took on the obligation to ensure at all times that the services at each centre meet all the requirements of the Agreement, the Services Specification, the Service Delivery Proposals, Good Industry Practice, Guidance and all applicable Authorities' Policies and Legislation.

The buildings and any plant and equipment at the end of the Agreement will be transferred to the Council for nil consideration, with the exception of an extension to an existing energy from waste facility located outside of the

Council's administrative area that will revert to the contractor as it will be at the end of its useful operational life.

The Council has the right to terminate the Agreement by giving the agreed notice period and paying the Authority Default Termination Sum, as detailed in the Agreement.

Payments to the service provider under this scheme depend upon a number of factors, including the performance of the contract.

## Notes to the Accounts

The figures below provide information on the movement of the Waste PFI assets held on the Council's Balance Sheet during 2023-24:

	2022-23 £m	2023-24 Plant Shell £m	2023-24 Project Assets £m	2023-24 £m
Cost brought forward 1 April	77.617	12.205	65.484	77.689
Additions in year	1.848	-	1.355	1.355
Revaluation in year	0.084	-	(1.359)	(1.359)
Disposals	(1.860)	-	(1.355)	(1.355)
<b>Cost carried forward 31 March</b>	<b>77.689</b>	<b>12.205</b>	<b>64.125</b>	<b>76.330</b>
Accumulated depreciation brought forward 1 April	(8.556)	-	(7.218)	(7.218)
Revaluations in year	5.209	-	3.269	3.269
Disposals	0.121	-	0.077	0.077
Depreciation charge for year	(3.992)	(0.763)	(3.520)	(4.283)
<b>Depreciation at 31 March</b>	<b>(7.218)</b>	<b>(0.763)</b>	<b>(7.392)</b>	<b>(8.155)</b>
<b>Net book value carried forward 31 March</b>	<b>70.471</b>	<b>11.442</b>	<b>56.733</b>	<b>68.175</b>

The following table provides information on the movement of the PFI lease liability held on the Council's Balance Sheet during 2023-24:

	2022-23 £m	2023-24 Plant Shell £m	2023-24 Project Assets £m	2023-24 £m
Lease liability brought forward 1 April	50.981	9.749	39.646	49.395
Payments made in year	(1.586)	(0.388)	(1.414)	(1.802)
<b>Liability carried forward 31 March</b>	<b>49.395</b>	<b>9.361</b>	<b>38.232</b>	<b>47.593</b>

## Notes to the Accounts

The following table provides the best estimates of payments in future periods, on the assumption that the contractor provides a reliable service. Variable elements of the charge have been inflated in line with predicted RPI increases:

	31 March 2023 £m	Lifecycle Replacement £m	Repayment of Liability £m	Interest Charges £m	Service Charges £m	31 March 2024 £m
Within one year	27.986	1.515	2.097	8.944	18.446	<b>31.002</b>
Within two to five years	120.315	6.369	11.915	35.830	79.224	<b>133.338</b>
Within six to ten years	170.969	8.705	26.218	42.640	111.818	<b>189.381</b>
Within eleven to fifteen years	75.374	1.846	7.362	7.787	24.173	<b>41.168</b>
	<b>394.644</b>	<b>18.435</b>	<b>47.592</b>	<b>95.201</b>	<b>233.661</b>	<b>394.889</b>

The following transactions were processed during 2022-23 and 2023-24:

2022-23 £m	2023-24 £m
12.383 Service Charge	14.097
1.348 Lifecycle Maintenance	1.485
1.586 Capital Repayment	1.802
5.393 Interest	5.226
(0.298) Contingent Rent	3.048
<b>20.412 Total Payment</b>	<b>25.658</b>
(3.141) PFI Grant Receivable	(3.141)
<b>17.271 Net Payment</b>	<b>22.517</b>

## Notes to the Accounts

### Fire & Rescue PFI

2023-24 was the 14th year of a 25-year PFI contract for the construction, maintenance and operation of two fire stations in Pegswood and West Hartford. The Council has the rights under the Agreement to use the stations for the provision of the Fire and Rescue Services.

The contract specifies a minimum standard for the services to be provided by the contractor. In the event of a service performance shortfall or if the facilities become unavailable, deductions will be made to the unitary charge payable. The contractor took on the obligation to ensure at all times the services at each station meet all the requirements of the Agreement, the services specification, the service delivery proposals, good industry practice, guidance and all applicable Authorities' policies and legislation.

The buildings and any plant and equipment at the end of the Agreement will be transferred to the Council for nil consideration.

The Council has the right to terminate the Agreement by giving the agreed notice period and paying the Default Termination Sum, as detailed in the Agreement.

Payments to the service provider under this scheme depend upon a number of factors, including the performance of the contract. Changes to works, the services or the stations agreed, in accordance with the Change Protocol detailed in the Agreement, will result in an adjustment to the annual payments to the service provider.

The figures below provide information on the movement of the Fire and Rescue PFI assets held on the Balance Sheet during 2023-24:

2022-23 £m		2023-24 £m
22.207	Costs brought forward 1 April	11.499
(10.708)	Revaluation Gain/(Loss)	2.194
<b>11.499</b>	<b>Cost carried forward 31 March</b>	<b>13.693</b>
(1.465)	Depreciation brought forward 1 April	-
2.201	Revaluations in Year	0.003
(0.736)	Depreciation charge for year	(0.468)
<b>-</b>	<b>Depreciation at 31 March</b>	<b>(0.465)</b>
<b>11.499</b>	<b>Net book value carried forward 31 March</b>	<b>13.228</b>

The figures below provide information on the movement of the PFI lease liability held on the Balance Sheet during 2023-24:

2022-23 £m		2023-24 £m
10.334	Lease liability brought forward 1 April	9.918
(0.416)	Payments made in year	(0.457)
<b>9.918</b>	<b>Liability carried forward 31 March</b>	<b>9.461</b>

## Notes to the Accounts

The following table provides the best estimate of payments in future periods on the assumption that the contractor provides a reliable service. The amounts include the adjustment to the payments, agreed during 2013-14, relating to changes to works, the services or the stations. The adjustments affect the lifecycle maintenance and the service charges elements of the unitary charge. Variable elements of the charge have been inflated in line with predicted RPI increases:

	31 March 2023 £m	Lifecycle Replacement £m	Repayment of Liability £m	Interest Charges £m	Service Charges £m	31 March 2024 £m
Within one year	2.838	0.310	0.502	1.094	1.162	<b>3.068</b>
Within two to five years	12.622	1.667	2.564	4.035	6.381	<b>14.647</b>
Within six to ten years	19.506	3.551	4.992	3.802	14.077	<b>26.422</b>
Within eleven to fifteen years	9.985	1.552	1.403	(0.111)	4.991	<b>7.835</b>
	<b>44.951</b>	<b>7.080</b>	<b>9.461</b>	<b>8.820</b>	<b>26.611</b>	<b>51.972</b>

The following transactions were processed during 2022-23 and 2023-24:

2022-23 £m		2023-24 £m
0.921	Service Charge	1.026
0.251	Lifecycle Maintenance	0.276
0.416	Capital Repayment	0.457
1.091	Interest	1.045
0.052	Contingent Rent	0.075
<b>2.731</b>	<b>Total Payment</b>	<b>2.879</b>
(1.619)	PFI Grant Receivable	(1.619)
<b>1.112</b>	<b>Net Payment</b>	<b>1.260</b>

## 26. Creditors

31 March 2023		31 March 2024
£m		£m
(17.111)	Central Government bodies	(24.226)
(1.025)	NHS bodies	(1.544)
(59.765)	Other entities and individuals	(76.922)
(0.940)	Other local authorities	(1.718)
(3.456)	Public corporations and trading funds	(0.916)
<b>(82.297)</b>	<b>Total</b>	<b>(105.326)</b>

## 27. Significant Commitments under Capital Contracts

The following significant capital contracts have been entered into by the Council at 31 March 2024:

	Total Cost £m	Future Payments £m
Energising Blyth - Culture Centre and Market Place Improvement	15.103	13.648
Seaton Valley Schools Redevelopment	46.893	42.245

The following significant capital contracts were entered into by the Council at 31 March 2023:

	Total Cost £m	Future Payments £m
Berwick Leisure Centre	1.586	1.586
County Hall Solar Car Port	3.060	1.206
Todstead Landslip	3.497	3.497



## 28. Provisions

Provisions	Redundancy Costs £m	NNDR Appeals £m	Estates Rationalisation £m	Compensation Claims £m	Contractor Claims £m	Total £m
<b>Balance at 1 April 2022</b>	-	<b>(8.699)</b>	<b>(0.577)</b>	<b>(0.147)</b>	<b>(0.233)</b>	<b>(9.656)</b>
Amounts used in 2022-23	-	1.354	-	0.067	-	<b>1.421</b>
Additional provisions made in 2022-23	(0.545)	(0.114)	-	-	(0.097)	<b>(0.756)</b>
Unused amounts reversed in 2022-23	-	2.247	-	-	-	<b>2.247</b>
<b>Balance at 31 March 2023</b>	<b>(0.545)</b>	<b>(5.212)</b>	<b>(0.577)</b>	<b>(0.080)</b>	<b>(0.330)</b>	<b>(6.744)</b>
Amounts used in 2023-24	0.532	4.461	-	-	-	<b>4.993</b>
Additional provisions made in 2023-24	-	(2.091)	-	-	(0.118)	<b>(2.209)</b>
Unused amounts reversed in 2023-24	0.013	-	0.577	-	0.330	<b>0.920</b>
<b>Balance at 31 March 2024</b>	-	<b>(2.842)</b>	-	<b>(0.080)</b>	<b>(0.118)</b>	<b>(3.040)</b>
Comprising:						
Short Term	-	(2.842)	-	(0.080)	(0.118)	<b>(3.040)</b>
Long Term	-	-	-	-	-	-
<b>Total Provisions</b>	-	<b>(2.842)</b>	-	<b>(0.080)</b>	<b>(0.118)</b>	<b>(3.040)</b>

### Redundancy Costs

There were no redundancies which met the provisions of IAS 37 for the 2023-24 statement of accounts, removing the need for a redundancy provision to be made. The table illustrates the provision made in the 2022-23 statement of accounts and how it was fully used in year, for comparison.

### National Non-Domestic Rates (NNDR) Appeals

In addition to the local management of business rates authorities are expected to finance their proportion of appeals, made by ratepayers, against the rateable valuation set by the Valuation Office. The provision is largely derived from appeals lodged to date, yet to be determined by the Valuation Office Agency (VOA) under the Check, Challenge and Appeals process. The VOA aim to resolve checks and challenges within a year. A provision of £5.684 million has been created within the 2023-24 accounts based on the best estimate of the potential liability required to settle successful appeals. £2.263 million relates to the 2017 valuation list and £3.421 million relates to the 2023 valuation list. This has been allocated 50.0% to Northumberland County Council and 50.0% to Central Government.

### Estates Rationalisation

This provision is maintained to cover anticipated costs in relation to rationalising the Council's estate following a review by Estates Management. Following the Council's acquisition of Wansbeck Square in Ashington in January 2024 this removed the commitment from the Council to fund dilapidation costs if the building had been returned to the owners.

### Compensation Claims

There are a number of claims that have been received in relation to a depreciation of property values under the Land Compensation Act Part 1 which have not yet been settled. The estimated value of these claims is £0.080 million.

## Notes to the Accounts

### Contractor Claims

Cost to Contractor for claimed lost third party income relating to the diversion of Persistent Organic Pollutants to Line 3 Energy from Waste facility from landfill amounting to £0.118 million for the period 1 January 2023 to 31 March 2024. This item is currently subject to evaluation and review under the provisions of the contract.

## 29. Unusable Reserves

31 March 2023		31 March 2024
£m		£m
(5.752)	Accumulated Absences Adjustment Account	(6.553)
618.411	Capital Adjustment Account	623.627
3.401	Collection Fund Adjustment Account	9.084
(8.116)	Financial Instruments Adjustment Account	(7.841)
13.195	Financial Instruments Revaluation Reserve	13.195
(259.243)	Pensions Reserve	(154.063)
200.895	Revaluation Reserve	211.330
<b>562.791</b>	<b>Total Unusable Reserves</b>	<b>688.779</b>

### Accumulated Absences Adjustment Account

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

2022-23		2023-24	
£m	£m	£m	£m
<b>(5.026)</b>	<b>Balance at 1 April</b>		<b>(5.752)</b>
5.026	Settlement or cancellation of accrual made at the end of the preceding year	5.752	
(5.752)	Amounts accrued at the end of the current year	(6.553)	
(0.726)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(0.801)
<b>(5.752)</b>	<b>Balance at 31 March</b>		<b>(6.553)</b>

## Notes to the Accounts

### Capital Adjustment Account

The balance on the account represents the timing difference between the amount of historical cost of non-current assets that have been consumed and the amount that has been financed in accordance with statutory requirements.

2022-23 £m		2023-24 £m
<b>576.306</b>	<b>Balance at 1 April</b>	<b>618.411</b>
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(57.173)	Charges for depreciation and impairment of non-current assets	(58.786)
(7.601)	Revaluation losses on Property, Plant and Equipment	(4.586)
(0.410)	Amortisation of intangible assets	(0.419)
(44.661)	Revenue expenditure funded from capital under statute	(84.421)
(14.641)	Amounts of non-current assets written off on disposal or sale as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	(52.673)
6.246	Adjusting amounts written out of the Revaluation Reserve	13.246
1.427	Modification adjustments charged to Comprehensive Income and Expenditure Statement in respect of capital financial assets	0.237
(0.091)	Expected Credit Loss allowances (charged) / credited to Comprehensive Income and Expenditure Statement in respect of capital financial assets	0.025
	Capital financing applied in the year:	
3.138	Use of the Capital Receipts Reserve to finance new capital expenditure	2.729
10.626	Use of the Major Repairs Reserve to finance new capital expenditure	12.474
69.493	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	130.148
9.838	Application of grants to capital financing from the Capital Grants Unapplied Grant	12.584
24.355	Provision for the financing of capital investment charged against the General Fund and HRA balances	25.971
32.112	Additional set aside for the financing of capital investment charged against the General Fund and HRA balances	(7.604)
6.912	Set aside of capital receipt for the repayment of debt	12.363
2.512	Capital expenditure charged against the General Fund and HRA balance	3.791
0.023	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	0.137
<b>618.411</b>	<b>Balance at 31 March</b>	<b>623.627</b>

## Notes to the Accounts

### Collection Fund Adjustment Account

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

2022-23 £m	2023-24 £m
<b>(9.168)</b>	<b>3.401</b>
<b>Balance at 1 April</b>	
Amount by which council tax and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income and non-domestic rates calculated for the year in accordance with statutory requirements	
12.569	5.683
<b>3.401</b>	<b>9.084</b>
<b>Balance at 31 March</b>	

### Financial Instruments Adjustment Account

This represents the difference between the amounts charged to the Comprehensive Income and Expenditure Statement and the net charge required against the General Fund balance in respect of Financial Assets and Financial Liabilities in the Movement in Reserves Statement. The adjustment to the General Fund balance is required by statutory regulations whereas the Comprehensive Income and Expenditure Statement needs to meet the requirements of the CIPFA Code of Practice:

2022-23 £m	2023-24 £m
<b>(8.393)</b>	<b>(8.116)</b>
<b>Balance at 1 April</b>	
Proportion of premiums/(discounts) incurred in previous financial years to be charged/(credited) against the General Fund balance in accordance with statutory requirements	
0.253	0.253
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	
0.024	0.022
<b>(8.116)</b>	<b>(7.841)</b>
<b>Balance at 31 March</b>	

### 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 are:

- revalued downwards or impaired and the gains are lost; and
- disposed of and the gains are realised.

The reserve reflects the change in value of the Council's shareholding in Newcastle International Airport which did not change during 2023-24.

2022-23 £m	2023-24 £m
<b>13.195</b>	<b>13.195</b>
<b>Balance at 1 April</b>	
-	-
Upward Revaluation of Investment	
<b>13.195</b>	<b>13.195</b>
<b>Balance at 31 March</b>	

## Notes to the Accounts

### Pensions Reserve

Pension costs are recognised in the year in which the benefit entitlements are earned by employees rather than the year in which the pensions and the employer's contributions are actually paid. The Pensions Reserve represents the net liability for future pension costs:

2022-23 £m	2023-24 £m
<b>(742.487)</b>	<b>(259.243)</b>
<b>Balance at 1 April</b>	
- Net increase in assets/(liabilities) due to acquisition on Pension Fund	6.170
(59.610) Return on plan assets	45.380
779.174 Actuarial gains or (losses) arising on changes in financial assumptions	48.434
0.650 Actuarial gains or (losses) arising on changes in demographic assumptions	27.912
(184.702) Actuarial gains and (losses) arising due to liability experience	(21.904)
Reversal of items relating to retirement benefits debited or credited to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(41.555)
(92.922)	
Employer's pensions contributions and direct payments to pensioners payable in the year	40.743
40.654	
<b>(259.243)</b>	<b>(154.063)</b>
<b>Balance at 31 March</b>	

### Revaluation Reserve

The balance on this reserve represents the accumulated gains on the re-valued non-current assets held by the Council since 1 April 2007 less that part of the depreciation charge that has been incurred only because the assets have been re-valued. Whilst these gains increase the net worth of the Council, they would only result in an increase in spending power if the relevant assets were sold and capital receipts generated. On disposal the Revaluation Reserve value for an asset is written off to the Capital Adjustment Account.

2022-23 £m	2023-24 £m
<b>188.619</b>	<b>200.895</b>
<b>Balance at 1 April</b>	
50.826 Upward revaluation of assets	46.460
Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(22.779)
(32.304)	
Difference between fair value depreciation and historical cost depreciation	(6.570)
(5.841)	
Accumulated gains on assets sold or scrapped	(6.676)
(0.405)	
- Amount written off to the Capital Adjustment Account	-
<b>200.895</b>	<b>211.330</b>
<b>Balance at 31 March</b>	

### 30. Pension Schemes Accounted for as Defined Contribution Schemes

#### Teachers' Pensions Scheme

Teachers employed by the Council are offered membership of the Teachers' Pension Scheme, administered by the Teachers' Pensions Agency. It provides teachers with defined benefits upon their retirement, and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

As a proportion of the total contributions into the Teacher's Pension Scheme, the Council's own contributions equated to approximately 72.0% for 2023-24. The Council paid £12.547 million in 2023-24 (£12.152 million in 2022-23) to the Teachers' Pensions Agency in respect of teachers' retirement benefits, which represents 23.7% of teachers' pensionable pay for the period 1 April 2023 to 31 March 2024.

The contributions due to be paid in the next financial year are estimated to be £15.009 million.

The Scheme is a defined benefit final salary scheme. It is not possible for the Council to identify its share of the underlying liabilities in the scheme, and it is therefore classified as a defined contribution scheme for the purposes of the accounting requirements of IAS 19 and does not form part of the pension deficit described in Note 31.

The Council is responsible for the costs of any early retirement (the Teachers' unfunded scheme) and this is included in the pension deficit described in Note 31.

#### Academies/Agencies

The Council acted as the payroll provider for six academies and one agency during the 2023-24 financial year, namely:

- Active Northumberland (since 1 September 2015 with regard to Teachers Pensions);
- Berwick Academy (since 1 November 2011);
- Cheviot Learning Trust (since 1 September 2023);

- Cramlington Learning Village (since 1 September 2011 to 31 August 2023);
- Pele Trust (Since 1 February 2019):
- Ponteland Academy (since September 2017); and,
- Tyne Community Learning Trust (since 1 September 2019 to 31 August 2023)

As part of this service the Council pays pension contributions to the Teachers' Pensions Agency on behalf of these establishments.

For 2023-24, employer contributions amounting to £4.911 million (23.7% of pensionable pay) and employee contributions amounting to £1.957 million (at rates ranging from 7.4% to 11.7% of pensionable pay), were paid over to the Teachers' Pensions Agency on behalf of the academies/agency listed above.

#### NHS Pension Scheme

NHS staff who transferred to the Council in 2013-14, and on 1<sup>st</sup> October 2021, can choose to maintain their membership of the NHS Pension Scheme, administered by the NHS Business Services Authority.

The Scheme provides these staff with specified benefits upon retirement and the Council contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is an unfunded defined benefit scheme. For 2023-24, the Council paid employee contributions of £1.282 million (contribution rates ranging from 5.1% to 13.5% of pensionable pay), and employer contributions of £1.877 million (contribution rate representing 14.4% of pensionable pay) to the NHS Pension Scheme in respect of former NHS staff.

The contributions due to be paid in the next financial year are estimated to be £3.052 million.



## 31. Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post-employment benefits. Although those benefits will not actually be payable until employees retire, the Council has a commitment to pay and disclose them at the time those employees earn their future entitlement.

The principal risks to the authority of the post-employment schemes are the longevity, inflation and (where relevant) investment asset performance assumptions and experience, statutory changes to the schemes, and structural changes to scheme membership. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund and Housing Revenue Account the amounts required by statute as described in the accounting policies Note 40.

The Council participates in nine post-employment schemes. Seven of these are treated as defined benefit schemes as outlined below. The other schemes are defined contribution schemes and are included in Note 30.

**The Local Government Pension Scheme (LGPS)** for employees other than teachers and firefighters is administered by South Tyneside Council. The LGPS is a funded defined benefit final salary and career average revalued earnings scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The Fund Administering Authority, South Tyneside Council, is responsible for the governance of the Fund.

**The LGPS Unfunded Scheme** for employees other than teachers and firefighters is administered by Northumberland County Council. This is an unfunded defined benefit final salary scheme, meaning that there are no investment assets built up to meet the pension liabilities, which are paid for by the Council on a pay-as-you-go basis. The LGPS Unfunded Scheme provides enhanced pensions for certain former employees who were granted early retirement by the Council. No enhanced LGPS pensions have been granted since November 2003.

**The Teachers' Unfunded Scheme** for teachers only is administered by Northumberland County Council. This is an unfunded defined benefit final salary scheme, meaning that there are no investment assets built up to meet the pension liabilities, which are paid for by the Council on a pay-as-you-go basis.

Northumberland County Council 2023-24 Statement of Accounts

salary scheme, meaning that there are no investment assets built up to meet the pension liabilities, which are paid for by the Council on a pay-as-you-go basis. The Teachers' Unfunded Scheme provides enhanced pensions for certain former employees who were granted early retirement by the Council. No enhanced Teachers' pensions have been granted since January 2004.

**The 1992 Firefighters' Pension Scheme (FPS 1992)** is administered by Northumberland County Council. This is an unfunded defined benefit final salary scheme, meaning that there are no investment assets built up to meet the pension liabilities. Under the Firefighters' Pension Scheme (Amendment) (England) Order 2006 the Council and employees pay contributions into a notional fund. The fund is topped up by a government grant if the receipts into it are insufficient to meet the cost of pension and other payments. Any surplus in the fund is recouped by government in the year. With effect from 1 April 2022 this scheme closed to new accrual and all remaining active members were transferred into the reformed 2015 scheme.

**The 2006 Firefighters' Pension Scheme (FPS 2006)** is administered by Northumberland County Council. This is an unfunded defined benefit final salary scheme, meaning that there are no investment assets built up to meet the pension liabilities. The funding arrangements are as described above for the FPS 1992. With effect from 1 April 2022 this scheme closed to new accrual and all remaining active members were transferred into the reformed 2015 scheme.

**The 2015 Firefighters' Pension Scheme (FPS 2015)** is administered by Northumberland County Council. This is an unfunded defined benefit career average revalued earnings scheme, meaning that there are no investment assets built up to meet the pension liabilities. The funding arrangements are as described above for the FPS 1992.

**The Firefighters' Compensation Scheme** is administered by Northumberland County Council. This is an unfunded defined benefit final salary 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 fall due. These pensions are not covered by the funding arrangements as described above for the FPS and are paid for by the Council on a pay-as-you-go basis.



## Notes to the Accounts

### Transactions Relating to Post-employment Benefits

The Council recognises the cost of retirement benefits in the reported Cost of Services in the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Council is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund (and Housing Revenue Account) via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2022-23					2023-24					
LGPS	Firefighters' Schemes	LGPS Unfunded Scheme	Teachers' Unfunded Scheme	Total		LGPS	Firefighters' Schemes	LGPS Unfunded Scheme	Teachers' Unfunded Scheme	Total
£m	£m	£m	£m	£m		£m	£m	£m	£m	£m
					Comprehensive Income and Expenditure Statement (CIES)					
					Cost of Services:					
70.500	3.865	-	-	74.365	Current service cost	31.050	1.486	-	-	32.536
0.170	-	-	-	0.170	Past service cost	0.230	0.535	-	-	0.765
(1.090)	-	-	-	(1.090)	Settlement Cost	(0.290)	-	-	-	(0.290)
					Financing and Investment Income and Expenditure:					
12.230	6.007	0.680	0.560	19.477	Net interest expense	(0.960)	7.664	1.010	0.830	8.544
81.810	9.872	0.680	0.560	92.922	Total post employment benefit charged to the (surplus)/deficit on the provision of services	30.030	9.685	1.010	0.830	41.555
					Other post employment benefit charged to the CIES					
					Remeasurement of the net defined liability comprising:					
59.610	-	-	-	59.610	Return on plan assets (excluding the amount included in the net interest expense)	(45.380)	-	-	-	(45.380)
(689.800)	(82.134)	(4.130)	(3.110)	(779.174)	Actuarial (gains) and losses arising on changes in financial assumptions	(43.260)	(4.704)	(0.240)	(0.230)	(48.434)
-	-	(0.390)	(0.260)	(0.650)	Actuarial (gains) and losses arising on changes in demographic assumptions	(22.820)	(3.932)	(0.590)	(0.570)	(27.912)
161.950	18.652	2.260	1.840	184.702	Actuarial (gains) and losses arising due to liability experience	15.310	4.074	(0.660)	3.180	21.904
(468.240)	(63.482)	(2.260)	(1.530)	(535.512)	Total other post employment benefit charged to the Comprehensive Income and Expenditure Statement	(96.150)	(4.562)	(1.490)	2.380	(99.822)
-	-	-	-	-	* Net increase in assets due to acquisition on Pension Fund	(6.170)	-	-	-	(6.170)
(386.430)	(53.610)	(1.580)	(0.970)	(442.590)	Total charge to the Comprehensive Income and Expenditure Statement	(72.290)	5.123	(0.480)	3.210	(64.437)
					Movement in Reserves - General Fund Balance:					
(81.810)	(9.872)	(0.680)	(0.560)	(92.922)	Reversal of net charges made to the (surplus)/deficit for the provision of services for post employment benefit	(30.030)	(9.685)	(1.010)	(0.830)	(41.555)
					Actual amount charged against the General Fund Balance for pensions in the year:					
31.280	-	-	-	31.280	Employer's contributions payable to the scheme	29.730	-	-	-	29.730
	4.994	2.080	2.300	9.374	Net retirement benefits payable to pensioners	-	6.613	2.170	2.230	11.013

## Notes to the Accounts

\*The Council has subsumed the pension assets and liabilities of Active Northumberland following their cessation on 31 March 2024.

The amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement for financial year 2023-24 is a gain of £99.822 million (2022-23 £535.512 million gain).

## Notes to the Accounts

Note: The Firefighters' schemes' details are shown below:

2022-23					2023-24					
1992 Firefighters' Pension Scheme £m	2006 Firefighters' Pension Scheme £m	2015 Firefighters' Pension Scheme £m	Firefighters' Compensation Scheme £m	Total £m		1992 Firefighters' Pension Scheme £m	2006 Firefighters' Pension Scheme £m	2015 Firefighters' Pension Scheme £m	Firefighters' Compensation Scheme £m	Total £m
					Comprehensive Income and Expenditure Statement					
					Cost of Services:					
-	-	3.755	0.110	3.865	Current service cost	-	-	1.431	0.055	1.486
-	-	-	-	-	Past service cost	6.996	2.606	(9.067)	-	0.535
					Financing and Investment Income and Expenditure:					
4.787	0.342	0.738	0.140	6.007	Net interest expense	6.344	0.371	0.757	0.192	7.664
4.787	0.342	4.493	0.250	9.872	Total post employment benefit charged to the surplus/deficit on the provision of services	13.340	2.977	(6.879)	0.247	9.685
					Other post employment benefit charged to the Comprehensive Income and Expenditure Statement					
					Remeasurement of the net defined liability comprising:					
(57.150)	(6.118)	(17.348)	(1.518)	(82.134)	Actuarial (gains) and losses arising on changes in financial assumptions	(3.506)	(0.485)	(0.625)	(0.088)	(4.704)
-	-	-	-	-	Actuarial (gains) and losses arising on changes in demographic assumptions	(2.391)	(0.520)	(0.864)	(0.157)	(3.932)
16.348	1.140	0.804	0.360	18.652	Actuarial (gains) and losses arising due to liability experience	5.150	(0.370)	(0.234)	(0.472)	4.074
(40.802)	(4.978)	(16.544)	(1.158)	(63.482)	Total post employment benefit charged to the Comprehensive Income and Expenditure Statement	(0.747)	(1.375)	(1.723)	(0.717)	(4.562)
(36.015)	(4.636)	(12.051)	(0.908)	(53.610)	Total Charged to the Comprehensive Income and Expenditure Statement	12.593	1.602	(8.602)	(0.470)	5.123
					Movement in Reserves - General Fund Balance:					
(4.787)	(0.342)	(4.493)	(0.250)	(9.872)	Reversal of net charges made to the surplus/deficit for the provision of services for post employment benefit	(13.340)	(2.977)	6.879	(0.247)	(9.685)
					Actual amount charged against the General Fund Balance for pensions in the year:					
6.143	0.124	(1.470)	0.197	4.994	Net retirement benefits payable to pensioners	6.481	0.125	(0.194)	0.201	6.613

## Notes to the Accounts

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount in the Balance Sheet is a result of the Council's obligation in respect of its defined benefit plan as follows:

2022-23						2023-24				
LGPS £m	Firefighters' Schemes £m	LGPS Unfunded Scheme £m	Teachers' Unfunded Scheme £m	Total £m		LGPS £m	Firefighters' Schemes £m	LGPS Unfunded Scheme £m	Teachers' Unfunded Scheme £m	Total £m
(1,423.570)	(166.353)	(22.460)	(18.660)	<b>(1,631.043)</b>	Present value of the defined benefit obligation	(1,439.400)	(164.863)	(19.810)	(19.640)	<b>(1,643.713)</b>
1,371.800	-	-	-	<b>1,371.800</b>	Fair value of plan assets	1,489.650	-	-	-	<b>1,489.650</b>
<b>(51.770)</b>	<b>(166.353)</b>	<b>(22.460)</b>	<b>(18.660)</b>	<b>(259.243)</b>	<b>Net Asset/(Liability) arising from defined benefit obligation</b>	<b>50.250</b>	<b>(164.863)</b>	<b>(19.810)</b>	<b>(19.640)</b>	<b>(154.063)</b>

In 2023-24, the LGPS had a net surplus balance of £50.250 million which is reported as a Long-Term Asset on the Balance Sheet. The Firefighters', LGPS Unfunded and Teachers' Unfunded schemes have a total net deficit balance of £204.313 million which is reported as a Long-Term Liability on the Balance Sheet.

## Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

	LGPS £m	1992 Firefighters' Pension Scheme £m	2006 Firefighters' Pension Scheme £m	2015 Firefighters' Pension Scheme £m	Firefighters' Compensation Scheme £m	LGPS Unfunded Scheme £m	Teachers' Unfunded Scheme £m	Total £m
<b>Opening balance as at 1 April 2023</b>	<b>1,423.570</b>	<b>138.190</b>	<b>7.955</b>	<b>16.015</b>	<b>4.193</b>	<b>22.460</b>	<b>18.660</b>	<b>1,631.043</b>
Increase from acquisition/disposal	22.190	-	-	-	-	-	-	22.190
Current service cost	31.050	-	-	1.431	0.055	-	-	32.536
Interest cost	66.060	6.344	0.371	0.757	0.192	1.010	0.830	75.564
Contributions from scheme participants	10.120	-	0.006	0.961	-	-	-	11.087
Remeasurement gains and (losses):								
Actuarial (gains) and losses arising from changes in financial assumptions	(43.260)	(3.506)	(0.485)	(0.625)	(0.088)	(0.240)	(0.230)	(48.434)
Actuarial (gains) and losses arising from changes in demographic assumptions	(22.820)	(2.391)	(0.520)	(0.864)	(0.157)	(0.590)	(0.570)	(27.912)
Actuarial (gains) and losses arising due to liability experience	15.310	5.150	(0.370)	(0.234)	(0.472)	(0.660)	3.180	21.904
Past service cost	0.230	6.996	2.606	(9.067)	-	-	-	0.765
Benefits paid	(59.390)	(6.481)	(0.131)	(0.767)	(0.201)	(2.170)	(2.230)	(71.370)
Settlements	(3.660)	-	-	-	-	-	-	(3.660)
<b>Closing balance as at 31 March 2024</b>	<b>1,439.400</b>	<b>144.302</b>	<b>9.432</b>	<b>7.607</b>	<b>3.522</b>	<b>19.810</b>	<b>19.640</b>	<b>1,643.713</b>
<b>Opening balance as at 1 April 2022</b>	<b>1,878.620</b>	<b>180.348</b>	<b>12.715</b>	<b>26.596</b>	<b>5.298</b>	<b>26.120</b>	<b>21.930</b>	<b>2,151.627</b>
Increase from acquisition/disposal	-	-	-	-	-	-	-	-
Current service cost	70.500	-	-	3.755	0.110	-	-	74.365
Interest cost	50.060	4.787	0.342	0.738	0.140	0.680	0.560	57.307
Contributions from scheme participants	9.320	-	0.008	0.888	-	-	-	10.216
Remeasurement gains and (losses):								
Actuarial (gains) and losses arising from changes in financial assumptions	(689.800)	(57.150)	(6.118)	(17.348)	(1.518)	(4.130)	(3.110)	(779.174)
Actuarial (gains) and losses arising from changes in demographic assumptions	-	-	-	-	-	(0.390)	(0.260)	(0.650)
Actuarial (gains) and losses arising due to liability experience	161.950	16.348	1.140	0.804	0.360	2.260	1.840	184.702
Past service cost	0.170	-	-	-	-	-	-	0.170
Benefits paid	(54.920)	(6.143)	(0.132)	0.582	(0.197)	(2.080)	(2.300)	(65.190)
Settlements	(2.330)	-	-	-	-	-	-	(2.330)
<b>Closing balance as at 31 March 2023</b>	<b>1,423.570</b>	<b>138.190</b>	<b>7.955</b>	<b>16.015</b>	<b>4.193</b>	<b>22.460</b>	<b>18.660</b>	<b>1,631.043</b>

## Notes to the Accounts

Reconciliation of the movement in the fair value of the scheme (plan) assets:

2022-23		2023-24
£m	Local Government Pension Scheme	£m
1,409.140	Opening fair value of scheme assets as at 1 April	1,371.800
0.000	Increase from acquisition/disposal	28.360
37.830	Interest income	67.020
	Remeasurement gain and (loss):	
(59.610)	The return on plan assets, excluding the amount included in the net interest expense	45.380
31.280	Contributions by the employer	29.730
9.320	Contributions by participants	10.120
(54.920)	Benefits paid	(59.390)
(1.240)	Settlements	(3.370)
<b>1,371.800</b>	<b>Closing balance of scheme assets as at 31 March</b>	<b>1,489.650</b>

Local Government Pension Scheme assets comprised:

2022-23		2023-24	
Total		Quoted	Unquoted
%	LGPS assets comprised:	%	%
1.8	Cash	0.7	-
19.5	Corporate Bonds	19.5	-
51.2	Equities	39.5	11.1
1.3	Government Bonds	1.3	-
4.5	Multi Asset Credit	4.6	-
11.2	Other	-	12.9
10.5	Property	-	10.4
<b>100.0</b>	<b>Total</b>	<b>65.6</b>	<b>34.4</b>

## Notes to the Accounts

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions such as mortality rates and salary levels. Aon, an independent firm of actuaries, has assessed the liabilities for the pension schemes shown in the accounts, based on the latest full valuations of the schemes. For the LGPS the latest full actuarial valuation of the Fund took place as at 31 March 2022. For the FPS 1992, FPS 2006, FPS 2015 and the Firefighters' Injury Pensions and Non-Scheme Ill-Health Pensions the latest full actuarial valuation took place as at 31 March 2023. For the LGPS Unfunded Scheme and the Teachers' Unfunded Scheme, the latest full actuarial valuation took place as at 31 March 2024.

### Cost Management in the LGPS and FPS

Legislation requires HM Treasury (HMT) to undertake periodic valuations to monitor the cost of the LGPS and the FPS to ensure they remain sustainable and affordable.

The outcome of these reviews recommended no changes to the provisions. However, trade unions have raised a Judicial Review challenging the legality of Government's decision to include McCloud costs as a member cost within the 2016 HMT review process. If the Judicial Review is successful, the 2016 HMT process may be re-run and could result in changes in benefits or member contributions backdated to 1 April 2019. The outcome of the review is expected in 2024. Aon has made no allowance for the potential outcome of the cost management exercise in this year's current service cost.

### Virgin Media Limited v NTL Pension Trustees II Limited

In June 2023, following the case Virgin Media Limited v NTL Pension Trustees II Limited, the UK High Court ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct section 37 actuarial confirmation. The judgement was upheld by the Court of Appeal in July 2024.

The Local Government Pension Scheme is a contracted-out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits. However, HM Treasury are assessing the implications of the ruling to ascertain whether actuarial certifications are required for relevant amendments to public service pension schemes as these would have been made by legislation. The general position in public law is that legislation remains valid until it is revoked or repealed by subsequent legislation, or in the case of regulations, specifically declared void by a court.

Until HM Treasury has finalised its assessment, the Council are unable to conclude whether there is any impact on member benefits.

### Matthews Second Options Exercise

Prior to 2006, retained firefighters were not eligible to join any fire service pension scheme. This was challenged in court and a modified scheme was developed for retained firefighters employed between 1 July 2000 and 5 April 2006. This gave those firefighters pension benefits similar to the previous 1992 pension scheme which is now closed. This was known as the 'first options exercise'.

Following the Matthews case, the European Court of Justice ruled separately that retained firefighters could "buy back" pensionable benefits from the start of their employment, provided they were employed as a firefighter between 7 April 2000 and 30 June 2000. A second option exercise will now take place to allow eligible retained firefighters to buy pension as a special member of the 2006 firefighters pension scheme backdated to the start of their employment.

Until this is complete, the Council are unable to assess what the impact will be on member benefits.

## Notes to the Accounts

The significant assumptions used by the actuary have been:

31 March 2023					31 March 2024			
LGPS	Firefighters' Schemes	LGPS Unfunded Scheme	Teachers' Unfunded Scheme		LGPS	Firefighters' Schemes	LGPS Unfunded Scheme	Teachers' Unfunded Scheme
Mortality assumptions in years:								
Longevity at age 65 for current pensioners:								
21.6	21.6	21.6	21.6	Men	21.0	21.2	21.0	21.0
24.6	23.7	24.6	24.6	Women	24.2	23.8	24.2	24.2
Longevity at age 65 for future pensioners:								
22.9	23.3	-	-	Men	22.3	22.8	-	-
26.1	25.5	-	-	Women	25.6	25.5	-	-
Financial Assumptions:								
2.7%	2.7%	2.7%	2.7%	Inflation - CPI	2.6%	2.6%	2.6%	2.6%
4.2%	4.2%	-	-	Salary increases	4.1%	4.1%	-	-
2.7%	2.7%	2.7%	2.7%	Pension increases	2.6%	2.6%	2.6%	2.6%
2.7%	4.2%	-	-	Pension accounts revaluation rate	2.6%	4.1%	-	-
4.7%	4.7%	4.7%	4.7%	Discount rate	4.8%	4.8%	4.8%	4.8%

The Council employs a building block approach in determining the rate of return on fund assets. Historical markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out within this note. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the Fund at 31 March 2024.

The Firefighters' Pension Schemes, LGPS Unfunded Scheme and the Teachers' Unfunded Scheme have no assets to cover their liabilities.

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



Impact on the Defined Benefit Obligation in the Scheme	Increase in assumption £m	Increase in assumption %	Decrease in assumption £m	Decrease in assumption %
Local Government Pension Scheme (LGPS Funded)				
Longevity (increase or decrease in 1 year)	35.990	2.5	(35.980)	(2.5)
Rate of increase in salaries (increase or decrease by 0.1%)	1.440	0.1	(1.440)	(0.1)
Rate of increase in pensions (increase or decrease by 0.1%)	20.150	1.4	(20.150)	(1.4)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(21.590)	(1.5)	23.030	1.6
Firefighters' Pension Scheme (FPS 1992)				
Longevity (increase or decrease in 1 year)	3.752	2.6	(3.752)	(2.6)
Rate of increase in salaries (increase or decrease by 0.1%)	-	-	-	-
Rate of increase in pensions (increase or decrease by 0.1%)	1.876	1.3	(1.876)	(1.3)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(1.876)	(1.3)	1.876	1.3
New Firefighters' Pension Scheme (FPS 2006)				
Longevity (increase or decrease in 1 year)	0.245	2.6	(0.245)	(2.6)
Rate of increase in salaries (increase or decrease by 0.1%)	0.066	0.7	(0.066)	(0.7)
Rate of increase in pensions (increase or decrease by 0.1%)	0.141	1.5	(0.141)	(1.5)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(0.208)	(2.2)	0.208	2.2
New Firefighters' Pension Scheme (FPS 2015)				
Longevity (increase or decrease in 1 year)	0.198	2.6	(0.198)	(2.6)
Rate of increase in salaries (increase or decrease by 0.1%)	0.122	1.6	(0.114)	(1.5)
Rate of increase in pensions (increase or decrease by 0.1%)	0.114	1.5	(0.114)	(1.5)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(0.228)	(3.0)	0.236	3.1

Sensitivity analysis on the LGPS Unfunded Scheme, The Teachers' Unfunded Scheme and the Firefighters' Injury Pensions and non-scheme Ill-Health Pensions scheme has not been included on materiality grounds.

## Notes to the Accounts

### Impact on the Council's Cash Flows

The Council anticipates paying the following amounts in 2024-25 in relation to the seven post-employment schemes covered by this note:

	LGPS £m	LGPS Unfunded Scheme £m	Teachers' Unfunded Scheme £m	1992 Firefighters' Pension Scheme £m	2006 Firefighters' Pension Scheme £m	2015 Firefighters' Pension Scheme £m	Firefighters' Injury & non scheme III Health £m	Total £m
Regular employer contributions payable to Tyne and Wear Pension Fund	30.720	-	-	-	-	-	-	<b>30.720</b>
Payments to beneficiaries	-	2.320	2.380	-	-	-	-	<b>4.700</b>
Payments to beneficiaries net of member contributions receivable, where contributions include the Government Grant	-	-	-	6.650	0.128	(0.213)	0.206	<b>6.771</b>
<b>Total</b>	<b>30.720</b>	<b>2.320</b>	<b>2.380</b>	<b>6.650</b>	<b>0.128</b>	<b>(0.213)</b>	<b>0.206</b>	<b>42.191</b>

Additional employer contributions will also be payable by the Council to Tyne and Wear Pension Fund in relation to the strain on the fund, for example, where an employee is made redundant and their LGPS pension becomes payable before their normal retirement date.

## Notes to the Accounts

### Duration of the defined benefit obligations

The duration of the Council's liabilities is the average period, expressed in number of years, between the calculation date and the date on which the scheme benefit falls due. Duration for the seven post-employment schemes covered by this note are as follows:

31 March 2023 No. of years		31 March 2024 No. of years
	Weighted average duration for LGPS, LGPS Unfunded Scheme and Teachers' Unfunded Scheme	
16.0		15.6
14.2	Weighted average duration for FPS 1992	13.1
23.6	Weighted average duration for FPS 2006	22.2
28.6	Weighted average duration for FPS 2015	30.2
	Weighted average duration for Firefighters' Compensation Scheme	
13.0		11.1

### Split of the defined benefit obligations

The split of the defined benefit obligations at the last valuation date between the categories of members was as follows:

	Active Members %	Deferred Members %	Pensioners %
Local Government Pension Scheme	32.0	14.0	54.0
Local Government Pension Scheme Unfunded Scheme	-	-	100.00
Teachers' Unfunded Scheme	-	-	100.00
1992 Firefighters' Pension Scheme	20.0	3.0	77.0
2006 Firefighters' Pension Scheme	56.0	15.0	29.0
2015 Firefighters' Pension Scheme	87.0	10.0	3.0
Firefighters' Compensation Scheme	25.0	0.0	75.0

this page is intentionally left blank

# Notes Supporting the Cash Flow Statement

### 32. Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

2022-23 £m	2023-24 £m
(24.206) Interest received	(27.999)
29.809 Interest paid	34.781

The deficit on the Provision of Services has been adjusted for the following non-cash movements:

2022-23 £m	2023-24 £m
57.173 Depreciation	58.786
7.601 Impairment and downward valuations	4.586
0.410 Amortisation	0.419
(61.781) (Increase)/decrease in creditors	4.572
(8.160) Increase in debtors	(31.027)
(0.152) (Increase)/decrease in inventories	0.042
52.268 Movement in Pension Liability	0.812
14.641 Carrying amount of non-current asset and non-current assets held for sale, sold or derecognised	52.673
(2.958) Other non-cash items charged to the net deficit on the provision of services	(3.873)
<b>59.042 Subtotal of non-cash movements</b>	<b>86.990</b>

The deficit on the Provision of Services has been adjusted for the following items that are investing and financing activities:

2022-23 £m	2023-24 £m
(6.516) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3.522)
(81.506) Any other items for which the cash effects are investing or financing cash flows	(147.208)
<b>(88.022) Sub total of adjustments included in the Deficit on the Provision of Services that are investing or financing activities</b>	<b>(150.730)</b>

### 33. Cash Flows from Investing Activities

2022-23 £m	2023-24 £m
(104.019) Purchase of property, plant and equipment, investment property and intangible assets	(115.517)
(185.349) Purchase of short term and long term investments	(247.870)
(4.264) Other payments for investing activities	(3.502)
6.516 Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3.522
239.500 Proceeds from short term and long term investments	282.000
85.374 Other receipts from investing activities	140.866
<b>37.758 Net cash flows from investing activities</b>	<b>59.499</b>

### 34. Cash Flows from Financing Activities

2022-23 £m	2023-24 £m
40.000 Cash receipts of short term and long term borrowing	116.000
(2.002) Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(2.259)
(51.552) Repayments of short and long term borrowing	(120.552)
9.010 Other payments for financing activities	(0.198)
<b>(4.544) Net cash flows from financing activities</b>	<b>(7.009)</b>

## Notes to the Accounts

	1 April 2023	Financing cashflows	Changes which are not financing cash flows		31 March 2024
	£m	£m	Acquisition	Other	£m
Long term borrowings	693.826	(64.000)	-	(4.302)	625.524
Short term borrowings	57.018	59.448	-	4.171	120.637
On balance sheet PFI	57.053	(2.259)	-	(0.339)	54.455
Other payments	(10.182)	(0.199)	-	-	(10.381)
<b>Total liabilities from financing activities</b>	<b>797.715</b>	<b>(7.010)</b>	<b>-</b>	<b>(0.470)</b>	<b>790.235</b>

	1 April 2022	Financing cashflows	Changes which are not financing cash flows		31 March 2023
	£m	£m	Acquisition	Other	£m
Long term borrowings	705.378	-	-	(11.552)	693.826
Short term borrowings	56.978	(11.552)	-	11.592	57.018
On balance sheet PFI	59.312	(2.002)	-	(0.257)	57.053
Other payments	(19.192)	9.010	-	-	(10.182)
<b>Total liabilities from financing activities</b>	<b>802.476</b>	<b>(4.544)</b>	<b>-</b>	<b>(0.217)</b>	<b>797.715</b>

this page is intentionally left blank



# Other Notes

## 35. Related Parties

The Council is required to disclose material transactions with related parties, bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

### The Government

The Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties.

Note 11 illustrates the different sources of grant income that the Council receives.

### Members

Members of the Council have direct control over the Council's financial and operating policies. During 2023-24 goods and services were commissioned from organisations in which Members had an interest. Also, funding consists of other grants paid to organisations in which Members had an interest. All interests were declared by the appropriate Members. Members had interests in 116 organisations with transactions totalling £49.278 million in respect of goods or services provided to the Council (93 and £23.888 million in 2022-23).

During 2023-24 goods and services amounting to £7.494 million were provided by the Council to 86 organisations in which Members had an interest (£4.535 million and 63 in 2022-23).

Included in the above sums are amounts due from the Council of £1.237 million and due to the Council of £2.068 million as at 31 March 2024 (£0.749 million and £0.511 million in 2022-23).

### Officers

During 2023-24 goods and services were provided to or commissioned from organisations in which officers had an interest. All interests were declared by the appropriate officers. Officers had interests in 15 organisations with transactions totalling £13.524 million in respect of goods or services provided to the Council (seven and £6.478 million in 2022-23).

During 2023-24 goods and services amounting to £11.039 million were provided by the Council to ten organisations in which officers had an interest (£1.363 million and five in 2022-23).

Included in the above sums are amounts due from the Council of nil and due to the Council of £0.022 million as at 31 March 2024 (£0.145 million and nil in 2022-23).

Schedules of related party transactions are available to inspect upon request.

Note 8 discloses the remuneration of senior officers.

A significant proportion of the transactions payable and receivable with related parties are in association with Energy Central Campus Ltd.

Within Related Parties transactions, any wholly owned subsidiaries which are reported on individually in the accounts are excluded from note 35. Advance Northumberland make a significant proportion of those transactions which are excluded.

### Active Northumberland

The Council commissioned Active Northumberland to provide leisure services in 2023-24. There is a Leisure Partnership Agreement for 2023-24 which formally documents the commissioner/provider contractual relationship between the Council and Active Northumberland for the provision of leisure services. The Council retains ownership of the leisure assets which Active Northumberland runs on behalf of the Council. Whilst the Council determines what activities it requires Active Northumberland to deliver on its behalf, the Council is not involved operationally with how those services are delivered and this is a matter for the Active Northumberland Board. A number of Service Level Agreements between Active Northumberland and the Council were in place during 2023-24.

An assessment of the Council's relationship with Active Northumberland in 2023-24 concluded that there was no requirement to consolidate the financial position of Active Northumberland within the Council's group position. The assessment concluded that the Council did not have significant control over Active Northumberland. The Council committed to pay Active Northumberland a management fee of £1.960 million in 2023-24 (£2.060 million in 2022-23). In addition, other

## Notes to the Accounts

agreed funding of £2.000 million was accrued in 2023-24 (£1.124 million in 2022-23).

Active Northumberland ceased providing leisure services on 31 March 2024. From 1 April 2024 Council commissioned leisure services will be provided by Places for People Leisure Management Ltd.

### Entities Controlled or Significantly Influenced by the Council

#### Advance Northumberland Group

The financial results of Advance Northumberland are consolidated within the Group Accounts section of this document.

The loans the Council has made to Advance Northumberland are shown in Note 22, Debtors.

The Advance Northumberland Group brings together services in housing, commercial property, regeneration and economic growth and investment (EG&I). The group consists of five wholly owned companies and one joint venture; its principal activities are as follows:

#### Advance Northumberland Limited

The company acts as a holding entity for the companies that comprise the Advance Northumberland Group. Advance Northumberland Limited conducts no business in its own right, it provides Corporate Services, which are recharged to the other companies within the Group.

#### Advance Northumberland (Commercial) Limited

The principal activities of the company are:

- To own, manage and let quality commercial properties;

- To source strategic employment land, commercial accommodation or services to attract inward investment and economic growth in Northumberland; and

To provide business advice and support to businesses through inward investment initiatives and the delivery of Economic Growth Programmes.

#### Advance Northumberland (Housing) Limited

The principal activities of the company are:

- To provide good quality, private rented sector homes in the private rental market; and
- To provide homes at rents that local people can afford.

#### Advance Northumberland (Developments) Limited

The principal activities of the company are:

- To design, build and sell good quality homes for sale to the public under the Ascent Homes brand; and
- To deliver regeneration and development schemes across the Advance Northumberland Group and with other key partners.

#### Advance Northumberland (Projects) Limited

The principal activity of the company is to provide project management services to Northumberland County Council. The company changed its name from Advance Northumberland (Financials) Ltd on 07 August 2023.

#### Prudhoe Estates LLP

The group holds a joint venture agreement with Northumberland Estates with both holding a 50.0% ownership in Prudhoe Estates LLP, which is a property development company.

As at 31 March 2024 the Advance Northumberland Group owed the Council (the ultimate holding company) £283.505 million (£285.391 million at 31 March 2023) primarily in respect of principal and interest due on a commercial loan facility; whilst the Council owed Advance Northumberland Group £0.511 million (£1.191 million at 31 March 2023) primarily for capital grant claims for Northumberland Energy Park Phase 1 and Bedlington Town Centre projects. During 2023-24 the Council paid the Advance Northumberland Group £4.148 million (£2.610 million in 2022-23), mainly for capital projects and capital grant claims for Northumberland Energy Park Phase 1, Ashwood Business Park, Portland Park, Wansbeck Square, and 2-4 Woodhorn Road projects. Income to the Council from the Advance Northumberland Group was £15.329 million (£14.660 million in 2022-23), mainly due to interest payable on the commercial loan facility.

#### Northumberland Enterprise Holdings Limited

On 17 September 2020 Northumberland Enterprise Holdings Limited (NEHL) was incorporated at Companies House. The Council is the sole shareholder.

NEHL was created as a holding company for further subsidiary companies that will subsequently be formed for trading purposes and

## Notes to the Accounts

would form part of the Northumberland Enterprise Holdings Limited group.

NEHL did not trade in 2023-24.

### Northumbria Integrated Consultancy Limited

Northumbria Integrated Consultancy Ltd was the first subsidiary of Northumberland Enterprise Holdings Ltd. It was incorporated on 29 March 2021. The company was dissolved at Companies House on 10 October 2023.

At 31 March 2024 NEHL owed the Council (the ultimate holding company) nothing (nil at 31 March 2023): whilst the Council owed NEHL £0.130 million (nil at 31 March 2023) for cash balances which the Council holds on behalf of NEHL.

### Energy Central Campus Limited

A new 'Energy Central Campus Company Limited by Guarantee' was incorporated on 2 November 2021 to provide a vehicle through which all Energy Central Campus projects and activities will be delivered. The Company has six Directors and the Council's representatives are the Executive Director - Children, Young People and Education and the Director of Economic Development and Growth. The Articles for the Company have been established to ensure there is no risk to the Council, or its partners, of there being a controlling mind. The Company's transactions and balances are currently immaterial at 31 March 2024. However once operational, it is likely the company will need to be incorporated into the Council groups as a joint arrangement if the Council's financial interest in the company becomes material.

### Newcastle International Airport

Under the Airport Act 1986, Newcastle International Airport Limited (NIAL) was formed and seven local authorities were allocated shares in consideration for all the property, rights and liabilities that were transferred into the new company. On 4 May 2001, the seven local authority shareholders of NIAL (the "LA7") created NIAL Holdings Limited, which is 51.0% owned by LA7 and 49.0% owned by InfraBridge Investors Limited (formerly AMP Capital Investors Limited) following their purchase on 16 November 2012. The 51.0% holding is held in the Newcastle Airport Local Authority Holding Company Limited (NALAHCL), a company wholly owned by the seven authorities. NALAHCL has a called up share capital of 10,000 shares with a nominal value of £1 each. The Council holds a 15.4% interest in NALAHCL, valued at £13.490 million (£13.490 million in 2022-23). The shares are not held for trading outside of the LA7.

The valuation of the holding is reviewed each year to consider whether any events have occurred which would materially impair the valuation. No such events have occurred. The shares have been reviewed in year using a combination of forecast earnings before interest, taxes, depreciation and amortisation (EBITDA) and an assessment of international airport share price movements.

Through its shares in NALAHCL the Council has an effective shareholding of 7.9% in NIAL (and the group companies of NIAL Group Limited and NIAL Holdings Limited). The principal activity of NIAL (registered number 2077766) is the provision of

landing services for both commercial and freight operators. No dividend was received for the year ended 31 December 2023 (nil for the year ended 31 December 2022).

Members of the LA7 entered into a loan agreement with NIAL Group Limited in 2012-13, issuing £67.665 million shareholder loan notes of which £11.916 million is provided by the Council (£11.916 million in 2022-23). The loan notes will be repayable in 2032 with interest normally being received up to that date on a six-monthly basis.

Due to major curtailments in the airport operations as a result of the Covid-19 pandemic the Council agreed to modify the terms of these loans and accepted that under the unprecedented circumstances the airport could defer interest repayments for three years (three years deferred in 2022-23) with catch up payments to be made in instalments over a later period. Under the loan agreement the Council is entitled to compound interest for any late payments and this has been factored into the repayments the airport will make. Interest payments resumed in 2023-24 and in addition, catch up payments commenced in the same year which is earlier than previously forecast. This has resulted in a further restatement of the loan value with a cumulative modification gain of £0.025 million (£0.797 million loss in 2022-23) being recognised. The decrease in loss recognised is credited to the financing and investment income and expenditure line of the CIES. Furthermore, the Council looked at several observable factors regarding the robustness of the airport operations going forward resulting in an expected lifetime loss provision of £0.265 million

## Notes to the Accounts

(£0.289 million in 2022-23) in the event all repayments are not made or further delayed at some time in the future.

Other than these loan notes there are no outstanding balances owed to or from NIAL at the end of the year.

NIAL Group Limited made a profit before tax of £10.245 million and a profit after tax of £6.104 million for the year ended 31 December 2023. In the previous year, the Group made a profit before tax of £0.135 million and a loss after tax of £2.181 million.

### Significant Observable Inputs – Level 3

The fair value for Newcastle Airport is based on a combination of the discounted cash flow of income method together with the guideline public company method of the market approach to valuations and other observable and unobservable factors. The last full valuation took place at 31 March 2022.

## 36. Trust and Other Third Party Funds

The following trust funds, relating to bequests and third party funds, are held and administered by the Council. The funds do not represent assets of the Council and they are not included in the Council's Balance Sheet.

31 March 2023 £m		31 March 2024 £m
6.319	Bank Accounts for Adult Clients in Care	7.825
2.246	Section 278 and Section 38 Monies Held	2.414
0.765	Trust/Foundation Schools	1.033
0.850	Other	0.885
<b>10.180</b>	<b>Total</b>	<b>12.157</b>

### Section 278 and Section 38 Monies Held

This funding relates to agreements with developers and are dependent on the developer meeting the obligations of the agreement. Due to the nature of these types of works, these agreements do not have a time frame prescribed for repayment.

### Bank Accounts for Adult Clients in Care

The Council administers individual bank accounts for those people in the care of the Council.

### Trust/Foundation Status Reserves Account

Funding balances of locally managed Trust Fund schools, which are committed to be spent on the education service.

### Other

This includes funds held on behalf of charitable trusts and individuals.

## 37. Impairment Losses

There were no impairment losses during Financial Years 2022-23 or 2023-24.

## 38. Contingent Liabilities

### Home Housing Association

Future payments may be required to Home Housing association, a subsidiary of Home Group Limited, in relation to the guarantee given against loan stock which was used to fund the build of approximately 100 properties. The Council's proportion of the total liability is £2.723 million (3.2%) and may only be called upon in the event of certain legislative changes, which would make the Association unable to meet its obligations under the loan from its own resources.

The guarantee will expire in 2037, 50 years from the date of original agreement in 1987.

The risk of the guarantees being called upon is assessed as low, therefore no fair value has been calculated on the grounds of materiality.

### Union Chain Bridge

The project to repair and conserve the 203-year-old, Grade 1 listed, Union Chain Bridge which spans the River Tweed between England and Scotland commenced in 2019. The project entailed the suspension bridge being painstakingly dismantled, with component parts being inspected for structural integrity so that sound elements were repaired and reused, and any unsound elements replaced, and the suspension bridge then being reconstructed. The Main Works Contractor, C. Spencer Limited (CSL) was appointed using an 'NEC 4 Target Price with Activity Schedule' form



of contract. A number of difficulties were encountered in the delivery of the project, this included misalignment of the initial set of chains when reconstructing the bridge, along with several other Compensation Events (CEs) where the Project Manager has assessed the CE and determined a significantly different value to that being claimed by CSL.

Under the provisions of the NEC 4 contract the forecast of the Final Account, which involves the initial assessment of the pain/gain share mechanism is undertaken at completion of the works (17 April 2023) and a second 'final' assessment is undertaken at Final Certificate stage upon the expiry of the defects correction period (due 14 April 2025). Whilst the reconstruction works are now complete and the bridge reopened to the public in April 2023, it has not been possible to reach agreement over the valuation of several CEs and the forecast value of the Final Account for the works is in dispute.

The element of the dispute relating to the misalignment of the chains has been the subject of an adjudication which found that the misalignment was the consequence of a defect in the design, the responsibility for which rested with the Council. However, the specific Project Managers Instructions relating to changes in scope/design identified by the Adjudicator as being the cause of the chain misalignment and the CEs that related to these, had already been valued by the Main Works Contractor, agreed and implemented. The Main Works Contractor when valuing the CE was required to include risk factors and the risk of misalignment was known at that

time. It is the Council's position that this means that no further payment is due from the Council to the Main Works Contractor in relation to chain misalignment. This position is supported by external legal advice. The Council's position on chain misalignment, along with the valuation of several CEs and initial assessment of the Final Account is now the subject of a 2nd adjudication process which is currently on-going. The Council has assessed the total value of CEs to be £2.579 million and CSL at £4.778 million, with the Council forecasting the pain/gain share to result in a repayment due to the Council from CSL of £1.445 million, which is reflected in the Council's net debtor position. In addition, CSL consider they are due a further payment from the Council of £0.541 million. The Adjudicator has been asked to consider both the validity and valuation of the disputed CEs and the assessment of the pain/gain share within forecast Final Account. The Adjudicator's decision is expected on 3 March 2025 and should resolve all the remaining matters in dispute. If either party does not agree with the Adjudicator's decision, then they have to issue a Notice of Dissatisfaction which enables the matter to be taken to a Tribunal for determination, with the Adjudicator's decision remaining binding until the outcome of the Tribunal is known.

### 39. Contingent Assets

There are no contingent assets.

## 40. Accounting Policies

### General Principles

The Statement of Accounts summarises the Council's transactions for the 2023-24 financial year and its position at the year end of 31 March 2024. The authority is required to prepare an annual Statement of Accounts in line with the Accounts and Audit Regulations 2015. The Regulations require that they are prepared in accordance with proper accounting practices.

These practices primarily comprise the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023-24, (including the Update to the Code and Specifications for Future Codes for Infrastructure Assets issued by CIPFA/LASAAC in November 2022), supported by International Financial Reporting Standards (IFRS).

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

The Code requires that local authorities' financial statements shall be prepared on a going concern basis; that is, the accounts should be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future. Transfers of services under combinations of public sector bodies (such as local government reorganisation) do not negate the presumption that the financial statements shall be prepared on a going concern basis of accounting.

### Accruals of Income and Expenditure

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

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

The only exception to the adoption of accruals relates to accounting for income and expenditure by those schools that do not use the full functionality of the Council's finance systems and therefore account on a cash basis. This exception does not have a material impact on the accounts.

Accruals are recognised where the value exceeds £0.010 million.

### Exceptional Items

When items of income and expense 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 financial statements, depending on how significant the items are to aid an understanding of the Council's financial performance.

### Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in three months or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

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

Prior period adjustments may arise as a result of a change in accounting policy 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 otherwise stated) 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.

### Charges to Revenue for Non-Current Assets

Services, support services and trading accounts are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service;
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and,
- Amortisation of intangible non-current assets attributable to the service.

The Council is not required to raise council tax to fund depreciation, revaluation and impairment

## Notes to the Accounts

losses or amortisations. However, it is required to make an annual contribution from revenue to contribute towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance, by way of an adjusting transaction. This is shown within the Capital Adjustment Account and the Movement in Reserves Statement for the difference between the two.

### Employee Benefits

#### Benefits Payable during Employment

Short-term employee benefits (those that fall due wholly within 12 months of the year-end), such as wages and salaries, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees, are recognised as an expense in the year in which employees render service to the Council. An accrual is made against services in the Surplus or Deficit on the Provision of Services for the cost of holiday entitlements and other forms of leave earned by employees but not taken before the year-end and which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable at the 31 March. Any accrual made is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

### 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. These are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the Council can no longer withdraw the offer of those benefits or when the Council recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for termination benefits related to pensions 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.

### Post-Employment Benefits

Employees and former employees of the Council are members of nine pension schemes:

**The Local Government Pension Scheme** administered by South Tyneside Council;

**The LGPS Unfunded Scheme** administered by Northumberland County Council;

**The Teachers' Unfunded Scheme** administered by Northumberland County Council;

**The 1992 Firefighters' Pension Scheme** administered by Northumberland County Council;

**The 2006 Firefighters' Pension Scheme** administered by Northumberland County Council;

**The 2015 Firefighters' Pension Scheme** administered by Northumberland County Council;

**The Firefighters' Compensation Scheme** Pensions administered by Northumberland County Council;

**The Teachers' Pension Scheme** administered by Capita Teachers' Pensions on behalf of the Department for Education; and,

**The NHS Pension Scheme** administered by NHS Business Services Authority on behalf of the Department of Health.

These schemes provide members with defined benefits, earned as employees worked for the Council. However, the arrangements for the Teachers' and NHS Pension Schemes mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. The schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payment of benefits is recognised in the Council's Balance Sheet. The relevant service lines in the Comprehensive Income and Expenditure Statement are charged with the employer's contributions payable to these schemes in the year.

The other seven schemes are accounted for as defined benefit schemes.



## Notes to the Accounts

### Local Government Pension Scheme

The Tyne and Wear Pension Fund, part of the Local Government Pension Scheme, is administered by South Tyneside Council. This is a funded, defined benefit scheme, meaning that the Council and employees pay contributions into the fund calculated at a level estimated to balance the liabilities with investment assets.

The liabilities of the Tyne and Wear Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, and former employees, based on assumptions about mortality rates, commutation rates, and projected earnings for current employees, etc.

Liabilities are discounted to their current value, using the appropriate discount rate (based on the rate of return on high quality corporate bonds).

The assets of the Tyne and Wear Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:

- quoted securities at current bid price;
- unquoted securities at professional estimate;
- unitized securities at current bid price; and,
- property at market value.

## Notes to the Accounts

The change in the Net Pensions Liability/Asset is analysed into the following components:

Component	Description
Service cost comprising:	
Current service cost	The increase in liabilities as a result of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the revenue accounts of services for which the employees worked.
Past service cost	The increase in liabilities arising as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.
Net interest on the net defined benefit liability (asset), i.e. net interest expense for the authority	The change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.
Remeasurement comprising:	
Return on plan assets	Excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
Actuarial gains and losses	Changes in the Net Pensions Liability (asset) that arise because of changes in the actuarial assumptions from the previous year – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure.
Contributions paid to the pension fund	Cash paid as employer's contributions to the pension fund in settlement of liabilities – not accounted for as an expense.

Statutory provisions require the General Fund Balance to be charged with the amount payable by the Council in the year not the amount calculated in accordance with relevant accounting standards. There are appropriations to and from the Pensions Reserve in the Movement in Reserves Statement to remove the notional debits and credits for retirement benefits and replace them with debits for the employer contributions paid or payable in the year. 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.

## Notes to the Accounts

### Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; 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.

### Financial Instruments

#### Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and then carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the

effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Council has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest), and, interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

Where premiums and discounts have been charged to the Comprehensive Income and Expenditure Statement, regulations allow the impact on the General Fund Balance to be spread over future years. The Council has a policy of spreading the gain/loss over either the term of the replacement loan or the remaining term on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the Comprehensive Income and Expenditure Statement to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

#### Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cash flow

characteristics. There are three main classes of financial assets measured at:

- amortised cost;
- fair value through profit or loss (FVPL); and,
- fair value through other comprehensive income (FVOCI).

The Council's business model is to hold investments to collect contractual cash flows. Financial assets are therefore largely classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

#### Financial Assets Measured at Amortised Cost

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

Expenditure Statement is the amount receivable for the year in the loan agreement.

However, the Council has made a number of loans to voluntary organisations at less than market rates (soft loans). When soft loans are made to a non-subsidiary body, a loss is recorded in the Comprehensive Income and Expenditure Statement (debited to the appropriate service) for the present value of the interest that will be forgone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement 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 provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the Comprehensive Income and Expenditure Statement to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

When soft loans are made to subsidiary bodies of the Council, as with other soft loans the fair value is estimated as the present value of all future cash receipts discounted using the

prevailing market rate of interest for a similar instrument and for an organisation with a similar credit rating. However, the write-down to fair value is not taken to surplus or deficit on the provision of services as in substance this is an additional investment by the Council into its subsidiary. The difference between the loan amount and the fair value of the loan is accounted for as an investment in the Council's financial statements.

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

The Council has elected to classify its equity shareholdings in Newcastle Airport Local Authority Holding Company Limited (NALAHCL) and Advance Northumberland Limited into a 'fair value through other comprehensive income' treatment, rather than 'fair value through profit or loss', as the assets are not held for trading.

The impact of the election is that movements in fair value will not be debited/credited to the Surplus or Deficit on the Provision of Services as they arise. Instead, movements will be accumulated in the Financial Instruments Revaluation Reserve until the asset is derecognised, at which point the net gain or loss would be transferred to the General Fund Balance.

### **Expected Credit Loss Model**

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease

receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the authority.

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

### **Foreign Currency Translation**

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Government Grants and Contributions**

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments; and,

## Notes to the Accounts

- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attaching to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as Revenue Grants Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants/contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Account are transferred to

the Capital Adjustment Account once they have been applied to fund capital expenditure.

### Heritage Assets

#### Tangible and Intangible Heritage Assets (described here as “Heritage Assets”)

The Council's Heritage Assets are held with the aim of increasing the knowledge, understanding and appreciation of the Council's history and local area. Heritage Assets are recognised and measured (including the treatment of revaluation gains and losses) in accordance with the Council's accounting policies on property, plant and equipment. However, some of the measurement rules are relaxed; these rules together with the accounting treatment for heritage assets are as follows.

#### Museum, Art and Artefact Collection

The Council's museum and art collections are reported on the Balance Sheet based on their insurance valuations, which are periodically reviewed.

The Council does not consider it appropriate to charge depreciation on the assets as they have high residual values and indeterminate lives.

The collection is relatively static and acquisitions and donations are rare. Where these do occur, acquisitions are initially recognised at cost and donations are recognised at valuation.

#### Public Sculptures and Memorials

Due to the nature of the assets held and the lack of comparable values, the Council considers that obtaining valuations for the vast majority of Public Sculptures & Memorials

would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. This is because of the nature of the assets held and the lack of comparable values. Other than recently acquired public art, which is held at cost, the Council does not recognise these heritage assets on the Balance Sheet.

These assets have indeterminate lives hence the Council does not consider it appropriate to charge depreciation.

#### Historic Buildings

Similar to community assets, the Council considers that obtaining valuations for this type of asset would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. The Council holds this class of asset at cost on the Balance Sheet.

#### Archaeology

Due to the diverse nature of the assets held and lack of comparable market values, the Council does not consider that reliable cost or valuation information can be obtained for archaeological assets. Consequently, the Council does not recognise these assets on the Balance Sheet.

The Council does not make any purchases of archaeological items.

#### Heritage Assets – General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or



## Notes to the Accounts

where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. Heritage assets which have a doubtful provenance or are unsuitable for public display may be disposed of. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of Property, Plant and Equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts.

### Intangible Assets

Capital expenditure on non-monetary assets that do not have physical substance but are controlled by the Council (e.g. software licences), and are expected to have future economic benefits or service potential to the Council, are classified as intangible assets.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise the Council's goods or services.

Intangible assets are measured at cost. Amounts are only revalued where the fair value of the assets can be determined by reference to an active market.

Intangible assets are given finite useful lives, based on an assessment of the period that the asset is expected to be of use to the Council. The useful lives assigned to the major intangible asset types are:

Asset Type	Estimated Useful Life
Applications Software	5 Years
Care Management System	5 Years
Fire Service call taking and mobilising system	5 Years
Fuel Management System	5 Years

The carrying amount of an intangible asset is amortised on a straight-line basis over its useful life.

For statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. They are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £0.010 million) the Capital Receipts Reserve.

### Interests in Companies and Other Entities

The Council has material interests in companies that have the nature of subsidiaries and is required to prepare Group accounts. In the Council's own single entity accounts the interests are recorded as financial assets at cost, less any provision for losses. In preparing the Group accounts, the following have been applied:

- All relationships within the scope of the Group accounts have been assessed;
- Transactions between the Council and its subsidiaries have been eliminated from the Group Statement of Accounts and accompanying notes; and,

- The financial statements of the subsidiaries are prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 102 the Financial Reporting standard and this may give rise to differences in accounting treatment. Where material differences are identified, the subsidiary accounts are aligned to the accounting policy of the Council upon consolidation.

### Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

### Investment Properties

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and

## Notes to the Accounts

Investment Income and Expenditure line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account, and any sale proceeds put to the Capital Receipts Reserve.

### Leases

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.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

### The Council as Lessee

#### Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is

matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the years in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the Property, Plant or Equipment – applied to write down the lease liability; and,
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual provision is made from revenue towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore replaced by revenue provision in the General Fund Balance, by way of an adjusting transaction within the

Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

### Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

### The Council as Lessor

#### Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease asset in the Balance Sheet.

## Notes to the Accounts

Lease rentals receivable are apportioned between:

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

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

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital

Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

### Operating Leases

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

### Non-current Assets Held for Sale

Property assets where a disposal is highly probable within the next 12 months and the asset is available for sale in its present condition are classified as assets held for sale. Management must be committed to the sale within one year from the date of classification. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell.

Subsequent decreases in fair value less costs to sell are charged directly to the Comprehensive Income and Expenditure Account. Gains in fair value are only recognised to the extent that they reverse a loss previously

recognised in the surplus or deficit on provision of services. No depreciation is charged on assets held for sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified as non-current assets and valued at the lower of either:

- the carrying amount before classification as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale; or,
- the recoverable amount at the date of the decision not to sell.

When an asset is disposed of the carrying amount of the asset on the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement, alongside any receipts from the disposal.

Amounts received are categorised as capital receipts and credited to the Capital Receipts Reserve. The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing and is appropriated to the Capital Adjustment Account through the Movement in Reserves Statement.

Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.



## Notes to the Accounts

### Overheads and Support Services

Corporate departments work within pre-determined budgets and generally their costs are not distributed to service departments. The exceptions are primarily services funded by external grant or where the service operates within a ring-fenced budget, for example the Housing Revenue Account.

### Property, Plant and Equipment

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

### Highways Infrastructure Assets

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

### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. For General Fund items of Property, Plant and Equipment, a de minimis level of £0.010 million is applied

below which expenditure is charged directly to the Comprehensive Income and Expenditure Statement as it is incurred.

Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

### Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and,
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

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

Donated assets are measured initially at current value. The difference between fair value and

any consideration paid is credited to the Taxation and Non-specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Community assets and assets under construction – depreciated historical cost;
- Infrastructure - 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, 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;
- Vehicles, plant and equipment - depreciated historical cost basis as a proxy for current value due to the short useful lives, or low value (or both). Energy from Waste PFI plant is valued at current value;

## Notes to the Accounts

- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- Surplus assets - current value, determined using the fair value approach by the measurement of the highest and best use value; and,
- All other assets – current value, determined using the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost is used as an estimate of current value.

Assets included in the Balance Sheet at current value are revalued at least every five years to ensure that their carrying amount is not materially different from their current value at the year-end.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

### Impairment

Assets are assessed each year for possible impairment. If a material impairment is identified a material change valuation is carried out to value the asset at its current value.

### Disposals and Derecognition

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement, alongside any receipts from the disposal.

Amounts received for a disposal in excess of £0.010 million are categorised as capital receipts and credited to the Capital Receipts Reserve, this can only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). A proportion of receipts relating to housing is payable to the government.

The authority has determined in accordance with Regulation 30M 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. The written-off value of disposals and derecognitions is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

## Notes to the Accounts

### Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land and certain Community Assets) and assets that are not yet available for use (i.e. assets under construction).

The depreciation charge is applied on a straight line basis over the following periods:

Asset	Depreciation Period
<b>Land &amp; Buildings &amp; Community Assets</b> (after deducting residual value)	4 to 40 years
<b>Infrastructure:</b> (assessed by Highways Engineers using industry standard where applicable)	
Carriageway	25 years
Footpaths & Cycleways	25 years
Street Furniture	25 years
Street Lighting	40 years
Structures	100 years
Traffic Management	15 years
Coast Protection	40 years
<b>Vehicles, Plant and Equipment:</b>	
Fire Engines	10 to 15 years
Furniture and Fittings, ICT, Other Equipment	3 to 15 years
Grounds Maintenance / Car Parking Equipment	10 to 11 years
Other Vehicles	3 to 15 years
Play / Sport / Gym Equipment	3 to 20 years
Salt Barns	25 years
Solar Panels	25 years
<b>PFI Assets:</b>	
Buildings and Infrastructure	25 to 40 years
Waste Plant Shell & Equipment	5 to 50 years

Where an item of Property, Plant and Equipment has major components where the cost is significant in relation to the total cost of the item, the components are depreciated separately.

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

### Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the Property, Plant and Equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes and as ownership of the Property, Plant and Equipment will pass to the Council at the end of the contracts for no additional charge (with the exception of the energy from waste plant as it is deemed to have negligible value at the end of the period), the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment. The original recognition of these assets at fair value (based on the cost to purchase the Property, Plant and Equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as Property, Plant and Equipment owned by the Council.

- The amounts payable to the PFI operators each year are analysed into five elements:
- 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 applied to the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Contingent rent – increases in the amount to be paid for the property arising during the contract, 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 due to the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease); and,
- 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.

### Provisions, Contingent Liabilities and Contingent Assets

#### Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making

of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

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

#### Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would

## Notes to the Accounts

otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

### Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council.

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

### Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year against the Surplus/Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there

is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits and do not represent usable resources for the Council – these reserves are explained therefore in the relevant policies below.

### Revenue Expenditure Funded from Capital under Statute (REFCUS)

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Council has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

### Value Added Tax (VAT)

VAT payable is included as an expense only to the extent that it is not recoverable from His Majesty's Revenue and Customs. VAT receivable is excluded from income.

### Tax Income - Council Tax and National Non Domestic Rates (NNDR)

Council Tax and NNDR income included in the Comprehensive Income and Expenditure Statement for the year shall be the accrued income for the year.

Council Tax and NNDR income will be recognised in the Comprehensive Income and Expenditure Statement within the Taxation and Non-Specific Grant Income line. As a Billing Authority, the difference between the Council Tax and NNDR included in the Comprehensive Income and Expenditure Statement and the amount required by regulation credited to the General Fund is taken to the Collection Fund Adjustment Account and reported in the Movement in Reserves Statement.

Council Tax and NNDR income is recognised when the obligating event that triggers the payment to the Council has taken place; it is probable that the economic benefits or service potential associated with the transaction will flow to the Council; and the amount of revenue can be measured reliably.

Revenue relating to Council Tax and NNDR is measured at the full amount receivable (net of any impairment losses) as they are non-contractual, non-exchange transactions and there can be no difference between the delivery and payment dates.

### Accounting for Schools

In line with accounting standards and the Code on group accounts and consolidation, all maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) are considered to be entities controlled by the Council and are recognised in the Council's single entity accounts. Therefore, all schools'



## Notes to the Accounts

transactions, cash flows and balances are recognised in each of the financial statements.

Schools' non-current assets (school buildings and playing fields) are recognised on the Balance Sheet where the Council directly owns the assets, where the Council holds the balance of control of the assets or where the school or the school governing body own the assets or have had rights to use the assets transferred to them through a licence arrangement.

When a maintained school converts to an Academy, the school's non-current assets held on the Council's balance sheet are treated as a disposal. The carrying value of the asset is written off to Financing and Investment Income and Expenditure in the Comprehensive Income and Expenditure Statement. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

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

## Fair Value

The Council measures some of its non-current assets such as surplus assets and Investment Properties and some of its financial instruments such as equity share holdings at fair value at the reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability; or,
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The valuation of these assets and liabilities, use appropriate techniques for each circumstance, maximising the use, relevant known data, and minimising the use of estimates.

To increase consistency and comparability in fair value measurement and related disclosures, the inputs to valuation techniques used to measure fair value are categorised into three levels:

- **Level 1** inputs - unadjusted quoted prices in active markets for items identical to the asset being measured.
- **Level 2** inputs – inputs other than those in level 1 that are directly or indirectly observable.
- **Level 3** inputs – unobservable inputs for the asset or liability.

## 41. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

The Code requires the Council to disclose information relating to the impact of accounting changes required by any new accounting standards issued but not yet incorporated into the Code for 2023-24.

Accounting changes that are to be introduced in future years and may require retrospective application are as follows:

- Classification of liabilities as current or non-current (amendments to IAS 1);
- Lease liability in a sale and leaseback (amendments to IFRS 16);
- Non-current liabilities with covenants (amendments to IAS 1),
- International tax reform: Pillar Two Model Rules (amendments to IAS 12); and,
- Supplier finance arrangements (amendments to IAS 7 and IFRS 7).

These changes are not expected to have a material impact on the Council's financial performance or financial position.

### IFRS 16 Leases

CIPFA/LASAAC has deferred the implementation of IFRS 16 Leases in the public sector until the 2024-25 financial year, with an effective date of 1 April 2024. This will require lessees to recognise assets subject to leases as right-of-use assets on their balance sheet, along with corresponding lease liabilities (there are exceptions for low-value and short-term leases).

The Council is aware that an impact assessment is recommended, despite the Standard not yet being adopted. Whilst the Council does not yet have sufficient information available to quantify the impact on its balance sheet of the new assets and liabilities to be recognised, it acknowledges that there will be some impact.

For non-Private Finance Initiative (PFI) arrangements this is not expected to be material, given that the Council's material leases are already held on the Balance Sheet, and the majority of operating leases identified to date would be exempt under the new Standard.

The Council will be required to remeasure its PFI liabilities upon transition to IFRS 16 and annually thereafter, which could lead to a significant increase in liabilities in 2024-25, given that inflation has risen since commencement of the Schemes and there are a number of years of unitary charge payments remaining. Whilst the impact cannot be quantified at this point, the Council recognises that this could be material.

## 42. Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 40, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Council has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Council might be impaired as a result of a need to close facilities and reduce levels of service provision;
- The Council is deemed to control the services provided under the contracts for both Waste Management and Fire and Rescue PFIs. The accounting policies for PFI schemes and similar contracts have been applied to these arrangements and the associated assets (valued at £68.175 million for Waste and £13.228 million for Fire and Rescue) are recognised as Property, Plant and Equipment on the Council's Balance Sheet;
- The Council recognises school land and buildings on its Balance Sheet where the Council, the school or the school's Governing Body directly own the asset or have ownership rights and control of the property. Where the land and building assets used by the school are owned by an entity other than the Council, school, or school Governing Body then it is not included in the Council's Balance Sheet; and,
- Despite the increases in interest rates during 2023, current market forecasts indicate that the rates will return to lower levels, and it is considered that there is a low risk of those LOBO loans with call dates within the next 12 months being called due to their rate of interest. All LOBO loans have therefore been classified as long term.



## Notes to the Accounts

The Council has completed a school by school assessment across the different types of schools it controls within the County. The types of schools that have been assessed are shown below:

Type of School	Total No. of Schools	No. of Primary Schools	No. of Secondary Schools	No. of Special Schools	No. of All Through Schools	No. of Pupil Referral Units
Community	70	55	8	7	-	-
Foundation	5	3	2	-	-	-
Pupil Referral Unit	1	-	-	-	-	1
Voluntary Aided	16	16	-	-	-	-
Voluntary Controlled	8	8	-	-	-	-
<b>Total Maintained Schools</b>	<b>100</b>	<b>82</b>	<b>10</b>	<b>7</b>	<b>-</b>	<b>1</b>
Academies	66	44	19	2	1	-
Free Schools	2	1	-	1	-	-
<b>Total Schools</b>	<b>168</b>	<b>127</b>	<b>29</b>	<b>10</b>	<b>1</b>	<b>1</b>

Where Community schools and the Pupil Referral Unit are owned by the Council, the land and buildings used by those schools are included on the Council's Balance Sheet. Community Schools leased from third parties on operating leases are not included on the Balance Sheet. The Council has not recognised assets relating to Voluntary Aided, Voluntary Controlled or Foundation schools where the Council does not have control over the school buildings. Academies and Free Schools are not considered to be maintained schools in the council's control. Thus, the land and building assets are not owned by the council and not included on the council's Balance Sheet.

The following schools converted to academy status during 2023-24:

- Morpeth All Saints Church of England First School
- Newbrough Church of England Primary School
- St Michael's Church of England Primary School
- The Duchess's Community High School
- Wark Church of England Primary School

These assets were included on the Council's Balance Sheet at a Net Book Value of £26.872 million prior to disposal.

### 43. Assumptions Made About the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows;

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	The balance of Property, Plant and Equipment held by the Council at 31 March 2024 was £1,513.608 million. Assets are depreciated over their useful lives which are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. Where an asset is considered specialised or there is no active market, it is valued by the depreciated replacement cost (DRC) method. This considers the costs to construct a modern equivalent asset (MEA) to deliver the same service. The Council's valuers estimate these values with reference to build costs published by the Royal Institute of Chartered Surveyors.	If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. If markets respond differently to the assumptions made the carrying amount of the asset would be under or overstated. This would be adjusted when the assets are next revalued. A 1.0% change to the valued assets (excluding those held at cost), would result in a £9.169 million change to the balance of Property, Plant and Equipment held by the Council, (including £0.400 million for surplus property) and a £3.566 million difference to the depreciation charged to the CIES.
Pensions Asset/Liability	<p>At 31 March 2024, the LGPS funded scheme had a net asset balance of £50.250 million. The unfunded schemes had a net liability balance of £204.313 million. A pension asset exists when a defined benefit pension fund has a surplus of assets over liabilities. Where there is a surplus the net defined benefit of the asset should be measured at the lower of:</p> <ul style="list-style-type: none"> <li>• The surplus;</li> <li>• The asset ceiling</li> </ul> <p>The asset ceiling is the present value of the economic benefits available in the form of unconditional right to a refund or reductions in future contributions to the fund. Estimation of the net asset or liability depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied.</p>	The effects on the defined benefit obligation of changes in individual assumptions can be measured. For instance, a 0.1% increase in the discount rate assumption would result in a decrease in the pension obligation of £21.590 million. However, the assumptions interact in complex ways. During 2023-24, the Council's actuary advised that the pension obligation for funded LGPS benefits had reduced by £43.260 million due to changes in the financial assumptions; reduced by £22.820 million due to changes in demographic assumptions; and increased by £15.310 million due to changes in liability experience.

### 44. Events After the Reporting Period

The draft Statement of Accounts were authorised for issue by the Section 151 Officer on 31 May 2024 and the final Statement of Accounts were authorised on 26 February 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2024, the figures in the financial statements and notes will be adjusted in all material respects to reflect the impact of this information. The financial statements and notes have not been adjusted for the following events which took place after 31 March 2024.

#### Academy Conversions

The following schools are expected to convert to academy status in 2024-25:

- Henshaw Church of England Voluntary Aided Primary School; and,
- Greenhead Church of England Primary School.

The Property, Plant and Equipment line in the Balance Sheet contains valuations totalling £0.010 million for the schools which will transfer out of Council ownership.

## 45. Restatements

### Restatements

A number of disclosures relating to 2022-23 have been restated. Restatements have been made to 2022-23 data to facilitate comparison with 2023-24. These restatements are due to the presentation of grant income (Social Care Grant, BCF and changes between non-specific and specific grants applied to REFCUS) and changes to the management structure. The table below shows the impact of the changes between Portfolios and accounting treatment as presented in the single entity and group Comprehensive Income and Expenditure Statements.

	Council Position				Group Position			
	As per 2022-23 Accounts	Change to Accounting Practice	Portfolio Changes	Restated Position	As per 2022-23 Accounts	Change to Accounting Practice	Portfolio Changes	Restated Position
	£m	£m	£m	£m	£m	£m	£m	£m
Adults, Ageing and Wellbeing (previously Adult Social Care and Commissioning)	121.024	(24.592)	0.867	97.299	121.024	(24.592)	0.867	97.299
Chief Executive	33.724	-	3.733	37.457	33.724	-	3.733	37.457
Children, Education and Young People (previously Children's Services)	81.938	(5.391)	11.526	88.073	81.913	(5.391)	11.526	88.048
Communities & Business Development	29.798	-	(29.798)	-	29.803	-	(29.803)	-
Corporate Expenditure & Income	4.087	-	(0.920)	3.167	4.087	-	(0.920)	3.167
Finance	70.165	-	(70.165)	-	70.477	-	(70.477)	-
Local Authority Housing (HRA)	(13.730)	-	-	(13.730)	(13.730)	-	-	(13.730)
Place and Regeneration (previously Planning and Local Services)	89.101	(32.358)	(9.929)	46.814	89.145	(32.358)	(12.445)	44.342
Public Health, Inequalities and Stronger Communities (previously Public Health and Community Services)	3.156	-	25.455	28.611	3.156	-	25.460	28.616
Transformation and Resources	3.927	(0.009)	69.231	73.149	1.412	(0.009)	72.059	73.462
Subsidiary Companies	-	-	-	-	4.976	-	-	4.976
<b>Cost of Services</b>	<b>423.190</b>	<b>(62.350)</b>	<b>-</b>	<b>360.840</b>	<b>425.987</b>	<b>(62.350)</b>	<b>-</b>	<b>363.637</b>
Other Operating Income and Expenditure	18.560	-	-	18.560	18.560	-	-	18.560
Finance and Investment Income and Expenditure	25.154	-	-	25.154	11.530	-	-	11.530
Taxation and Non-Specific Grant Income	(442.548)	62.350	-	(380.198)	(442.885)	62.350	-	(380.535)
<b>Deficit/(Surplus) on Provision of Services</b>	<b>24.356</b>	<b>-</b>	<b>-</b>	<b>24.356</b>	<b>13.192</b>	<b>-</b>	<b>-</b>	<b>13.192</b>

# Housing Revenue Account

## Housing Revenue Account (HRA) Income and Expenditure Statement for the year ended 31 March 2024

The account reflects the statutory obligation to “ring-fence” and show separately the financial transactions relating to the provision of housing. The HRA Income and Expenditure 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 of which rents are raised, is shown in the Movement on the HRA Statement.

2022-23 £m	Note	2023-24 £m
Expenditure:		
9.506	Repairs and maintenance	10.662
10.323	Supervision and management	8.498
2.979	Rents, rates, taxes and other charges	2.772
10.420	Depreciation and Amortisation of Assets	10.607
0.007	Debt management costs	0.007
0.075	Revenue expenditure funded from capital under statute	0.378
0.237	Movement in allowance for Credit Losses	9 0.187
<b>33.547</b>	<b>Total Expenditure</b>	<b>33.111</b>
Income:		
(29.898)	Dwelling rents (gross)	(32.142)
(0.300)	Non dwelling rents (gross)	(0.316)
(2.634)	Charges for services and facilities	(2.739)
(0.686)	Contributions towards expenditure	(0.679)
(13.897)	Revaluation gains	(2.847)
<b>(47.415)</b>	<b>Total Income</b>	<b>(38.723)</b>
<b>(13.868)</b>	<b>Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement</b>	<b>(5.612)</b>
0.138	HRA services' share of Corporate and Democratic Core costs	0.150
<b>(13.730)</b>	<b>Net cost for HRA Services</b>	<b>(5.462)</b>
HRA Share of the operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:		
(0.102)	Capital grants and contributions receivable	1 (1.895)
4.213	Interest payable and similar charges	4.717
(0.927)	Interest and investment income	(1.919)
0.788	Pensions net interest expense	(0.057)
<b>(9.758)</b>	<b>(Surplus)/deficit for the year on HRA Services</b>	<b>(4.616)</b>

## Movement on the Housing Revenue Account Statement

This statement shows how the HRA Income and Expenditure Statement surplus reconciles to the movement in the HRA balance for the year.

2022-23 £m		Note	2023-24 £m
<b>(29.873)</b>	<b>Balance on the HRA at the end of the previous year</b>		<b>(28.996)</b>
(9.758)	Surplus for the year on the HRA Income and Expenditure Statement		(4.616)
11.072	Adjustments between accounting basis and funding basis under Statute	1	5.206
<b>1.314</b>	<b>Net (increase)/decrease before transfers to or from reserves</b>		<b>0.590</b>
(0.437)	Transfer to/(from) earmarked reserves	10	(0.532)
<b>0.877</b>	<b>(Increase)/decrease in year on the HRA</b>		<b>0.058</b>
<b>(28.996)</b>	<b>Balance on the HRA at the end of the current year</b>		<b>(28.938)</b>

## 1. Note to the Movement on the Housing Revenue Account Statement

2022-23 £m		2023-24 £m
	Analysis of adjustments between accounting basis and funding basis under Statute included within the Movement on the HRA Statement	
13.897	Transfers to the Capital Adjustment Account	2.847
0.102	Capital grants and contributions applied	1.895
(0.075)	Revenue expenditure funded from capital under statute	(0.378)
(3.317)	HRA share of contributions to the Pensions Reserve	(0.021)
0.004	Accumulated Absences	(0.015)
0.461	Capital expenditure funded by the HRA	0.878
<b>11.072</b>	<b>Total</b>	<b>5.206</b>

## 2. Housing Stock

2022-23 No.		2023-24 No.
6,970	Houses and Bungalows	6,938
1,347	Flats	1,331
3	Shared Ownership	3
<b>8,320</b>	<b>Total</b>	<b>8,272</b>

### 2a. An analysis of the change in stock is as follows:

2022-23 No.		2023-24 No.
<b>8,387</b>	<b>Stock at 1 April</b>	<b>8,320</b>
2	Additions	26
-	Demolitions	(26)
(69)	Sales	(48)
<b>8,320</b>	<b>Stock at 31 March</b>	<b>8,272</b>



### 3. Housing Revenue Account Assets

	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant and Equipment £m	Surplus Assets £m	Investment Properties £m	Intangible Assets £m	Assets under construction £m	Total £m
<b>Gross book value at 1 April 2023</b>	<b>366.829</b>	<b>2.281</b>	<b>-</b>	<b>0.252</b>	<b>0.330</b>	<b>0.403</b>	<b>0.443</b>	<b>370.538</b>
Re-categorisation	3.354	-	-	-	-	-	(0.089)	<b>3.265</b>
Additions	13.237	-	-	-	-	-	0.841	<b>14.078</b>
Disposals	(3.197)	-	-	(0.021)	-	(0.038)	-	<b>(3.256)</b>
Revaluations	(7.547)	0.085	-	0.565	-	-	-	<b>(6.897)</b>
<b>Gross book value at 31 March 2024</b>	<b>372.676</b>	<b>2.366</b>	<b>-</b>	<b>0.796</b>	<b>0.330</b>	<b>0.365</b>	<b>1.195</b>	<b>377.728</b>
<b>Depreciation at 1 April 2023</b>	<b>-</b>	<b>0.304</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.282</b>	<b>-</b>	<b>0.586</b>
Re-categorisation	-	-	-	-	-	-	-	<b>-</b>
Depreciation & Amortisation - charged in year	10.387	0.160	-	-	-	0.060	-	<b>10.607</b>
Disposals	-	-	-	-	-	(0.038)	-	<b>(0.038)</b>
Revaluations	(10.387)	0.017	-	-	-	-	-	<b>(10.370)</b>
<b>Depreciation at 31 March 2024</b>	<b>-</b>	<b>0.481</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.304</b>	<b>-</b>	<b>0.785</b>
<b>Net book value at 31 March 2024</b>	<b>372.676</b>	<b>1.885</b>	<b>-</b>	<b>0.796</b>	<b>0.330</b>	<b>0.061</b>	<b>1.195</b>	<b>376.943</b>
<b>Net book value at 1 April 2023</b>	<b>366.829</b>	<b>1.977</b>	<b>-</b>	<b>0.252</b>	<b>0.330</b>	<b>0.121</b>	<b>0.443</b>	<b>369.952</b>

The value of HRA dwellings at 31 March 2024 of £372.676 million shown in the Balance Sheet is valued on the basis of existing use social housing (EUV-SH) of 44.0%. The vacant possession value of the HRA dwellings at 1 April 2023 was £833.702 million, this illustrates the economic cost to Government of providing council housing at less than open market rents when compared to the EUV-SH valuation of £366.829 million at the same date. The EUV-SH reflects a valuation for a property if it were sold with sitting tenants paying rents at less than open market rents and tenant's rights including the Right to Buy.

The value of land has not been valued separately from the buildings and has only been split on subsequent revaluations. Therefore, the value of the land within 'other land and buildings' is £0.546 million. Surplus Assets consists of land valued at £0.796 million

#### 4. Major Repairs Reserve

The Council is required to maintain a Major Repairs Reserve (MRR) with the main credit to the reserve being an amount equivalent to the total depreciation charges for all HRA assets. Until 2011-12, under Item 8 of Part 6 of the Local Government and Housing Act 1989, councils were able to transfer the difference between the depreciation credit to the reserve and the Major Reserves Allowance (MRA) back to the HRA. From 2012-13 councils were no longer allowed to reverse non-dwelling depreciation and were only allowed to reverse dwelling depreciation on a transitional basis until 2017-18. Subsequent to this from 1 April 2017, it has been announced that both dwelling and non-dwelling depreciation can be reversed from 2017-18 and subsequent years until further guidance is issued.

The Council is able to fund HRA related capital expenditure directly from the reserve, along with any voluntary set aside to repay debt. The movement in the Major Repairs Reserve is shown below:

2022-23 £m	2023-24 £m
Income:	
(10.420) Depreciation on Non-Current Assets	(10.607)
<b>(10.420) Total Income</b>	<b>(10.607)</b>
Expenditure:	
10.626 Houses	12.474
<b>10.626 Total Expenditure</b>	<b>12.474</b>
<b>0.206 Decrease in year on the MRR</b>	<b>1.867</b>
(10.213) Balance brought forward at 1 April	(10.007)
<b>(10.007) Balance carried forward at 31 March</b>	<b>(8.140)</b>

#### 5. HRA Capital Expenditure and Financing

2022-23 £m	2023-24 £m
Expenditure:	
11.609 Houses	17.721
- Land & Buildings	-
- Vehicle, Plant and Equipment	-
<b>11.609 Total Expenditure</b>	<b>17.721</b>
Financing:	
0.102 Government Grants	1.895
0.420 Capital Receipts	1.714
0.461 Revenue Contribution to Capital*	1.638
10.626 Major Repairs Reserve	12.474
<b>11.609 Total Financing</b>	<b>17.721</b>

\* Revenue Contribution to Capital includes £0.760 million from General Fund Homes for Ukraine Reserves.

## 6. Capital Receipts

A summary of receipts for the year is included below:

	2022-23 Gross Receipt £m	2023-24 Gross Receipt £m
Sale of Houses	(3.595)	(2.421)
Sale of Land	-	(0.005)
Repaid Discounts	(0.029)	(0.015)
<b>Total</b>	<b>(3.624)</b>	<b>(2.441)</b>

The Local Government Act 2003 stipulates that income from the disposal of assets must be split into usable and reserved elements. The reserved element is paid over to the national pool and the usable element can be used to fund capital expenditure.

For 2022-23 and 2023-24 the government has announced that 100% of Right to Buy receipts can be retained and not paid over. They can be used to reinvest in capital expenditure as long as they are spent within 5 years of receipt. In 2023-24 £1.087 million would have been paid into the pool (2022-23 £1.418 million) but is being retained.

A summary of retained receipts is included below:

	2022-23 Retained Treasury Receipts £m	2023-24 Retained Treasury Receipts £m
Balance at the end of the previous year	-	(1.418)
Retained Receipts in Year	(1.418)	(1.087)
Use of Retained Receipts in Year	-	0.053
<b>Balance at the end of the current year</b>	<b>(1.418)</b>	<b>(2.452)</b>

## 7. Accounting for Pensions

The net impact on the HRA as a result of IAS 19 was a debit of £0.079 million representing the excess of current service cost over contributions, as a result of implementing IAS 19.

The net charge resulting from implementing IAS 19 is reversed within the HRA meaning there is no effect on the amount to be met from rents.

## 8. Tenant Arrears

At the end of the final collection week in 2023-24, tenant rent arrears were as follows:

As at 31 March 2023 £m	%*		As at 31 March 2024 £m	%*
Rents:				
0.951	3.2	Current tenants	0.889	2.8
0.900	3.0	Former tenants	0.699	2.2
<b>1.851</b>	<b>6.2</b>	<b>Balance at 31 March</b>	<b>1.588</b>	<b>5.0</b>

\*Tenant arrears as a % of Dwelling Rents income

## 9. Allowance for Credit Losses

The allowance for credit losses required at 31 March 2024 is £1.208 million compared with £1.580 million at 31 March 2023, a decrease of £0.372 million.

Losses of £0.556 million were expensed during the year and a contribution of £0.184 million was added to the allowance. The allowance for credit losses at 31 March 2024 is:

2022-23 £m		2023-24 £m
<b>1.865</b>	<b>Balance at 1 April</b>	<b>1.580</b>
(0.525)	Credit loss expense	(0.556)
0.240	Increase in allowance for credit losses	0.184
<b>1.580</b>	<b>Balance at 31 March</b>	<b>1.208</b>

The movement in allowance for credit losses within the Income and Expenditure Statement of £0.187 million includes the increase in the allowance for credit losses for Council dwelling rents of £0.184 million and sundry debtor allowance for credit losses of £0.003 million.

## 10. Earmarked Reserve – HRA

The HRA Capital Investment reserve was created within Earmarked Reserves during 2018-19 to fund the development and delivery of a housing development plan. £0.762 million (£0.437 million 2022-23) was utilised in year to fund capital expenditure in line with the plan. In addition, at the year-end it was agreed to set up a new HRA – Hardship Fund reserve with £0.230 million being transferred in from unspent balances on the 2023-24 HRA Hardship allocation to support NCC tenants who were not eligible to receive any financial assistance through existing benefits.

The movement in Earmarked Reserve is shown below:

2022-23		2023-24
£m		£m
<b>(2.177)</b>	<b>Balance at 1 April</b>	<b>(1.740)</b>
0.437	Transferred (to)/from Earmarked Reserve	0.532
<b>(1.740)</b>	<b>Balance at 31 March</b>	<b>(1.208)</b>

# Collection Fund

## The Collection Fund Account

The Collection Fund reflects the statutory obligation of billing authorities to maintain a separate Collection Fund, distinct from the General Fund of the Council. The Collection Fund accounts independently for income relating to Council Tax and National Non Domestic Rates (NNDR) on behalf of those bodies (including the Council) for whom the income has been raised.

Collection Fund surpluses or deficits declared by the billing authority relating to Council Tax and NNDR are apportioned to the relevant precepting bodies in the subsequent financial year. For Northumberland, the Council Tax precepting body is the Police and Crime Commissioner for Northumbria and the NNDR precepting body is Central Government.

2022-23		Note	Council Tax £m	NNDR £m	2023-24 Total £m
Total £m					
Income:					
(237.378)	Council Tax	1	(253.135)	-	(253.135)
(75.890)	Business Rates	2	-	(80.643)	(80.643)
0.350	Transitional Protection Payments		-	(6.615)	(6.615)
<b>(312.918)</b>	<b>Total Income</b>		<b>(253.135)</b>	<b>(87.258)</b>	<b>(340.393)</b>
Expenditure:					
Apportionment of previous year's (deficit)/surplus:					
(8.332)	Northumberland County Council		2.735	(1.944)	0.791
0.318	Police and Crime Commissioner for Northumbria		0.213	-	0.213
(12.547)	Central Government - Share		-	(1.944)	(1.944)
Precepts, demands and shares:					
242.223	Northumberland County Council	2	218.689	39.356	258.045
9.869	Parish and Town Councils		10.294	-	10.294
16.708	Police and Crime Commissioner for Northumbria		18.598	-	18.598
36.153	Central Government - Share	2	-	39.356	39.356
Charges to Collection Fund:					
0.495	Costs of collection		-	0.508	0.508
2.298	Increase in Impairment Allowance for Credit Losses		2.297	1.091	3.388
(0.250)	(Write-offs) / Write-ons of Credit Losses		-	(0.002)	(0.002)
(6.972)	Increase/(Decrease) in Appeals Provision		-	(4.741)	(4.741)
Disregarded amounts:					
0.232	Designated Area Growth		-	0.433	0.433
4.963	Renewable Energy		-	5.167	5.167
<b>285.158</b>	<b>Total Expenditure</b>		<b>252.826</b>	<b>77.280</b>	<b>330.106</b>
<b>(27.760)</b>	<b>Deficit/(surplus) for year</b>		<b>(0.309)</b>	<b>(9.978)</b>	<b>(10.287)</b>
21.916	Opening fund balance		(1.512)	(4.332)	(5.844)
<b>(5.844)</b>	<b>Closing fund balance</b>		<b>(1.821)</b>	<b>(14.310)</b>	<b>(16.131)</b>
Allocated to:					
(3.572)	Northumberland County Council		(1.690)	(7.155)	(8.845)
(0.106)	Police and Crime Commissioner for Northumbria		(0.131)	-	(0.131)
(2.166)	Central Government		-	(7.155)	(7.155)
<b>(5.844)</b>			<b>(1.821)</b>	<b>(14.310)</b>	<b>(16.131)</b>

## 1. Council Tax

The Council collects Council Tax charged on residential properties based upon property valuations estimated at 1 April 1991. These valuations are classified into 8 valuation bands. The calculation of the tax base (adjusted for discounts and exemptions and expressed as an equivalent number of Band D dwellings) was approved at Full Council in February 2023. The net Council Tax liability in 2023-24 was £253.136 million (£237.378 million in 2022-23).

2022-23					2023-24		
Properties No.	Band D equivalent Properties No.	Council Tax Charge £	Council Tax Band	Proportion	Properties No.	Band D equivalent Properties No.	Council Tax Charge £
168	61.99	1,139.58	A (Disabled)	5/9	172	63.67	1,196.74
70,547	30,875.46	1,367.49	A	6/9	70,514	31,358.81	1,436.09
25,316	16,262.95	1,595.40	B	7/9	25,602	16,439.03	1,675.45
20,660	15,982.88	1,823.32	C	8/9	20,899	16,197.21	1,914.79
17,369	15,926.81	2,051.23	D	9/9	17,614	16,153.11	2,154.14
11,430	12,972.62	2,507.06	E	11/9	11,584	13,145.87	2,632.83
7,115	9,647.44	2,962.88	F	13/9	7,242	9,791.40	3,111.54
4,348	6,841.70	3,418.72	G	15/9	4,413	6,963.53	3,590.23
507	967.32	4,102.46	H	18/9	518	986.22	4,308.28
<b>157,460</b>	<b>109,539.17</b>		<b>Total</b>		<b>158,558</b>	<b>111,098.85</b>	
	157.72		Band D equivalent adjustments			162.70	
	<b>109,696.89</b>		<b>Gross Tax Base</b>			<b>111,261.55</b>	
	(1,091.40)		Adjustment for non collection			(1,109.25)	
	<b>108,605.49</b>		<b>Net Tax Base</b>			<b>110,152.30</b>	

## 2. National Non-Domestic Rates (NNDR)

The Council collects Business Rates for its area based on rateable values, set by the Valuation Office Agency, and multipliers, set by Central Government. The two Business Rates multipliers, expressed as a rate in the pound (pence/£), are shown in the following table:

2022-23		2023-24
p/£		p/£
51.2	Standard Multiplier	51.2
49.9	Small Business Multiplier	49.9

The total non-domestic rateable value of all properties in Northumberland is shown in the table below:

2022-23		2023-24
£m		£m
238.918	Rateable Value at 31 March	260.951

The Council retains 50.0% of the rates income collected and the remaining 50.0% is paid to government. The relevant shares payable for 2023-24 were estimated before the start of the financial year in line with regulations. Those estimates are shown in the following table:

2022-23		2023-24
£m		£m
36.153	Northumberland County Council	39.356
36.153	Central Government	39.356

A system of top ups and tariffs is in place to ensure that authorities receive income in line with their previously assessed 'baseline' amount. Tariffs due from authorities payable to government are used to finance the top ups paid by government to those authorities who do not achieve their targeted baseline funding. In this respect the Council received a top up grant in 2023-24 of £26.643 million. A further safety net system acts to ensure that any local authority is protected from a net localised business rate yield of less than 92.5% of its assessed baseline funding.



# Group Accounts

The CIPFA Code of Practice requires that where an authority has material financial interests and a significant level of control over one or more entities, it should prepare group accounts. The aim of these statements is to give an overall picture of the Council's financial activities and the resources employed in carrying out those activities.

### **Bodies Consolidated within the Group Accounts**

On 22 January 2018 Advance Northumberland Limited was incorporated at Companies House. Advance Northumberland and its subsidiary companies started trading within 2018-19.

On 17 September 2020 Northumberland Enterprise Holdings Limited (NEHL) was incorporated at Companies House and on 29 March 2021; Northumbria Intergrated Consultancy Limited, a subsidiary of NEHL, was incorporated at Companies House. NEHL and its subsidiary company Northumbria Integrated Consultancy Limited started trading in 2021-22. On 10 October 2023 Northumbria Integrated Consultancy Limited was dissolved at Companies House and NEHL was inactive throughout 2023-24.

Both the Advance Northumberland Group and Northumberland Enterprise Holding Group are classified as wholly owned subsidiaries of the Council and have been consolidated within the group position on a line-by-line basis, with all intra-group transactions and balances removed where applicable. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Further information in respect of the Council's relationship with Advance Northumberland Limited and Northumberland Enterprise Holdings Limited is shown within Note 35 to the Council's Financial Statements, Related Parties.

### **Bodies Not Consolidated within the Group Accounts**

An assessment of the Council's relationship with Active Northumberland in 2023-24 concluded that there was no requirement to consolidate its financial position within the Council's group position. The assessment concluded that the Council did not have significant control over Active Northumberland. Further information in respect of the Council's relationship with Active Northumberland is contained within Note 35 to the Council's Financial Statements, Related Parties.

An assessment of the Council's relationship with Energy Central Campus Limited for 2023-24 concluded that there was no requirement to consolidate the jointly-owned company into the Council group. The assessment concluded that the Council does not have overall control of the company but has joint control with the other parties. As such, it is likely that the company will need to be incorporated into the Council group as a joint arrangement if the Council's financial interest becomes material. The Council's financial interest in the company is immaterial at 31 March 2024 and therefore Energy Central Campus Limited has not been incorporated into the Council group.

Further information in respect of the Council's relationship with Energy Central Campus Limited is contained within Note 35 to the Council's Financial Statements, Related Parties.

## Group Comprehensive Income and Expenditure Statement

This statement sets out the income and expenditure relating to the Group, together with any appropriations to reserves.

As restated 2022-23				2023-24		
Gross Expenditure £m	Gross Income £m	Net Expenditure £m		Gross Expenditure £m	Gross Income £m	Net Expenditure £m
237.816	(140.517)	97.299	Adults, Ageing and Wellbeing	272.313	(169.022)	103.291
44.079	(6.622)	37.457	Chief Executive	36.418	(5.544)	30.874
294.774	(206.726)	88.048	Children, Education and Young People	328.333	(221.981)	106.352
4.155	(0.988)	3.167	Corporate Expenditure and Income	1.906	(1.101)	0.805
33.685	(47.415)	(13.730)	Local Authority Housing (HRA)	33.239	(38.723)	(5.484)
140.313	(95.971)	44.342	Place and Regeneration	209.561	(114.236)	95.325
58.135	(29.519)	28.616	Public Health, Inequalities and Stronger Communities	49.606	(30.654)	18.952
133.904	(60.442)	73.462	Transformation and Resources	93.600	(61.435)	32.165
29.992	(25.016)	4.976	Subsidiary Companies	33.941	(26.049)	7.892
<b>976.853</b>	<b>(613.216)</b>	<b>363.637</b>	<b>Cost Of Services</b>	<b>1,058.917</b>	<b>(668.745)</b>	<b>390.172</b>
32.366	(13.806)	18.560	Other Operating Income and Expenditure	70.649	(15.924)	54.725
56.234	(44.704)	11.530	Financing and Investment Income and Expenditure	51.084	(44.004)	7.080
0.114	(380.649)	(380.535)	Taxation and Non-Specific Grant Income	3.448	(440.946)	(437.498)
<b>1,065.567</b>	<b>(1,052.375)</b>	<b>13.192</b>	<b>Group Deficit on Provision of Services</b>	<b>1,184.098</b>	<b>(1,169.619)</b>	<b>14.479</b>
		(18.522)	(Gains)/Losses on Revaluation of Non-Current Assets			(23.682)
		-	Deficit/(surplus) from investments in equity instruments designated at fair value through other comprehensive income			-
		(535.512)	Remeasurement of the net defined benefit liability/(asset)			(99.822)
		-	Net increase in (assets)/liabilities due to acquisition on pension fund			(6.170)
		<b>(554.034)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(129.674)</b>
		<b>(540.842)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(115.195)</b>

The 2022-23 comparative Cost of Services figures have been restated to reflect the current service structure. These changes are illustrated in Note 45 of the Single Entity Statements.

## Group Movement in Reserves Statement

The following statement shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Deficit/(Surplus) on the Provision of Services shows the true economic cost of providing the Group's services: more details of which are shown in the Group Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes.

	General Fund Balance £m	Earmarked General Fund Reserves £m	Housing Revenue Account £m	Earmarked HRA Reserve £m	Capital Receipts Reserve £m	Capital Grants Unapplied £m	Major Repairs Reserve £m	Total Council Usable Reserves £m	Total Council Unusable Reserves £m	Council's share of Group Reserves £m	Total Group Reserves £m
<b>2023-24</b>											
<b>Balance brought forward 1 April 2023</b>	<b>(51.952)</b>	<b>(178.175)</b>	<b>(28.996)</b>	<b>(1.740)</b>	<b>(8.330)</b>	<b>(63.478)</b>	<b>(10.007)</b>	<b>(342.678)</b>	<b>(595.785)</b>	<b>(19.598)</b>	<b>(958.061)</b>
<b>Movement in Reserves during 2023-24:</b>											
(Surplus)/Deficit on the provision of services	28.824	-	(4.616)	-	-	-	-	<b>24.208</b>	-	(9.729)	<b>14.479</b>
Other Comprehensive Income and Exp'd	-	-	-	-	-	-	-	-	(129.674)	-	<b>(129.674)</b>
<b>Total Comprehensive Income and Expenditure</b>	<b>28.824</b>	<b>-</b>	<b>(4.616)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24.208</b>	<b>(129.674)</b>	<b>(9.729)</b>	<b>(115.195)</b>
Adjustments between accounting basis & funding basis under regulations and adjustment between Group Accounts and Council Accounts	(17.001)	-	5.206	-	(0.792)	(4.476)	1.867	<b>(15.196)</b>	1.739	13.457	-
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>11.823</b>	<b>-</b>	<b>0.590</b>	<b>-</b>	<b>(0.792)</b>	<b>(4.476)</b>	<b>1.867</b>	<b>9.012</b>	<b>(127.935)</b>	<b>3.728</b>	<b>(115.195)</b>
Transfers to/(from) Earmarked Reserves	(12.179)	12.179	(0.532)	0.532	-	-	-	-	-	-	-
<b>(Increase)/Decrease in 2023-24</b>	<b>(0.356)</b>	<b>12.179</b>	<b>0.058</b>	<b>0.532</b>	<b>(0.792)</b>	<b>(4.476)</b>	<b>1.867</b>	<b>9.012</b>	<b>(127.935)</b>	<b>3.728</b>	<b>(115.195)</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>(52.308)</b>	<b>(165.996)</b>	<b>(28.938)</b>	<b>(1.208)</b>	<b>(9.122)</b>	<b>(67.954)</b>	<b>(8.140)</b>	<b>(333.666)</b>	<b>(723.720)</b>	<b>(15.870)</b>	<b>(1,073.256)</b>

## Group Movement in Reserves Statement

	General Fund Balance £m	Earmarked General Fund Reserves £m	Housing Revenue Account £m	Earmarked HRA Reserve £m	Capital Receipts Reserve £m	Capital Grants Unapplied £m	Major Repairs Reserve £m	Total Council Usable Reserves £m	Total Council Unusable Reserves £m	Council's share of Group Reserves £m	Total Group Reserves £m
2022-23											
<b>Balance brought forward 1 April 2022</b>	<b>(71.077)</b>	<b>(183.148)</b>	<b>(29.873)</b>	<b>(2.177)</b>	<b>(4.951)</b>	<b>(61.306)</b>	<b>(10.213)</b>	<b>(362.745)</b>	<b>(43.960)</b>	<b>(10.514)</b>	<b>(417.219)</b>
Movement in Reserves during 2022-23:											
(Surplus)/Deficit on the provision of services	45.030	-	(9.758)	-	-	-	-	35.272	-	(22.080)	13.192
Other Comprehensive Income and Exp'd	-	-	-	-	-	-	-	-	(554.034)	-	(554.034)
<b>Total Comprehensive Income and Expenditure</b>	<b>45.030</b>	<b>-</b>	<b>(9.758)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>35.272</b>	<b>(554.034)</b>	<b>(22.080)</b>	<b>(540.842)</b>
Adjustments between accounting basis & funding basis under regulations and adjustment between Group Accounts and Council Accounts	(20.932)	-	11.072	-	(3.379)	(2.172)	0.206	(15.205)	2.209	12.996	-
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>24.098</b>	<b>-</b>	<b>1.314</b>	<b>-</b>	<b>(3.379)</b>	<b>(2.172)</b>	<b>0.206</b>	<b>20.067</b>	<b>(551.825)</b>	<b>(9.084)</b>	<b>(540.842)</b>
Transfers to/(from) Earmarked Reserves	(4.973)	4.973	(0.437)	0.437	-	-	-	-	-	-	-
<b>(Increase)/Decrease in 2022-23</b>	<b>19.125</b>	<b>4.973</b>	<b>0.877</b>	<b>0.437</b>	<b>(3.379)</b>	<b>(2.172)</b>	<b>0.206</b>	<b>20.067</b>	<b>(551.825)</b>	<b>(9.084)</b>	<b>(540.842)</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>(51.952)</b>	<b>(178.175)</b>	<b>(28.996)</b>	<b>(1.740)</b>	<b>(8.330)</b>	<b>(63.478)</b>	<b>(10.007)</b>	<b>(342.678)</b>	<b>(595.785)</b>	<b>(19.598)</b>	<b>(958.061)</b>

## Group Balance Sheet

The Balance Sheet summarises the financial position of the Group as a whole. It shows the value of Group assets and liabilities at the end of the financial year.

31 March 2023 £m	Note	31 March 2024 £m
1,509.441	Property, Plant & Equipment	1,561.401
7.951	Heritage Assets	7.951
258.654	Investment Property	261.104
0.888	Long Term Intangible Assets	1.930
0.295	Assets Held for Sale - non current	-
20.178	Long Term Investments	19.571
-	Net Defined Pension Asset	50.250
119.116	Long Term Debtors	112.839
<b>1,916.523</b>	<b>Long Term Assets</b>	<b>2,015.046</b>
35.066	Short Term Investments	-
3.619	Assets Held for Sale - current	0.540
2.407	Inventories	2.365
42.022	Work in Progress	47.273
87.352	Short Term Debtors	125.528
92.937	Cash and Cash Equivalents	69.932
<b>263.403</b>	<b>Current Assets</b>	<b>245.638</b>

31 March 2023 £m	Note	31 March 2024 £m
(13.907)	Bank Overdraft	(19.869)
(57.018)	Short Term Borrowing	(120.637)
(89.295)	Short Term Creditors	(115.958)
(6.618)	Short Term Provisions	(3.040)
(1.902)	Revenue Grants Receipts in Advance	(0.650)
(15.535)	Capital Grants Receipts in Advance	(15.303)
<b>(184.275)</b>	<b>Current Liabilities</b>	<b>(275.457)</b>
(64.392)	Long Term Creditors - PFI	(61.126)
(693.826)	Long Term Borrowing	(625.524)
(0.126)	Long Term Provisions	-
(259.243)	Net Defined Pensions Liability	(204.313)
(9.028)	Capital Grants Receipts in Advance	(6.602)
(10.975)	Deferred Tax Liability	(14.406)
<b>(1,037.590)</b>	<b>Long Term Liabilities</b>	<b>(911.971)</b>
<b>958.061</b>	<b>Net Assets</b>	<b>1,073.256</b>
342.678	Usable Reserves - Council	333.666
595.785	Unusable Reserves - Council	723.720
19.598	Usable Reserves - Subsidiaries	15.870
<b>958.061</b>	<b>Total Reserves</b>	<b>1,073.256</b>

## Group Cash Flow Statement

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

2022-23 £m		2023-24 £m
(13.192)	Net surplus/(deficit) on the provision of services	(14.479)
37.919	Adjustments to net deficit on the provision of services for non-cash movements	81.507
(88.022)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	(150.730)
<b>(63.295)</b>	<b>Net cash flows from Operating Activities</b>	<b>(83.702)</b>
43.419	Investing Activities	64.018
(1.068)	Financing Activities	(9.283)
<b>(20.944)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(28.967)</b>
99.974	Cash and cash equivalents at the beginning of the reporting period	79.030
<b>79.030</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>50.063</b>

## Accounting Policies

The financial results of the Council and its subsidiary at 31 March 2024 have been consolidated in accordance with IFRS 10. All entities within the Group have a reporting date of 31 March. All transactions and balances between the Group companies have been eliminated on consolidation.

The Group accounting policies are specified within the Council only statement. There are some slight divergences from these policies within the Group as stated below.

## Capital Expenditure

There is no de-minimis level for capital expenditure for the Advance Northumberland Group.

## Depreciation

Depreciation is charged on the following basis:

Asset	Depreciation Period
Land and Buildings	Reducing balance basis over lease period (30/50 years) 10.0% - 33.0% per annum reducing balance – 33.0% per annum
Plant and Machinery	straight-line
Photovoltaics	5.0% per annum straight line
Motor vehicles	25.0% per annum reducing balance
No depreciation is provided in first year of acquisitions	

Investment properties are not depreciated but revalued annually according to market conditions at the financial year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure row within the Group Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

## Deferred Taxation

Deferred tax liabilities are recognised for timing differences arising from investments in subsidiaries and associates, except where the Group is able to control the reversal of the timing difference and it is probable that it will not reverse in the foreseeable future. Deferred tax is provided on Revaluation gains and/or(losses).

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the Balance Sheet date that are expected to apply to the reversal of the timing difference. Deferred tax relating to property, plant and equipment measured using the revaluation model and investment property is measured using the tax rates and allowances that apply to the sale of the asset.

## Critical Judgments in Applying Accounting Policies

The Council's wholly owned subsidiary: Advance Northumberland Limited, owns assets which are classified as investment property, in line with the Code of Practice on Local Authority Accounting in the United Kingdom 2023-24. Investment properties are those which are used solely to earn rentals or capital appreciation or both. Investment properties are accounted for at fair value.

## Explanatory Notes to the Group Accounts

Where figures in the Group accounts differ materially from the Council's accounts, the relevant explanatory notes have been prepared on a consolidated basis. The notes below give information on the areas that have materially changed on consolidation of the Group entities into the Council's accounts.

An adjustment is made upon consolidation of the Advance Northumberland Group in respect of capital grants – receipts in advance for grants where conditions have been satisfied.



## 1. Group Property, Plant and Equipment

Movements in 2023-24	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant, Furniture & Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Total Property, Plant and Equipment £m	PFI Assets Included in Property, Plant and Equipment £m
Cost or Valuation:								
<b>At 1 April 2023</b>	<b>366.829</b>	<b>524.282</b>	<b>129.509</b>	<b>11.188</b>	<b>16.251</b>	<b>92.144</b>	<b>1,140.203</b>	<b>89.188</b>
Additions	13.237	8.354	7.430	0.162	-	83.841	113.024	1.355
Reclassifications	3.354	12.868	3.118	0.394	(0.437)	(37.217)	(17.920)	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	(9.190)	(1.270)	(0.111)	22.085	-	11.514	0.835
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	(7.548)	(13.581)	0.001	-	1.389	-	(19.739)	-
De-recognition - Disposals	(3.196)	(27.859)	(3.128)	(0.430)	(0.321)	-	(34.934)	-
De-recognition - Other	-	(3.754)	(1.371)	-	-	-	(5.125)	(1.355)
Assets reclassified (to)/from Held for Sale	-	-	-	-	0.988	-	0.988	-
Other movements in cost/valuation	-	-	-	-	-	(0.378)	(0.378)	-
<b>At 31 March 2024</b>	<b>372.676</b>	<b>491.120</b>	<b>134.289</b>	<b>11.203</b>	<b>39.955</b>	<b>138.390</b>	<b>1,187.633</b>	<b>90.023</b>
Accumulated Depreciation and Impairment:								
<b>At 1 April 2023</b>	<b>-</b>	<b>11.699</b>	<b>44.372</b>	<b>2.375</b>	<b>-</b>	<b>-</b>	<b>58.446</b>	<b>7.218</b>
Depreciation/Impairment charge	10.387	17.057	10.842	0.163	-	-	38.449	4.751
Reclassifications	-	-	-	-	-	-	-	-
Depreciation written out to the Revaluation Reserve	-	(9.637)	(2.517)	-	-	-	(12.154)	(3.272)
Depreciation written out to the Deficit on the Provision of Services	(10.387)	(4.501)	-	-	-	-	(14.888)	-
De-recognition - Disposals	-	(0.865)	(2.598)	(0.205)	-	-	(3.668)	-
De-recognition - Other	-	(0.237)	(0.079)	-	-	-	(0.316)	(0.077)
Other movements in cost/valuation	-	-	-	-	-	-	-	-
<b>At 31 March 2024</b>	<b>-</b>	<b>13.516</b>	<b>50.020</b>	<b>2.333</b>	<b>-</b>	<b>-</b>	<b>65.869</b>	<b>8.620</b>
Net Book Value:								
<b>At 31 March 2024</b>	<b>372.676</b>	<b>477.604</b>	<b>84.269</b>	<b>8.870</b>	<b>39.955</b>	<b>138.390</b>	<b>1,121.764</b>	<b>81.403</b>
At 31 March 2023	366.829	512.583	85.137	8.813	16.251	92.144	1,081.757	81.970

Movements in 2022-23	Council Dwellings £m	Other Land and Buildings £m	Vehicles, Plant, Furniture & Equipment £m	Community Assets £m	Surplus Assets £m	Assets Under Construction £m	Total Property, Plant and Equipment £m	PFI Assets Included in Property, Plant and Equipment £m
Cost or Valuation:								
<b>At 1 April 2022</b>	<b>355.349</b>	<b>514.146</b>	<b>128.205</b>	<b>11.111</b>	<b>17.246</b>	<b>82.215</b>	<b>1,108.272</b>	<b>99.824</b>
Additions	10.962	2.296	6.360	0.037	-	77.476	<b>97.131</b>	1.848
Reclassifications	0.178	44.370	0.378	0.041	3.704	(67.164)	<b>(18.493)</b>	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	(6.687)	4.000	-	(2.589)	-	<b>(5.276)</b>	(10.623)
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	3.650	(27.895)	0.001	-	(2.094)	-	<b>(26.338)</b>	-
De-recognition - Disposals	(3.310)	(0.188)	(7.430)	(0.001)	(0.016)	-	<b>(10.945)</b>	(0.013)
De-recognition - Other	-	(1.563)	(1.848)	-	-	-	<b>(3.411)</b>	(1.848)
Assets reclassified (to)/from Held for Sale	-	(0.002)	-	-	-	-	<b>(0.002)</b>	-
Other movements in cost/valuation - correction of opening balance	-	(0.195)	(0.157)	-	-	(0.383)	<b>(0.735)</b>	-
<b>At 31 March 2023</b>	<b>366.829</b>	<b>524.282</b>	<b>129.509</b>	<b>11.188</b>	<b>16.251</b>	<b>92.144</b>	<b>1,140.203</b>	<b>89.188</b>
Accumulated Depreciation and Impairment:								
<b>At 1 April 2023</b>	<b>-</b>	<b>26.765</b>	<b>42.775</b>	<b>2.213</b>	<b>-</b>	<b>-</b>	<b>71.753</b>	<b>10.021</b>
Depreciation/Impairment charge	10.214	16.445	10.791	0.162	-	-	<b>37.612</b>	4.728
Reclassifications	-	(0.870)	-	-	0.870	-	-	-
Depreciation written out to the Revaluation Reserve	-	(21.237)	(2.082)	-	(0.479)	-	<b>(23.798)</b>	(7.410)
Depreciation written out to the Deficit on the Provision of Services	(10.214)	(9.143)	(0.020)	-	(0.391)	-	<b>(19.768)</b>	-
De-recognition - Disposals	-	(0.024)	(6.871)	-	-	-	<b>(6.895)</b>	-
De-recognition - Other	-	(0.206)	(0.108)	-	-	-	<b>(0.314)</b>	(0.121)
Other movements in cost/valuation	-	(0.031)	(0.113)	-	-	-	<b>(0.144)</b>	-
<b>At 31 March 2023</b>	<b>-</b>	<b>11.699</b>	<b>44.372</b>	<b>2.375</b>	<b>-</b>	<b>-</b>	<b>58.446</b>	<b>7.218</b>
Net Book Value:								
<b>At 31 March 2023</b>	<b>366.829</b>	<b>512.583</b>	<b>85.137</b>	<b>8.813</b>	<b>16.251</b>	<b>92.144</b>	<b>1,081.757</b>	<b>81.970</b>
At 31 March 2022	355.349	487.381	85.430	8.898	17.246	82.215	<b>1,036.519</b>	<b>89.803</b>

## Movement on balances of Infrastructure assets

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The 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. The value at 31 March 2024 is £439.637 million (at 31 March 2023 £427.684 million). (see note 14 of the Single Entity statements for details).

## 2. Investment Property

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

31 March 2023 £m		31 March 2024 £m
248.932	Balance at 1 April	258.654
0.875	Additions	0.492
(0.001)	Reclassifications	-
(0.005)	Reclassifications - for sale	-
(0.351)	Disposals	(4.687)
9.204	Net losses from fair value adjustments	6.927
-	Other movements in cost / valuation	(0.282)
<b>258.654</b>	<b>Balance at 31 March</b>	<b>261.104</b>

The Investment property balance at 31 March 2024 comprises of £113.833 million (£110.056 million at 31 March 2023) of housing properties which are all attributable to Advance Northumberland Ltd, and £147.271 million (£148.598 million at 31 March 2023: £146.333 million attributable to Advance Northumberland Ltd and £2.265 million to the Council) of commercial properties; £144.869 are attributable to Advance Northumberland Ltd and £2.402 million to the Council.

31 March 2023				31 March 2024		
Commercial £m	Housing £m	Total £m		Commercial £m	Housing £m	Total £m
(16.537)	(5.804)	(22.341)	Rental Income from Investment Properties	(16.209)	(6.351)	(22.560)
			Direct Operating Expenses (Including repairs and maintenance)			
4.849	1.812	6.661		5.430	2.271	7.701
<b>(11.688)</b>	<b>(3.992)</b>	<b>(15.680)</b>	<b>Net Gain</b>	<b>(10.779)</b>	<b>(4.080)</b>	<b>(14.859)</b>
			Fair Value movement on investment properties			
(3.646)	(5.558)	(9.204)		(1.851)	(5.076)	(6.927)
(0.071)	-	(0.071)	(Profit)/Loss on Disposal	0.066	0.094	0.160
			<b>Total Income and Expenditure in relation to Investment Properties and changes in their Fair Value</b>			
<b>(15.405)</b>	<b>(9.550)</b>	<b>(24.955)</b>		<b>(12.564)</b>	<b>(9.062)</b>	<b>(21.626)</b>

### Fair Value Hierarchy

All of the Council's investment property portfolio has been assessed as Level 2 for valuation purposes (£2.402 million). Within the Advance Northumberland Group, investment properties amounting to £257.761 million have been valued at Level 2 and the remaining £0.940 million of those properties subject to a revaluation during 2023-24 were valued at Level 3.

### Valuation Techniques used to determine Level 2 Fair Values for Investment Properties

The fair value of commercial investment property has been determined having regard to comparable evidence, applying a Rent and Yield or Capital Value Rate where appropriate. Housing properties are valued at Market Value and Market Rent in accordance with the RICS Appraisal and Valuation manual with the exception to this being affordable properties which are valued at 80% of their market value.

### Highest and Best use of Investment Properties

In estimating the fair value of the Advance Northumberland Group's investment properties, the highest and best use of the properties is deemed to be their current use.

## 3. Group Valuation of Non-Current Assets

### Valuation of Non-Current Assets Carried at Current Value

The following statement shows the progress of the Group's rolling programme for the revaluation of non-current assets. The valuations for the Council were carried out by Bruton Knowles LLP. The Advance Northumberland Group's valuations were carried out by Cluttons LLP for the commercial investments, and Align Property Partners Limited for the residential investments.

	Council Dwellings £m	Other Land and Buildings**/** £m	Vehicles, plant, furniture and equipment £m	Infrastructure Assets £m	Community Assets* £m	Surplus Assets £m	Assets under construction £m	Group Total £m
Valued at Historical Cost***	-	5.315	50.139	439.637	8.870	-	138.390	<b>642.351</b>
Valued at Current Value in:								
2023-24	372.676	174.934	34.130	-	-	39.955	-	<b>621.695</b>
2023-24 Indexation Adjustment**	-	6.383	-	-	-	-	-	<b>6.383</b>
2022-23	-	249.296	-	-	-	-	-	<b>249.296</b>
2021-22	-	41.676	-	-	-	-	-	<b>41.676</b>
<b>Total</b>	<b>372.676</b>	<b>477.604</b>	<b>84.269</b>	<b>439.637</b>	<b>8.870</b>	<b>39.955</b>	<b>138.390</b>	<b>1,561.401</b>

\* Due to the re-categorisation of assets, an approximation to historical cost has been made in some cases.

\*\* Adjustment to the accounts to represent the movement in building and construction costs.

### Valuers

The investment property portfolio has been valued at 31 March 2024 in accordance with the methodologies and basis for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors. The Advance Northumberland Group's valuing agents for financial year 2023-24 were Align Property Partners Limited for residential investments and Cluttons LLP for the commercial investments.

\*\*\* The £5.315 million under Other land and buildings is the cost of capital additions added to the assets since the last valuation, the individual amounts are below the de minimus for required valuations and will be included until the asset is next valued as a part of the 3-year rolling programme.

#### 4. Pension Schemes Accounted for as Defined Contribution Schemes

Advance Northumberland (Housing) Limited operates a group personal pension, with defined contributions that meet the requirements of auto enrolment. The assets of the scheme are in a fund independent from those of the company. The total employer contributions to the scheme within 2023-24 were £0.486 million. The contributions due to be paid in the next financial year are estimated to be £0.507 million.

#### 5. The Nature and Extent of Significant Restrictions within the Group

Dividends will only be paid from the Advance Northumberland Limited subsidiaries to Advance Northumberland Limited. During 2023-24, £0.500 million (£0.400 million in 2022-23) was paid to Advance Northumberland Limited from Advance Northumberland (Housing) Limited.

#### 6. Group Work in Progress

The following statement shows the value of developments for sale outside of the Advance Group.

31 March 2023		31 March 2024
£m		£m
<b>40.334</b>	<b>Balance at 1 April</b>	<b>42.022</b>
0.115	Correction of Opening Balance	-
21.086	Additions	27.518
(19.513)	Disposals	(22.267)
<b>42.022</b>	<b>Balance at 31 March</b>	<b>47.273</b>

#### 7. Group Long Term Debtors and Long Term Borrowing

Group Long Term Debtors and Long Term Borrowing are shown within the Group Balance Sheet after eliminating inter-company loans. Loan balances between the Council and Advance Northumberland Limited are set out within note 22 of the Single Entity Statements.

#### 8. Officers' Remuneration

The Accounts and Audit Regulations 2015 require authorities to disclose the number of employees whose remuneration in the year was £50,000 and above, shown in bands of £5,000. Remuneration is defined as all amounts paid to or receivable by an employee, expense allowances chargeable to tax and the money value of benefits. The change in the profile of number of employees within each band reflects salary increments and pay awards, early retirements and part-year effects of staff joining or leaving the Group within the year.

The note excludes senior employees whose individual remuneration is in the remuneration of senior officers' disclosure within the Single Entity accounts.

2022-23			2023-24	
All Employees Council	All Employees Group	Remuneration Band	All Employees Council	All Employees Group
202	212	£50,000 to £54,999	260	268
101	109	£55,000 to £59,999	151	160
65	67	£60,000 to £64,999	72	79
66	71	£65,000 to £69,999	58	61
33	35	£70,000 to £74,999	40	43
14	14	£75,000 to £79,999	37	39
7	7	£80,000 to £84,999	15	17
7	7	£85,000 to £89,999	8	9
5	7	£90,000 to £94,999	3	4
8	9	£95,000 to £99,999	2	3
2	2	£100,000 to £104,999	5	6
-	-	£105,000 to £109,999	1	1
-	-	£110,000 to £114,999	-	-
3	3	£115,000 to £119,999	3	3
1	1	£120,000 to £124,999	2	3
2	2	£125,000 to £129,999	-	-
-	1	£130,000 to £134,999	1	1
1	2	£135,000 to £139,999	-	-
-	-	£140,000 to £144,999	1	1
<b>517</b>	<b>549</b>	<b>Total</b>	<b>659</b>	<b>698</b>

# Firefighters' Pension Fund

## Firefighters' Pension Fund

Details of the Firefighters' Pension Fund is shown in the tables below:

2022-23 £m	Fund Account	2023-24 £m
	Contributions:	
(2.025)	From employer - normal	(2.150)
-	From employer - ill health	-
(0.902)	From members	(0.967)
<b>(2.927)</b>		<b>(3.117)</b>
	Transfers in:	
(1.140)	Individual transfers from other schemes	(0.433)
<b>(4.067)</b>		<b>(3.550)</b>
	Benefits:	
6.143	Pensions	6.730
0.584	Commutations and lump sum retirement benefits	0.945
0.101	Other eligible expenditure - scheme pays	0.243
<b>6.828</b>		<b>7.918</b>
<b>2.761</b>	<b>Net amount payable before top-up grant</b>	<b>4.368</b>
(2.761)	Top-up grant payable by the Government	(4.368)
<b>-</b>	<b>Net Amount Payable for the year</b>	<b>-</b>

31 March 2023 £m	Net Assets Statement	31 March 2024 £m
	Current assets:	
-	Top-up grant receivable from the Government	1.042
0.924	Amount receivable from the General Fund	-
	Current liabilities:	
(0.924)	Top up grant owed to the Government	-
-	Amount payable to the General Fund	(1.042)
<b>-</b>		<b>-</b>



## 1. Basis of Preparation

The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom.

The financial statements summarise the transactions of the Firefighters' Pension Schemes and the net assets. They do not take account of obligations to pay pensions and benefits which fall due after the Balance Sheet date.

Note 31 to the Council's Financial Statements shows the liability to pay pensions and benefits which fall due after the Balance Sheet date, in accordance with IAS 19 Retirement benefits.

## 2. Accounting Policies

The principal accounting policies are as follows:

### Contributions

Contributions represent the total amounts receivable from the Council and the pensionable employees. Employer contributions are made at rates determined by the Government Actuary's Department, at a nationally applied rate of 37.3% (of pensionable pay) for the 1992 Firefighters' Pension Scheme, 27.4% for the 2006 Firefighters' Pension Scheme and 28.8% for the 2015 Firefighters' Pension Scheme. Also, the Council is required to make payments into the pension fund in respect of ill-health retirements, when they are granted.

No provision is made in the accounts for employees' and employer's contributions relating to sums due on pay awards not yet settled.

### Benefits and Refunds

Benefits and refunds are accounted for in the year in which they become due for payment.

No provision is made in the accounts for the liability to pay pensions and other benefits after the Net Assets Statement date.

## Transfer Values

Transfer values are those sums paid to or received from other pension schemes and the Firefighters' Pension Scheme outside England for individuals and relate to periods of previous pensionable employment.

Transfer values received and transfer values paid are accounted for on a receipts and payments basis.

## 3. Fund's Operations

New financial arrangements came into effect from 1 April 2006 for both the 1992 and the 2006 Firefighters' Pension Schemes under the Firefighters' Pension Scheme (Amendment) (England) Order 2006. The financial arrangements have no impact on the terms and conditions of each scheme.

The Firefighters' schemes are statutory unfunded pension schemes, administered by the Council. The benefits for both schemes are defined and guaranteed in law. Benefits provided include a tax-free lump sum and a guaranteed pension based on final salary upon retirement.

Employee contributions, employer contributions and transfer values received are paid into the pension fund from which pension payments and other benefits are paid. The fund is topped up by government grant if the contributions are insufficient to meet the cost of pension payments. Any surplus in the fund is recouped by government. Therefore the fund is balanced to nil each year by receipt of pension top-up grant or by paying the surplus back to the government.

The Schemes are unfunded and therefore the fund has no investment assets.

## 4. Pension Administration

The pension administration for the Firefighters' Pension Scheme was transferred to a shared service with West Yorkshire Pension Fund on 1 March 2018.

## 5. Matthews

A November 2018 ruling on the legal case involving part time judges (O'Brien v MoJ) has a direct impact on the equivalent case for retained firefighters (Matthews). Home Office Ministers agreed to extend the pension entitlement to eligible retained firefighters to cover service pre-July 2000. The Memorandum of Understanding signed in March 2022 sets out the intended scope and operation of the options exercise required to enact remedy in this case. This options exercise will increase the pension entitlement for some current special retained members and also allow access to the scheme for additional historic retained firefighters. Although the options exercise is underway there is very significant data uncertainty in the calculation of this liability, and further details on this can be found in Note 31 Defined Benefit Pension Schemes.

The final remedy will apply to those members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. At retirement, these members will be given a choice in which scheme they wish to accrue benefits over the remedy period, 1 April 2015 to 31 March 2022. Due to the differing benefits structure, it is expected that the majority of eligible fire members will elect to take the legacy scheme benefits (1992 Scheme or 2006 Scheme) for the remedy period. From 1 April 2022, everyone is assumed to accrue benefits in the CARE scheme. Any deficit on the pension fund arising from an increase in liability will be funded from a grant payment in the form of a central government top up grant.

# Glossary of Terms

### **Accrual**

The concept that income and expenditure are recognised as they are earned or incurred, not as cash is received or paid.

### **Actuary**

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.

### **Actuarial Gains and Losses**

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses. They arise because events have not coincided with actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

### **Amortised**

Written off over an appropriate period of time.

### **Audit of Accounts**

An independent examination of the Council's Statement of Accounts.

### **Balance Sheet**

A summary of an Authority's financial position at the year end. It shows the balances and reserves at an Authority's disposal and its long term indebtedness, and the long term and current assets employed in its operations together with summarised information on non-current assets held.

### **Budget**

A statement of the Council's expected level of income and expenditure over a set period, usually one year.

### **Business Rates**

See National Non-Domestic rates (NNDR).

### **Capital Adjustment Account**

A reserve set aside from revenue resources or capital receipts to fund capital expenditure or the repayment of external loans and certain other capital financing transactions.

### **Capital Asset**

An item bought to improve, build, prepare or replace plant, machinery, buildings, land and other structures.

### **Capital Expenditure**

Expenditure on the acquisition of a non-current asset, expenditure which adds to the life or value of an existing non-current asset.

### **Capital Receipt**

The income obtained from selling a capital asset. This is either set aside to the Capital Financing Account for the repayment of loans or used to finance new capital expenditure.

### **Cash Flow Statement**

Summarises the inflows and outflows of cash arising from transactions with third parties for capital and revenue purposes. It provides a link between the Balance Sheet at the beginning of the year, the Comprehensive Income and Expenditure Statement for the year and the Balance Sheet at the end of the year.

### **CIPFA**

The Chartered Institute of Public Finance and Accountancy is the accountancy body which recommends accounting practice for the preparation of local authority accounts. CIPFA publishes the Code of Practice setting out the roles for presentation of the Statement of Accounts.

### **Collection Fund**

The fund administered by an authority collecting council tax and business rates.

### **Comprehensive Income and Expenditure Statement**

A statement which details the total income received and expenditure incurred by the Council during the year in line with IFRS reporting as required by the CIPFA Code of Practice.

### **Contingent Asset**

A possible asset that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control.

### **Contingent Liability**

A contingent liability is either:

- A possible obligation arising from past events whose existence will only be confirmed by the occurrence of one or more uncertain future events not wholly within the Council's control; or,
- A present obligation arising from past events where it is not probable that there will be an

associated cost, or the amount of the obligation cannot be measured accurately.

### **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 upon the valuation of each dwelling.

### **Creditors**

Amounts owed by the Council for goods or services that it has received but for which payment has not been made by the year end.

### **Current Assets and Liabilities**

Current assets are items that are, or can be readily converted into cash. Current liabilities are items that are due for payment immediately or in the short term. By convention these items are ordered by reference to the ease that the asset can be converted into cash, and the timescale in which the liability falls due.

### **Debtors**

Amounts owed to the Council at the year end where services have been delivered but payment has not been received.

### **Deferred Capital Receipts**

Deferred Capital Income comprises amounts derived from sales of assets which will be received in instalments over agreed periods of time. They arise principally from mortgages on sales of council houses, which form the main part of mortgages under loans for purchase and improvement of property.

### **Defined Benefit Scheme**

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

### **Defined Contribution Scheme**

A pension or other retirement benefit scheme into which the employer pays regular fixed contributions as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

### **Delegated Budgets**

Budgets for which schools and other services have complete autonomy in spending decisions.

### **Depreciated Replacement Cost**

A method of assessing market value where there is no comparable evidence available and equating to the current cost of reproducing or replacing an asset less deductions for physical deterioration and all relevant forms of obsolescence and optimisation.

### **Depreciation**

The theoretical loss in value of an asset due to age, wear and tear, deterioration or obsolescence.

### **Earmarked Reserves**

These reserves represent monies set aside that can only be used for a specific usage or purpose.

### **Estimation Uncertainty**

Potential error included in the accounts as a result of estimates used to generate particular balances.

### **Finance Leases**

A lease that transfers most of the risks and rewards of ownership of an asset to the lessee.

### **Financial Instruments**

Contracts that give rise to a financial asset in one entity and a financial liability or equity holding in another entity.

### **General Fund**

The Council's main revenue fund to which all revenue transactions are credited and from which revenue liabilities are discharged.

### **Government Grants**

Revenue grants and contributions are credited to the appropriate service revenue account. Capital grants and contributions are credited to the Government Grants and Contributions Deferred Account.

### **Heritage Assets**

A tangible asset with historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture.

### **Housing Revenue Account (HRA)**

This account reflects the statutory obligation to "ring-fence" and show separately the financial

transactions relating to the provision of housing. Included within the section on the HRA is the Statement of Movement on the HRA which discloses how the HRA Income & Expenditure Account surplus or deficit for the year reconciles to the movement on the HRA balance for the year.

### **Impairment**

The deterioration of an asset, through damage, dilapidation etc., which affects the value of that asset.

### **Income**

Money which the Council receives, or expects to receive, from any source, including fees, charges, sales and grants.

### **Infrastructure**

Non-current assets belonging to the Council which do not necessarily have a resale value, and for which a useful life span cannot be readily assessed.

### **Intangible Assets**

Non-financial non-current assets that do not have physical substance but are identifiable and are controlled by the organisation through custody or legal rights.

### **Interest Cost (Pensions)**

For a defined benefit scheme, the expected increase during a period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

### **Inventory**

The amount of unused or unconsumed materials held in expectation of future use. When use will

not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

### **Investments**

Short term investments comprise of temporary surplus funds with banks or similar institutions.

### **Lender Option Borrower Option (LOBO)**

A LOBO is a loan from a financial institution where the interest rate is agreed at the outset of the arrangement. The lender then has the option to increase the rate at specific agreed periodic intervals through the term of the loan. If at one of these points the lender exercises the option to increase the interest rate on the loan the borrower has the option to repay the loan and end the agreement.

### **Long Term Borrowing**

The main element of long term borrowing is comprised of loans that have been raised to finance capital investment projects.

### **Market Value**

The monetary value of an asset as determined by current market conditions.

### **Minimum Revenue Provision (MRP)**

The statutory minimum amount that must be charged to the Comprehensive Income and Expenditure Statement in each financial year to repay external debt.

### **Movement in Reserves Statement**

This financial statement presents the movement in useable and unusable reserves (the Council's total reserves).

### **National Non-Domestic Rates (NNDR)**

National Non-Domestic Rates, also known as Business Rates, is a tax on non-domestic properties based on property valuations and multipliers set by Government.

### **Net Book Value**

The amount at which non-current assets are included in the Balance Sheet i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

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

A category of financial instrument which includes investments traded in an active market and equity instruments other than those for which a reliable value cannot be determined.

### **Operating Leases**

This is a method of financing assets which allows the Council to use, but not own the asset and therefore is not capital expenditure. A third party purchases the asset on behalf of the Council, who then pays the lessor an annual rental charge for the use of the asset.

### **Past Service Cost**

For a defined benefit pension scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

### **Pension Liabilities**

See scheme liabilities.



### **Precept**

The amount of money levied on the Council's Collection Fund by other public bodies to finance services.

### **Prepayments**

Amounts paid by the Council in the year of account that related to goods and services not received until subsequent years.

### **Prior Period Adjustments**

Prior period adjustments are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

### **Private Finance Initiative**

Long term contracts with the private sector to procure the design, build and running of assets for the delivery of public services.

### **Property, Plant and Equipment**

Non-current assets that yield benefits to the Council and the services they provide for a period of more than one year.

### **Provisions**

Provisions represent sums set aside for any liabilities of uncertain amount or timing that have been incurred.

### **Receipts in Advance**

Amounts received by the Council during the year of account relating to services delivered in subsequent years.

### **Remuneration**

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

### **Reserves**

An amount set aside for a specific purpose in one year and carried forward to meet future obligations.

### **Retirement Benefits**

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either:

- an employer's decision to terminate an employee's employment before the normal retirement date; or,
- an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange in services rendered by employees.

### **Revaluation Reserve**

The accumulated gains in value on non-current assets held by the Council since 1 April 2007 less the part of depreciation charges that have been incurred because the assets have been valued.

### **Revenue Expenditure**

Revenue expenditure is spending on day to day running costs of the Council. It includes

expenditure on employees, premises, transport and supplies & services.

### **Revenue Expenditure Funded from Capital under Statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of non-current assets.

### **Revenue Support Grant**

A general grant paid by the Government to local authorities to support local authority revenue expenditure.

### **Scheme Liabilities**

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

### **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.

### **Soft Loan**

Loans, normally to voluntary sector organisations, below the market rate of interest.

this page is intentionally left blank



# Contact Information

## Contacts

### Contact Information

This document is also available on the Council's website at the following link:

[Statement of Accounts](#)

Contact for further information on the Statement of Accounts:

Jan Willis

Executive Director of Transformation and Resources (Section 151 Officer)

Northumberland County Council

County Hall

Morpeth

NE61 2EF

Alison Elsdon

Director of Finance and Procurement (Deputy Section 151 Officer)

Northumberland County Council

County Hall

Morpeth

NE61 2EF

Telephone: 0345 600 6400

