

Statement of Accounts

2024-25

Draft - Subject to Audit



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Leader's Introduction



We've also continued to prioritise frontline services which we know are so important to our residents, spending millions on everything from road improvements through to social care.

Of course, all this would not be possible without the dedication of all those who work for the County Council, and I am truly grateful to all our staff across all our services.

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

Councillor Glen Sanderson

Leader of Northumberland County Council

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

This has been another year of great progress across our land of great opportunities.

We remain in a strong financial position to deliver on our 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.

The past 12 months has seen continued major investment in our county – most notably in the opening of the Northumberland Line which is revolutionising public transport in the south east of the county – bringing benefits for business, education, tourism and keeping families connected.

Work has continued apace on building super-schools in Seaton Valley, Amble, and Berwick, while many of our town centres are undergoing impressive regeneration programmes.

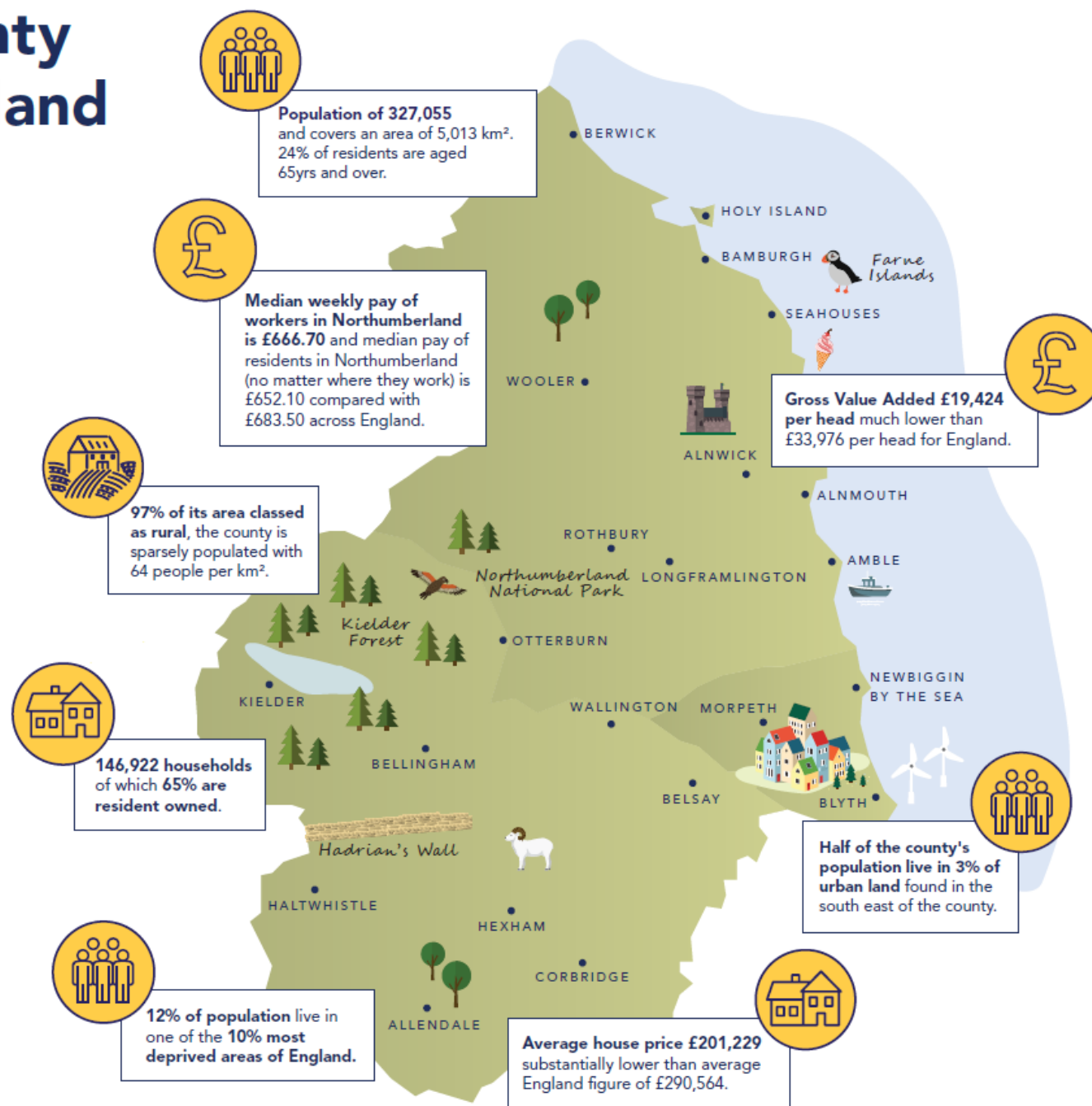
Written Statements and Narrative Report

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



9,193 staff employed by the Council (including schools).



We have **29** libraries and **2** mobile libraries with **58,957** members with 481,616 physical issues and **423,490** digital issues.



There were **622,020** swims in **9** pools.



8.9 million residential bins were emptied.



We have **47,168** streetlights.



We maintain **5,208** km of roads and **2,366** 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 service helped **more than 22,000** people receive information, advice, support and services on adult social care.



Over 5,100 received care in their own homes supported by adult social care and **over 2,400** adults were supported in care homes.



91% of older people were still living independently three months after being discharged from hospital into reablement services.

93% of the Council's Short Term Support Service (STSS) referrals **did not go on to long-term services**.



Over **6,600** Family Hub registrations across the county.

78% of all eligible 2 year-olds took up their statutory entitlement to early education.









98% of parents got their first choice of primary school.

Political Structure

Northumberland County Council is made up of 69 elected members, each representing constituents within an area of Northumberland. The political structure of the Council at 31 March 2025 is shown below. Following Local Elections on 1 May 2025 the revised political structure changed and is also shown below. Further details are included in note 44 Events after the reporting period.

31 March 2025		
Party	Seats	
 Conservative	33	
 Labour	18	
 Ind Group	8	
 Lib Dem	4	
 Green Party	2	
 Residents First Ind Gp	2	

1 May 2025		
Party	Seats	
 Conservative	26	
 Reform	23	
 Labour	8	
 Ind Group	7	
 Lib Dem	3	
 Green Party	2	

Financial Picture

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



Management Structure

The Executive management structure of the Council at 31 March 2025 is shown below. The full structure can be viewed on Northumberland County Council's website.



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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 2025-26 to 2028-29 in February 2025 to support the objectives contained within the Corporate Plan whilst implementing budget reduction measures of £70.154 million over the same period. The first year of the plan is based on a one year settlement from 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 continued rise in demand in Education, Health and Care Plans is exceeding the growth in funding for the High Needs Block of the Dedicated Schools Grant (DSG) leading to an overall deficit. The service is consulting on options that can partially reduce the deficit, but it is hoped that the Government fully recognises this pressure as part of the Comprehensive Spending Review and Local Government Finance Settlement. Current regulations require the deficit balance on the DSG Reserve to be held in an unusable reserve. The Government will set out plans for reforming the SEND system during 2025-26. This will also include plans to help Local Authorities "deal with their historic and accruing deficits" as well as considering any transitional period between the current and reformed system. This work will inform any decision about the continuation of the statutory override. If the balance on the DSG Unusable Reserve is transferred back to the Council's total Earmarked Reserves, it would materially impact on the overall level of reserves. This would not be of sufficient magnitude to put the Council's financial standing at immediate risk. At this stage it is assumed that this scenario will not materialise and that the Government will find a solution towards dealing with and accounting for the accumulated deficit by March 2026 when the statutory override is due to end.

On this basis it is considered that the Council is not at risk of a Section 114 notice being issued in the near future or medium term.

The Council's Medium Term Financial Plan can be accessed in full at: [Northumberland County Council Medium Term Financial Plan](#)

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Narrative Report

3. Revenue Budget and Outturn

The Council approved a net revenue budget of £447.978 million for 2024-25. Budget reduction measures and other savings totalling £10.834 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 £0.177 million. This was transferred to the Strategic Management Reserve, meaning there was no in year movement in the General Fund Reserve:

Service	Original Budget £m	Final Budget £m	Outturn £m	Variance £m
Adults, Ageing and Wellbeing	142.437	104.055	106.749	2.694
Chief Executive	38.304	39.536	39.075	(0.461)
Children, Education and Young People	97.166	100.858	110.867	10.009
Place and Regeneration	85.493	142.521	143.266	0.745
Public Health, Inequalities and Stronger Communities	12.447	12.679	12.349	(0.330)
Transformation and Resources	23.613	35.763	34.735	(1.028)
Total Services	399.460	435.412	447.041	11.629
Corporate Items	34.469	(48.402)	(49.555)	(1.153)
Treasury Management	(23.243)	(25.561)	(25.846)	(0.285)
Capital Financing	37.292	98.109	89.539	(8.570)
Total Net Expenditure	447.978	459.558	461.179	1.621
Funded by:				
Council Tax	(247.981)	(247.981)	(247.981)	-
Retained Business Rates (including S31 Grants)	(79.380)	(79.380)	(79.465)	(0.085)
Revenue Support Grant	(14.020)	(14.020)	(14.020)	-
Top Up Grant	(28.536)	(28.536)	(29.368)	(0.832)
Other Corporate Grants	(56.403)	(5.341)	(5.341)	-
Other Income	-	-	-	-
Earmarked Reserves	(21.658)	(15.962)	(16.843)	(0.881)
Amortisation of Government Grants	-	(68.338)	(68.338)	-
Total Funding	(447.978)	(459.558)	(461.356)	(1.798)
Net Total	-	-	(0.177)	(0.177)

Adults, Ageing and Wellbeing Services faced significant pressures within Integrated Commissioning 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 £5.104 million overspend.

Children, Education and Young People Services faced significant pressures on external residential care placements, overspending by £9.803 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. This is a national problem faced across many local authorities.

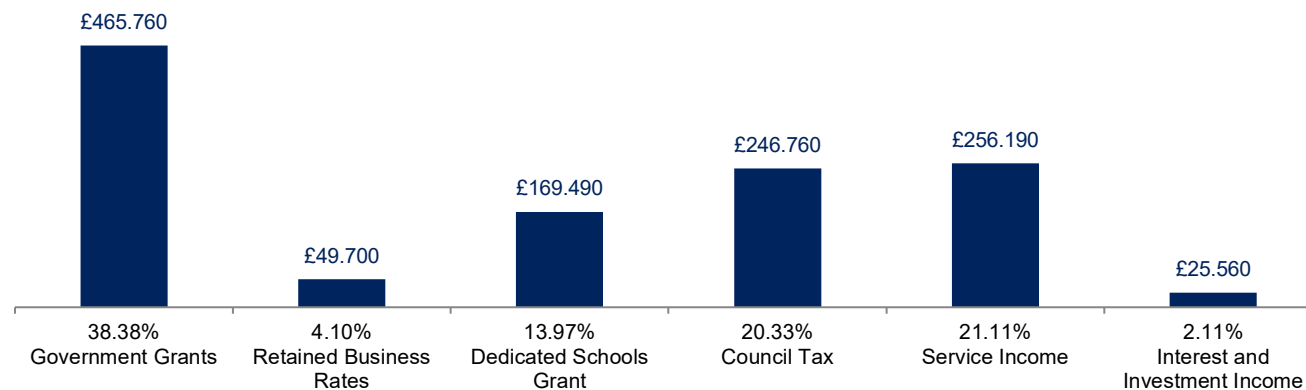
A slower than expected decrease in interest rates and higher than expected balances meant that interest receivable from core treasury activities overachieved the budgeted level by £1.343 million. Income on interest receivable from loans to third parties underachieved by £1.129 million due to loan funding being reprofiled to future years.

Lower than anticipated borrowing was required to fund the capital programme, leading to a £7.471 million underspend on interest payable from core treasury activities. Additionally, slippage in the 2023-24 capital programme which was not factored into the original budget estimate led to a £1.079 million underspend on MRP.

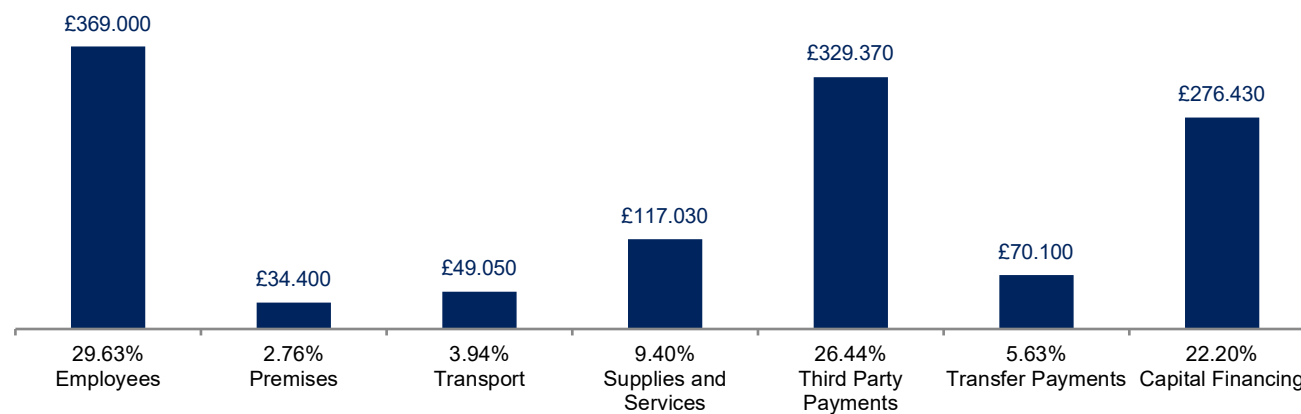
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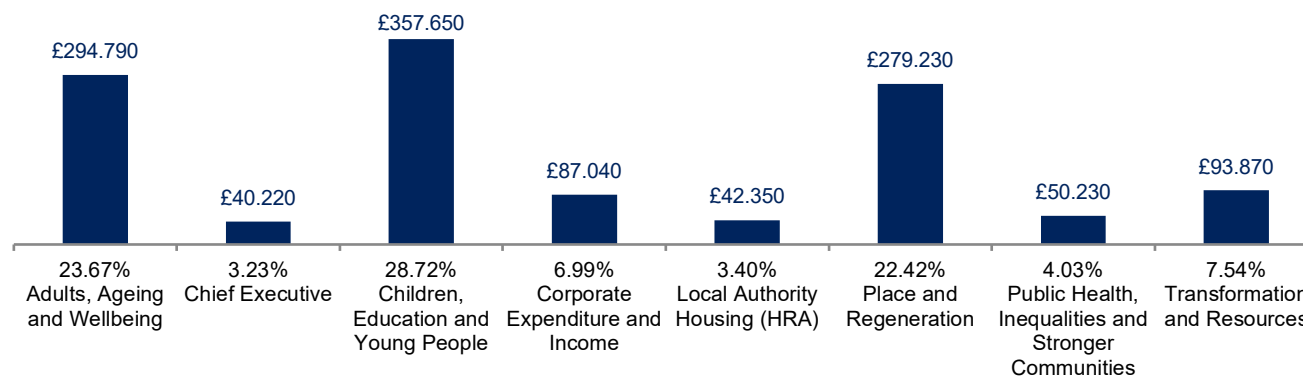
Where the money comes from*



What the money was spent on*



What services were provided*



*All values are shown in millions

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4. Capital

Capital Outturn and Four Year Budget Plan

The following table shows capital expenditure by service area for 2024-25 and the Council's four-year plan as approved by the current administration from 2025-26 to 2028-29:

	Original Budget 2024-25 £m	Outturn Budget 2024-25 £m	Outturn 2024-25 £m	Budget 2025-26 £m	Budget 2026-27 £m	Budget 2027-28 £m	Budget 2028-29 £m	Total Budget £m
Expenditure								
Adults, Ageing and Wellbeing	5.432	3.997	3.306	3.507	4.900	8.900	7.400	24.707
Chief Executive	2.172	3.047	1.796	3.743	2.218	1.723	2.594	10.278
Children, Young People and Education	61.460	65.337	54.062	44.929	50.038	19.319	13.321	127.607
Place and Regeneration	223.712	246.364	191.842	237.321	205.941	147.449	82.051	672.762
Public Health, Inequalities and Stronger Communities	3.755	2.443	0.321	5.196	-	-	-	5.196
Transformation and Resources	41.216	14.065	10.110	19.365	30.195	39.158	23.812	112.530
Total Capital Expenditure	337.747	335.253	261.437	314.061	293.292	216.549	129.178	953.080
Funding								
Borrowing - General Fund	129.061	124.982	75.455	135.104	120.753	83.729	51.028	390.614
Capital Receipts	6.246	6.246	4.428	23.638	12.491	36.905	3.059	76.093
External Grants	165.540	168.546	155.487	131.613	132.386	81.281	62.771	408.051
HRA Contributions	23.729	14.448	11.022	18.836	15.758	14.080	12.320	60.994
Revenue Contributions	13.171	21.031	15.045	4.870	11.904	0.554	-	17.328
Total Funding	337.747	335.253	261.437	314.061	293.292	216.549	129.178	953.080

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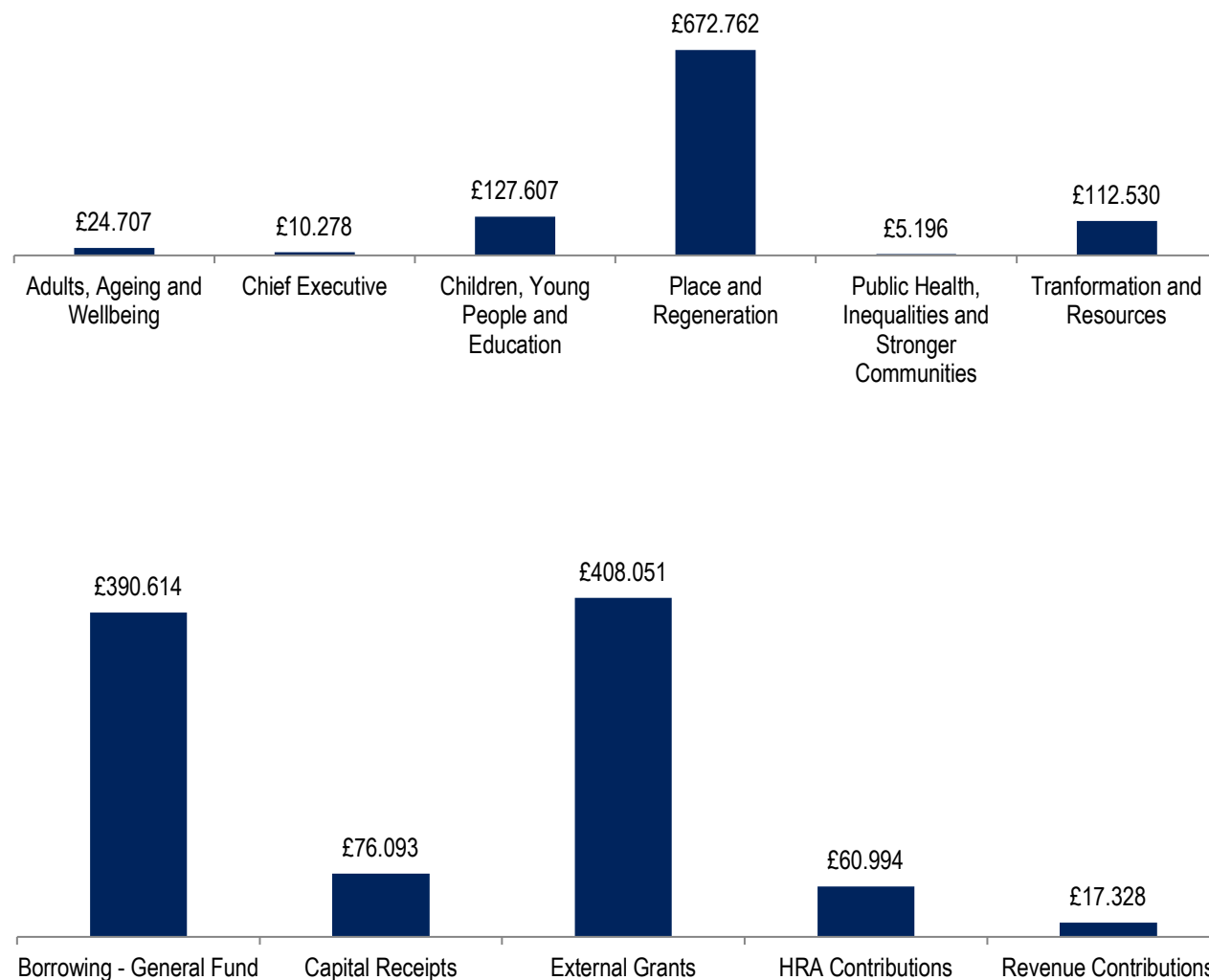
Four Year Capital Programme*

The Council agreed to embark on a four year capital programme totalling £953.080 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 15 of the Council's Budget 2025-26 and Medium Term Financial Plan 2025-26 to 2028-29 report at [Northumberland County Council schedule of capital schemes](#).

Capital Funding 2025-26 to 2028-29*

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 Highways Maintenance Grant, Schools Capital Investment Fund, Disabled Facilities and other sources.

***All values are shown in millions**



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5. Performance

This section has been compiled in accordance with the CIPFA Code of Practice on Local Authority Accounting 2024-25 edition.

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, bi-annual reports are circulated 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, and strengthens our Planning, Performance and Accountability Framework. This will ensure robust monitoring of internal service performance and external performance benchmarking. The proposed new framework is in draft stages and is currently being trialled in several service areas, with the intention of being rolled out mid 2025.

Progress on performance measures

Council-wide performance is monitored in several ways, including:

- 80 operational indicators that have been identified by the Cabinet and the Executive Team as quarterly measures of progress against achieving our priorities in the Corporate Plan,
- 266 key performance indicators that have been identified by service areas as quarterly or annual measures of service performance,
- A variety of operational performance data is used daily, weekly, and monthly to ensure our services are responding proactively to performance insight.

Governance

Quarterly Corporate Performance reports are circulated to the Executive Team for review and discussion, and 6 monthly reports are presented to the Council's Cabinet, and to the Chairs of the Scrutiny Committees. In addition, the service dashboards are reviewed with the respective Portfolio Holder and Executive Director. A Quarter 4 outturn report and an annual achievements report are submitted to the County Council every March.

Quarterly reports can be viewed at [Cabinet Meetings - Northumberland County Council](#)

Workforce

The financial year 2024-25 saw the Council's workforce increase from 5,228 employees to 5,373 (excluding schools). During the year, the percentage of full-time-equivalent working hours taken as staff absence has increased from 4.0% at the start of the year to 4.7% 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 decreased from 92.4% to 86.2% above the target of 85.0%. The annual appraisal completion rate has decreased to 68.4% from 74.3% last year, against the 85.0% target.

Our new People and Culture Strategy was launched in April 2024. The strategy is a key strategic enabler in supporting the delivery of the Council's Corporate Plan. It defines the critical part our employees play in delivering against the strategic priorities and it is a fundamental building block that will ensure the Council is in the best position possible to achieve our ambitions.

The 'Northumberland County Council Jobs' page on LinkedIn is managed solely by the acquisition team and this has grown to over 1,300 followers, sharing information about our vacancies, but also promoting NCC as an employer of choice and Northumberland as a place to live and work. The 'NCC Jobs' page on Facebook has grown to over 13,500 followers. This also helped contribute to the team's success at the Public Services People Managers Association awards, winning the Best Creative Concept

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Recruitment Campaign category for the Pegsworth House Children's Home campaign.

Performance against our Corporate Plan priorities

1. 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.

Our vision is to deliver a consistent customer experience which is simple, seamless, and inclusive. To make it easier for our customers to access services and use data to redesign the way our channels join up.

In 2024-25 the Customer Experience team refreshed their skills and competency framework based on a Communities First approach concentrating on Making Every Contact Count and rolling out community triage through the use of Frontline. The Frontline website and free app provide quick and easy access to local health and well-being services. As well as a searchable one-stop-shop of support, people can refer themselves directly to a range of services. The project is a valuable resource for all frontline professionals across the county, providing social workers, police officers, teachers, NHS medics, community volunteers, and many more with easy access to the right services that can support those who need it.

The Customer Experience team also provided work shadowing and training to Parking Services and Council Tax teams to provide advice, support and training on how to fully support customers needs. Training from the Communications team has enabled the team to deal with social media enquiries on Facebook, Instagram and X. The training allows enquiries to be dealt with at the first point of contact with a common voice of the Council rather than be passed from team to team.

The Council has continued to improve its digital offer, providing more services online and assisting residents to access services digitally where

appropriate. The Fix My Street platform has allowed residents to report public realm issues and get updates on progress. This system continues to improve the online offer for customers and has allowed better understanding and visibility of issues leading to more efficient service delivery.

In the past year, the Council have focused on proactively supporting residents to prevent financial crisis and reduce the reliance on higher-cost services. A key initiative involved piloting a proactive approach to ensure residents are receiving all available benefits, both financial and otherwise, to improve their quality of life. Utilising data from the Low Income Family Tracker (LIFT), the Council reached out to 157 residents to inform them of potential eligibility for pension credit. As a result of this pilot, 59 residents successfully applied for pension credit, with 18 of these applicants receiving £0.012 million in backdated payments and an annual income increase of £0.054 million. Many others also successfully applied for pension credit with support from family members or our Voluntary, Community, and Social Enterprise partners.

The Council have undertaken Adult Social Care (ASC) triage pilots across the whole of Northumberland undertaking prevention approaches to shift the focus from reactive care to proactive support. This means adopting new approaches across occupational therapy, social work and reablement care teams.

These strategies empower individuals, reduce care needs, and enhance community resilience while delivering cost-effective solutions that have the potential to avoid costs by avoiding the need for long-term care and support plans.

The first pilot demonstrated that it was able to significantly reduce the number of residents proceeding to costed care packages, with only 10.0% proceeding to a costed care package i.e. out of the 616 referrals received as part of the Adult Social Care Pilot only 62 referrals have resulted in long term care and support plan. The other 554 residents were triaged into preventative support.

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The value of the costs avoided from the 554 individuals who did not need a cost care package within ASC amounted to £0.742 million. This figure is based on an annual figure of what the original request was for prior to triage.

Throughout the year, the Council have refreshed the BEST Strategic Business Case (SBC), significantly increasing the projected savings compared to the original business case. While the previous projection anticipated savings of between £17.900 million and £38.200 million over three years, the updated SBC sets a target of £60.000 million in savings over the next four years. These savings will be achieved through a combination of measures, including streamlining common processes, implementing cutting-edge technology to enhance productivity, reducing waste, improving self-service options for customers, minimising reliance on agency staff, optimising the use of council buildings, and securing better deals with suppliers. These savings will enable us to safeguard frontline services and invest in our strategic priorities.

To realise these benefits, strategic investments are required, including enhancements to our technology architecture, such as the procurement of a new, council-wide Customer Relationship Management (CRM) solution. Additionally, resources will be allocated to support the delivery of this ambitious programme. The estimated total investment for the programme through to 2029 is £18.900 million, with cumulative benefits of £148.500 million, positioning BEST to deliver an approximate 8:1 return on investment over its lifetime.

Procurement savings of £2.338 million were achieved in 2024-25, comprising recurrent and non-recurrent efficiencies arising from a range of revenue and capital initiatives.

2. Tackling Inequalities

Over the past year, collaboration with key Council departments, including policy, strategy, intelligence, housing, inclusive economy, and planning, has been strengthened to enhance our collective impact on reducing inequalities. This work has included the Health and Wellbeing Board refreshing the 'Building Blocks of Good Health' theme within the Joint Health and Wellbeing Strategy.

The refresh of the Joint Health and Wellbeing Strategy was led by the Health and Wellbeing Board. A new Joint Strategic Needs and Assets Assessment website was launched, improving accessibility and functionality. Budget prioritisation work has progressed, reviewing Public Health Grant allocations. Four service reviews and integrated impact assessments have been completed, with two ongoing. The 2024 Director of Public Health Report highlighted the importance of promoting healthy ageing across Northumberland. The Report can be viewed [here](#).

Ensuring children and young people have the best start in life remains a priority. Integrated partnerships have been strengthened across Early Help Services, focusing on perinatal mental health, parenting, oral health, and child safety. A Healthy Families Plan has been developed to guide the Growing Healthy Northumberland 0-19 service, set to launch in Autumn 2025. Group programmes have improved access to emotional health support, reducing waiting times for one-to-one services. Breastfeeding prevalence at 6-8 weeks has increased from 36.6% in 2018-19 to 43.0% in 2023-24, above the regional average but below the England average. The Northumberland Breastfeeding Friendly Scheme has been launched, with plans to enhance communication through a mystery shopper review. The prevalence of obesity in reception (9.9%) and year 6 (22.3%) remains below the North East average but above the England average. Improvements have been made to parent information letters and online resources for the National Child Measurement Programme, alongside a digital health promotion initiative.

Reducing health inequalities through prevention is key. Northumberland's adult smoking prevalence has reached a record low of 8.2% in 2023. The

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Northumberland Tobacco Control Partnership oversees an eight-strand delivery plan addressing smoking cessation, pregnancy, mental health, and illicit tobacco. Smoking in pregnancy has declined to 7.5%, aligning with the England average. Partnership work supports pregnant women and their partners in quitting smoking. The Supplementary Substance Misuse Treatment Grant has enhanced drug and alcohol services, improving referral pathways, expanding community prescribing, and increasing inpatient detox capacity. A 19.0% rise in alcohol users accessing treatment between April and September 2024 has reversed previous declines, securing additional funding. A Local Drug Information System has been developed with Tyne and Wear local authorities and Northumbria Police, enabling rapid drug-related harm alerts. A review of the SORTED young people's substance misuse service highlighted positive impacts, with recommendations for further development. A system-wide Sexual Health Strategy has been established, overseen by a steering group. A Health Equity Audit of sexual health services has been completed, with implementation planned for early 2025-26. NHS Health Check uptake has increased, with 2,440 checks conducted in Q1 2024-25, the highest since 2014-15. Expanded training, engagement, and the involvement of health trainers in community settings have contributed to this increase. Five workshops have informed the refresh of Northumberland's Physical Activity Strategy, focusing on key investment areas. A new Northumberland Healthy Weight Alliance has been established, prioritising healthy weight initiatives for children and environmental factors.

Efforts to improve mental health and suicide prevention have expanded, with enhanced training offers, including Making Every Contact Count for Mental Health. Countywide mental health campaigns supported World Suicide Prevention Day and World Mental Health Day. The Health Protection Assurance and Development Partnership has focused on six themes and responded to health protection issues, including measles prevention. A screening inequalities group has been formed, promoting cancer screening awareness and training in primary care. Public Health has led the allocation of £0.735 million from the Integrated Care System Health Inequalities Fund, funding eight projects, including respiratory in-reach clinics and a healthcare navigator supporting vulnerable populations.

A new Integrated Impact Assessment tool has been introduced to the Council, streamlining the consideration of inequalities across policies, strategies, and programmes. A Healthy Planning Checklist and Health Impact Assessment have been implemented to assess health impacts in planning applications. The Place Standard tool has been used in Lynemouth and Cramlington to inform local plans and community development initiatives. A Transport and Health Needs Assessment has been published, creating a shared action plan across transport and health sectors. Employer support for healthier workplaces has been reviewed, with a focus on working conditions and support for smaller businesses. A partnership approach to housing and inequalities has been developed, including deep dive research with the Institute of Health Equity. Training on money and wellbeing conversations has been expanded, with 282 system partners trained between July 2023 and October 2024.

Embedding a Communities First approach has strengthened partnerships across the Council and system partners. The Low Income Family Tracker tool has been used to maximise uptake of financial support, linking datasets to predict social care needs in collaboration with the National Innovation Centre for Data. Workforce development has focused on aligning core skills with the BEST Blueprint, improving integration between Adult Social Care and wider system partners. The Asset-Based Community Development model has been successfully piloted in Blyth, increasing community engagement, trust in the council, and local pride. Proactive support for financial resilience has been piloted, resulting in increased pension credit uptake, with £0.012 million in backdated payments and £0.054 million in annual increased income for successful applicants. A subsequent campaign identified 634 residents eligible for Pension Credit, with support provided through partnerships with Age UK and Citizen's Advice.

Northumberland Frontline has expanded its directory of local health and wellbeing services, increasing service listings by 59.0% over six months. Community Hubs continue to provide access to community groups, advice, and support, with 5,662 hours of bookings, 62,006 participants in community activities, and £0.144 million in revenue generated since April

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2024. The Voluntary & Community Sector (VCS) has received £0.026 million in free venue hire to support local initiatives. Community Hubs have facilitated confidential advice services, assisting 167 residents and supporting 23 workless claimants into employment. Volunteer engagement remains strong, with 860 hours contributed. Nine learners have been supported through Community Hub initiatives, accumulating 1,842 hours of learning support.

3. Driving Economic Growth

The new Devolution Deal was agreed with Government in December 2022 and the process for establishing the North East Combined Authority (NECA) has been completed. A Mayor was elected in May 2024, and the NECA 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 of Tyne Combined Authority and incorporating the assets and priorities of all seven authorities to make NECA a rural exemplar.

Our fantastic Northumberland Line reopened to passengers – for the first time in 60 years – in December 2024, following a £298.500 million project involving the Department for Transport, Network Rail, Northumberland County Council and Northern Rail.

Passengers have made more than 50,000 journeys on Northumberland Line services in the first month after the opening. Services now call at Newcastle, Manors, Seaton Delaval, Blyth Newsham and Ashington, with a journey along the entire 18-mile route taking around 35 minutes and a single ticket costing no more than £3.

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. New stations in Bedlington, Blyth Bebside and Northumberland Park remain under construction and are due to open this year.

In April 2024, the Cabinet agreed to a transaction with Blackstone for the NEP3 land site in Cambois, aiming to develop a 'Hyperscale Data centre

Campus'. This project represents a significant inward investment of up to £10.000 billion, with an additional £5.000-10.000 billion potential from tenant investments.

The development is expected to create over 1,600 direct jobs, including 1,200 long-term construction roles, and generate more than 2,700 indirect and induced jobs, with an economic impact exceeding £5.000 billion. As part of the agreement, a Growth and Investment Endowment Fund (GIEF) of up to £110.000 million will be established in phases linked to the development of the proposal. This ring-fenced fund will support economic growth and job creation across Northumberland in alignment with the Council's Economic Strategy.

The £4.800 million Northumberland Small Business Service (NSBS) Programme is delivering a range of direct local support services and investment until March 2026, to drive growth and resilience across rural businesses and communities within Northumberland. The programme is funded through combination of the North East Combined Authority Investment Fund, the UK Shared Prosperity Fund and the Rural England Prosperity Fund which the North East Combined Authority administers on behalf of the UK Government. To date there are 480 entrepreneurs and small and micro businesses from across Northumberland have registered to the NSBS programme, with 253 receiving over three hours of support to achieve their business growth and resilience goals. Over the last 12 months, the programme has also delivered 99 workshops and events alongside 49 networking events to support the business ecosystem within the County. The NSBS Grant Investment Fund has committed £1.474 million of funding which is expected to create over 100 new jobs and safeguard 30 existing roles.

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 2023-24 academic year, headline achievement was 67.1%, 7.1% points above the current national rate and increased by 9.0% from 2021-22.

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Continuing to maintain the standard of our own housing stock, over £10.000 million of investment works have been delivered to council homes, including upgrades to kitchens, bathrooms, heating, electrical and roofing works, as well as delivering over £0.500 million worth of aids and adaptations to support customers to continue living independently in their homes.

The Council has over 8,200 properties in its housing stock throughout Northumberland. The National Tenant Survey is part of the new approach to consumer regulation introduced from April 2024. Every registered landlord must now conduct surveys to generate published Tenant Satisfaction Measures, which support tenants in scrutinising their landlord's performance.

The findings from the 2024 National Tenant Survey, the first of its kind to apply to all Social Housing Providers and local authorities who provide housing, show that 73.0% of Council tenants are satisfied with the overall level of service they receive, some 3.0% higher than the national average and the highest of local authorities in the surrounding area. The Council is also the highest in the region for satisfaction with time taken for tenants' most recent repairs, and top in the region for overall satisfaction with the repairs service.

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 the Council now have 13 parks with Green Flag status.

More detail on the annual achievements of the Council can be viewed at [07.1 AnnualAchievementsReportAppendix1draft.pdf](#).

6. Treasury Management Activities

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

	31 March 2025	
	Principal £m	Average Rate %
Public Works Loans Board	592.911	3.22
Local Authority Loans	77.000	5.16
Other Market Loans	160.900	3.87
Total Debt	830.811	3.53
Total Investments	42.900	5.28

During the year the Council repaid £220.402 million of maturing borrowing and took out new borrowing of £310.387 million in line with authorised limits. This resulted in a net increase in total borrowing of £89.985 million, from £740.826 million at the start of year to £830.811 million at 31 March 2025.

Overall external investments (excluding cash and accrued interest) decreased during the year by £19.000 million from £61.900 million to £42.900 million, and the Council maintained an average balance of £80.498 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.

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Narrative Report

7. Pension Surplus and Deficit

At 31 March 2025 the County Council's net liability for future pension costs was £178.270 million.

The Local Government Pension Scheme (LGPS), which is a funded scheme, has a net surplus of £251.320 million. However, in accordance with the requirements of IAS19 – Employee Benefits and IFRIC14 – The Limit on a Defined Benefit Asset, the recognition of this surplus as a pension asset on the Council's Balance Sheet is subject to a restriction known as the asset ceiling.

The asset ceiling represents the maximum amount of surplus that the Council can recognise, which is limited to the present value of economic benefits available from the scheme, either as future refunds or reductions in future contributions. Under current funding arrangements, the Council's agreed future service contribution rate exceeds the projected cost of future benefits. As a result, the Council is not currently able to realise an economic benefit through reduced contributions.

Furthermore, the LGPS rules do not allow the Council to access a refund surplus from the pension fund under normal circumstances. As neither a refund nor a reduction in contributions is available at this time, the surplus is not deemed recoverable under IFRIC 14, and an asset cannot be recognised in the statement of accounts.

Accordingly, although a surplus exists on an actuarial funding basis, the Council has applied an asset ceiling of nil and has not recognised any of the surplus on the Balance Sheet. This accounting treatment does not affect the underlying funding position, or the contributions agreed with the pension fund, which remain based on the actuarial valuations conducted in accordance with LGPS regulations.

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 2024-25 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.

The unfunded schemes such as the Firefighters' Pension Scheme; LGPS Unfunded; and Teachers' Unfunded have a total net liability of £178.270 million.

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 but remained inactive during 2024-25.

The Group results show a deficit on the provision of services after taxation of £46.121 million (£14.479 million deficit in 2023-24), incorporating a net deficit for the Advance Northumberland Group after group consolidation adjustments of £3.987 million (£9.729 million surplus in 2023-24). Within the Advance Northumberland Group balance there is an unrealised net gain of £15.787 million on Investment Properties (£5.616 million unrealised net gain in 2023-24) as a result of net upward revaluations. Prior to consolidation adjustments the Advance Northumberland Group showed a surplus of £18.115 million (£2.532 million deficit in 2023-24), and the Northumberland Enterprise Holdings Group showed nil (nil in 2023-24).

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The Group balance sheet shows the value of assets and liabilities recognised by the Group at 31 March 2025 and the level of reserves, split into usable and unusable.

31 March 2024		31 March 2025
£m		£m
2,015.046	Long Term Assets	2,055.311
(29.819)	Net Current Assets	(90.907)
(911.971)	Long Term Liabilities and Provisions	(943.355)
1,073.256	Net Assets	1,021.049
	Represented by:	
333.666	Usable Reserves – Council	294.060
723.720	Unusable Reserves – Council	727.616
15.870	Unusable Reserves - Subsidiaries	(0.627)
1,073.256	Total Reserves	1,021.049

At 31 March 2025 the Advance Group owed the Council £268.632 million (£283.505 million at 31 March 2024) primarily in respect of principal repayments on a commercial loan facility and a bond payment relating to Ashington Leisure Centre; whilst the Council owed Advance Northumberland Group £0.439 million (£0.511 million at 31 March 2024) primarily for capital grant claims for Northumberland Energy Park Phase 1 and Ashwood projects.

At 31 March 2025 there were no balances owed to the Council (the ultimate holding company) by NEHL (nil at 31 March 2024), whilst the Council owed NEHL £0.130 million (£0.130 million at 31 March 2024) 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.

Reviews of our corporate risks were undertaken during 2024-25, with an updated Corporate Risk Register agreed by Cabinet in July 2024 and January 2025. 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
- 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 2025 and has been produced in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, 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**

To be inserted

Written Statement 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 secure 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.

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 2025 and their income and expenditure for the year ended 31 March 2025.



Jan Willis

Executive Director of Transformation and Resources (Section 151 Officer)

Date 30 June 2025

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 2023-24				2024-25			
Gross Expenditure £m	Gross Income £m	Net Expenditure £m		Note	Gross Expenditure £m	Gross Income £m	Net Expenditure £m
272.313	(169.022)	103.291	Adults, Ageing and Wellbeing		294.782	(186.642)	108.140
36.414	(5.570)	30.844	Chief Executive		40.219	(6.645)	33.574
329.530	(223.213)	106.317	Children, Education and Young People		357.662	(235.948)	121.714
1.906	(1.101)	0.805	Corporate Expenditure and Income		0.842	(4.993)	(4.151)
33.261	(38.723)	(5.462)	Local Authority Housing (HRA)		37.646	(43.418)	(5.772)
219.471	(116.035)	103.436	Place and Regeneration		278.356	(141.759)	136.597
48.487	(29.422)	19.065	Public Health, Inequalities and Stronger Communities		50.230	(38.834)	11.396
86.142	(60.655)	25.487	Transformation and Resources		93.869	(58.738)	35.131
1,027.524	(643.741)	383.783	Cost of Services		1,153.606	(716.977)	436.629
70.649	(15.924)	54.725	Other Operating Income and Expenditure	3	46.919	(24.933)	21.986
43.211	(28.092)	15.119	Financing and Investment Income and Expenditure	4	44.859	(25.578)	19.281
-	(440.929)	(440.929)	Taxation and Non-Specific Grant Income	5	-	(445.977)	(445.977)
1,141.384	(1,128.686)	12.698	(Surplus)/Deficit on Provision of Services		1,245.384	(1,213.465)	31.919
		(23.682)	(Gains)/Losses on Revaluation of Non Current Assets	14,29			(12.897)
		-	(Surplus)/Deficit from investments in equity instruments designated at fair value through other comprehensive income	19, 29			(6.367)
		(99.822)	Remeasurement of the net defined benefit liability/(asset)	31			25.350
		(6.170)	Net increase in (assets)/liabilities due to acquisition on Pension Fund	31			-
		(129.674)	Other Comprehensive Income and Expenditure				6.086
		(116.976)	Total Comprehensive Income and Expenditure				38.005

The 2023-24 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.

2023-24 Restated	General Fund Balance £m	Earmarked Dedicated Schools Grant Reserve £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
Balance brought forward 1 April 2023	(50.954)	(4.501)	(173.674)	(28.996)	(1.740)	(8.330)	(63.478)	(10.007)	(341.680)	(562.791)	(904.471)
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)
Total Comprehensive Income & Expenditure	17.314	-	-	(4.616)	-	-	-	-	12.698	(129.674)	(116.976)
Adjustments between accounting basis & funding basis under regulations (Note 12)	(5.491)	-	-	5.206	-	(0.792)	(4.476)	1.867	(3.686)	3.686	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	11.823	-	-	0.590	-	(0.792)	(4.476)	1.867	9.012	(125.988)	(116.976)
Transfers (to)/from Earmarked Reserves (Note 13)	(12.179)	3.342	8.837	(0.532)	0.532	-	-	-	-	-	-
Movement in Dedicated Schools Grant Deficit Reserve	-	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in 2023-24	(0.356)	3.342	8.837	0.058	0.532	(0.792)	(4.476)	1.867	9.012	(125.988)	(116.976)
Balance at 31 March 2024 carried forward	(51.310)	(1.159)	(164.837)	(28.938)	(1.208)	(9.122)	(67.954)	(8.140)	(332.668)	(688.779)	(1,021.447)

2024-25	General Fund Balance £m	Earmarked Dedicated Schools Grant Reserve £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
Balance brought forward 1 April 2024	(51.310)	(1.159)	(164.837)	(28.938)	(1.208)	(9.122)	(67.954)	(8.140)	(332.668)	(688.779)	(1,021.447)
Movement in Reserves during 2024-25:											
(Surplus)/Deficit on the provision of services	36.179	-	-	(4.260)	-	-	-	-	31.919	-	31.919
Other Comprehensive Income & Expenditure	-	-	-	-	-	-	-	-	-	6.086	6.086
Total Comprehensive Income & Expenditure	36.179	-	-	(4.260)	-	-	-	-	31.919	6.086	38.005
Adjustments between accounting basis & funding basis under regulations (Note 12)	(2.745)	-	-	6.796	-	(0.868)	13.416	(0.859)	15.740	(15.740)	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	33.434	-	-	2.536	-	(0.868)	13.416	(0.859)	47.659	(9.654)	38.005
Transfers (to)/from Earmarked Reserves (Note 13)	(33.434)	1.159	32.275	(0.657)	0.657	-	-	-	-	-	-
Movement in Dedicated Schools Grant Deficit Reserve	-	-	(8.053)	-	-	-	-	-	(8.053)	8.053	-
(Increase)/Decrease in 2024-25	-	1.159	24.222	1.879	0.657	(0.868)	13.416	(0.859)	39.606	(1.601)	38.005
Balance at 31 March 2025 carried forward	(51.310)	-	(140.615)	(27.059)	(0.551)	(9.990)	(54.538)	(8.999)	(293.062)	(690.380)	(983.442)

Core Financial Statements

Balance Sheet

The Balance Sheet shows the value as at 31 March 2025 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 2024		Note	31 March 2025
£m			£m
1,513.608	Property, Plant and Equipment	14	1,611.091
7.951	Heritage Assets	16	7.951
2.402	Investment Property	15	2.341
1.930	Long Term Intangible Assets	18	2.212
19.847	Long Term Investments	19	26.201
50.250	Net Defined Pension Asset	31	-
385.692	Long Term Debtors	19,22	370.501
1,981.680	Long Term Assets		2,020.297
0.540	Assets Held for Sale - current	24	4.324
2.365	Inventories		2.019
130.312	Short Term Debtors	19,22	128.193
62.816	Cash and Cash Equivalents	23	63.950
196.033	Current Assets		198.486

31 March 2024		Note	31 March 2025
£m			£m
(19.998)	Bank Overdraft	23	(2.191)
(120.637)	Short Term Borrowing	19	(186.254)
(105.326)	Short Term Creditors	19,26	(112.093)
(3.040)	Short Term Provisions	28	(2.333)
(0.650)	Revenue Grants Receipts in Advance	11	(2.262)
(15.303)	Capital Grants Receipts in Advance	11	(7.862)
(264.954)	Current Liabilities		(312.995)
(61.126)	Long Term Creditors	19,21,25	(92.982)
(625.524)	Long Term Borrowing	19,20	(650.755)
(204.313)	Net Defined Pension Liability	31	(178.270)
(0.349)	Capital Grants Receipts in Advance	11	(0.339)
(891.312)	Long Term Liabilities		(922.346)
1,021.447	Net Assets		983.442
332.668	Usable Reserves		293.062
688.779	Unusable Reserves	29	690.380
1,021.447	Total Reserves		983.442

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 2025 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.

2023-24 £m		Note	2024-25 £m
(12.698)	Net surplus/(deficit) on the provision of services		(31.919)
86.990	Adjustments to net surplus or deficit on the provision of services for non-cash movements	32	153.615
(150.730)	Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	32	(148.893)
(76.438)	Net cash flows from Operating Activities		(27.197)
59.499	Investing Activities	33	(40.270)
(7.009)	Financing Activities	34	86.408
(23.948)	Net increase/(decrease) in cash and cash equivalents		18.941
66.766	Cash and cash equivalents at the beginning of the reporting period		42.818
42.818	Cash and cash equivalents at the end of the reporting period	23	61.759

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Notes to the Accounts

Notes to the Accounts

Notes References

Note	Note Description	Note	Note Description
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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	Notes Supporting the Cash Flow Statement	
10	Dedicated Schools Grant	32	Cash Flows from Operating Activities
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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 2023-24			2024-25		
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
101.473	1.818	103.291	106.850	1.290	108.140
34.313	(3.469)	30.844	37.134	(3.560)	33.574
85.494	20.823	106.317	106.084	15.630	121.714
2.608	(1.803)	0.805	(2.316)	(1.835)	(4.151)
(0.256)	(5.206)	(5.462)	1.024	(6.796)	(5.772)
59.362	44.074	103.436	65.632	70.965	136.597
13.693	5.372	19.065	8.599	2.797	11.396
26.660	(1.173)	25.487	29.597	5.534	35.131
323.347	60.436	383.783	352.604	84.025	436.629
(310.934)	(60.151)	(371.085)	(316.634)	(88.076)	(404.710)
12.413	0.285	12.698	35.970	(4.051)	31.919
(259.865)		Opening General Fund and HRA Balance	(247.452)		
12.413		Add: Surplus on General Fund and HRA Balance in Year	35.970		
-		Movement in Dedicated Schools Grant Deficit Reserve	(8.053)		
(247.452)		Closing General Fund and HRA Balance	(219.535)		

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

The 2023-24 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.

Notes to the Accounts

As restated 2023-24					2024-25			
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
1.515	0.173	0.130	1.818	Adults, Ageing and Wellbeing	0.894	0.348	0.048	1.290
0.853	(4.486)	0.164	(3.469)	Chief Executive	2.208	(5.651)	(0.117)	(3.560)
22.733	(2.193)	0.283	20.823	Children, Education and Young People	18.248	(1.707)	(0.911)	15.630
-	(1.803)	-	(1.803)	Corporate Expenditure and Income	-	(1.835)	-	(1.835)
(5.300)	0.079	0.015	(5.206)	Local Authority Housing (HRA)	(7.016)	0.164	0.056	(6.796)
43.579	0.337	0.158	44.074	Place and Regeneration	70.120	0.720	0.125	70.965
5.347	0.078	(0.053)	5.372	Public Health, Inequalities and Stronger Communities	2.605	0.158	0.034	2.797
(1.359)	0.083	0.103	(1.173)	Transformation and Resources	5.233	0.323	(0.022)	5.534
67.368	(7.732)	0.800	60.436	Net Cost of services	92.292	(7.480)	(0.787)	84.025
(62.737)	8.544	(5.958)	(60.151)	Other Income And Expenditure	(95.864)	6.266	1.522	(88.076)
4.631	0.812	(5.158)	0.285	(Surplus)/Deficit	(3.572)	(1.214)	0.735	(4.051)

The 2023-24 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:

	2024-25 £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	62.878	0.754	2.531	5.678	-	10.779	34.453	6.173	2.510
Employee Benefits Expenses	361.832	42.878	26.551	178.413	7.342	10.956	61.368	13.389	20.935
(Gain) or Loss on the Disposal of Assets	3.355	-	0.002	-	3.356	-	(0.003)	-	-
Interest Payments	37.650	0.011	-	(0.006)	32.941	4.703	0.001	-	-
Other Services Expenditure	760.713	251.567	12.170	170.570	1.261	16.776	206.086	28.636	73.647
Payments to Housing Capital Receipts Pool	-	-	-	-	-	-	-	-	-
Precepts and Levies	18.630	-	-	-	18.630	-	-	-	-
Support Services Recharges	(24.607)	(0.413)	(1.033)	3.000	(1.424)	(0.868)	(22.678)	2.032	(3.223)
Total Expenditure	1,220.451	294.797	40.221	357.655	62.106	42.346	279.227	50.230	93.869
Income:									
Fees Charges and Other Services Income	(231.258)	(108.977)	(2.510)	(11.084)	(3.366)	(43.399)	(46.644)	(10.794)	(4.484)
Government Grants	(635.251)	(77.665)	(4.164)	(225.416)	(149.344)	(1.237)	(95.132)	(28.040)	(54.253)
Income from Council Tax and Non-domestic Rates	(296.462)	-	-	-	(296.462)	-	-	-	-
Interest and Investment Income	(25.561)	-	-	-	(23.739)	(1.776)	(0.046)	-	-
Total Income	(1,188.532)	(186.642)	(6.674)	(236.500)	(472.911)	(46.412)	(141.822)	(38.834)	(58.737)
(Surplus)/Deficit on the Provision of Services	31.919	108.155	33.547	121.155	(410.805)	(4.066)	137.405	11.396	35.132

Notes to the Accounts

	As restated 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	56.379	12.291	19.236
(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	11.143	151.607	2.124	13.684	153.523	28.245	67.887
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)	(22.050)	1.870	(2.978)
Total Expenditure	1,125.430	272.325	36.413	329.530	95.097	37.962	219.474	48.487	86.142
Income:									
Fees Charges and Other Services Income	(209.679)	(100.501)	(2.645)	(14.245)	(0.039)	(38.660)	(44.005)	(5.315)	(4.269)
Government Grants	(594.745)	(68.520)	(2.954)	(209.228)	(159.433)	(1.942)	(72.176)	(24.106)	(56.386)
Income from Council Tax and Non-domestic Rates	(280.376)	-	-	-	(280.376)	-	-	-	-
Interest and Investment Income	(27.932)	-	-	-	(26.007)	(1.919)	(0.006)	-	-
Total Income	(1,112.732)	(169.021)	(5.599)	(223.473)	(465.855)	(42.521)	(116.187)	(29.421)	(60.655)
(Surplus)/Deficit on the Provision of Services	12.698	103.304	30.814	106.057	(370.758)	(4.559)	103.287	19.066	25.487

The 2023-24 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

2023-24 £m	2024-25 £m
17.920	18.630
36.805	3.356
54.725	21.986
Total net operating expenditure	

* Includes losses of £37.916 million and gains of £1.111 million in 2023-24 and losses of £5.274 million and gains of £1.847 million in 2024-25.

4. Financing and Investment Income and Expenditure

2023-24 £m	2024-25 £m
34.651	37.649
8.544	6.337
(27.933)	(25.560)
(0.143)	0.855
15.119	19.281
Total Financing and Investment Income and Expenditure	

5. Taxation and Non-Specific Grant Income

2023-24 £m	2024-25 £m
(232.001)	(246.758)
(48.375)	(49.704)
(73.010)	(78.589)
(87.543)	(70.926)
(440.929)	(445.977)
Total Taxation and Non Specific Grant Income	

* Further analysis is shown within Note 11

6. Better Care Fund

National policy requires local authorities and Integrated Care Boards (ICB's) 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 Cagreed by the local authorities and ICB. The Council was allocated £2.919 million and a further £2.250 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.

2023-24 £m	2024-25 £m
Funding Provided to the pooled budget:	
(17.867)	(19.546)
(30.943)	(33.754)
(48.810)	(53.300)
Expenditure met from the pooled budget:	
36.450	40.180
12.360	13.120
48.810	53.300
-	-
Net surplus	

7. Members' Allowances

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

2023-24 £m	2024-25 £m
1.641 Allowances	1.724
0.030 Expenses	0.032
1.671 Total	1.756

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.

2023-24 All Employees	Remuneration Band	2024-25 All Employees
260	£50,000 to £54,999	314
151	£55,000 to £59,999	205
72	£60,000 to £64,999	80
58	£65,000 to £69,999	68
40	£70,000 to £74,999	61
37	£75,000 to £79,999	30
15	£80,000 to £84,999	34
8	£85,000 to £89,999	10
3	£90,000 to £94,999	9
2	£95,000 to £99,999	2
5	£100,000 to £104,999	6
1	£105,000 to £109,999	4
-	£110,000 to £114,999	1
3	£115,000 to £119,999	-
2	£120,000 to £124,999	-
-	£125,000 to £129,999	2
1	£130,000 to £134,999	2
-	£135,000 to £139,999	-
1	£140,000 to £144,999	1
-	£145,000 to £149,999	1
659	Total	830

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 2023-24 or 2024-25.

2024-25	Note	Salary	Allowances & Expenses	Benefit in Kind	Total Remuneration	Pension Contributions	Total Remuneration inc Pension Contributions
Post Holder Information		£	£	£	£	£	£
Senior Officers emoluments – salary is £150,001 or more per year							
Chief Executive (Head of Paid Service) - Helen Paterson		212,489	896	8,866	222,251	-	222,251
Executive Director of Transformation & Resources (Section 151 Officer) - Jan Willis		172,797	-	-	172,797	31,795	204,592
Executive Director of Public Health, Inequalities & Stronger Communities - Gill O'Neill		160,589	-	633	161,222	28,723	189,945
Executive Director for Adults, Ageing & Wellbeing - Neil Bradley		160,589	405	3,174	164,168	22,694	186,862
Executive Director for Children, Young People & Education - Audrey Kingham		160,589	1,140	-	161,729	29,548	191,277
Executive Director Place & Regeneration - Simon Neilson		160,589	462	1,167	162,218	27,952	190,170
Senior Officers emoluments – salary is between £50,000 and £150,000 per year					-		
Director of Law & Corporate Governance (Monitoring Officer)		148,394	-	-	148,394	27,305	175,699
Chief Fire Officer		148,394	-	-	148,394	55,796	204,190
Director of People & Culture		102,661	-	673	103,334	17,639	120,973
Assistant Chief Executive		102,661	238	-	102,899	18,890	121,789
Interim Chief Fire Officer	1	5,601	-	-	5,601	2,106	7,707

Note	From	To	Post Holder	Information
1	18 March 2025	31 March 2025	Interim Chief Fire Officer	The role was covered by an interim appointment who is not a Northumberland County Council Employee. They commenced this role on 18 March 2025.

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

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	

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 2023-24	Number of Compulsory Redundancies 2024-25	Number of Other Departures Agreed 2023-24	Number of Other Departures Agreed 2024-25	Total Number of Exit Packages by cost band 2023-24	Total Number of Exit Packages by cost band 2024-25	Total Cost of Exit packages in each band 2023-24 £	Total Cost of Exit packages in each band 2024-25 £
£0 - £20,000	-	4	23	17	23	21	128,296	161,755
£20,001 - £40,000	-	-	8	4	8	4	237,959	103,414
£40,001 - £100,000	-	-	4	4	4	4	271,858	206,132
£100,001 - £150,000	-	-	-	-	-	-	-	-
£150,001 - £200,000	-	-	2	-	2	-	375,338	-
Total cost included in Comprehensive Income and Expenditure Statement	-	4	37	25	37	29	1,013,451	471,301

9. External Audit Costs

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

2023-24 £m	2024-25 £m
0.476	0.508
Fees payable to the appointed auditor with regard to external audit services carried out by the appointed auditor for the year	
0.020	0.030
Fees payable to the appointed auditor for assurance work in relation to grant claims and returns for the year	
-	-
PSAA distribution of surplus funds	
0.496 Total	0.538

Note: Fees payable in respect of other services provided by the appointed auditor in 2024-25 are in relation to assurance work on the Housing Benefits Assurance Process, Teacher Pensions and Pooling of Housing Capital Receipts returns. Fee variations of £0.360 million have been paid in 2024-25 as 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
- Fee variation 2023-24 - £0.016 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). The DSG is ringfenced 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 2024-25 are as follows:

Schools' Budget Funded by DSG	Expenditure £m	Schools' Budget £m	Total £m
Final DSG for 2024-25 before academy and high needs recoupment			318.994
Academy and high needs figure recouped for 2024-25			(147.970)
Total DSG after academy and high needs recoupment for 2024-25			171.024
Plus: Brought forward from 2023-24			1.159
Less: Carry forward to 2025-26 agreed in advance			-
Agreed budgeted distribution in 2024-25	44.589	127.594	172.183
In Year Adjustments *	-	0.116	0.116
Final Budget Distribution for 2024-25	44.589	127.710	172.299
Less Actual Central Expenditure	(53.149)	-	(53.149)
Less Actual ISB deployed to Schools	-	(127.203)	(127.203)
In year carry forward to 2025-26	(8.560)	0.507	(8.053)
Plus: carry forward to 2025-26 agreed in advance			-
Net DSG position at the end of 2024-25			(8.053)

Note: The £0.116 million In Year adjustment relates to the following:

- £0.422 million increase in the grant allocation required to meet the actual NNDR costs for maintained schools.
- £0.306 million estimated clawback of the Early Years block funding for 2024-25, due to be confirmed in July 2025

Notes to the Accounts

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

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.

11. Grant Income

The Council credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2024-25:

2023-24 £m		2024-25 £m
	Revenue Grants Credited to Taxation and Non Specific Grant Income	
26.251	Business Rates Section 31 Grants	29.192
0.989	New Homes Bonus Grant	1.710
1.031	Other	0.640
26.777	Retained Business Rates Top up Grant	29.368
12.430	Revenue Support Grant	14.020
2.745	Rural Services Delivery Grant	3.178
2.787	Services Grant	0.481
73.010	Total Revenue Grants Credited to Taxation and Non Specific Grant Income	78.589

2023-24 £m		2024-25 £m
	Grants Credited to Services:	
	Revenue:	
1.752	Adult Social Care Discharge Fund	2.920
1.344	Combined Authority Grants	8.396
155.402	Dedicated Schools Grant (DSG)	169.488
2.681	Education and Skills Funding Agency (ESFA)	1.731
18.417	Grants in Support of Individual School Budgets	18.714
53.717	Housing Benefit Subsidy Grants	52.581
4.590	Household Support Fund	5.670
12.496	Improved Better Care Fund	12.496
3.563	Market Sustainability and Improvement Fund	6.656
32.621	Other Grants	26.741
17.932	Public Health Grant	18.793
22.055	Social Care Support Grant	28.990
4.760	The Private Finance Initiative (PFI) Grant	4.760

2023-24 £m		2024-25 £m
	Revenue Expenditure Funded from Capital Under Statute (REFCUS):	
1.794	British Telecom - Broadband Gainshare	-
1.608	DFE - Capital Maintenance	1.245
-	DEFRA - Great Northumberland Forest	2.412
1.367	DLUHC - Blyth Deep Dive	-
2.984	DLUHC - Blyth Town Deal	0.559
2.619	DLUHC - Borderlands	-
-	DLUHC - Borderlands Carlisle University	1.810
2.271	DLUHC - Disabled Facilities Grant	2.946
-	DFT - Local Transport Plan	0.965
40.511	DFT - Northumberland Line	52.648
-	NECA - Northumberland Small Business Service	1.326
-	NECA - Rural Asset Multiplier Grant	1.504
-	Other REFCUS	7.406
384.484	Total Revenue Grants	430.757

	Donations and Contributions:	
15.550	Contributions from Other Local Authorities	14.115
18.583	Health Service	19.635
4.757	Other Donations and Contributions	6.542
12.331	S117 Health Contribution	13.645
51.221	Total Donations and Contributions	53.937
435.705	Total Credited to Services	484.694

Notes to the Accounts

2023-24 £m	2024-25 £m
Capital:	
0.743 DBEIS - Social Housing Decarbonisation Fund (SHDF)	-
4.998 DFE - Basic Need	-
2.293 DFE - Capital Maintenance	2.352
3.978 DFE - Special Educational Needs Capacity (SEN)	1.014
0.656 DEFRA - Great Northumberland Forest	1.349
- DEFRA - Food Waste Collection	2.950
0.927 DLUHC - Ashington Levelling Up	1.123
18.264 DLUHC - Blyth Deep Dive	-
3.977 DLUHC - Blyth Future High Streets Fund	5.906
- DLUHC - Blyth Town Deal	8.828
0.506 DLUHC - Disabled Facilities Grant	-
2.117 DFT - Levelling Up	0.878
24.269 DFT - Local Transport Plan	4.480
8.502 DFT - Northumberland Line	2.053
1.741 EA - Next Generation Flood Resilience	1.043
- EA - Beadnell North Sea Wall	1.035
5.150 Haydon Bridge High School - Asset Donation	-
1.482 Heritage Lottery Fund - Union Chain Bridge	-
1.420 NECA - Integrated Transport	1.440
1.305 NECA - Ponteland to Callerton Cycle Route	0.013
- NECA - Ashington Town Centre to North Seaton	1.220
- NECA - Highway Maintenance Grant	18.839
- NECA - Newsham Bridge	4.299
- NECA - Culture Centre and Marketplace	2.500
5.215 Other	9.604
87.543 Total Capital	70.926

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:

2023-24 £m	2024-25 £m
Short Term Capital Grant Receipts in Advance:	
2.207 British Telecom - Broadband Gainshare	2.207
1.452 DBEIS- Home Upgrade Grant (HUG) 2	0.642
1.163 DFE - Devolved Formula Capital (DFC)	1.147
0.593 DFE - Early Years	0.333
0.852 DFE - Energy Efficiency Devolved Formula Capital	0.604
0.785 DLUHC - Blyth Town Deal	0.695
6.362 DLUHC - Blyth Future High Streets Fund	0.456
0.359 DLUHC - Local Area Housing Fund (LAHF)	0.703
0.451 Gladman Developments - Corbridge Middle School 3G Pitch	0.451
0.364 UK Coal - Lynemouth Bay	-
0.715 Other	0.624
15.303 Total Short Term Capital Grant Receipts in Advance	7.862
Long Term Capital Grant Receipts in Advance:	
0.349 Other	0.339
0.349 Total Long Term Capital Grant Receipts in Advance	0.339
Revenue Grant Receipts in Advance:	
0.008 Community Foundation	-
0.034 Department for Education	1.784
0.030 Department for Health and Social Care	0.152
0.502 Electoral Commission	-
0.027 Home Office	-
- Integrated Care Board	0.104
0.019 National Archives	0.026
0.030 National Lottery	-
- North East Combined Authority	0.033
- Northumbria Police and Crime Commissioner	0.163
0.650 Total Revenue Grant Receipts in Advance	2.262
16.302 Total Receipts in Advance	10.463

Notes to the Accounts

Included in the tables above are the following acronyms:

Funder	Acronym
Department for Business, Energy & Industrial Strategy	DBEIS
Department for Education	DFE
Department for Environment, Food and Rural Affairs	DEFRA
Department for Levelling Up, Housing and Communities	DLUHC
Department for Transport	DFT
Environment Agency	EA
North East Combined Authority	NECA

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.

2024-25	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
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
Charges for depreciation and impairment of non-current assets	(51.619)	(10.719)	-	-	-	62.338
Revaluation (losses)/gains on Property Plant and Equipment	(37.514)	4.512	-	-	-	33.002
Modification losses/(gains) in respect of capital financial assets	(0.416)	-	-	-	-	0.416
Loss allowances in respect of capital financial assets	0.010	-	-	-	-	(0.010)
Movements in the fair value of Investment Properties	(0.867)	0.033	-	-	-	0.834
Amortisation of intangible assets	(0.481)	(0.060)	-	-	-	0.541
Capital grants and contributions applied	120.028	1.218	-	-	-	(121.246)
Revenue expenditure funded from capital under statute	(98.121)	0.054	-	-	-	98.067
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	(28.120)	-	-	-	-	28.120
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
Provision for the financing of capital investment	23.912	-	-	-	-	(23.912)
Additional provision for the financing of capital investment	7.536	-	-	-	-	(7.536)
Capital expenditure charged against the General Fund and HRA balances	15.145	1.002	-	-	-	(16.147)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	22.501	-	-	(22.501)	-	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-	35.917	-	(35.917)
Adjustments primarily involving the Capital Receipts Reserve:						
Transfer of cash sale proceeds credited as part of the gain/(loss) on disposal to the Comprehensive Income and Expenditure Statement	24.933	-	(24.933)	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	4.278	-	-	(4.278)
Set aside of Capital Receipts to repay debt	-	-	19.683	-	-	(19.683)
Contribution from the Capital Receipts Reserve towards administrative costs of non-current asset disposals	(0.104)	-	0.104	-	-	-

Notes to the Accounts

2024-25	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 to finance the payments to the Government capital receipts pool	-	-	-	-	-	-
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to HRA	-	10.779	-	-	(10.779)	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	-	-	9.920	(9.920)
Adjustments primarily involving the Financial Instruments Adjustment Account:						
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	0.269	-	-	-	-	(0.269)
Adjustments primarily involving the Pensions Reserve:						
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(41.164)	(1.989)	-	-	-	43.153
Employer's pension contributions and direct payments to pensioners payable in the year	42.275	2.022	-	-	-	(44.297)
Adjustments primarily involving the Collection Fund Adjustment Account:						
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	(1.791)	-	-	-	-	1.791
Adjustment primarily involving the Accumulated Absences Account:						
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	0.843	(0.056)	-	-	-	(0.787)
Total Adjustments	(2.745)	6.796	(0.868)	13.416	(0.859)	(15.740)

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
Adjustments primarily involving the Capital Adjustment Account:						
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:						
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
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:						
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)
Adjustments primarily involving the Capital Grants Unapplied Account:						
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)
Adjustments primarily involving the Capital Receipts Reserve:						
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)
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	-	-	-	-	-	-
Adjustment primarily involving the Major Repairs Reserve:						
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)
Adjustments primarily involving the Financial Instruments Adjustment Account:						

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
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)
Adjustments primarily involving the Pensions Reserve:						
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)
Adjustments primarily involving the Collection Fund Adjustment Account:						
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)
Adjustment primarily involving the Accumulated Absences Account:						
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
Total Adjustments	(5.491)	5.206	(0.792)	(4.476)	1.867	3.686

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 2024-25.

2023-24				2024-25				
1 April 2023 £m	Transfers Out £m	Transfers In £m	31 March 2024 £m		1 April 2024 £m	Transfers Out £m	Transfers In £m	31 March 2025 £m
Earmarked General Fund Reserves:								
8.941	(1.456)	0.306	7.791	Balances Held by Schools Under a Scheme of Delegation	7.791	(3.363)	1.225	5.653
7.520	(1.193)	-	6.327	Council Commissioned Services	6.327	(5.101)	-	1.226
6.588	(4.700)	-	1.888	Council Tax Hardship and Discount Scheme	1.888	(1.888)	-	-
17.144	(3.000)	-	14.144	Council Transformation Fund	14.144	(5.685)	-	8.459
4.501	(3.342)	-	1.159	Dedicated Schools Grant	1.159	(1.159)	-	-
6.257	(1.212)	-	5.045	Estates Rationalisation	5.045	(1.264)	-	3.781
1.017	-	-	1.017	Exceptional Inflationary Pressures	1.017	(1.017)	-	-
1.127	(0.054)	-	1.073	Highways Commuted Maintenance Funds	1.073	(0.053)	-	1.020
4.586	(1.073)	-	3.513	Homes for Ukraine	3.513	(0.879)	-	2.634
7.822	(1.105)	-	6.717	Insurance	6.717	(0.121)	-	6.596
-	-	-	-	Northumberland Growth and Investment	-	(0.435)	1.800	1.365
11.454	(5.388)	1.358	7.424	Other Reserves	7.424	(2.078)	2.194	7.540
1.078	-	-	1.078	Planning Delivery Grant	1.078	(0.081)	-	0.997
2.952	(0.769)	-	2.183	Regeneration Development	2.183	(0.734)	-	1.449
2.930	(0.512)	-	2.418	Replacement of Defective Street Lanterns	2.418	(0.203)	-	2.215
20.353	(12.477)	12.976	20.852	Revenue Grants	20.852	(10.260)	5.978	16.570
14.697	(2.269)	7.210	19.638	Section 106	19.638	(3.810)	9.003	24.831
7.500	(2.091)	-	5.409	Severe Weather	5.409	(0.904)	-	4.505
49.708	(11.902)	18.764	56.570	Strategic Management	56.570	(19.740)	13.194	50.024
2.000	(0.250)	-	1.750	Winter Services	1.750	-	-	1.750
178.175	(52.793)	40.614	165.996	Total Earmarked General Fund Reserves	165.996	(58.775)	33.394	140.615
HRA Earmarked Reserves:								
1.740	(0.762)	-	0.978	HRA - Capital Investment	0.978	(1.002)	0.078	0.054
-	-	0.230	0.230	HRA - Hardship Fund	0.230	-	0.267	0.497
1.740	(0.762)	0.230	1.208	Total HRA Earmarked Reserves	1.208	(1.002)	0.345	0.551
179.915	(53.555)	40.844	167.204	Total Earmarked Reserves	167.204	(59.777)	33.739	141.166

Notes to the Accounts

The significant earmarked reserves at 31 March 2025, 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.

Council Commissioned Services

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

Council Tax Hardship and Discount Scheme

A reserve to fund the Council Tax Hardship and Discounts Schemes.

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 and cannot be used for other priorities within the Council. Provisions in the School and Early Years Finance (England) Regulations direct that local authorities are required to carry forward overspends separately to usable reserves. This is now included within unusable reserves on the balance sheet. The Dedicated Schools Grant Deficit Reserve absorbs the differences that would otherwise arise on the General Fund Balance. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

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.

Insurance

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

Northumberland Growth and Investment

A reserve to support the economic growth of Northumberland over the next 10 years. The Growth and Investment Endowment Fund (GIEF) will, along with other sources of external funding, provide a significant lever to the Council to deliver on its vision, enabling the delivery of visible projects, whilst also advancing long-term transformational investment programmes for employment sites.

The Council is looking to appoint suitably qualified consultants who can work with the Senior Executive Team to develop an Investment Strategy, which will translate the ambitions and policy objectives of the GIEF into a coherent, actionable programme of delivery.

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. The plan was formally adopted by the Council during 2021-22 with further provision set aside for a review of the Local Plan and associated supplementary plans.

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.

Notes to the Accounts

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. Both S106 and Unilateral Undertakings are a mechanism which can make a development proposal acceptable in planning terms, without which would not otherwise be acceptable. 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'. The monies are held until the particular provision is undertaken. During 2024-25 £9.003 million was received from developers with £3.810 million used to fund schemes.

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.

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.

HRA Earmarked Reserves

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.

Notes

Supporting the
Balance Sheet

14. Property, Plant and Equipment

	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
Movements in 2024-25:								
Cost or Valuation:								
At 1 April 2024	372.676	489.019	131.364	11.203	39.956	94.210	1,138.428	90.023
IFRS16 Adjustment	-	5.964	0.222	(0.860)	-	-	5.326	(0.489)
Additions	8.047	3.521	8.745	0.021	0.189	118.928	139.451	1.738
Reclassifications	2.960	32.777	0.571	3.431	0.453	(101.782)	(61.590)	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	12.789	(1.050)	(2.593)	(1.913)	-	7.233	(0.157)
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	(5.463)	(26.700)	-	-	(0.390)	-	(32.553)	-
De-recognition - Disposals	(2.353)	(0.300)	(6.462)	(0.013)	(0.475)	-	(9.603)	-
De-recognition - Other	-	(2.998)	(1.737)	-	-	-	(4.735)	(1.737)
Assets reclassified (to)/from Held for Sale	-	(0.265)	-	-	(3.975)	-	(4.240)	-
Other movements in Cost or Valuation	-	-	-	-	-	(0.186)	(0.186)	-
At 31 March 2025	375.867	513.807	131.653	11.189	33.845	111.170	1,177.531	89.378
Accumulated Depreciation and Impairment:								
At 1 April 2024	-	13.516	48.608	2.333	-	-	64.457	8.620
IFRS16 Adjustment	-	(0.767)	-	(0.092)	-	-	(0.859)	(0.859)
Depreciation/Impairment charge	10.553	18.828	11.386	0.150	-	-	40.917	6.621
Reclassifications	-	(0.301)	-	-	0.301	-	-	-
Depreciation written out to the Revaluation Reserve	-	(13.259)	(2.653)	-	(0.202)	-	(16.114)	(6.007)
Depreciation written out to the (Deficit) on the Provision of Services	(10.553)	(5.645)	-	-	(0.099)	-	(16.297)	-
De-recognition - Disposals	-	(0.015)	(6.224)	-	-	-	(6.239)	-
De-recognition - Other	-	(0.234)	(0.071)	-	-	-	(0.305)	(0.071)
At 31 March 2025	-	12.123	51.046	2.391	-	-	65.560	8.304
Net Book Value:								
At 31 March 2025	375.867	501.684	80.607	8.798	33.845	111.170	1,111.971	81.074
At 31 March 2024	372.676	475.503	82.756	8.870	39.956	94.210	1,073.971	81.403

Notes to the Accounts

	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
Movements in 2023-24:								
Cost or Valuation:								
At 1 April 2023	366.829	521.903	126.611	11.188	16.251	50.069	1,092.851	89.188
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)	-
At 31 March 2024	372.676	489.019	131.364	11.203	39.956	94.210	1,138.428	90.023
Accumulated Depreciation and Impairment:								
At 1 April 2023	-	11.699	43.095	2.375	-	-	57.169	7.218
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)
At 31 March 2024	-	13.516	48.608	2.333	-	-	64.457	8.620
Net Book Value:								
At 31 March 2024	372.676	475.503	82.756	8.870	39.956	94.210	1,073.971	81.403
At 31 March 2023	366.829	510.204	83.516	8.813	16.251	50.069	1,035.682	81.970

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.

	2023-24	2024-25
	£m	£m
Movement of Infrastructure assets		
Net Book Value (modified historic cost) at 1 April	427.684	439.637
Additions	17.288	18.919
Reclassifications	16.607	61.985
Derecognition	(1.470)	-
Depreciation	(20.472)	(21.421)
Impairment	-	-
Other movement in cost	-	-
Net Book Value (modified historic cost) at 31 March	439.637	499.120

	2023-24	2024-25
	£m	£m
Property, Plant and Equipment		
Infrastructure assets	439.637	499.120
Other PPE assets	1,073.971	1,111.971
Total PPE Assets	1,513.608	1,611.091

Valuation of Non-Current Assets

Operational land and buildings were revalued as at 31 March 2025 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 2025.

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 £5.216 million adjustment, increasing Property, Plant and Equipment, increasing the CIES by £1.508 million and the Revaluation Reserve by £3.708 million.

Surplus Properties were revalued as at 31 March 2025 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.

Right-of-use assets are included in the same line as where the corresponding underlying asset would be presented if they were owned. Right-of-use assets included in the balance sheet prior to the adoption of IFRS16 are valued as per that category of asset. Assets newly recognised on the Balance Sheet following the adoption of IFRS 16 have been added at the present value of their remaining lease liability.

Note 46, 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, 75% was valued in year. Those properties which have not been valued in this financial year were last valued in either financial year 2022-23 or 2023-24.

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 **/**	Vehicles, Plant, Furniture & Equipment £m	Infrastructure Assets £m	Community Assets * £m	Surplus Assets £m	Assets Under Construction £m	Total £m
Carried at Historical Cost	-	4.758	47.305	499.120	8.798	-	111.170	671.151
Right of use assets held at Lease Liability	-	4.313	0.222	-	-	-	-	4.535
Valued at Current Value in:								
2024-25	375.867	264.911	33.080	-	-	33.845	-	707.703
2024-25 Indexation Adjustment **	-	5.216	-	-	-	-	-	5.216
2023-24	-	138.710	-	-	-	-	-	138.710
2022-23	-	83.776	-	-	-	-	-	83.776
Total Cost of Valuation	375.867	501.684	80.607	499.120	8.798	33.845	111.170	1,611.091

*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 £4.758 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.

2023-24 £m	2024-25 £m
(0.022) Rental income from investment property	(0.017)
0.016 Direct operating expenses arising from investment property	0.006
(0.006) Net (Gain)/Loss	(0.011)

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:

2023-24 £m	2024-25 £m
2.265 Fair Value at 1 April	2.402
- IFRS16 Adjustment	0.129
- Additions	1.039
- Reclassifications	(0.395)
- Assets reclassified (to)/from Held for Sale	-
- Disposals	-
0.137 Net (losses)/gains from fair value adjustments	(0.834)
2.402 Fair Value at 31 March	2.341

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 2025 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:				
As at 1 April 2024	5.628	1.328	1.070	8.026
Additions	-	-	-	-
Reclassifications	-	-	-	-
Revaluations	-	-	-	-
As at 31 March 2025	5.628	1.328	1.070	8.026
Accumulated Depreciation and Impairment :				
As at 1 April 2024	-	0.052	0.023	0.075
As at 31 March 2025	-	0.052	0.023	0.075
Net Book Value 31 March 2025	5.628	1.276	1.047	7.951
Net Book Value 31 March 2024	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.

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) and the North East War Memorial Project (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.

Included within the CFR in 2024-25 is the impact of the transition to IFRS 16.

2023-24 £m		2024-25 £m
1,066.545	Opening Capital Financing Requirement	1,090.804
	Capital Investment:	
126.975	Property, Plant and Equipment	158.495
3.964	Capital Long Term Debtors	5.811
1.355	PFI / Finance Lease Additions	1.738
-	IFRS 16 Transition adjustments	32.709
84.421	Revenue Expenditure Funded From Capital under Statute	98.067
	Sources of Finance:	
(2.729)	Capital receipts	(4.278)
(142.732)	Government grants and other contributions	(156.361)
	Sums set aside from revenue/Major Repairs Reserve:	
(12.474)	Major Repairs Reserve	(9.920)
(3.791)	Direct revenue contributions	(16.147)
(25.971)	Provision for the financing of capital investment charged against the General Fund and HRA balances	(23.912)
7.604	Additional provision for the financing of capital investment charged against the General Fund and HRA balances*	(7.536)
(12.363)	Set aside of capital receipt for the repayment of debt	(19.683)
1,090.804	Closing Capital Financing Requirement	1,149.787
	Explanation of movements in year:	
22.904	Increase in underlying need to borrow (unsupported by government financial assistance)	29.128
1.355	Assets acquired under PFI / PPP contracts	29.855
24.259	Increase/(Decrease) in Capital Financing Requirement	58.983

* The figures for the additional provision for the financing of capital investment charged against the General Fund and HRA balances includes a £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:

2023-24		2024-25
Total Intangible Assets		Total Intangible Assets
Long Term		Long Term
£m		£m
Balance at 1 April:		
4.280	Gross carrying amounts	5.647
(3.392)	Accumulated amortisation	(3.717)
0.888	Net carrying amount at the start of year	1.930
Additions:		
0.151	Purchases	0.823
1.313	Assets Classified from PPE	-
-	Accumulated amortisation on assets reclassified from PPE	-
-	Revaluations increase or decrease	-
(0.097)	Other Disposals - cost	(0.271)
0.094	Other Disposals - amortisation	0.271
(0.419)	Amortisation for the period	(0.541)
1.930	Net carrying amount at the end of year	2.212
Comprising:		
5.647	Gross carrying amounts	6.199
(3.717)	Accumulated amortisation	(3.987)
1.930	Balance at 31 March	2.212

19. Financial Instruments

Categories of Financial Instruments

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

31 March 2024				31 March 2025			
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:							
-	101.049	-	385.692	-	100.554	-	370.501
-	-	-	-	-	-	-	-
-	101.049	-	385.692	-	100.554	-	370.501
-	-	13.490	-	-	-	19.857	-
-	101.049	13.490	385.692	-	100.554	19.857	370.501
-	29.263	6.357	-	-	27.639	6.344	-
-	130.312	19.847	385.692	-	128.193	26.201	370.501

31 March 2024				31 March 2025			
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:							
(115.302)	(87.643)	(625.524)	-	(180.056)	(95.823)	(650.755)	-
(5.335)	-	-	-	(6.198)	-	-	-
(120.637)	(87.643)	(625.524)	-	(186.254)	(95.823)	(650.755)	-
-	-	-	-	-	-	-	-
(120.637)	(87.643)	(625.524)	-	(186.254)	(95.823)	(650.755)	-
-	(17.683)	-	(61.126)	-	(16.270)	-	(92.982)
(120.637)	(105.326)	(625.524)	(61.126)	(186.254)	(112.093)	(650.755)	(92.982)

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 Council'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	Fair Value 31 March 2024	Movement in Fair Value during 2023-24	Fair Value 31 March 2025	Movement in Fair Value during 2024-25
	£m	£m	£m	£m	£m
Newcastle Airport	0.295	13.490	-	19.857	6.367

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 (soft loans). The Council applies a de minimis level of £0.100 million for new soft loans 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:

2023-24				2024-25				
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
(25.500)	-	-	(25.500)	Interest expense	(28.566)	-	-	(28.566)
(0.017)	-	-	(0.017)	Fee Expense	(0.059)	-	-	(0.059)
(25.517)	-	-	(25.517)	Total expense in deficit on the provision of services	(28.625)	-	-	(28.625)
-	28.443	-	28.443	Interest income	-	26.189	-	26.189
-	28.443	-	28.443	Total income in surplus/(deficit) on the provision of services	-	26.189	-	26.189
-	-	-	-	Gain on Revaluation	-	-	6.367	6.367
-	-	-	-	Surplus/(deficit) arising on revaluation of financial assets in Other Comprehensive Income and Expenditure	-	-	6.367	6.367
(25.517)	28.443	-	2.926	Net Gain/(Loss) for the year	(28.625)	26.189	6.367	3.931

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 2024 Fair Value £m	Recurring Fair Value Measurements	Input Level in Fair Value Hierarchy	Valuation technique used to measure fair value	31 March 2025 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	19.857
13.490		Total Assets		19.857

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 change 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.

The Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) calculated for Newcastle Airport for the financial years 2022-23, 2023-24 and 2024-25, £36.825 million, £46.975 million and £50.675 million respectively, have been applied to the valuation from 31 March 2022 to assess the valuation of the shareholding as at 31 March 2025. The valuation has been calculated as £19.857 million. This represents an increase in the value of the shareholding of £6.367 million.

The upper and lower limits for the fair value, established at the last external valuation, have been increased at 31 March 2025 based on EBITDA forecasts and the updated valuation of £19.857 million 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 5.0%.

Trading of shares only takes place when one or more of the LA7 or AMP Capital Investors Limited wishes to sell their shareholding.

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 £484.372 million (2023-24 £458.509 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 2024			31 March 2025	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£m	£m		£m	£m
533.313	405.071	PWLB - Maturity	592.631	441.199
0.508	0.619	PWLB - Annuity	0.464	0.550
7.088	6.990	PWLB - EIP	4.050	4.019
109.520	110.930	LOBOs	96.357	97.305
95.732	94.599	Market Loans	143.507	144.107
746.161	618.209	Total Financial Liabilities	837.009	687.180

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 2025) 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 2025. 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 2024			31 March 2025	
Carrying Amount	Fair Value		Carrying Amount	Fair Value
£m	£m		£m	£m
-	-	Short Term Investments	-	-
13.490	13.490	Long Term Investments	19.857	19.857
385.692	382.897	Long Term Debtors	370.501	363.537
399.182	396.387	Total Assets	390.358	383.394

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 Credit and Counterparty Criteria 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
Deposits and Certificates of Deposit with approved eligible financial institutions which meet the following criteria				
Very High Grade UK Clearing Banks/ Building Societies	ST:F1+	ST:P-1		
	LT:AA-	LT:Aa3	£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	£10m per banking Group	6 months
	LT:BBB	LT:Baa1		
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 Northumberland Group. The Council has previously assessed the expected credit losses. The Council has reassessed this for 2024-25 and there are no significant changes. In addition, the Council has satisfied itself that the financial position of the Advance Northumberland 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 NHS Foundation Trust loans: the Council has also made material loans to Northumbria NHS Foundation Trust. There is no indication of non-payment by Northumbria NHS Foundation Trust based on past and expected financial performance. In addition, the Council anticipates that if Northumbria NHS 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 2025 had £49.012 million (2023-24 £54.925 million) of customer debt, with £11.145 million of this past due (2023-24 £18.154 million). This amount can be analysed by age as follows:

31 March 2024 £m		31 March 2025 £m
36.771	Debt within terms	37.867
4.761	Less than three months	2.403
1.945	Three to six months	0.825
4.476	Six months to one year	1.772
6.972	More than one year	6.145
54.925	Total	49.012

A review of balances at 31 March 2025 suggested that an allowance for credit losses of £3.578 million (2023-24 £5.727 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:

Year	Council Tax			Business Rates		
	Percentage %	Debt £m	Allowance for Credit Losses £m	Percentage %	Debt £m	Allowance for Credit Losses £m
2019-20 and older	100	5.969	5.969	100	2.376	2.293
2020-21	80	2.402	1.922	80	0.841	0.624
2021-22	60	3.286	1.972	60	1.072	0.652
2022-23	40	5.087	2.035	40	1.758	0.581
2023-24	10	8.091	0.809	20	2.983	0.679
Total	N/A	24.835	12.707	N/A	9.030	4.829
Council's share	N/A	24.642	11.697	N/A	4.289	2.415

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:

2024-25				
	Debt £m	Allowance for Credit Losses £m	Balance of Debt £m	Historical Experience of Default %
Customers	11.145	3.578	7.567	2.7
Council Tax	24.642	11.697	12.945	0.9
Business Rates	4.289	2.415	1.874	1.0
Housing Benefits	1.266	0.196	1.070	2.9
Total	41.342	17.886	23.456	1.6

Debt over four years old is provided for at 100%. Therefore historical percentage 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 Limited, Bernicia Group and Karbon Homes, Newcastle International Airport Company Ltd, Queens Hall Art Centre, Woodhorn Charitable Trust, The North East Mayoral Combined Authority, Places for People Leisure Ltd, Dolce Ltd (Seaton Sluice), and Dolce Ltd (Cragside) 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.

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 2024		31 March 2025
£m		£m
Analysis by Loan Type:		
447.912	Public Works Loans Board	489.864
69.112	Other Market Loans	65.391
108.500	LOBO (Market Loans)	95.500
625.524	Total	650.755
Analysis of Loans by Maturity:		
18.056	Between 1 and 2 years	36.057
21.178	Between 2 and 5 years	65.184
45.236	Between 5 and 10 years	40.173
95.254	Between 10 and 20 years	120.641
33.200	Between 20 and 30 years	51.200
112.000	Between 30 and 40 years	167.000
250.600	Between 40 and 50 years	133.500
50.000	Between 50 and 60 years	37.000
625.524	Total	650.755

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 2025 with all other variables held constant, the effect would have been:

	31 March 2025 £m
Increase in Interest Payable on Variable Rate Borrowings	0.255
Increase in Interest Receivable on Variable Rate Investments	(0.748)
Impact on Deficit/(Surplus) on the Provision of Services	(0.493)
Decrease in Fair Value of fixed rate borrowing (no impact on CIES)	(66.048)

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 £25.500 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

In 2024-25, the Council applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024-25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the authority's incremental borrowing rate at that date;
- The weighted average of the incremental borrowing rates used to discount liabilities was 5.23%;
- Right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024, any initial direct costs have been excluded; and,
- All leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March Balance Sheet.

	Carrying amount at 31 March 2024 £m	Reclassification £m	Remeasurement £m	IFRS 16 carrying amount at 1 April 2024 £m
Property, Plant and Equipment	14.601	76.890	6.185	97.676
Investment Property	-	-	0.129	0.129
Lease Liabilities	(57.053)	-	(32.709)	(89.762)
Total	(42.452)	76.890	(26.395)	8.043

The lease liabilities of £89.762 million compare with the operating lease commitments of £2.934 million at 31 March 2024 disclosed in the notes to the 2023-24 financial statements. A reconciliation of these figures is below:

	£m
Operating Lease commitments as at 31 March 2024	2.934
Recognition exemptions:	
Leases of low value or with remaining lease term of less than 12 months	(0.826)
Other adjustments relating to commitment disclosure	2.939
Discounting to present value	(1.002)
Operating Lease Liabilities	4.045
Initial recognition of Right of use Assets not included in operating lease commitments	0.547
PFI Lease obligations as at 31st March 2024	57.053
Recognition of PFI Lease obligations under IFRS16	28.117
Right of Use Assets recognised as at 1 April 2024	89.762

Notes to the Accounts

Right-of-use Assets

The Council's lease contracts comprise of Waste and Fire PFI contracts; operational land and buildings; and motor vehicles. Most leased land and buildings and vehicles are of low value or for a short duration. However, the right-of use-assets recognised on the balance sheet include:

Type of Right of use Asset	Number of Leases	NBV as at 31 March 2025 £m	Range of remaining term Years	Average remaining lease term Years
Vehicles, Plant and Equipment;				
Vehicles	5	0.167	5	5
Energy From Waste - Waste PFI plant	1	33.080	14	14
West Sleekburn recycling plant - Waste PFI plant	1	5.065	10	10
Household waste sites - plant	13	5.146	10	10
Land and Buildings;				
Adult services	3	0.533	3-85	34
Education	5	1.308	1-940	171
Fire stations (incl PFI)	6	14.963	11-116	58
Housing	2	0.221	2-24	13
Housing HRA	2	1.050	1-58	30
HRA lock up garages & community centre	2	0.019	58	58
Libraries, museums & archives	8	0.518	1-135	36
Offices & depots	9	1.015	1-30	6
Off-street car parks	14	5.539	1-84	27
Sports & leisure	5	3.600	1-988	233
Waste (incl PFI)	7	23.710	4-64	17
Other land & buildings	13	0.729	2-87	28
Other land and open spaces	25	0.825	1-80	20
NBV as at 31 March 2025		97.488		

The movements in the value of right of use assets held under leases by the Council during the year are as follows:

	Council Dwellings £m	Land & buildings £m	Vehicle Plant & Equipment £m	Investment properties £m	Total £m
NBV as at 1 April 2024	1.024	51.547	45.105	0.129	97.805
Additions	-	1.839	1.737	-	3.576
Revaluations	0.055	4.407	1.603	(0.001)	6.064
Disposals	-	(0.065)	(1.666)	-	(1.731)
Depreciation	(0.029)	(4.874)	(3.323)	-	(8.226)
NBV as at 31 March 2025	1.050	52.854	43.456	0.128	97.488

The right of use assets are included in Note 14 in the same line as where the corresponding underlying assets would be presented if they were owned.

The Council incurred the following expenses and cash flows in relation to leases 2024-25:

	2024-25 £m
Comprehensive Income & Expenditure Statement:	
Interest expenses on lease Liabilities	9.273
Expenses relating to short term leases and exempt leases of low value	0.591
Cash Flow statement:	
Minimum lease payments *	(1.535)

* This is a credit as it includes the impact from the sale of energy within the Waste PFI contract.

Notes to the Accounts

Lease Liabilities

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities as at 31 March 2025 is as follows:

Minimum Lease Payments due	Lease Liability repayments	Interest payments
	£m	£m
Not later than one year	4.377	9.465
Later than one year and not later than five years	25.548	32.650
Later than five years	61.429	21.957
Total	91.354	64.072

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 2024		31 March 2025
£m		£m
0.514	Not later than one year	0.500
0.595	Later than one year and not later than five years	0.626
0.778	Later than five years	0.646
1.887		1.772

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 (operated by Places for People Management Ltd) with a net book value of £143.370 million as at 31 March 2025 (£121.944 million as at 31 March 2024); and
- Other significant assets with a combined net book value of £11.331 million as at 31 March 2025 (£12.100 million as at 31 March 2024). The value of all other land and buildings leased out has not been separately determined.

22. Debtors

31 March 2024		31 March 2025
£m		£m
Short Term:		
31.216	Government bodies	28.153
32.325	NHS bodies	15.964
60.532	Other entities and individuals	62.146
6.221	Other local authorities	21.927
0.018	Public corporations and trading funds	0.003
130.312	Total Short Term	128.193
Long Term:		
186.518	Advance Northumberland Commercial	184.029
36.886	Advance Northumberland Development	33.391
39.928	Advance Northumberland Housing	38.420
9.521	Advance Northumberland Housing - Executive	9.521
15.348	NCC - Airport Loan Notes	14.942
1.640	NELEP - Ashwood	1.640
2.533	NELEP - Bates/Blyth Harbour	2.210
8.011	NELEP - East Sleekburn Enterprise Zone	7.165
1.029	Northumberland Aged Miners Housing Association - Solar Panel Loan	0.938
5.038	Northumberland College Loan 2014	4.875
15.000	Northumbria Healthcare NHS Foundation Trust Berwick Hospital Loan	14.000
62.898	Northumbria Healthcare NHS Foundation Trust Hexham Hospital Loan	58.460
1.342	Other Loans	0.910
385.692	Total Long Term	370.501
516.004	Total Debtors	498.694

23. Cash and Cash Equivalents

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

31 March 2024		31 March 2025
£m		£m
62.816	Cash and Cash Equivalents	63.950
(19.998)	Bank overdraft	(2.191)
42.818	Total Cash and Cash Equivalents	61.759

24. Assets Held for Sale

Current 2023-24	Non-Current 2023-24		Current 2024-25	Non-Current 2024-25
£m	£m		£m	£m
3.619	0.295	Balance at 1 April	0.540	-
Assets newly classified as held for sale:				
-	-	Property, Plant and Equipment	-	-
-	-	Revaluation losses	-	-
-	-	Revaluation gains	-	-
Assets declassified as held for sale:				
(0.693)	(0.295)	Property, Plant and Equipment	-	-
-	-	Investment property	-	-
(2.386)	-	Assets sold	(0.456)	-
Assets transferred from Non current to current				
-	-		4.240	-
0.540	-	Balance at 31 March	4.324	-

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 2024		31 March 2025
£m		£m
Long term finance lease liability:		
(45.495)	Waste PFI	(74.692)
(8.959)	Fire PFI	(8.638)
(54.454)	Total Finance Lease Liability	(83.330)
Long term deferred credits:		
(6.672)	Waste PFI	(6.005)
(6.672)	Total Deferred Credits	(6.005)
(61.126)	Total Long Term Creditors	(89.335)

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

Waste PFI

2024-25 was the 18th 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 County Council. The Council has the rights 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 2024-25:

	2023-24 £m	2024-25 Plant Shell £m	2024-25 Project Asset £m	2024-25 £m
Cost brought forward 1 April	77.689	11.783	64.547	76.330
IFRS16 Adjustments	-	-	(0.526)	(0.526)
Additions in year	1.355	-	1.738	1.738
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	(1.359)	(0.519)	(0.064)	(0.583)
De-recognition - Other	(1.355)	-	(1.737)	(1.737)
Cost carried forward 31 March	76.330	11.264	63.958	75.222
Accumulated depreciation brought forward 1 April	(7.218)	-	(8.155)	(8.155)
IFRS16 Adjustment	-	-	0.394	0.394
Depreciation written out to the Revaluation Reserve	3.269	1.071	3.688	4.759
De-recognition – Other	0.077	-	0.071	0.071
Depreciation/Impairment charge	(4.283)	(1.071)	(4.302)	(5.373)
Depreciation at 31 March	(8.155)	-	(8.304)	(8.304)
Net book value carried forward 31 March	68.175	11.264	55.654	66.918

From 1 April 2024 PFI schemes are now accounted in accordance with IFRS 16 Leases. Under IFRS16, where indexation (or other changes in a rate) affects future lease payments, the lease liability requires to be remeasured. The following table provides information on the movement of the PFI lease liability held on the Council's Balance Sheet during 2024-25 including the IFRS 16 remeasurement of the lease liability as at 1 April 2024.

	2023-24 £m	2024-25 Plant Shell £m	2024-25 Project Asset £m	2024-25 £m
Lease liability brought forward 1 April	49.395	9.361	38.232	47.593
IRFS 16 Restatement	-	6.502	21.352	27.854
Payments made in year	(1.802)	0.168	2.386	2.554
Liability carried forward 31 March	47.593	16.031	61.970	78.001

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 2024 £m	Lifecycle Replacement £m	Repayment of Liability £m	Interest Charges £m	Service Charges £m	31 March 2025 £m
Within one year	31.002	1.567	3.309	8.244	19.224	32.344
Within two to five years	133.338	6.590	21.235	28.708	82.569	139.102
Within six to ten years	189.381	9.007	53.457	18.500	116.524	197.488
Within eleven to fifteen years	41.168	-	-	-	-	-
	394.889	17.164	78.001	55.452	218.317	368.934

The following transactions were processed during 2023-24 and 2024-25:

2023-24 £m	2024-25 £m
14.097 Service Charge	14.324
1.485 Lifecycle Maintenance	1.537
1.802 Capital Repayment*	(2.554)
5.226 Interest	7.971
3.048 Contingent Rent	-
25.658 Total Payment	21.278
(3.141) PFI Grant Receivable	(3.141)
22.517 Net Payment	18.137

* This is a credit as it includes the impact from the sale of energy within the Waste PFI contract.

Notes to the Accounts

Fire & Rescue PFI

2024-25 was the 15th 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 2024-25:

2023-24 £m	2024-25 £m
11.499	13.693
-	0.037
-	-
2.194	0.426
13.693	14.156
-	(0.465)
-	0.465
0.003	1.248
(0.468)	(1.248)
(0.465)	-
13.228	14.156

From 1 April 2024 PFI schemes are now accounted in accordance with IFRS 16 Leases. Under IFRS16, where indexation (or other changes in a rate) affects future lease payments, the lease liability requires to be remeasured. The following table provides information on the movement of the PFI lease liability held on the Council's Balance Sheet during 2024-25 including the IFRS 16 remeasurement of the lease liability as at 01 April 2024.

2023-24 £m	2024-25 £m
9.918	9.461
-	0.263
(0.457)	(0.516)
9.461	9.208

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 2024 £m	Lifecycle Replacement £m	Repayment of Liability £m	Interest Charges £m	Service Charges £m	31 March 2025 £m
Within one year	3.068	0.271	0.570	1.004	1.010	2.855
Within two to five years	14.647	1.154	2.931	3.324	4.394	11.803
Within six to ten years	26.422	1.612	5.720	1.974	6.384	15.690
Within eleven to fifteen years	7.835	0.173	(0.048)	(0.006)	0.292	0.411
	51.972	3.210	9.173	6.296	12.080	30.759

The following transactions were processed during 2023-24 and 2024-25:

2023-24 £m	2024-25 £m
1.026 Service Charge	1.097
0.276 Lifecycle Maintenance	0.295
0.457 Capital Repayment	0.516
1.045 Interest	1.060
0.075 Contingent Rent	-
2.879 Total Payment	2.968
(1.619) PFI Grant Receivable	(1.619)
1.260 Net Payment	1.349

26. Creditors

31 March 2024		31 March 2025
£m		£m
(24.226)	Central Government bodies	(22.144)
(1.544)	NHS bodies	(1.943)
(76.922)	Other entities and individuals	(86.546)
(1.718)	Other local authorities	(1.445)
(0.916)	Public corporations and trading funds	(0.015)
(105.326)	Total	(112.093)

27. Significant Commitments under Capital Contracts

The following significant capital contracts have been entered into by the Council at 31 March 2025:

	Total Cost £m	Future Payments £m
Energising Blyth - Culture Centre and Market Place Improvement	15.103	5.413
Coquet Schools Redevelopment	30.573	29.643
Seaton Valley Schools Redevelopment	46.893	7.749

The following significant capital contracts were 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

28. Provisions

Provisions	Redundancy Costs £m	NNDR Appeals £m	Estates Rationalisation £m	Compensation Claims £m	Contractor Claims £m	Total £m
Balance at 1 April 2023	(0.545)	(5.212)	(0.577)	(0.080)	(0.330)	(6.744)
Amounts used in 2023-24	0.532	4.461	-	-	-	4.993
Additional provisions made in 2023-24	-	(2.091)	-	-	(0.118)	(2.209)
Unused amounts reversed in 2023-24	0.013	-	0.577	-	0.330	0.920
Balance at 31 March 2024	-	(2.842)	-	(0.080)	(0.118)	(3.040)
Amounts used in 2024-25	-	0.708	-	-	-	0.708
Additional provisions made in 2024-25	-	(0.281)	-	-	-	(0.281)
Unused amounts reversed in 2024-25	-	0.082	-	0.080	0.118	0.280
Balance at 31 March 2025	-	(2.333)	-	-	-	(2.333)
Comprising:						
Short Term	-	(2.333)	-	-	-	(2.333)
Long Term	-	-	-	-	-	-
Total Provisions	-	(2.333)	-	-	-	(2.333)

Redundancy Costs

This provision has been removed as it is no longer required.

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. A provision of £4.666 million has been created within the 2024-25 accounts based on the best estimate of the potential liability required to settle successful appeals. £1.691 million relates to the 2017 valuation list and £2.975 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 has been removed as it is no longer required.

Compensation Claims

This provision has been removed as it is no longer required.

Contractor Claims

This provision has been removed as it is no longer required.

29. Unusable Reserves

31 March 2024		31 March 2025
£m		£m
(6.553)	Accumulated Absences Adjustment Account	(5.765)
623.627	Capital Adjustment Account	646.900
9.084	Collection Fund Adjustment Account	7.293
-	Dedicated Schools Grant Deficit Reserve	(8.053)
(7.841)	Financial Instruments Adjustment Account	(7.572)
13.195	Financial Instruments Revaluation Reserve	19.562
(154.063)	Pensions Reserve	(178.270)
211.330	Revaluation Reserve	216.285
688.779	Total Unusable Reserves	690.380

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.

2023-24		2024-25
£m	£m	£m
(5.752)	Balance at 1 April	(6.553)
5.752	Settlement or cancellation of accrual made at the end of the preceding year	6.553
(6.553)	Amounts accrued at the end of the current year	(5.765)
(0.801)	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	0.788
(6.553)	Balance at 31 March	(5.765)

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.

2023-24 £m		2024-25 £m
618.411	Balance at 1 April	623.627
-	IFRS16 Adjustment	(15.945)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(58.786)	Charges for depreciation and impairment of non-current assets	(62.338)
(4.586)	Revaluation losses on Property, Plant and Equipment	(16.255)
(0.419)	Amortisation of intangible assets	(0.541)
(84.421)	Revenue expenditure funded from capital under statute	(98.067)
(52.673)	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	(28.120)
13.246	Adjusting amounts written out of the Revaluation Reserve	7.942
0.237	Modification adjustments charged to Comprehensive Income and Expenditure Statement in respect of capital financial assets	(0.416)
0.025	Expected Credit Loss allowances (charged) / credited to Comprehensive Income and Expenditure Statement in respect of capital financial assets	0.010
	Capital financing applied in the year:	
2.729	Use of the Capital Receipts Reserve to finance new capital expenditure	4.278
12.474	Use of the Major Repairs Reserve to finance new capital expenditure	9.920
130.148	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	120.444
12.584	Application of grants to capital financing from the Capital Grants Unapplied Grant	35.917
25.971	Provision for the financing of capital investment charged against the General Fund and HRA balances	23.912
(7.604)	Additional set aside for the financing of capital investment charged against the General Fund and HRA balances	7.536
12.363	Set aside of capital receipt for the repayment of debt	19.683
3.791	Capital expenditure charged against the General Fund and HRA balance	16.147
0.137	Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(0.834)
623.627	Balance at 31 March	646.900

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:

2023-24 £m	2024-25 £m
3.401	9.084
Balance at 1 April	
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	
5.683	(1.791)
9.084	7.293
Balance at 31 March	

Dedicated Schools Grant Deficit Reserve

This reserve is ring-fenced for schools use and cannot be used for other priorities within the Council. Provisions in the School and Early Years Finance (England) Regulations direct that local authorities are required to carry forward overspends separately to usable reserves. This is now included within unusable reserves on the balance sheet. The Dedicated Schools Grant Deficit Reserve absorbs the differences that would otherwise arise on the General Fund Balance. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account. The full Dedicated Schools Grant position can be found in note 10, Dedicated Schools Grant.

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:

2023-24 £m	2024-25 £m
(8.116)	(7.841)
Balance at 1 April	
-	-
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	
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	0.248
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	
0.022	0.021
(7.841)	(7.572)
Balance at 31 March	

Notes to the Accounts

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; or
- disposed of and the gains are realised.

The reserve reflects the value of the Council's shareholding in Newcastle International Airport which increased by £6.367 million in 2024-25.

2023-24 £m	2024-25 £m
13.195	13.195
Balance at 1 April	
- Upward Revaluation of Investment	6.367
- Downward Revaluation of Investment	-
Accumulated gains on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement	-
13.195	19.562
Balance at 31 March	

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:

2023-24 £m	2024-25 £m
(259.243)	(154.063)
Balance at 1 April	
6.170	-
Net increase in assets/(liabilities) due to acquisition on Pension Fund	
45.380	(6.410)
Return on plan assets	
48.434	251.921
Actuarial gains or (losses) arising on changes in financial assumptions	
27.912	11.312
Actuarial gains or (losses) arising on changes in demographic assumptions	
(21.904)	(30.853)
Actuarial gains and (losses) arising due to liability experience	
-	(251.320)
Asset ceiling restriction (unrecognised asset)	
(41.555)	(43.154)
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	
40.743	44.297
Employer's pensions contributions and direct payments to pensioners payable in the year	
(154.063)	(178.270)
Balance at 31 March	

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.

2023-24 £m		2024-25 £m
200.895	Balance at 1 April	211.330
-	IFRS16 Adjustment	(10.450)
46.460	Upward revaluation of assets	48.176
(22.779)	Downward revaluation of assets and impairment losses not charged to the Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(24.829)
(6.570)	Difference between fair value depreciation and historical cost depreciation	(6.681)
(6.676)	Accumulated gains on assets sold or scrapped	(1.112)
-	Amount written off to the Capital Adjustment Account	(0.149)
211.330	Balance at 31 March	216.285

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 75.66% for 2024-25. The Council paid £15.433 million in 2024-25 (£12.547 million in 2023-24) to the Teachers' Pensions Agency in respect of teachers' retirement benefits, which represents 28.68% of teachers' pensionable pay for the period 1 April 2024 to 31 March 2025.

The contributions due to be paid in the next financial year are estimated to be £15.501 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 four academies during the 2024-25 financial year, namely:

- Berwick Academy (since 1 November 2011);
- Ponteland Academy (since September 2017 to 30 June 2024);
- Pele Trust (since 1 February 2019); and
- Cheviot Learning Trust (since 1 September 2023);

Notes to the Accounts

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

For 2024-25, employer contributions amounting to £6.846 million (28.68% of pensionable pay) and employee contributions amounting to £2.251 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 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 2024-25, the Council paid employee contributions of £1.208 million (contribution rates ranging from 5.2% to 12.5% of pensionable pay), and employer contributions of £1.861 million (contribution rate representing 14.38% of pensionable pay) to the NHS Pension Scheme in respect of former NHS staff.

The combined contributions due to be paid in the next financial year are estimated to be £2.975 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, and 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, and 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 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

Notes to the Accounts

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:

2023-24					2024-25					
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
					Comprehensive Income and Expenditure Statement (CIES)					
					Cost of Services:					
31.050	1.486	-	-	32.536	Current service cost	35.550	1.197	-	-	36.747
0.230	0.535	-	-	0.765	Past service cost	0.100	-	-	-	0.100
(0.290)	-	-	-	(0.290)	Settlement cost	(0.030)	-	-	-	(0.030)
					- Financing and Investment Income and Expenditure:					
(0.960)	7.664	1.010	0.830	8.544	Net interest expense	(3.200)	7.747	0.900	0.890	6.337
30.030	9.685	1.010	0.830	41.555	Total post employment benefit charged to the (surplus)/deficit on the provision of services	32.420	8.944	0.900	0.890	43.154
					Other post employment benefit charged to the CIES					
					Remeasurement of the net defined liability comprising:					
(45.380)	-	-	-	(45.380)	Return on plan assets (excluding the amount included in the net interest expense)	6.410	-	-	-	6.410
(43.260)	(4.704)	(0.240)	(0.230)	(48.434)	Actuarial (gains) and losses arising on changes in financial assumptions	(227.490)	(22.081)	(1.220)	(1.130)	(251.921)
(22.820)	(3.932)	(0.590)	(0.570)	(27.912)	Actuarial (gains) and losses arising on changes in demographic assumptions	(10.030)	(1.052)	(0.120)	(0.110)	(11.312)
15.310	4.074	(0.660)	3.180	21.904	Actuarial (gains) and losses arising due to liability experience	30.500	0.273	0.030	0.050	30.853
-	-	-	-	-	**Change in Asset Ceiling (unrecognised asset)	251.320	-	-	-	251.320
(96.150)	(4.562)	(1.490)	2.380	(99.822)	Total other post employment benefit charged to the Comprehensive Income and Expenditure Statement	50.710	(22.860)	(1.310)	(1.190)	25.350
(6.170)	-	-	-	(6.170)	*Net increase in assets due to acquisition on Pension Fund	-	-	-	-	-
(72.290)	5.123	(0.480)	3.210	(64.437)	Total charge to the Comprehensive Income and Expenditure Statement	83.130	(13.916)	(0.410)	(0.300)	68.504
					Movement in Reserves - General Fund Balance:					
(30.030)	(9.685)	(1.010)	(0.830)	(41.555)	Reversal of net charges made to the (surplus)/deficit for the provision of services for post employment benefit	(32.420)	(8.944)	(0.900)	(0.890)	(43.154)
					Actual amount charged against the General Fund Balance for pensions in the year:					
29.730	-	-	-	29.730	Employer's contributions payable to the scheme	32.880	-	-	-	32.880
-	6.613	2.170	2.230	11.013	Net retirement benefits payable to pensioners	-	7.057	2.190	2.170	11.417

Notes to the Accounts

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

**At 31 March 2025, the LGPS funded scheme has a net surplus of £251.320 million. However, under IAS19 and IFRIC14, the recognition of this surplus is limited to the asset ceiling, which is the maximum economic benefits that can be realised by the Council, either through future contribution reductions or refunds. As a result, a pension asset restriction adjustment of £251.320 million has been recognised through Other Comprehensive Income. This reduces the value of the pension asset to the recoverable amount of nil as defined by the standard.

The amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement for financial year 2024-25 is a loss of £25.350 million (2023-24 £99.822 million gain).

Notes to the Accounts

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

2023-24					2024-25					
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:					
-	-	1.431	0.055	1.486	Current service cost	-	-	1.146	0.051	1.197
6.996	2.606	(9.067)	-	0.535	Past service cost	-	-	-	-	-
					Financing and Investment Income and Expenditure:					
6.344	0.371	0.757	0.192	7.664	Net interest expense	6.767	0.450	0.365	0.165	7.747
13.340	2.977	(6.879)	0.247	9.685	Total post employment benefit charged to the (surplus)/deficit on the provision of services	6.767	0.450	1.511	0.216	8.944
					Other post employment benefit charged to the Comprehensive Income and Expenditure Statement					
					Remeasurement of the net defined liability comprising:					
(3.506)	(0.485)	(0.625)	(0.088)	(4.704)	Actuarial (gains) and losses arising on changes in financial assumptions	(17.067)	(1.958)	(2.689)	(0.367)	(22.081)
(2.391)	(0.520)	(0.864)	(0.157)	(3.932)	Actuarial (gains) and losses arising on changes in demographic assumptions	(0.892)	(0.070)	(0.067)	(0.023)	(1.052)
5.150	(0.370)	(0.234)	(0.472)	4.074	Actuarial (gains) and losses arising due to liability experience	0.241	0.008	0.019	0.005	0.273
(0.747)	(1.375)	(1.723)	(0.717)	(4.562)	Total post employment benefit charged to the Comprehensive Income and Expenditure Statement	(17.718)	(2.020)	(2.737)	(0.385)	(22.860)
12.593	1.602	(8.602)	(0.470)	5.123	Total Charged to the Comprehensive Income and Expenditure Statement	(10.951)	(1.570)	(1.226)	(0.169)	(13.916)
					Movement in Reserves - General Fund Balance:					
(13.340)	(2.977)	6.879	(0.247)	(9.685)	Reversal of net charges made to the (surplus)/deficit for the provision of services for post employment benefit	(6.767)	(0.450)	(1.511)	(0.216)	(8.944)
					Actual amount charged against the General Fund Balance for pensions in the year:					
6.481	0.125	(0.194)	0.201	6.613	Net retirement benefits payable to pensioners	6.712	0.132	0.023	0.190	7.057

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:

2023-24						2024-25				
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
(1,439.400)	(164.863)	(19.810)	(19.640)	(1,643.713)	Present value of the defined benefit obligation	(1,279.720)	(143.890)	(17.210)	(17.170)	(1,457.990)
1,489.650	-	-	-	1,489.650	Fair value of plan assets	1,531.040	-	-	-	1,531.040
50.250	(164.863)	(19.810)	(19.640)	(154.063)	Net Asset/(Liability) arising from defined benefit obligation	251.320	(143.890)	(17.210)	(17.170)	73.050
-	-	-	-	-	Asset ceiling restriction (unrecognised asset)	(251.320)	-	-	-	(251.320)
50.250	(164.863)	(19.810)	(19.640)	(154.063)	Net Pension Asset/(Liability) Recognised	-	(143.890)	(17.210)	(17.170)	(178.270)

In accordance with IAS19 and IFRIC14, the Council is required to limit the recognition of a pension surplus to the extent that it is recoverable through refunds or reductions in future contributions. As at 31 March 2025, the scheme had a surplus of £251.320 million. However, based on the current funding policy and future service expectations, the surplus is not deemed recoverable and has therefore been restricted through an asset ceiling adjustment. As a result, the pension asset recognised on the Balance Sheet has been reduced to nil.

The Council has entered into pass-through arrangements with two service providers admitted to the Local Government Pension Scheme. Under these agreements, the Council retains the responsibility for any pension surplus or deficit that arises over the life of the contract and upon exit. As a result, the actuary has included the associated pension asset and liabilities and any actuarial surplus or deficit in the Council's valuation and Balance Sheet as at 31 March 2025.

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 had a total net deficit of £204.313 million which was 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
Opening balance as at 1 April 2024	1,439.400	144.302	9.432	7.607	3.522	19.810	19.640	1,643.713
Increase from acquisition/disposal	-	-	-	-	-	-	-	-
Current service cost	35.550	-	-	1.146	0.051	-	-	36.747
Interest cost	67.770	6.767	0.450	0.365	0.165	0.900	0.890	77.307
Contributions from scheme participants	11.230	-	0.006	1.047	-	-	-	12.283
Remeasurement gains and (losses):								
Actuarial (gains) and losses arising from changes in financial assumptions	(227.490)	(17.067)	(1.958)	(2.689)	(0.367)	(1.220)	(1.130)	(251.921)
Actuarial (gains) and losses arising from changes in demographic assumptions	(10.030)	(0.892)	(0.070)	(0.067)	(0.023)	(0.120)	(0.110)	(11.312)
Actuarial (gains) and losses arising due to liability experience	30.500	0.241	0.008	0.019	0.005	0.030	0.050	30.853
Past service cost	0.100	-	-	-	-	-	-	0.100
Benefits paid	(66.930)	(6.712)	(0.138)	(1.070)	(0.190)	(2.190)	(2.170)	(79.400)
Settlements	(0.380)	-	-	-	-	-	-	(0.380)
Closing balance as at 31 March 2025	1,279.720	126.639	7.730	6.358	3.163	17.210	17.170	1,457.990
Opening balance as at 1 April 2023	1,423.570	138.190	7.955	16.015	4.193	22.460	18.660	1,631.043
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)
Closing balance as at 31 March 2024	1,439.400	144.302	9.432	7.607	3.522	19.810	19.640	1,643.713

Notes to the Accounts

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

2023-24		2024-25
£m	Local Government Pension Scheme	£m
1,371.800	Opening fair value of scheme assets as at 1 April	1,489.650
28.360	Increase from acquisition/disposal	-
67.020	Interest income	70.970
	Remeasurement gain and (loss):	
45.380	The return on plan assets, excluding the amount included in the net interest expense	(6.410)
29.730	Contributions by the employer	32.880
10.120	Contributions by participants	11.230
(59.390)	Benefits paid	(66.930)
(3.370)	Settlements	(0.350)
1,489.650	Closing balance of scheme assets as at 31 March	1,531.040

Local Government Pension Scheme assets comprised:

2023-24		2024-25	
Total		Quoted	Unquoted
%	LGPS assets comprised:	%	%
0.7	Cash	1.8	-
19.5	Corporate Bonds	18.1	-
50.6	Equities	36.3	11.8
1.3	Government Bonds	1.1	-
4.6	Multi Asset Credit	4.5	-
12.9	Other	-	15.3
10.4	Property	-	11.1
100.0	Total	61.8	38.2

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 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. The Court of Appeal upheld the High Court's judgement, reaffirming that HM Treasury acted within its authority in including McCloud remedy costs in the cost control mechanism. The court emphasised that the costs associated with rectifying the discrimination were part of the cost of providing pension benefits to members, even if the entitlement had not initially been recognised. As of June 2025, the unions have not pursued further legal action, and the government's approach remains in effect. The impact of the McCloud judgement was accounted for in previous years and there are no further adjustments required.

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, government have not yet confirmed that they have been able to locate the actuarial confirmations from the Government Actuary's Department for all LGPS amendments between 1997 and 2016. The Department for Work and Pensions are still considering how to proceed.

Given the uncertainty, the Council are unable to conclude whether there is any impact on member benefits and no allowance has been made in the actuarial results.

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

Notes to the Accounts

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

The significant assumptions used by the actuary have been:

31 March 2024					31 March 2025				
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:									
21.0	21.2	21.0	21.0	Men	20.9	21.0	20.9	20.9	
24.2	23.8	24.2	24.2	Women	24.1	23.7	24.1	24.1	
Longevity at age 65 for future pensioners:									
22.3	22.8	-	-	Men	21.8	22.3	-	-	
25.6	25.5	-	-	Women	25.2	25.1	-	-	
Financial Assumptions:									
2.6%	2.6%	2.6%	2.6%	Inflation - CPI	2.5%	2.5%	2.5%	2.5%	
4.1%	4.1%	-	-	Salary increases	4.0%	4.0%	-	-	
2.6%	2.6%	2.6%	2.6%	Pension increases	2.5%	2.5%	2.5%	2.5%	
2.6%	4.1%	-	-	Pension accounts revaluation rate	2.5%	4.0%	-	-	
4.8%	4.8%	4.8%	4.8%	Discount rate	5.8%	5.8%	5.8%	5.8%	

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 2025.

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.

Notes to the Accounts

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)	28.150	2.2	(28.150)	(2.2)
Rate of increase in salaries (increase or decrease by 0.1%)	1.280	0.1	(1.280)	(0.1)
Rate of increase in pensions (increase or decrease by 0.1%)	16.640	1.3	(15.360)	(1.2)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(17.920)	(1.4)	17.920	1.4
Firefighters' Pension Scheme (FPS 1992)				
Longevity (increase or decrease in 1 year)	2.786	2.2	(2.913)	(2.3)
Rate of increase in salaries (increase or decrease by 0.1%)	-	-	-	-
Rate of increase in pensions (increase or decrease by 0.1%)	1.520	1.2	(1.520)	(1.2)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(1.520)	(1.2)	1.520	1.2
New Firefighters' Pension Scheme (FPS 2006)				
Longevity (increase or decrease in 1 year)	0.170	2.2	(0.178)	(2.3)
Rate of increase in salaries (increase or decrease by 0.1%)	0.054	0.7	(0.054)	(0.7)
Rate of increase in pensions (increase or decrease by 0.1%)	0.100	1.3	(0.100)	(1.3)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(0.155)	(2.0)	0.155	2.0
New Firefighters' Pension Scheme (FPS 2015)				
Longevity (increase or decrease in 1 year)	0.140	2.2	(0.146)	(2.3)
Rate of increase in salaries (increase or decrease by 0.1%)	0.102	1.6	(0.095)	(1.5)
Rate of increase in pensions (increase or decrease by 0.1%)	0.076	1.2	(0.076)	(1.2)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(0.172)	(2.7)	0.178	2.8

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 2025-26 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	34.090	-	-	-	-	-	-	34.090
Payments to beneficiaries	-	2.230	2.210	-	-	-	-	4.440
Payments to beneficiaries net of member contributions receivable, where contributions include the Government Grant	-	-	-	6.880	0.135	0.008	0.195	7.218
Total	34.090	2.230	2.210	6.880	0.135	0.008	0.195	45.748

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 2024 No. of years		31 March 2025 No. of years
	Weighted average duration for LGPS, LGPS Unfunded Scheme and Teachers' Unfunded Scheme	
15.6		13.8
13.1	Weighted average duration for FPS 1992	11.9
22.2	Weighted average duration for FPS 2006	20.2
30.2	Weighted average duration for FPS 2015	27.4
	Weighted average duration for Firefighters' Compensation Scheme	
11.1		10.1

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	-	-	100.0
Teachers' Unfunded Scheme	-	-	100.0
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

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Notes Supporting the Cash Flow Statement

32. Cash Flows from Operating Activities

The cash flows for operating activities include the following items:

2023-24 £m	2024-25 £m
(27.999) Interest received	(25.561)
34.781 Interest paid	36.787

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

2023-24 £m	2024-25 £m
58.786 Depreciation	62.338
4.586 Impairment and downward valuations	33.002
0.419 Amortisation	0.541
4.572 (Increase)/decrease in creditors	19.100
(31.027) Increase in debtors	11.217
0.042 (Increase)/decrease in inventories	0.346
0.812 Movement in Pension Liability	(1.144)
52.673 Carrying amount of non-current asset and non-current assets held for sale, sold or derecognised	28.120
(3.873) Other non-cash items charged to the net deficit on the provision of services	0.095
86.990 Total non-cash movements	153.615

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

2023-24 £m	2024-25 £m
(3.522) Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5.146)
(147.208) Any other items for which the cash effects are investing or financing cash flows	(143.747)
(150.730) Total adjustments included in the Deficit on the Provision of Services that are investing or financing activities	(148.893)

33. Cash Flows from Investing Activities

2023-24 £m	2024-25 £m
(115.517) Purchase of property, plant and equipment, investment property and intangible assets	(168.599)
(247.870) Purchase of short term and long term investments	-
(3.502) Other payments for investing activities	(5.813)
3.522 Proceeds from the sale of property, plant and equipment, investment property and intangible assets	5.146
282.000 Proceeds from short term and long term investments	-
140.866 Other receipts from investing activities	128.996
59.499 Net cash flows from investing activities	(40.270)

34. Cash Flows from Financing Activities

2023-24 £m	2024-25 £m
116.000 Cash receipts of short term and long term borrowing	310.387
(2.259) Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	1.535
(120.552) Repayments of short and long term borrowing	(220.402)
(0.198) Other payments for financing activities	(5.112)
(7.009) Net cash flows from financing activities	86.408

Notes to the Accounts

	1 April 2024	Financing cashflows	Changes which are not financing cash flows		31 March 2025
	£m	£m	Acquisition	Other	£m
Long term borrowings	625.524	88.287	-	(63.056)	650.755
Short term borrowings	120.637	1.698	-	63.919	186.254
On balance sheet PFI	54.455	1.535	-	(1.778)	54.212
Other payments	(10.380)	(5.112)	-	-	(15.492)
Total liabilities from financing activities	790.236	86.408	-	(0.915)	875.729

	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)	(0.198)	-	-	(10.380)
Total liabilities from financing activities	797.715	(7.009)	-	(0.470)	790.236

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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 2024-25 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 106 organisations with transactions totalling £61.332 million in respect of goods or services provided to the Council (116 and £49.278 million in 2023-24).

During 2024-25 goods and services amounting to £18.701 million were provided by the Council to 75 organisations in which Members had an interest (£7.494 million and 86 in 2023-24).

Included in the above sums are amounts due from the Council of £0.118 million and due to the Council of £13.735 million as at 31 March 2024 (£1.237 million and £2.068 million in 2023-24).

Officers

During 2024-25 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 14 organisations with transactions totalling £11.799 million in respect of goods or services provided to the Council (15 and £13.524 million in 2023-24).

During 2024-25 goods and services amounting £7.867 million were provided by the Council to 14 organisations in which officers had an interest (£11.039 million and ten in 2023-24).

Included in the above sums are amounts due from the Council of £0.112 million and due to the Council was nil as at 31 March 2025 (nil and £0.022 million in 2023-24).

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 and North East Mayoral Combined Authority.

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.

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 latter of which transferred to the Council in October 2024. 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.

Notes to the Accounts

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.

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.

At 31 March 2025 the Advance Northumberland Group owed the Council (the ultimate holding company) £268.632 million (£283.505 million at 31 March 2024) primarily in respect of principal repayments on a commercial loan facility and a bond payment relating to Ashington Leisure Centre; whilst the Council owed Advance Northumberland Group £0.439 million (£0.511 million at 31 March 2024) primarily for capital grant claims for Northumberland Energy Park Phase 1 and Ashington projects. During 2024-25 the Council paid the Advance Northumberland Group £5.255 million (£4.148 million in 2023-24), mainly for Lyndon Walk Affordable Housing Scheme and capital grant claims for Northumberland Energy Park Phase 1, Ashwood Business Park, and Bedlington Town Centre. Income to the Council from the Advance Northumberland Group was £14.856 million (£15.329 million in 2023-24), 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 would form part of the Northumberland Enterprise Holdings Limited group.

NEHL did not trade in 2024-25.

At 31 March 2025 NEHL owed the Council (the ultimate holding company) nothing (nil at 31 March 2024); whilst the Council owed NEHL £0.130 million (£0.130 million at 31 March 2024) for cash balances which the Council holds on behalf of NEHL.

Energy Central Campus Limited

Energy Central Campus (ECC) is a partnership between the Council, Port of Blyth and the Offshore Renewable Energy Catapult. ECC was incorporated on 2 November 2021 to provide a vehicle through which all Energy Central Campus projects and activities will be delivered and is a company limited by guarantee. 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. During 2024 the Company had eleven Directors, two of which were Council representatives, they are the Executive Director - Children, Young People and Education and the Director of Economic Development and Growth. This represents 18.2% of the Board voting rights and is below the 20.0% that would determine 'significant influence'. The company could be described as a joint venture in which the Council participates but does not have joint control. As the Council does not have joint control

Notes to the Accounts

or significant influence then the Company’s accounts do not need to be consolidated.

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 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 £19.857 million (£13.490 million in 2023-24). 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 actual 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 2024 (nil for the year ended 31 December 2023).

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 2023-24). 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 £0.208 million (£0.025 million loss in 2023-24) being recognised. The increase in gain 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 £0.255 million (£0.265 million in 2023-24) 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 £10.515 million and a profit after tax of £5.685 million for the year ended 31 December 2024. In the previous year, the Group made a profit before tax of £10.245 million and a profit after tax of £6.104 million.

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 2024		31 March 2025
£m		£m
7.825	Bank Accounts for Adult Clients in Care	7.934
2.414	Section 278 and Section 38 Monies Held	2.425
1.033	Trust/Foundation Schools	1.141
0.885	Other	0.739
12.157	Total	12.239

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.

Notes to the Accounts

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 have been no impairment losses during 2024-25.

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.

Museums Northumberland

With the transfer of the service with effect from 1 April 2025 from Woodhorn Charitable Trust to North East Museums, the Council has provided indemnities to:

- North East Museums (a regional partnership between Local Authorities that Northumberland joined on 1 April 2025 and which with thereafter manage the Museums Services in the County) in relation to any losses sustained by the preexisting partners as a result of Northumberland joining the partnership
- Woodhorn Charitable Trust in relation to any cause of action that arises as a result of their actions prior to the transfer (subject to value limitation and warranties from Woodhorn Charitable Trust that they have no knowledge of the basis of any such claim as at the date of the Transfer).

The extent of liability is unknown due to cause of action being unknown.

Matthews Second Option – Firefighters' Pension Scheme

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. These members will be contacted during financial year 2025-26 with the option to join the scheme or buy back additional pensionable service.

As there are several uncertainties regarding eligibility, value of additional benefits and take up of additional benefits it is unclear what the actual cost will be. It is anticipated that any additional costs arising from the Matthew Second Option will be met through grant funding from the Home Office

39. Contingent Assets

There are no contingent assets.

40. Accounting Policies

General Principles

The Statement of Accounts summarises the Council's transactions for the 2024-25 financial year and its position at the year end of 31 March 2025. 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 2024-25, supported by International Financial Reporting Standards (IFRS).

Notes to the Accounts

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 accounts have been prepared on a going concern basis, on the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

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:

Notes to the Accounts

- 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 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

Notes to the Accounts

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.

Local Government Pension Scheme

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 that arise because of changes in the actuarial assumptions from the previous year – charged to the Pensions Reserve as Other Comprehensive income and Expenditure.
The effect of the asset ceiling	The change in the amount of surplus that is not recoverable due to limitations in the scheme rules or future economic benefit availability – 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.

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 issued, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest), and, interest credited to the Comprehensive

Notes to the Accounts

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. 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.

Notes to the Accounts

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 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 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 and Right of Use Assets

The Council as Lessee

The Council adopted IFRS 16 (Leases) with effect from 1 April 2024. The main impact of the requirements of IFRS 16 is that, for arrangements previously accounted for as operating leases (i.e. without recognising the leased vehicles, plant, equipment, property and land as an asset, and future rents as a liability), a right-of-use asset and a lease liability are now included on the balance sheet from 1 April 2024.

The Council has elected to apply recognition exemptions to low value assets (below £0.010 million when new) and to short-term leases, i.e. existing leases that expire on or before 31

March 2026, and new leases with a duration of less than 12 months. A contract is classed as a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. IFRS 16 also applies to Service Concession Agreements and recognition of the resultant remeasurement of the lease liability.

A right of use asset and corresponding lease liability are recognised at commencement of the lease.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Council is reasonably certain to exercise; penalties for early termination if the lease term reflects the Council exercising a break option; and payments in an optional renewal period if the Council is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is remeasured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate

such as inflation, or change in the Council's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The right of use asset is tested for impairment if there are any indicators of impairment.

The Council as Lessor

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.

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.

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.

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.

Notes to the Accounts

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

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.

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 (accounts for future variable lease payments under IFRS 16); 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.

From 1 April 2024 PFI schemes are now accounted in accordance with IFRS 16 Leases. Under IFRS 16, where indexation (or other changes in a rate) affects future lease payments, the lease liability requires to be remeasured. Instead of expensing the increased payment (contingent Rent), the net present value of future payments that comprise the liability is recalculated based on the revised level of payments.

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

Notes to the Accounts

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;

- 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.

Notes to the Accounts

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.

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
Land & Buildings & Community Assets (after deducting residual value)	4 to 40 years
Infrastructure: (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
Vehicles, Plant and Equipment:	
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
PFI Assets:	
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.

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.

Notes to the Accounts

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

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

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

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

Contingent Assets

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

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

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

Notes to the Accounts

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' 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 2024-25.

Accounting changes that are to be introduced in future years and may require retrospective application are as follows:

- The Effects of Changes in Foreign Currency Exchange Rates (Lack of Exchangeability) (Amendments to IAS 21)
- Insurance Contracts (IFRS 17 replaces IFRS 4)

These changes are not expected to have a material impact on the Council's financial performance or financial position.

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 £66.918 million for Waste and £14.156 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,
- Interest rates generally have reduced during 2024, and current market forecasts indicate that the rates will continue to decrease to lower levels. It is therefore 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	14	14	-	-	-	-
Voluntary Controlled	8	8	-	-	-	-
Total Maintained Schools	98	80	10	7	-	1
Academies	68	46	19	2	1	-
Free Schools	2	1	-	1	-	-
Total Schools	168	127	29	10	1	1

All Community Schools and the Pupil Referral Unit are owned by the Council, the land and buildings used by the 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, Foundation, Free Schools or Academies. Where Academy Schools are leased from the Council on a 125-year lease, they are treated as a disposal from the balance sheet, as this is deemed to be the majority of the asset's life.

The following schools converted to Academy status during 2024-25:

- Henshaw Church of England Primary School
- Greenhead Church of England Nursery & Primary School

These assets were included on the Council's Balance Sheet at a Net Book Value of £0.010 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 2025 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 2025 was £1,611.091 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 £9.387 million change to the balance of Property, Plant and Equipment held by the Council, (including £0.338m for Surplus property) and a £1.000 million difference to the depreciation charged to the CIES.
Pensions Asset/Liability	<p>At 31 March 2025, the Council had a net pensions liability of £178.270 million which relates entirely to the unfunded schemes. The LGPS funded scheme had a net asset balance of £251.320 million. However, in accordance with IAS19 and IFRIC14, the Council is subject to the application of the asset ceiling which restricts the recognition of a pension asset where the economic benefits of the surplus are not available to the authority. As a result, the surplus has been fully restricted by the asset ceiling, meaning the recoverable amount is nil.</p> <p>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"> • The surplus; • The asset ceiling <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 £17.920 million. However, the assumptions interact in complex ways. During 2024-25, the Council's actuary advised that the pension obligation for funded LGPS benefits had reduced by £227.490 million due to changes in the financial assumptions; reduced by £10.030 million due to changes in demographic assumptions; and increased by £30.500 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 30 June 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 existed at 31 March 2025, 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 2025:

Academy Conversions

The following schools are expected to convert to academy status in 2025-26:

- Branton Community Primary School (1 April 2025)
- Swansfield Park Primary School (1 April 2025)
- Longhoughton Church of England Primary School (1 April 2025)
- Embleton Vincent Edwards Church of England Aided Primary School (1 April 2025)
- Ellingham Church of England Primary School (1 April 2025)
- Shilbottle Primary School (1 June 2025)
- Seahouses Primary School (1 September 2025).

The Property, Plant and Equipment line in the Balance Sheet contains valuations totalling £3.107 million for the schools which will transfer out of Council ownership.

Elections

County Council and Parish and Town Council elections were held on 1 May 2025. The Conservative Group will form the administration of the Council and were appointed at the meeting of the County Council on 21 May 2025.

Financial restructuring of Advance Northumberland Limited (AN Ltd)

County Council agreed to progress the financial restructuring of AN Ltd at its meeting on 26 March 2025. This is subject to completion of additional due diligence and final approval by Council within the 2025-26 financial year.

The aim of the proposed financial restructure is to enable AN Ltd to be more effective and efficient in delivering regeneration, housing and environmental benefits for the County, in line with the Council's corporate plan, while achieving better value for money from public expenditure.

The current funding model of AN Ltd has remained unchanged since it was first introduced for its predecessor, Arch Group in 2013. This model is heavily reliant on loan debt provided by the Council to fund capital project delivery. Existing loans are predominantly on a maturity basis.

The proposed financial restructure involves a debt-to-equity swap of approximately £83.300 million. This would reduce the Council's Long Term Debtors balance and increase Share Capital by £83.300 million. In addition, many of the remaining outstanding loans owed to the Council from AN Ltd will be converted to annuity loans. The proposal would also see the introduction of a Revolving Credit Facility.

45. Restatements

Restatements

Restatements have been made to 2023-24 data to facilitate comparison with 2024-25. These restatements are due to changes to the management structure. The table below shows the impact of the changes between Portfolios as presented in the single entity and group Comprehensive Income and Expenditure Statements.

	Council Position			Group Position		
	As per 2023-24 Accounts	Portfolio Changes	Restated Position	As per 2023-24 Accounts	Portfolio Changes	Restated Position
	£m	£m	£m	£m	£m	£m
Adults, Ageing and Wellbeing	103.291	-	103.291	103.291	-	103.291
Chief Executive	30.848	(0.004)	30.844	30.874	(0.004)	30.870
Children, Education and Young People	106.426	(0.109)	106.317	106.352	(0.109)	106.243
Corporate Expenditure & Income	0.805	-	0.805	0.805	-	0.805
Local Authority Housing (HRA)	(5.462)	-	(5.462)	(5.484)	-	(5.484)
Place and Regeneration	96.940	6.496	103.436	95.325	6.496	101.821
Public Health, Inequalities and Stronger Communities	18.952	0.113	19.065	18.952	0.113	19.065
Transformation and Resources	31.983	(6.496)	25.487	32.165	(6.496)	25.669
Subsidiary Companies	-	-	-	7.892	-	7.892
Cost of Services	383.783	-	383.783	390.172	-	390.172
Other Operating Income and Expenditure	54.725	-	54.725	54.725	-	54.725
Finance and Investment Income and Expenditure	15.119	-	15.119	7.080	-	7.080
Taxation and Non-Specific Grant Income	(440.929)	-	(440.929)	(437.498)	-	(437.498)
Deficit/(Surplus) on Provision of Services	12.698	-	12.698	14.479	-	14.479

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Housing Revenue Account

Housing Revenue Account (HRA) Income and Expenditure Statement for the year ended 31 March 2025

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.

2023-24 £m	Note	2024-25 £m
Expenditure:		
10.662	Repairs and maintenance	13.611
8.498	Supervision and management	8.894
2.772	Rents, rates, taxes and other charges	4.062
10.607	Depreciation and Amortisation of Assets	10.779
0.007	Debt management costs	0.007
0.378	Revenue expenditure funded from capital under statute	(0.054)
0.187	Movement in allowance for Credit Losses	0.201
33.111	Total Expenditure	37.500
Income:		
(32.142)	Dwelling rents (gross)	(34.152)
(0.316)	Non dwelling rents (gross)	(0.307)
(2.739)	Charges for services and facilities	(3.176)
(0.679)	Contributions towards expenditure	(0.701)
(2.847)	Revaluation Gains	(4.545)
-	Modification Gain	(0.537)
(38.723)	Total Income	(43.418)
(5.612)	Net cost of HRA services as included in the Comprehensive Income and Expenditure Statement	(5.918)
0.150	HRA services' share of Corporate and Democratic Core costs	0.146
(5.462)	Net cost for HRA Services	(5.772)
HRA Share of the operating Income and Expenditure included in the Comprehensive Income and Expenditure Statement:		
(1.895)	Capital grants and contributions receivable	(1.218)
4.717	Interest payable and similar charges	4.703
(1.919)	Interest and investment income	(1.776)
(0.057)	Pensions net interest expense	(0.197)
(4.616)	(Surplus)/deficit for the year on HRA Services	(4.260)

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.

2023-24 £m		Note	2024-25 £m
(28.996)	Balance on the HRA at the end of the previous year		(28.938)
(4.616)	Surplus for the year on the HRA Income and Expenditure Statement		(4.260)
5.206	Adjustments between accounting basis and funding basis under Statute	1	6.796
0.590	Net (increase)/decrease before transfers to or from reserves		2.536
(0.532)	Transfer to/(from) earmarked reserves	10	(0.657)
0.058	(Increase)/decrease in year on the HRA		1.879
(28.938)	Balance on the HRA at the end of the current year		(27.059)

1. Note to the Movement on the Housing Revenue Account Statement

2023-24 £m		2024-25 £m
	Analysis of adjustments between accounting basis and funding basis under Statute included within the Movement on the HRA Statement	
2.847	Transfers to the Capital Adjustment Account	4.545
1.895	Capital grants and contributions applied	1.218
(0.378)	Revenue expenditure funded from capital under statute	0.054
(0.021)	HRA share of contributions to the Pensions Reserve	0.033
(0.015)	Accumulated Absences	(0.056)
0.878	Capital expenditure funded by the HRA	1.002
5.206	Total	6.796

2. Housing Stock

2023-24 £m		2024-25 £m
6.938	Houses and Bungalows	6.899
1.331	Flats	1.329
0.003	Shared Ownership	0.003
8.272	Total	8.231

2a. An analysis of the change in stock is as follows:

2023-24 £m		2024-25 £m
8.320	Stock at 1 April	8.272
0.026	Additions	0.005
(0.026)	Demolitions	-
(0.048)	Sales	(0.046)
8.272	Stock at 31 March	8.231

3. Housing Revenue Account Assets

	Council Dwellings £m	Council Dwellings - Right of Use Assets £m	Other Land and Buildings	Other Land and Buildings -Right of use Assets £m	Vehicles, Plant and Equipment £m	Surplus Assets £m	Investment Properties £m	Intangible Assets £m	Assets under construction £m	Total £m
Gross book value at 1 April 2024	372.676	-	2.366	-	-	0.796	0.331	0.364	1.195	377.728
Reclassification - ROU	(1.024)	1.024	(0.020)	0.020	-	-	-	-	-	-
Reclassification - Prior year CIP	2.900	-	-	-	-	-	-	-	(2.900)	-
Reclassification	0.060	-	0.610	-	-	(0.610)	-	-	(0.060)	-
Additions	8.047	-	-	-	-	-	-	-	6.055	14.102
Disposals	(2.353)	-	-	-	-	-	-	-	(0.037)	(2.390)
Revaluations	(5.489)	0.026	(2.022)	(0.001)	-	(0.048)	0.033	-	-	(7.501)
Gross book value at 31 March 2025	374.817	1.050	0.934	0.019	-	0.138	0.364	0.364	4.253	381.939
Depreciation at 1 April 2024	-	-	0.481	-	-	-	-	0.304	-	0.785
Reclassification - ROU	-	-	(0.004)	0.004	-	-	-	-	-	-
Depreciation & Amortisation - charged in year	10.524	0.029	0.165	0.001	-	-	-	0.060	-	10.779
Disposals	-	-	-	-	-	-	-	-	-	-
Revaluations	(10.524)	(0.029)	(0.624)	(0.005)	-	-	-	-	-	(11.182)
Depreciation at 31 March 2025	-	-	0.018	-	-	-	-	0.364	-	0.382
Net book value at 1 April 2025	374.817	1.050	0.916	0.019	-	0.138	0.364	-	4.253	381.557

The value of HRA dwellings at 31 March 2025 of £375.867 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 2024 was £847.153 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 £372.676 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 consist of land valued at £0.138 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:

2023-24 £m		2024-25 £m
	Income:	
(10.607)	Depreciation on Non-Current Assets	(10.779)
(10.607)	Total Income	(10.779)
	Expenditure:	
12.474	Houses	9.920
12.474	Total Expenditure	9.920
1.867	Decrease in year on the MRR	(0.859)
(10.007)	Balance brought forward at 1 April	(8.140)
(8.140)	Balance carried forward at 31 March	(8.999)

5. HRA Capital Expenditure and Financing

2023-24 £m		2024-25 £m
	Expenditure:	
17.721	Houses	14.049
17.721	Total Expenditure	14.049
	Financing:	
1.895	Government Grants*	1.348
1.714	Capital Receipts	1.779
1.638	Revenue Contribution to Capital	1.002
12.474	Major Repairs Reserve	9.920
17.721	Total Financing	14.049

* Government Grants includes £0.130 million from General Fund Grants.

6. Capital Receipts

A summary of receipts for the year is included below:

	2023-24 Gross Receipt £m	2024-25 Gross Receipt £m
Sale of Houses	(2.421)	(2.449)
Sale of Land	(0.005)	(0.035)
Repaid Discounts	(0.015)	(0.031)
Total	(2.441)	(2.515)

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.

From 2022-23, the government 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 2024-25 £0.927 million would have been paid into the pool (2023-24 £1.087 million) but is being retained to fund future capital projects.

A summary of retained receipts is included below:

	2023-24 Retained Treasury Receipts £m	2024-25 Retained Treasury Receipts £m
Balance at the end of the previous year	(1.418)	(2.452)
Retained Receipts in Year	(1.087)	(0.927)
Use of Retained Receipts in Year	0.053	0.623
Balance at the end of the current year	(2.452)	(2.756)

7. Accounting for Pensions

The net impact on the HRA as a result of IAS 19 was a debit of £0.164 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 2024-25, tenant rent arrears were as follows:

As at 31 March 2024		As at 31 March 2025	
£m	%*	£m	%*
Rents:			
0.889	2.8	1.068	3.1
0.699	2.2	0.410	1.2
1.588	5.0	1.478	4.3
Balance at 31 March			

*Tenant arrears as a % of Dwelling Rents income

9. Allowance for Credit Losses

The allowance for credit losses required at 31 March 2025 is £0.804 million compared with £1.208 million at 31 March 2024, a decrease of £0.404 million.

Losses of £0.618 million were expensed during the year and a contribution of £0.214 million was added to the allowance.

The allowance for credit losses at 31 March 2025 is:

2023-24 £m	2024-25 £m
1.580	1.208
(0.556)	(0.618)
0.184	0.214
1.208	0.804
Balance at 1 April	
Credit loss expense	
Increase in allowance for credit losses	
Balance at 31 March	

The movement in allowance for credit losses within the Income and Expenditure Statement of £0.201 million includes the increase in the allowance for credit losses for Council dwelling rents of £0.214 million and movement of sundry debtor allowance of credit losses of £0.013 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. £0.924 million (£0.762 million 2023-24) was utilised in year to fund capital expenditure in line with the plan. In addition, in 2023-24 it was agreed to set up a new HRA – Hardship Fund reserve to support NCC tenants who were not eligible to receive any financial assistance through existing benefits. £0.267 million was added to the reserve in 2024-25 (2023-24 £0.230 million).

The net movement in the Earmarked Reserve is shown below:

2023-24 £m		2024-25 £m
(1.740)	Balance at 1 April	(1.208)
0.532	Transferred (to)/from Earmarked Reserve	0.657
(1.208)	Balance at 31 March	(0.551)

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.

2023-24		Note	2024-25		
Total £m			Council Tax £m	NNDR £m	Total £m
	Income:				
(253.135)	Council Tax	1	(269.440)	-	(269.440)
(80.643)	Business Rates	2	-	(89.893)	(89.893)
(6.615)	Transitional Protection Payments		-	(3.766)	(3.766)
(340.393)	Total Income		(269.440)	(93.659)	(363.099)
	Expenditure:				
	Apportionment of previous year's (deficit)/surplus:				
0.791	Northumberland County Council		4.149	3.471	7.620
0.213	Police and Crime Commissioner for Northumbria		0.337	-	0.337
(1.944)	Central Government - Share		-	3.471	3.471
	Precepts, demands and shares:				
258.045	Northumberland County Council	2	232.953	40.468	273.421
10.294	Parish and Town Councils		10.879	-	10.879
18.598	Police and Crime Commissioner for Northumbria		20.400	-	20.400
39.356	Central Government - Share	2	-	40.468	40.468
	Charges to Collection Fund:				
0.508	Costs of collection		-	0.509	0.509
3.388	Increase in Impairment Allowance for Credit Losses		2.042	0.456	2.498
(0.002)	(Write-offs) / Write-ons of Credit Losses		-	-	-
(4.741)	Increase/(Decrease) in Appeals Provision		-	(1.018)	(1.018)
	Disregarded amounts:				
0.433	Designated Area Growth		-	0.619	0.619
5.167	Renewable Energy		-	6.223	6.223
330.106	Total Expenditure		270.760	94.667	365.427
(10.287)	Deficit/(surplus) for year		1.320	1.008	2.328
(5.844)	Opening fund balance		(1.821)	(14.310)	(16.131)
(16.131)	Closing fund balance		(0.501)	(13.302)	(13.803)
	Allocated to:				
(8.845)	Northumberland County Council		(0.467)	(6.651)	(7.118)
(0.131)	Police and Crime Commissioner for Northumbria		(0.034)	-	(0.034)
(7.155)	Central Government		-	(6.651)	(6.651)
(16.131)			(0.501)	(13.302)	(13.803)

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 2024. The net Council Tax liability in 2024-25 was £269.440 million (£253.136 million in 2023-24).

2023-24					2024-25		
Properties No.	Band D equivalent Properties No.	Council Tax Charge £	Council Tax Band	Proportion	Properties No.	Band D equivalent Properties No.	Council Tax Charge £
172	63.67	1,196.74	A (Disabled)	5/9	172	66.82	1,254.61
70,514	31,358.81	1,436.09	A	6/9	70,597	31,779.68	1,505.54
25,602	16,439.03	1,675.45	B	7/9	26,000	16,772.75	1,756.46
20,899	16,197.21	1,914.79	C	8/9	21,210	16,492.56	2,007.39
17,614	16,153.11	2,154.14	D	9/9	17,901	16,432.81	2,258.31
11,584	13,145.87	2,632.83	E	11/9	11,844	13,487.27	2,760.16
7,242	9,791.40	3,111.54	F	13/9	7,394	10,020.76	3,262.01
4,413	6,963.53	3,590.23	G	15/9	4,466	7,065.52	3,763.85
518	986.22	4,308.28	H	18/9	521	1,005.22	4,516.62
158,558	111,098.85		Total		160,105	113,123.39	
	162.70		Band D equivalent adjustments			188.20	
	111,261.55		Gross Tax Base			113,311.59	
	(1,109.25)		Adjustment for non collection			(1,126.12)	
	110,152.30		Net Tax Base			112,185.47	

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:

2023-24		2024-25
p/£		p/£
51.2	Standard Multiplier	54.6
49.9	Small Business Multiplier	49.9

The total non-domestic rateable value of all properties in Northumberland is shown in the table below:

2023-24		2024-25
£m		£m
260.951	Rateable Value at 31 March	261.632

In general, the Council retains 50.0% of the rates income collected and the remaining 50.0% is paid to government. The relevant shares payable for 2024-25 were estimated before the start of the financial year in line with regulations. Those estimates are shown in the following table:

2023-24		2024-25
£m		£m
39.356	Northumberland County Council	40.468
39.356	Central Government	40.468

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 2024-25 of £29.368 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 but remained inactive throughout 2024-25.

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 Energy Central Campus Limited (ECC) for 2024-25 concluded that there was no requirement to consolidate the company into the Council group. ECC is a partnership between the Council, Port of Blyth, and the Offshore Renewable Energy Catapult, with a mission to create the pipeline of talent required for the expanding the clean energy sector, at the same time, inspiring, training and delivering pathways to employment for the local community. The Council does not own ECC, nor does it have direct control, joint control or significant influence over the company, and the company's accounts should therefore not be consolidated into the Council's Statement of Accounts for the year ended 31 March 2025.

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 2023-24				2024-25			
Gross Expenditure £m	Gross Income £m	Net Expenditure £m		Note	Gross Expenditure £m	Gross Income £m	Net Expenditure £m
272.313	(169.022)	103.291	Adults, Ageing and Wellbeing		294.782	(186.642)	108.140
36.414	(5.544)	30.870	Chief Executive		40.184	(6.612)	33.572
329.456	(223.213)	106.243	Children, Education and Young People		357.662	(235.948)	121.714
1.906	(1.101)	0.805	Corporate Expenditure and Income		0.842	(4.993)	(4.151)
33.239	(38.723)	(5.484)	Local Authority Housing (HRA)		37.646	(43.418)	(5.772)
217.089	(115.268)	101.821	Place and Regeneration		275.098	(141.406)	133.692
48.487	(29.422)	19.065	Public Health, Inequalities and Stronger Communities		50.230	(38.834)	11.396
86.072	(60.403)	25.669	Transformation and Resources		93.869	(58.385)	35.484
33.941	(26.049)	7.892	Subsidiary Companies		90.304	(48.843)	41.461
1,058.917	(668.745)	390.172	Cost Of Services		1,240.617	(765.081)	475.536
70.649	(15.924)	54.725	Other Operating Income and Expenditure		46.919	(24.933)	21.986
51.084	(44.004)	7.080	Financing and Investment Income and Expenditure	1	50.402	(51.582)	(1.180)
3.448	(440.946)	(437.498)	Taxation and Non-Specific Grant Income		-	(450.221)	(450.221)
1,184.098	(1,169.619)	14.479	Group Deficit on Provision of Services		1,337.938	(1,291.817)	46.121
		(23.682)	(Gains)/Losses on Revaluation of Non-Current Assets				(12.897)
		-	Deficit/(surplus) from investments in equity instruments designated at fair value through other comprehensive income				(6.367)
		(99.822)	Remeasurement of the net defined benefit liability/(asset)				25.350
		(6.170)	Net increase in (assets)/liabilities due to acquisition on Pension Fund				-
		(129.674)	Other Comprehensive Income and Expenditure				6.086
		(115.195)	Total Comprehensive Income and Expenditure				52.207

The 2023-24 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.

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 Dedicated Schools Grant Reserve £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
2024-25												
Balance brought forward 1 April 2024	(52.308)	(1.159)	(164.837)	(28.938)	(1.208)	(9.122)	(67.954)	(8.140)	(333.666)	(723.720)	(15.870)	(1,073.256)
Movement in Reserves during 2024-25:												
(Surplus)/Deficit on the provision of services	46.394	-	-	(4.260)	-	-	-	-	42.134	-	3.987	46.121
Other Comprehensive Income and Exp'd	-	-	-	-	-	-	-	-	-	6.086	-	6.086
Total Comprehensive Income and Expenditure	46.394	-	-	(4.260)	-	-	-	-	42.134	6.086	3.987	52.207
Adjustments between accounting basis & funding basis under regulations and adjustment between Group Accounts and Council Accounts	(12.960)	-	-	6.796	-	(0.868)	13.416	(0.859)	5.525	(18.035)	12.510	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	33.434	-	-	2.536	-	(0.868)	13.416	(0.859)	47.659	(11.949)	16.497	52.207
Transfers to/(from) Earmarked Reserves	(33.434)	1.159	32.275	(0.657)	0.657	-	-	-	-	-	-	-
Movement in Dedicated Schools Grant Deficit Reserve	-	-	(8.053)	-	-	-	-	-	(8.053)	8.053	-	-
(Increase)/Decrease in 2024-25	-	1.159	24.222	1.879	0.657	(0.868)	13.416	(0.859)	39.606	(3.896)	16.497	52.207
Balance at 31 March 2025 carried forward	(52.308)	-	(140.615)	(27.059)	(0.551)	(9.990)	(54.538)	(8.999)	(294.060)	(727.616)	0.627	(1,021.049)

Group Movement in Reserves Statement

	General Fund Balance £m	Earmarked Dedicated Schools Grant Reserve £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
2023-24 Restated	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Balance brought forward 1 April 2023	(51.952)	(4.501)	(173.674)	(28.996)	(1.740)	(8.330)	(63.478)	(10.007)	(342.678)	(595.785)	(19.598)	(958.061)
Movement in Reserves during 2023-24:												
(Surplus)/Deficit on the provision of services	28.824	-	-	(4.616)	-	-	-	-	24.208	-	(9.729)	14.479
Other Comprehensive Income and Exp'd	-	-	-	-	-	-	-	-	-	(129.674)	-	(129.674)
Total Comprehensive Income and Expenditure	28.824	-	-	(4.616)	-	-	-	-	24.208	(129.674)	(9.729)	(115.195)
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	(15.196)	1.739	13.457	-
Net (Increase)/Decrease before Transfers to Earmarked Reserves	11.823	-	-	0.590	-	(0.792)	(4.476)	1.867	9.012	(127.935)	3.728	(115.195)
Transfers to/(from) Earmarked Reserves	(12.179)	3.342	8.837	(0.532)	0.532	-	-	-	-	-	-	-
Movement in Dedicated Schools Grant Deficit Reserve	-	-	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in 2023-24	(0.356)	3.342	8.837	0.058	0.532	(0.792)	(4.476)	1.867	9.012	(127.935)	3.728	(115.195)
Balance at 31 March 2024 carried forward	(52.308)	(1.159)	(164.837)	(28.938)	(1.208)	(9.122)	(67.954)	(8.140)	(333.666)	(723.720)	(15.870)	(1,073.256)

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 2024		Note	31 March 2025
£m			£m
1,561.401	Property, Plant & Equipment	2,4	1,631.428
7.951	Heritage Assets		7.951
261.104	Investment Property	3	283.129
1.930	Long Term Intangible Assets		2.212
19.571	Long Term Investments		25.446
50.250	Net Defined Pension Asset		-
112.839	Long Term Debtors	8	105.145
2,015.046	Long Term Assets		2,055.311
0.540	Assets Held for Sale - current		4.324
2.365	Inventories		2.019
47.273	Work in Progress	7	26.992
125.528	Short Term Debtors		136.821
69.932	Cash and Cash Equivalents		60.320
245.638	Current Assets		230.476

31 March 2024		Note	31 March 2025
£m			£m
(19.869)	Bank Overdraft		(2.061)
(120.637)	Short Term Borrowing		(186.254)
(115.958)	Short Term Creditors		(120.611)
(3.040)	Short Term Provisions		(2.333)
(0.650)	Revenue Grants Receipts in Advance		(2.262)
(15.303)	Capital Grants Receipts in Advance		(7.862)
(275.457)	Current Liabilities		(321.383)
(61.126)	Long Term Creditors		(92.982)
(625.524)	Long Term Borrowing	8	(650.755)
(204.313)	Net Defined Pensions Liability		(178.270)
(6.602)	Capital Grants Receipts in Advance		(6.943)
(14.406)	Deferred Tax Liability		(14.405)
(911.971)	Long Term Liabilities		(943.355)
1,073.256	Net Assets		1,021.049
333.666	Usable Reserves - Council		294.060
723.720	Unusable Reserves - Council		727.616
15.870	Usable Reserves - Subsidiaries		(0.627)
1,073.256	Total Reserves		1,021.049

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.

2023-24 £m		2024-25 £m
(14.479)	Net surplus/(deficit) on the provision of services	(46.121)
81.507	Adjustments to net deficit on the provision of services for non-cash movements	166.322
(150.730)	Adjustments for items included in the net deficit on the provision of services that are investing and financing activities	(148.893)
(83.702)	Net cash flows from Operating Activities	(28.692)
64.018	Investing Activities	(42.244)
(9.283)	Financing Activities	79.132
(28.967)	Net increase/(decrease) in cash and cash equivalents	8.196
79.030	Cash and cash equivalents at the beginning of the reporting period	50.063
50.063	Cash and cash equivalents at the end of the reporting period	58.259

Accounting Policies

The financial results of the Council and its subsidiary at 31 March 2025 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 straight-line
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 2024-25. 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.

1. Group Financing and Investment Income and Expenditure

2023-24		2024-25
£m		£m
34.663	Interest payable and similar charges	37.649
8.544	Net interest on the net defined benefit liability (asset)	6.337
(15.670)	Interest receivable and similar income	(12.792)
(20.457)	Income and expenditure in relation to investment properties and changes in fair value	(32.374)
7.080	Total Financing and Investment Income and Expenditure	(1.180)

2. Group Property, Plant and Equipment

Movements in 2024-25	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:								
At 1 April 2024	372.676	491.120	134.289	11.203	39.955	138.390	1,187.633	90.023
IFRS16 Adjustment	-	5.964	0.222	(0.860)	-	-	5.326	(0.489)
Additions	8.047	3.521	8.767	0.021	0.189	125.196	145.741	1.738
Reclassifications	2.960	31.752	0.361	3.431	0.453	(101.782)	(62.825)	-
Revaluation Increases/(Decreases) recognised in the Revaluation Reserve	-	12.789	(1.050)	(2.593)	(1.913)	-	7.233	(0.157)
Revaluation Increases/(Decreases) recognised in the Deficit on the Provision of Services	(5.463)	(26.500)	-	-	(0.390)	-	(32.353)	-
De-recognition - Disposals	(2.353)	(0.300)	(6.462)	(0.013)	(0.475)	-	(9.603)	-
De-recognition - Other	-	(2.998)	(1.737)	-	-	-	(4.735)	(1.737)
Impairment	-	(0.402)	-	-	-	-	(0.402)	-
Assets reclassified (to)/from Held for Sale	-	(0.265)	-	-	(3.974)	-	(4.239)	-
Other movements in cost/valuation - correction of opening balance	-	(0.171)	-	-	-	(32.017)	(32.188)	-
At 31 March 2025	375.867	514.510	134.390	11.189	33.845	129.787	1,199.588	89.378
Accumulated Depreciation and Impairment:								
At 1 April 2024	-	13.516	50.020	2.333	-	-	65.869	8.620
IFRS16 Adjustment	-	(0.767)	-	(0.092)	-	-	(0.859)	(0.859)
Depreciation/Impairment charge	10.553	18.835	11.528	0.150	-	-	41.066	6.621
Reclassifications	-	(0.301)	-	-	0.301	-	-	-
Depreciation written out to the Revaluation Reserve	-	(13.259)	(2.653)	-	(0.202)	-	(16.114)	(6.007)
Depreciation written out to the Deficit on the Provision of Services	(10.553)	(5.645)	-	-	(0.099)	-	(16.297)	-
De-recognition - Disposals	-	(0.015)	(6.224)	-	-	-	(6.239)	-
De-recognition - Other	-	(0.234)	(0.071)	-	-	-	(0.305)	(0.071)
Impairment	-	(0.402)	-	-	-	-	(0.402)	-
Other movements in cost/valuation	-	0.561	-	-	-	-	0.561	-
At 31 March 2025	-	12.289	52.600	2.391	-	-	67.280	8.304
Net Book Value:								
At 31 March 2025	375.867	502.221	81.790	8.798	33.845	129.787	1,132.308	81.074
At 31 March 2024	372.676	477.604	84.269	8.870	39.955	138.390	1,121.764	81.403

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:								
At 1 April 2023	366.829	524.282	129.509	11.188	16.251	92.144	1,140.203	89.188
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)	-
At 31 March 2024	372.676	491.120	134.289	11.203	39.955	138.390	1,187.633	90.023
Accumulated Depreciation and Impairment:								
At 1 April 2023	-	11.699	44.372	2.375	-	-	58.446	7.218
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	-	-	-	-	-	-	-	-
At 31 March 2024	-	13.516	50.020	2.333	-	-	65.869	8.620
Net Book Value:								
At 31 March 2024	372.676	477.604	84.269	8.870	39.955	138.390	1,121.764	81.403
At 31 March 2023	366.829	512.583	85.137	8.813	16.251	92.144	1,081.757	81.970

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 2025 is £499.120 million (at 31 March 2024 £439.637 million). (see note 14 of the Single Entity statements for details).

3. Investment Property

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

31 March 2024 £m		31 March 2025 £m
258.654	Balance at 1 April	261.104
0.492	Additions	1.201
-	Reclassifications	13.825
(4.687)	Disposals	(8.743)
6.927	Net losses from fair value adjustments	15.613
(0.282)	Other movements in cost / valuation	0.129
261.104	Balance at 31 March	283.129
	Comprising:	
113.833	Housing properties	117.994
147.271	Commercial properties	165.135
261.104	Total	283.129

31 March 2024			31 March 2025		
Commercial £m	Housing £m	Total £m	Commercial £m	Housing £m	Total £m
(16.209)	(6.351)	(22.560)	(16.746)	(6.771)	(23.517)
5.430	2.271	7.701	5.630	1.674	7.304
(10.779)	(4.080)	(14.859)	(11.116)	(5.097)	(16.213)
(1.851)	(5.076)	(6.927)	(9.483)	(5.470)	(14.953)
0.066	0.094	0.160	(1.807)	0.046	(1.761)
(12.564)	(9.062)	(21.626)	(22.406)	(10.521)	(32.927)

Fair Value Hierarchy

All of the Council's investment property portfolio has been assessed as level 3 for valuation purposes. Within the Advance Northumberland Group, investment properties amounting to £279.873 million have been valued at Level 2 and the remaining £0.915 million of those properties subject to a revaluation during 2024-25 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.

4. 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
Carried at Historical Cost	-	4.758	48.488	499.120	8.798	-	129.787	690.951
Right of use assets held at Lease Liability	-	4.313	0.222	-	-	-	-	4.535
Valued at Current Value in:								
2024-25	375.867	265.448	33.080	-	-	33.845	-	708.240
2024-25 Indexation Adjustment**	-	5.216	-	-	-	-	-	5.216
2023-24	-	138.710	-	-	-	-	-	138.710
2022-23	-	83.776	-	-	-	-	-	83.776
Total	375.867	502.221	81.790	499.120	8.798	33.845	129.787	1,631.428

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.

Valuers

The investment property portfolio has been valued at 31 March 2025 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 2024-25 were Align Property Partners Limited for residential investments and Cluttons LLP for the commercial investments.

* 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 £4.758 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.

5. 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 2024-25 were £0.490 million. The contributions due to be paid in the next financial year are estimated to be £0.611 million.

6. 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 2024-25, £0.200 million (£0.500 million in 2023-24) was paid to Advance Northumberland Limited from Advance Northumberland (Housing) Limited.

7. Group Work in Progress

The following statement shows the value of developments for sale outside of the Advance Group.

31 March 2024		31 March 2025
£m		£m
42.022	Balance at 1 April	47.273
-	Correction of Opening Balance	(2.816)
27.518	Additions	27.160
(22.267)	Disposals	(44.625)
47.273	Balance at 31 March	26.992

8. 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.

9. 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.

2023-24			2024-25	
All Employees Council	All Employees Group	Remuneration Band	All Employees Council	All Employees Group
260	268	£50,000 to £54,999	314	319
151	160	£55,000 to £59,999	205	212
72	79	£60,000 to £64,999	80	92
58	61	£65,000 to £69,999	68	73
40	43	£70,000 to £74,999	61	63
37	39	£75,000 to £79,999	30	33
15	17	£80,000 to £84,999	34	34
8	9	£85,000 to £89,999	10	11
3	4	£90,000 to £94,999	9	9
2	3	£95,000 to £99,999	2	4
5	6	£100,000 to £104,999	6	6
1	1	£105,000 to £109,999	4	5
-	-	£110,000 to £114,999	1	1
3	3	£115,000 to £119,999	-	-
2	3	£120,000 to £124,999	-	-
-	-	£125,000 to £129,999	2	2
1	1	£130,000 to £134,999	2	3
-	-	£135,000 to £139,999	-	-
1	1	£140,000 to £144,999	1	1
-	-	£145,000 to £149,999	1	1
659	698	Total	830	869

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Firefighters' Pension Fund

Firefighters' Pension Fund

Details of the Firefighters' Pension Fund is shown in the tables below:

2023-24 £m	Fund Account	2024-25 £m	31 March 2024 £m	Net Assets Statement	31 March 2025 £m
	Contributions:			Current assets:	
(2.150)	From employer - normal	(3.007)	1.042	Top-up grant receivable from the Government	0.140
-	From employer - ill health	-	-	Amount receivable from the General Fund	-
(0.967)	From members	(1.054)			
(3.117)		(4.061)		Current liabilities:	
	Transfers in:			- Top up grant owed to the Government	-
(0.433)	Individual transfers from other schemes	(0.026)	(1.042)	Amount payable to the General Fund	(0.140)
-	Other eligible income	(0.009)	-		-
(3.550)		(4.096)			
	Benefits:				
6.730	Pensions	7.306			
0.945	Commutations and lump sum retirement benefits	0.640			
0.243	Other eligible expenditure - scheme pays	-			
7.918		7.946			
	Payments to and on account of leavers:				
-	Individual transfers to other schemes	0.007			
4.368	Net amount payable before top-up grant	3.857			
(4.368)	Top-up grant payable by the Government	(3.857)			
-	Net Amount Payable for the year	-			

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 37.6% 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 Second Option – Firefighters' Pension Scheme

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. These members will be contacted during financial year 2025-26 with the option to join the scheme or buy back additional pensionable service.

As there are several uncertainties regarding eligibility, value of additional benefits and take up of additional benefits it is unclear what the actual cost will be. It is anticipated that any additional costs arising from the Matthew Second Option will be met through grant funding from the Home Office.

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.

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