



Statement of Accounts

2025/26

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STATEMENT OF ACCOUNTS

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NARRATIVE REPORT



NARRATIVE REPORT

1. INTRODUCTION

These accounts set out the financial results of the City of York Council activities for the year ending 31st March 2026. They are prepared in accordance with the Chartered Institute of Public Finance & Accountancy (CIPFA) Code of Practice on Local Authority Accounting (the Code) which requires that the accounts show a true and fair view of the financial position of the Council. Suitable accounting policies have been adopted and applied consistently. Where necessary judgements and estimates have been made which comply with the Code.

This narrative report explains the main information included in the accounts, gives an overview of the Council as at 31st March 2026 and provides further information about the most significant matters reported in the accounts, along with an analysis of the pressures and risks that may impact on future financial performance.

The structure of the accounts is as follows:

Statement of Responsibilities

This discloses the respective responsibilities of the Council and the Chief Finance Officer in relation to the proper administration of the Council's financial affairs.

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

Movement in Reserves Statement

This statement shows the movement in the year on the different 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 and other unusable reserves.

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Council during the reporting period.

NARRATIVE REPORT

Notes and Accounting Policies

The notes to the financial statements are important in the overall presentation of the accounts. They aim to assist understanding and have 3 key roles:

- Presenting information about the basis of preparation of the statements and the accounting policies used
- Disclosing information required by the Code that is not presented elsewhere
- Disclosing information that is not presented elsewhere but is relevant to understanding the statements

Expenditure and Funding Analysis (EFA)

The objective of the EFA is to demonstrate to council taxpayers how the funding available to the authority (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 authority's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Housing Revenue Account Income and Expenditure Statement

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.

Movement on the Housing Revenue Account Statement

This statement shows how the surplus or deficit on the Housing Revenue Account Income and Expenditure Account for the year reconciles to the movement on the Statutory Housing Revenue Accounts balance for the year.

Collection Fund

This fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the Council in relation to the collection from taxpayers and distribution to the Council, the Police and Crime Commissioner for North Yorkshire, York and North Yorkshire Combined Authority, parish councils and central government of council tax and national non-domestic rates.

Annual Governance Statement (AGS)

This statement gives assurance that the Authority has conducted a review of the effectiveness of its systems of internal control and that the appropriate mechanisms are in place for the maintenance of good governance across the activities of the Authority.

Glossary

This is included to explain the technical terms used in the financial statements.

NARRATIVE REPORT

2. ABOUT THE COUNCIL

The policies of the Council are directed by the political leadership and implemented by the Corporate Management Team and officers of the Council. There are 47 Councillors who are elected every four years by local residents on a ward-by-ward basis. The May 2023 elections resulted in a new administration with the Labour party now forming the Executive to lead the council from 2023/24.

The Council Plan 2023 – 2027 ‘One City for All’ sets out our vision that over the next 4 years, we will establish the conditions that would make the city of York a healthier, fairer, more affordable, more sustainable and more accessible place, where everyone feels valued, creating more regional opportunities to help today’s residents and benefit future generations. We’ve focused our plan on our core commitments which are the 4 outcomes we believe will achieve our vision of a healthier, fairer, more affordable, more sustainable, and more accessible city where everyone feels valued. They inform the decisions we make, and describe how we then work with partners, residents and communities to deliver our priorities for residents, communities and businesses; they’re the tests we’ll use to ensure we move ever closer to achieving our vision:

- Equalities & Human Rights – equality of opportunity
- Affordability – tackling the cost-of-living crisis
- Climate - Environment and the climate emergency
- Health & Wellbeing

These 4 core commitments run through each of our 7 priorities:

- Health and wellbeing: A health generating city, for children and adults
- Education and skills: High quality skills and learning for all
- Economy and good employment: A fair, thriving, green economy for all
- Transport: Sustainable accessible transport for all
- Housing: Increasing the supply of affordable housing
- Sustainability: Cutting carbon, enhancing the environment for our future
- How the council operates

3. REVIEW OF THE FINANCIAL POSITION

Funding Context and Financial Planning

The Council’s Medium Term Financial Strategy is set within a robust and well established planning framework and is based on an analysis of the key influences on the financial position and an assessment of the main financial risks facing the Council. This framework has enabled the Council to deliver significant performance improvements in many areas, whilst maintaining effective control and use of its limited financial resources. As part of the financial strategy, consideration is given to the likely savings required in future years and services are actively working to develop plans which will change the way services are provided and deliver budget reductions in the future.

However, the council will need to continue to secure further savings and to manage cost pressures effectively. In doing so, the council will also need to provide capacity for additional investment in unavoidable costs and priorities. The continued development of the Medium Term Financial Strategy will ensure that the Council prepares effectively for these challenges.

Locally demand for council services continues to increase, with an ageing population and increased complex needs in respect of elderly care and there is continued pressure on many of the council’s income budgets. There are also significant challenges in the health sector, including challenging financial positions for health partners which are in turn a significant financial risk to the Council.

NARRATIVE REPORT

Whilst inflation levels were lower in 2025/26 compared with recent years prices are still increasing and as such the cost of living crisis still impacts the council's underlying ability to support its residents. Across the capital programme particularly, the impact of inflation over the years is significantly affecting what we are able to deliver.

Bank of England base rates started the year at 4.5% and have reduced three times during the year to a level of 3.75% at the end of March. The rate at which the council can borrow has remained high which impacts the cost of delivering the capital programme.

In shaping the budget all the issues are carefully considered to ensure a budget that is both prudent and protects vulnerable people. Ensuring that there is the capacity to invest is a critical part of the budget deliberations. In relation to council tax, in the 2025/26 settlement, the Government allowed Councils to increase council tax up to 5% and therefore York's 2025/26 budget included a council tax increase of 2.99%, plus an additional increase of 2% in line with the Government's Adult Social Care precept.

In terms of balancing the budget the council made the decision to set up a Transformation Programme which is reviewing how the council operates and is required to deliver ongoing savings to enable the council can operate within budget. This programme is intended to provide the main focus for delivering savings over the years and a target of £1.3m was set for 2025/26. To support the budget the council was awarded c£4m contribution as part of the Extended Producer Responsibility programme and there was also an expectation that fees would increase across all areas.

Revenue Outturn 2025/26

The Council's General Fund budget for its own net expenditure was set at £156.9m. To this sum the parish precepts added a further £1.1m. Band D Council Tax, including both Police and Fire Authority precepts, was set at £2,158.93. This was a 4.99% increase on the previous year.

Comprehensive revenue and capital budget monitoring is carried out during the year and is supplemented by quarterly combined finance and performance reports presented to the Executive. This robust financial management has helped the Council to maintain good financial health, despite the continuing pressures on the public sector.

As outlined in reports to Executive throughout the year, the Council has stabilised its financial position and whilst overspends have been forecast throughout the year the level of overspend has been lower than the previous year. Most service areas are broadly reporting projections close to budget although Adult Social Care continues to report more significant financial pressures.

The Outturn position reported an underspend of £1.5m which has been added to reserves. This was an improvement of £3.66m when compared with the forecast overspend at Monitor 3. Most services with the exception of Adult Social care saw an improvement at year end. This demonstrates the hard work undertaken by officers to control expenditure as well as the strong financial management controls that are corporately operated.

However, there remain considerable financial challenges looking ahead into 2026/27 and beyond. The main risks are due to the underlying pressures in Adult Social Care, the impact of reduced funding arising from the Fair Funding Review as well as relatively high interest rates which impacts the cost of borrowing. The 2026/27 budget provides for significant growth in adults (£10m), children's services (£2m), Treasury Management (£2m) and made proper provision for all known cost increases at that time.

Full details on the individual service areas position for 2025/26 will be reported to Executive in July 2026.

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The overall outturn position for the Council is shown below (note that + indicates an overspend against budget):

Directorate	2025/26 Net Budget	Outturn
	£'000	£'000
Children & Education	39,612	-1,356
Adult Social Care & Integration	58,533	+8,996
Environment, Transport & Planning	23,855	-2,864
Housing & Communities	12,089	+404
Corporate and Central Services	22,332	-6,178
Sub Total	156,421	-998
Use of contingency	500	-500
Total	156,921	-1,498

Reserves

At the end of the financial year 2025/26 the usable reserves stood at £135m, compared to £138m at the end of 2024/25. Further details can be found in note 8. The table below summarises the position on usable reserves (note brackets indicate a reduction in reserve):

	Opening Balance	Net movement in year	Closing Balance at 31/03/2026
	£'000	£'000	£'000
General Fund balance	9,345	(319)	9,026
Earmarked General Fund Reserves	55,442	1,700	57,142
Housing Revenue Account	25,816	(7,861)	17,955
Earmarked Housing Revenue Account Reserves	3,155	(1,113)	2,042
Major Repairs Reserve	4,835	547	5,382
Capital Receipts Reserve	10,043	(1,605)	8,438
Capital Grants Unapplied	29,813	4,181	33,994
Total	138,449	(4,470)	133,979

The Council takes a risk based approach to the management of usable reserves and as part of setting the annual budget, the s151 Officer undertakes a review of risks and known commitments to calculate a minimum level for the General Fund reserve, and this was incorporated into the Council budget reports. For 2025/26, it was determined that a level of £7.1m is an appropriate figure. However, considering the risks facing the council, in particular the scale of future reductions on top of those already made, it was also considered that headroom should remain above the minimum level

The General Fund reserve balance of £9.0m in the table above also includes individual school balances of £86k. These earmarked reserves are not for Council use and the level of reserve, in accordance with the Code, forms part of the Movement in Reserves Statement. In compliance with the Education Reform Act 1988, individual school balances will be carried forward into 2026/27.

The other usable reserves are set aside to cover future expenditure, including capital schemes. Capital grants unapplied are grants received but not yet used and the capital receipts reserve holds the balance of receipts from the disposal of assets. These funds are considered in the annual capital programme report presented to Executive and Full Council in February each year.

The Housing Revenue Account, Major Repairs Reserve and Earmarked Housing Revenue Reserves are considered as part of the business planning process and are held for future use on maintaining existing council homes, as well as investment in developing new build schemes.

NARRATIVE REPORT

Risks and opportunities

Fair Funding review of Local Government Spending

The conclusion of the Government's Fair Funding Review has resulted in the most significant change in how Local Authorities are funded and the outcome has led to a significant negative impact on the council's overall financial position. The review focussed on

- A review of the proportion of funding each council is due
- The principle of council tax equalisation whereby government will fund councils considering an assumed council tax rather than actual council tax
- A reset of the business rates retention scheme
- A rationalisation of the number and value of grants awarded to local councils.

The result of the review has meant that York has seen its core spending power effectively frozen for three years even with assumed 5% council tax rises over the same period. There are three key reasons for this

- a) The **Relative Needs Formula** has been reviewed giving a significant additional weighting for deprivation which has impacted York negatively. It means it will receive a lower proportion of overall funding than under the old methodology
- b) The introduction of a **Council Tax Equalisation** principle has impacted York as the government has set a notional council tax that it believes councils should be able to raise that is higher than the council tax that is charged
- c) The government has undertaken a **Business Rates reset** whereby revenues that have been generated above assumed levels over the past decade have been redistributed on national formula.

The impact of a freeze in core spending power over the coming years will mean that the level of savings required in order to balance the budget will be significant. The Medium Term Finance Forecast tabled as part of the budget report identified a funding gap of over £20m over the period 2028/29 to 2029/30

Adult Social Care

The year end outturn of £9m overspend has been mitigated across other services but this level of overspend is particularly concerning. The overspend was £4.1m in 2024/25 and despite having seen growth of c £10m into the budget in 2025/26 has seen a wider variation. A further £10m has been added into the budget for 2026/27 but this is unlikely to be adequate given the increased cost of care. The council has devoted significant resource across the organisation into focussing on projects that will reduce ongoing pressures.

Major Projects

There was a significant overspend identified during 2024/25 across the Station Gateway scheme and Members approved an increase in budget for the scheme in July 2025 totalling £18m primarily from reprioritising funds from other major schemes. This is a significant overspend and highlights risks in how delivery of major projects can impact the council finances particularly if additional borrowing is required. The council has set up a new process for ensuring full overview of the capital programme is now in place.

NARRATIVE REPORT

General

The Council has continued to support economic growth, recognising the significant financial benefits in the form of retained business rates, and creation of jobs. Ensuring that there is a strong link between the capital and revenue budgets to support the delivery of council priorities is essential. The Capital Strategy sets out continuing significant capital investment, and details some of the major capital schemes that will impact on the economy of the city.

At a time of significant reductions in grants and rising demand it is essential to set a prudent, stable and achievable budget. Many councils across the country are now experiencing very severe financial challenges. Thirty-five authorities across the country are in receipt of Exceptional Financial Support from the government for 2026/27 and this is no longer limited to a small percentage of the sector. Whilst the challenges for this council are significant, through sound financial planning, and in year management, the council has been able to set a balanced budget for 2026/27 with achievable savings targets. In response to a shift in demand led expenditure pressures and reductions in grant funding, the council is taking steps to enable itself, residents and communities to work together as equal partners to meet their future needs and priorities.

The scale of future budget reductions required however are unprecedented and will inevitably affect all services and all residents to some extent. In considering what savings can be made we are looking to take long term approaches to what services are to be prioritised and how best to deliver recognising the need to remove costs from the organisation. At all times there will be a primary focus to protect the needs of the most vulnerable people in York.

Alongside the revenue budget, there are proposals for further major investment in a variety of schemes. The creation of the York and North Yorkshire Mayoral Combined Authority has provided opportunities for additional funding in areas such as Transport, Housing, Regeneration and Skills and the council is seeking to maximise funds to support the council plan and supplement its own funding. In addition, the council is continuing to make a significant investment in Information and Communications technology (ICT), recognising that the need for high quality technology will be crucial to delivering services in the most effective manner in the future.

Key performance indicators

In relation to the new Council Plan (2023-27), the Executive agreed a core set of indicators to help monitor the council priorities and these provide the structure for performance updates in this report. The indicators have been grouped around the eight outcome areas included in the Council Plan

Further detailed performance information is provided on a quarterly basis via www.yorkopendata.org.uk

4. HOUSING REVENUE ACCOUNT (HRA)

In April 2012 the Localism Act introduced a significant change to the way that council housing is financed by replacing the old HRA subsidy system with a new system of self-financing. This resulted in a number of changes which have had a significant impact on the Council's HRA business plan and its stock retention strategy and involved the Council borrowing £122m to pay central government. This was a one off payment and in return the Council obtained greater independence and responsibility for the management of its housing stock as it now has the ability to actively manage the debt and its financial impact on the HRA.

The Housing Revenue Account budget for 2025/26 was set as a net surplus of £2,023k prior to debt repayment at February 2025. There were carry forwards of £2,074k agreed as part of the outturn report meaning the revised budget stands at £9,551k deficit (including £9,500k debt repayment). Once revenue contributions to capital expenditure are excluded the underspend on the HRA was £586k.

NARRATIVE REPORT

5. BUSINESS RATES AND COUNCIL TAX

The main aim of the Business Rates scheme is to give Councils a greater incentive to grow business in their area. However, it also increases financial risk to the Council through additional liabilities in respect of backdated appeals and risks from non-collection.

The Council is a member of the Leeds City Region Business Rates Pool. The pool is a voluntary arrangement which allows local authorities to retain locally a proportion of any growth in business rates income. The pool was established on 1st April 2021 with the aim of furthering economic development activities across the region. It is funded from “levies” on business rates growth which would otherwise be paid over to central government. In this scheme the pool retains 50% of retained business rates.

The operation of the pool is governed by a formal agreement between the authorities. The pool is led by a Joint Committee made up of the leaders from some of the authorities and is administered by Leeds City Council. The Joint Committee is responsible for making decisions about the use of pool receipts.

As outlined in the introduction, the Collection Fund is an agent's statement. The Council is required by statute to maintain this separate fund for the collection and distribution of amounts due in respect of Council Tax and Business Rates. The fund shows a deficit on Business Rates at 31 March 2026, as it did on 31 March 2025, and a small surplus on Council Tax (compared to a deficit at 31 March 2025).

Collection rates have continued to improve since the pandemic, particularly on Business Rates, with 98.13% of the total sum collectable for 2025/26, compared to 97.94% in 2024/25. The deficit on Business Rates has reduced in 2025/26 compared to the figure at 31 March 2025, partly due to the improvement in collection rate together with a reduction in the write offs of uncollectable amounts in 2025/26.

The collection rate for Council Tax was 97.04% which was slightly worse than in 2024/25. However, the deficit on Council Tax in 2024/25 has become a small surplus as at 31 March 2026, mainly due to an increase in the taxbase compared to when the council tax budget was set.

NARRATIVE REPORT

6. CAPITAL EXPENDITURE

Capital expenditure for the year totalled £81.948m (2024/25 £74.019m). This was funded by capital receipts, internal borrowing, Government Grants and other contributions, and revenue contributions.

A summary of where the money was spent in 2025/26 and how it was funded is shown below:

	2025/26 Outturn £m
Capital Expenditure	
Children's services	7.818
Adult Social Care	0.864
Housing	34.656
Communities	2.150
Transport & Environment	32.854
City Development	1.166
Property Services	0.933
ICT	1.507
Corporate Services	-
Total expenditure	81.948
Funding	
Prudential Borrowing	19.342
HRA & RTB Receipts	14.096
Grants and other contributions	36.449
Earmarked Reserves	12.061
Total Funding	81.948

Over the last year there has been significant progress made on a number of major projects.

York Station Gateway - The York Station Gateway scheme delivery continues to progress. Package 1 (Utility Diversionary Works) is now complete, and Package 2 (Highways Works) construction is 75% complete. The scheme has continued to experience delays that have impacted the project timings and additional costs due to inflationary increases since the project was approved in 2020. In July 2025 a revised budget was agreed by Executive (£54.7m), largely due to increases in Package 2 and projected costs for Package 3, which includes internal works at the station. The contract has been further prolonged during 2025/26, meaning that completion of the carriageway works is due in July 2026 and the substation works due in October 2026. It is currently estimated that a further £5.4m of additional funds will be required to complete the scheme and to ensure the full benefits of the scheme will be achieved. This amount has been identified from existing Transport and Highways capital budget and does not result in additional borrowing for the Council.

York Outer Ring Road Improvements – Following a review of the costs of the scheme and subsequent Executive decision in July 2025, approval was given to divert funds to support York Station Gateway and break the York Outer Ring Road Scheme into phases, thus concentrating on delivering priority roundabouts. During the year, work has been undertaken to re-procure contracts with the designers and land agents in order to work up the detailed phasing strategy required as a condition of the planning permission and reflecting the funding envelope available for construction.

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Updates on other major projects are provided below:

York Central - The scheme continues to see good progress. The delivery of the main York Central highway infrastructure by Homes England is progressing, with the Phase 1 delivering the alternative route and Spine Road around the National Railway Museum now complete, and Part 1 Certification has been issued by the Authority, enabling the stopping up process to commence. Phase 2 (Spine Road Connection) of the scheme is progressing, with works underway on the East Coast Main Line bridge lift, which will deliver a direct connection between the site and Water End.

Phase 2 – Spine Road Connection Looking ahead, a planning application for the next phase of York Central was received in December 2025, and officers will continue to work closely with key stakeholders to progress the associated Reserved Matters Application (RMA5). Further engagement with stakeholders will also continue to support the Wilton Rise Footbridge application

The project funding position for York Central was reprofiled in 2024/25 to reflect an updated funding agreement with project partners. The key change was that the £35m CYC contribution towards IP2 site infrastructure work moved to 2025/26 onwards. The developer teams have recently made us aware that their forecast drawdown profile against project expenditure has changed again and a change request has been submitted by the developer teams to bring the grant funding agreement in line with the new profile. The changes are reflected in the updated capital programme.

Castle Gateway - In November 2025, Executive considered the business case for Castle & Eye, and agreed the progression of the scheme to procurement. This followed submission of updated scheme designs for planning in July 2025, with the scheme granted planning approval by committee in December 2025. Work on preparing tender documentation is underway, and in support of this, additional design work has been undertaken on discrete works. Works will be tendered shortly and delivery is anticipated to commence late in 2026/27.

As suggested in the November 2025 Executive report, a transfer of source funding has been effected by WYCA, transferring £3.5m of WYCA Transport Fund (TF) from Castle Gateway to YORR, and a matching transfer of CYC internal capital funding of £3.5m from YORR to Castle Gateway. This will allow complete use of the WYCA TF.

Haxby Station - The project is now in the process of being resumed following the Government announcement in July 2025 which confirmed that this project was to be funded to full delivery within the DfT's Rail Network Enhancements Pipeline (RNEP). Delivery of the new station to be led by Network Rail, supported by City of York Council and York & North Yorkshire Combined Authority, as principal stakeholders.

The Council remains committed to its delivery and is the current freehold owner of the site of the new station following land acquisition a number of years ago. More specifically, the Council is responsible for providing the associated highways works and measures to enhance active travel within the area. The programme for delivery of the full project has subsequently been prolonged with the estimated date for completion of the new station and its opening now slipped to the 2028/29 financial year.

Duncombe Barracks and Burnholme – Both are now largely completed. All 34 Passivhaus mixed-tenure homes at Duncombe Square have been handed over. A number of social housing tenants have moved in. Shared ownership properties will have residents moving in from Spring 2026 (2 units completed at present) while market sales units are available for viewing and purchase. Although interest initially was high, the sales market is facing many challenges at the national level, and no sales have yet been completed at Duncombe Square. 78 Passivhaus mixed-tenure homes at Burnholme Green have completed and handed over, 60% of which are affordable housing. The shared ownership and market sales properties will be launched for sale in Summer 2026.

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As reported to Executive in April 2026, the Council is soon to undertake a procurement exercise to appoint a strategic delivery partner who will work with the Housing Delivery team in the design and build of all future affordable and social housing developments, including the proposed developments at **Ordnance Lane, Castle Mills and Willow House**. The Council intends to adopt the Homes England Healthy Homes Standard and Future Homes Standard for new build housing.

7. TREASURY MANAGEMENT

The Council's year end treasury debt position for 2025/26 compared to 2024/25 is summarised in the table below:

Debt	31/03/2026	31/03/2025
	£000	£000
Balance brought forward	333,092	328,487
Reversal of previous years carrying value	(1,642)	(3,437)
Add new loans taken	87,800	49,800
Less loans matured in year	(68,300)	(43,400)
Total debt as per Treasury Management Outturn Report	350,950	331,450
In year carrying value adjustment	1,723	1,642
Total Debt at 31st March	352,673	333,092

During financial year 2025/26 16 new loans were taken out totalling £87.800m, which included 15 PWLB loans totalling £79.800m and one Local Authority loan totalling £8.000m.

During financial year 2025/26 11 loans totalling £68.300m were repaid which included 10 PWLB maturing loans totalling £63.300m and 1 LOBO loan repaid prior to maturity at its call date totalling £5.00m.

The Council maintained an average investment balance of £27.821m in 2025/26 compared £29.058m in 2024/25. The surplus funds invested earned an average rate of return of 4.03% in 2025/26 compared to 4.89% in 2024/25.

8. PENSIONS

Pension costs remain a significant area of expenditure for the Council. The Council participates in the Local Government Pension Scheme (LGPS) as a scheduled body and is a member of the North Yorkshire Pension Fund (NYPF), which is administered by North Yorkshire Council.

The latest triennial actuarial valuation of the Fund was carried out at 31 March 2025. The valuation confirmed that the Council remains in a surplus funding position in respect of its funded LGPS obligations and will result in a reduction in employer contribution rates for the period 1 April 2026 to 31 March 2029.

During 2025/26, the Council's funded LGPS position benefited from stronger than expected asset returns, changes in financial assumptions and the incorporation of the results of the 2025 actuarial valuation. Together, these factors improved the underlying funding position of the scheme and generated an accounting surplus in respect of the Council's funded LGPS obligations.

The Council also has historic long-term pension liabilities in relation to unfunded discretionary LGPS benefits totalling £891k (2024/25: £937k) and unfunded discretionary Teachers' Pension benefits totalling £7,237k (2024/25: £7,275k).

Surplus Restriction under Paragraph 64 of IAS 19

Although the Council reports an accounting surplus in respect of its funded LGPS obligations, the Council's funded LGPS net defined benefit position is reported as £nil (£nil, 2024/25) at the balance sheet date. This is because IAS 19 limits the recognition of pension surpluses to the extent that an employer can realise an economic benefit from the surplus, either through reduced future contributions or refunds from the scheme. This limitation is known as the asset ceiling.

The Council's IAS 19 position as at 31 March 2026 showed a net pension asset before application of the asset ceiling. The actuary assessed the extent to which economic benefits could be realised through future reductions in employer contributions and concluded that the value of any economic benefits available to the Council is £nil.

As a scheduled body participating in an open pension fund, the Council is assumed to have an indefinite participation in the LGPS. Refunds of surplus are generally only available when an employer exits the Fund and are not normally available to scheduled bodies during the life of the scheme. In addition, scheduled bodies would not ordinarily be able to access any surplus through winding up the scheme, as assets and liabilities would typically transfer to a successor body.

Consequently, the accounting surplus arising on the Council's funded LGPS obligations cannot be recognised on the Balance Sheet and is fully restricted by the asset ceiling requirements of IAS 19.

Further details of the assumptions used by the actuary, together with the impact of investment returns and changes in financial and demographic assumptions during the year, are provided in Note 40, Defined Benefit Pension Schemes.

9. NON-CURRENT ASSETS

The council holds various non-current assets which are categorised as follows:

- property, plant and equipment (PPE) – this includes council dwellings, land & buildings, infrastructure assets, community assets, surplus assets, assets under construction and tangible plant, vehicle and equipment assets
- intangible assets
- heritage assets
- investment property
- assets held for sale

The accounting standard IFRS 13 Fair Value Measurement was adopted by the council in 2015/16. In accordance with this accounting standard, the council's Investment Properties and Surplus Assets are valued at fair value and measured at their highest and best use. Assets Held for Sale are measured at the lower of the carrying value on reclassification to this category, or the fair value less costs to sell. The fair value measurements are carried out in accordance with IFRS 13.

All other property, plant and equipment assets, except for assets under construction, community assets and infrastructure assets, are carried at current value. Further details of the measurement bases used are provided in the accounting policies section. Infrastructure and community assets are measured at depreciated historic cost, whilst assets under construction are measured at historic cost. Heritage assets are measured at market value where this exists, or replacement cost. Intangible assets are measured initially at cost and then usually carried at amortised cost.

The Valuation techniques adopted for each category of non-current assets are in accordance with the requirements set out in the CIPFA Code of Practice.

The 2025/26 balance sheet value of the council's non-current assets (including current assets held for sale) is £1,549.198m. This has increased by £7.615m from the 2024/25 value of £1,541.583m.

Capital enhancements to the value of £75.228m were made to these assets during 2025/26. This includes £1.330m for Right of Use Assets. Assets to the value of £23.929m were disposed of during the year.

Non-current assets were depreciated by £40.436m during 2025/26. This figure includes amortisation of intangible assets and depreciation on Right of Use Assets.

NARRATIVE REPORT

Full valuations on the council's properties are carried out by qualified valuers within the council's Asset and Property Management Team. A revaluation programme exists which set out when each category of Asset will be valued and during 2025/26 this programme included Investment Properties, schools and car parks.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. The Council is now required to revalue assets on a five-year rolling programme with annual indexation applied to assets in certain categories during the four intervening years. Indexation has been applied this year to assets within the categories of other land and buildings, surplus and Right of Use that are carried at current value and have not had a full revaluation during 2025/26.

Allerton Waste site is normally valued by external valuers due to its specialist nature. The last external full valuation was undertaken in 2023/24. During 2025/26, indexation was applied resulting in an increase in value of £0.941m.

The council's housing stock normally has a full revaluation every 5 years, and desktop revaluations are undertaken on the interim years. In 2025/26, a desktop valuation was undertaken at 31/01/2026. The value of the council's housing stock decreased by £12.139m as a result of the 31/01/2026 desktop valuation.

The revaluation of some investment properties led to an increase in their valuation of £0.489m. This reflected in note 14 and in the Comprehensive Income and Expenditure statement.

The council's heritage assets decreased in value by £1.653m during 2025/26. This decrease is reflected in note 13 and also in note 23.

10. OTHER ISSUES

Mayoral Combined Authority (MCA)

Elections for the York and North Yorkshire Mayoral Combined Authority took place on 2nd May 2024 and a Mayor (David Skaith) was elected. Together with the Mayor both City of York Council and North Yorkshire Council have two Members who make decisions for the combined authority.

The Authority has provided an opportunity for the council to access new funding streams. The city council has been successful in bidding for Transport, Net Zero, Brownfield, Economy based and Regeneration schemes which were progressed during 2025-26.

The council continues to work closely with the MCA to ensure that funding can be passed over in good time and the grant conditions and obligations are reasonable. The MCA is now the Transport Authority and many of the Department for Transport Grants that historically came to the council now come through the MCA.

Equal Pay

The council is aware of potential equal pay claims that some unions are serving on local authorities around the "Task and Finish" working practice which is undertaken in some of the council service areas (particularly waste). The council is reviewing the practice and seeking to reduce the risk and impact of any potential claims.

NARRATIVE REPORT

DSG Safety Valve

During 2021/22 the Council was successful in gaining financial support from the DfE as part of the Safety Valve Programme. This resulted in an additional payment of £7.6m of DSG on the 31st March 2022 with further payments of £4.5m during 2022/23, £2.04m during 2023/24, £0.96m during 2024/25 and £2.0m during 2025/26 as a result of the Council meeting the financial targets set out in the Management Plan for these financial years. Over this period this has improved the cumulative carry forward, which has moved from a deficit of £9.94m at 31 March 2021 down to a deficit of only £0.665m at 31st March 2026.

The DfE previously announced that Safety Valve agreements would cease at the end of 2025/26, and no further payments are expected. However, the DfE have also committed to write-off 90% of each local authority's DSG deficit at 31 March 2026, adjusted to take account of the amount of Safety Valve funding already received. Given the level of Safety Valve funding received to date, the council does not expect to receive any further write-off funding in respect of its 31 March 2026 DSG deficit.

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INDEPENDENT AUDITORS REPORT

INDEPENDENT AUDITORS REPORT

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STATEMENT OF ACCOUNTS



STATEMENT OF RESPONSIBILITIES

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STATEMENT OF RESPONSIBILITIES

1. THE COUNCIL'S RESPONSIBILITIES

The Council is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council that officer is the Director of Finance (section 151 officer).
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

2. THE SECTION 151 OFFICER'S RESPONSIBILITIES

The Section 151 officer is responsible for the preparation of the Council's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) and the Update to the Code and Specifications for Future Codes for infrastructure Assets.

In preparing this Statement of Accounts, the Section 151 officer has:

- Selected suitable accounting policies and then applied them consistently
- Made judgements and estimates that were reasonable and prudent
- Complied with the code.

The Section 151 officer has also:

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

3. CERTIFICATION OF THE ACCOUNTS

I certify that the Statement of Accounts presents fairly the position of the City of York Council at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

Signed 

Dated 26th June 2026

Debbie Mitchell, ACMA Director of Finance

4. APPROVAL OF THE ACCOUNTS

I certify that the Statement of Accounts has been approved by a resolution of the Audit & Governance Committee of City of York Council in accordance with the Accounts and Audit Regulations 2015.

The Statement of Accounts was approved by Audit and Governance Committee on:

Signed

Dated

Cllr A. Hollyer

Chair, Audit and Governance Committee

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MAIN FINANCIAL STATEMENTS

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement

	Note	2025/26			2024/25		
		Gross Exp. £000's	Income £000's	Net Exp. £000's	Gross Exp. £000's	Income £000's	Net Exp. £000's
Service Costs							
Public Health		11,640	(11,264)	376	9,490	(10,173)	(683)
Housing Revenue Account		42,187	(45,034)	(2,847)	36,416	(42,901)	(6,485)
Adult Social Care and Integration		132,072	(42,797)	89,275	113,562	(37,217)	76,345
Children and Education		169,690	(126,371)	43,319	141,827	(107,341)	34,486
Transport Environment Planning		76,921	(48,939)	27,982	76,362	(40,736)	35,626
City Development		4,594	(2,721)	1,873	5,882	(4,350)	1,532
Finance		57,935	(32,151)	25,784	66,249	(34,610)	31,639
HRSS		17,838	(1,449)	16,389	16,489	(1,665)	14,824
Governance		5,288	(462)	4,826	4,940	(761)	4,179
Housing and Communities		25,861	(16,487)	9,374	32,475	(19,576)	12,899
Cost of Services		544,026	(327,675)	216,351	503,692	(299,330)	204,362
Other Operating Expenditure	(9)			11,626			6,678
Financing and Investment Income and Expenditure	(10)			9,972			10,929
Taxation and Non-Specific Grant Income	(11)			(236,891)			(241,000)
(Surplus)/Deficit on Provision of Services	(27)			1,058			(19,031)
Revaluation (gains) on non current assets	(23)			(100)			(1,625)
Surplus or deficit from investments in equity instruments designated at fair value through other comprehensive income	(16)			(337)			(277)
Re-measurement of net defined benefit/ liability	(40)			(478)			(4,890)
Other Comprehensive Income and Expenditure				(915)			(6,792)
Total Comprehensive Income and Expenditure				143			(25,823)

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practice, rather than the amount to be funded from taxation. Councils raise taxation to cover expenditure in accordance with regulations, and this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement

This statement shows the movement in the year on the different 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 and other unusable reserves.

<u>2025/26</u>		General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	Note	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2025		(9,345)	(55,442)	(25,816)	(3,155)	(4,835)	(10,043)	(29,813)	(138,449)	(1,012,722)	(1,151,171)
Movement in Reserves during 2025/26											
(Surplus) /Deficit on Provision of Services		6,102		(5,044)					1,058		1,058
Other Comprehensive Income and Expenditure movement									-	(915)	(915)
Total Comprehensive Expenditure and Income		6,102	-	(5,044)	-	-	-	-	1,058	(915)	143
Adjustments between accounting basis & funding basis under regulations	7	(7,484)		14,019		(547)	1,605	(4,181)	3,412	(3,412)	-
Net Increase/Decrease before Transfers to Earmarked Reserves		(1,382)	-	8,975	-	(547)	1,605	(4,181)	4,470	(4,327)	143
Transfers to/from Earmarked Reserves	8	1,701	1,701	(1,114)	1,114				0	-	-
Increase/Decrease in Year		319	(1,701)	7,861	1,114	(547)	1,605	(4,181)	4,470	(4,327)	143
Balance at 31 March 2026 carried forward		(9,026)	(57,143)	(17,955)	(2,041)	(5,382)	(8,438)	(33,994)	(133,979)	(1,017,049)	(1,151,028)

MOVEMENT IN RESERVES STATEMENT

<u>2024/25</u>		General Fund Balance	Earmarked General Fund Reserves	Housing Revenue Account	Earmarked HRA Reserves	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	Note	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's	£000's
Balance at 1 April 2024		(9,628)	(49,983)	(29,965)	(3,288)	(3,954)	(12,934)	(31,944)	(141,696)	(983,652)	(1,125,348)
Movement in Reserves during 2024/25											
(Surplus) /Deficit on Provision of Services		(13,840)		(5,191)					(19,031)		(19,031)
Other Comprehensive Income and Expenditure movement									-	(6,792)	(6,792)
Total Comprehensive Expenditure and Income		(13,840)	-	(5,191)	-	-	-	-	(19,031)	(6,792)	(25,823)
Adjustments between accounting basis & funding basis under regulations	7	8,664		9,473		(881)	2,891	2,131	22,278	(22,278)	-
Net Increase/Decrease before Transfers to Earmarked Reserves		(5,176)	-	4,282	-	(881)	2,891	2,131	3,247	(29,070)	(25,823)
Transfers to/from Earmarked Reserves	8	5,459	(5,459)	(133)	133				-		-
Increase/Decrease in Year		283	(5,459)	4,149	133	(881)	2,891	2,131	3,247	(29,070)	(25,823)
Balance at 31 March 2025 carried forward		(9,345)	(55,442)	(25,816)	(3,155)	(4,835)	(10,043)	(29,813)	(138,449)	(1,012,722)	(1,151,171)

MOVEMENT IN RESERVES STATEMENT

Split of General Fund Balance between Schools and GF

	31-Mar-26 £000's	31-Mar-25 £000's
Amount of General Fund Balance held by governors under schemes to finance schools	(86)	(1,904)
Amount of General Fund Balance generally available for new expenditure	(8,940)	(7,441)
Total General Fund Balance	(9,026)	(9,345)

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BALANCE SHEET

Balance Sheet

	Note	31 March 2026 £000's	31 March 2025 £000's
Property, Plant and Equipment	(12)	1,352,910	1,345,583
Investment Property	(14)	71,860	72,074
Intangible Assets	(15)	3,281	1,126
Heritage Assets	(13)	121,147	122,800
Long - Term Investments	(16)	6,580	6,242
Long - Term Debtors	(18)	3,736	3,919
	(23) /		
Net Asset related to Defined Benefit Pension Scheme	(40)	0	0
LONG - TERM ASSETS		1,559,514	1,551,744
Short-Term Investments	(16)	0	0
Inventories		410	482
Short-Term Debtors	(17)	79,041	55,352
Cash and Cash Equivalents	(19)	6,547	8,856
CURRENT ASSETS		85,998	64,690
Short-Term Borrowing	(16)	(55,771)	(70,329)
Provisions due to be settled within 12 months	(22)	(723)	(782)
Short-Term Creditors	(21)	(75,220)	(69,578)
Other Short-Term Liabilities	(21)	(6,488)	(6,212)
CURRENT LIABILITIES		(138,202)	(146,901)
Provisions	(22)	(4,023)	(2,912)
Long-Term Borrowing	(16)	(296,861)	(262,678)
Other Long-Term Liabilities	(16)	(47,270)	(44,562)
	(23) /		
Net Liability related to Defined Benefit Pension Scheme	(40)	(8,128)	(8,212)
LONG-TERM LIABILITIES		(356,282)	(318,364)
NET ASSETS		1,151,028	1,151,169
RESERVES			
<u>Usable Reserves</u>			
Capital Receipts Reserve		(8,438)	(10,043)
General Fund Balance		(9,026)	(9,345)
Housing Revenue Account Reserve		(17,955)	(25,816)
Major Repairs Reserve		(5,382)	(4,835)
Capital Grants Unapplied		(33,994)	(29,813)
Earmarked Reserves	(8)	(59,184)	(58,597)
	MIRS	(133,979)	(138,449)
<u>Unusable Reserves</u>			
Revaluation Reserve		(522,802)	(541,036)
Capital Adjustment Account		(518,026)	(496,585)
Financial Instruments Adjustment Account		1,380	1,305
Financial Instruments Revaluation Reserve		(4,160)	(3,822)
Dedicated Schools Grant Adjustment Account		9,940	9,940
Pensions Reserve		8,128	8,212
Collection Fund Adjustment Account		4,080	5,235
Accumulated Absences Account		4,411	4,031
	(23)	(1,017,049)	(1,012,720)
TOTAL RESERVES		(1,151,028)	(1,151,169)

BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.

BALANCE SHEET

Cash Flow Statement

	Note	2025/26 £000's	2024/25 £000's
Net (Surplus)/Deficit on the provision of Services		1,058	(19,031)
Adjustments to the Net (Surplus)/Deficit on the Provision of Services for non-cash movements	(24)	(59,302)	(75,058)
Adjustments for items included in the Net (Surplus)/Deficit on the Provision of Services that are investing and financing activities	(24)	52,627	38,385
Net Cash Flows from Operating Activities		(5,617)	(55,704)
Investing Activities	(25)	25,095	54,648
Financing Activities	(26)	(17,169)	(5,986)
Net (Increase)/Decrease in Cash and Cash Equivalents		2,309	(7,042)
Cash and Cash Equivalents at the beginning of the reporting period	(19)	(8,856)	(1,814)
Cash and Cash Equivalents at the end of the reporting period	(19)	(6,547)	(8,856)

This statement shows the changes in cash and cash equivalents of the Council during the reporting period.

NOTES TO THE MAIN FINANCIAL STATEMENTS

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1. ACCOUNTING POLICIES & CONCEPTS

I. General

The Statement of Accounts summarises the Council's transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. The Council is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those Regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 supported by International Financial Reporting Standards (IFRS) and statutory guidance issued by government.

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

II. Accounting Concepts

a) Accruals

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 the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected
- The de minimis level for revenue accruals is £5,000 and for capital items is £20,000.

b) Going concern

The accounts have been prepared on the assumption that the authority will continue in operational existence for the foreseeable future. This is a requirement of the Code, which reflects the fact that since the management of a statutory local authority does not have the power to cease operations and wind up the entity, a statutory local authority will always be a going concern as defined by IAS1 (Presentation of Financial Statements).

III. 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 no more than 30 days from the date of acquisition and that 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.

IV. 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 accounts, depending on how significant the items are to an understanding of the Council's financial performance.

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

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

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

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

VI. Charges to Revenue for Non-Current Assets

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

- depreciation attributable to the assets used by the relevant service,
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off,
- amortisation of intangible 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 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 Minimum Revenue Provision (MRP) contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

VII. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Council.

An accrual is made for the cost of holiday entitlements (or flexi-leave) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to 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 and are charged on an accruals basis to the appropriate service in the Comprehensive Income and Expenditure Statement at the earlier of when the authority can no longer withdraw the offer of those benefits or when the authority 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 pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post Employment Benefits

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

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE).
- The NHS Pension Scheme, administered by NHS Pensions.
- The Local Government Pension Scheme (LGPS), administered by North Yorkshire Council.

All schemes provide defined retirement benefits to members (retirement lump sums and pensions) earned as employees working for the Council.

However, the arrangements for the Teachers' Pension Scheme and NHS Pension Scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Council. These schemes are therefore accounted for as if they were defined contribution schemes and no liability for future payments of benefits is recognised in the Balance Sheet. The Children's and Education Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the Teachers' Pension Scheme in the year. The Public Health Services line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to the NHS Pension Scheme in the year.

The Local Government Pension Scheme

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

- The liabilities of the North Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method. This involves an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, salary progression and other relevant factors. Further information can be found in the North Yorkshire Pension Fund Annual Report.
- Liabilities are discounted to their present value using a discount rate determined by reference to market yields on high quality corporate bonds at the balance sheet date. The specific assumptions used are disclosed in Note 40.
- The assets of the North Yorkshire Pension Fund attributable to the Council are included in the Balance Sheet at fair value:
 - quoted securities – current bid price
 - unquoted securities – professional estimate
 - unitised securities – current bid price
 - property – market value
- The change in the net pension liability or asset is analysed into the following components:
 - current service cost
 - past service cost
 - net interest on the net defined benefit liability or asset; and
 - remeasurements comprising:
 - the return on plan assets
 - actuarial gains and losses arising from changes in assumptions and experience
 - employer contributions paid to the pension fund
 - reductions in assets and liabilities arising from transfers or other scheme membership changes; and
 - the restriction of any net pension asset in accordance with the asset ceiling requirements of paragraph 64 of IAS 19.

In relation to retirement benefits, statutory provisions require the General Fund and Housing Revenue Account balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, rather than the amount calculated in accordance with accounting standards. In the Movement in Reserves Statement, appropriations are therefore made to and from the Pensions Reserve to remove the accounting entries for retirement benefits and replace them with the actual employer contributions and pension payments made during the year, together with any amounts payable at the year end.

The balance on the Pensions Reserve represents the difference between the accounting basis for recognising retirement benefits under IAS 19 and the statutory basis under which pension costs are charged to the General Fund and Housing Revenue Account.

Discretionary Benefits

The Council also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the North Yorkshire Pension Fund.

VIII. Events After the Balance Sheet Date

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

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

IX. Fair Value Measurement of Non-Financial Assets

The authority's accounting policy for fair value measurement of financial assets is set out in Note 1 - Accounting Policy X (Financial Instruments). The Council also measures some of its non-financial assets such as surplus assets, investment properties and some of its financial instruments (where applicable) at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- a) In the principal market for the asset or liability, or
- b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming the market participants act in their economic best interest.

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

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the Council's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the Council can access at the measurement date. It is considered that no property is identical and hence Level 1 observable inputs do not exist in the property market as opposed to say shares in private companies
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 – unobservable inputs for the asset or liability

X. Financial Instruments

In the financial year 2018/19 the Council transitioned to the accounting standard IFRS 9 Financial Instruments which introduced new classifications and measurement of financial assets along with a new model for impairing financial assets based on expected credit loss. The accounting policy that follows recognises the IFRS 9 standard and further information detailing the judgements and classifications for the Council's Financial Instrument assets can be found in Note 16.

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument. Such instruments are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the majority 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.

Gains and losses on the repurchase or early settlement of borrowing are credited and debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement in the year of repurchase/settlement. However, where repurchase has taken place as part of a restructuring of the loan portfolio that involves the modification or exchange of existing instruments, the premium or discount is respectively deducted from or added to the amortised cost of the new or modified loan and the write-down to the Comprehensive Income and Expenditure Statement is spread over the life of the loan by an adjustment to the effective interest rate.

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

For loans taken out at concessionary rates, either interest free or at less than prevailing market rates, the effective interest rate is calculated. The value of the loan is discounted using a prevailing market rate at the date of drawdown to reflect the benefit obtained by the Council. The fair value of the loan is taken to the Financial Instruments Adjustment Account and amortised based on the assumed interest rate per annum. The balance on the Financial Instruments Adjustment Account is written down annually in line with the loan amortisation until the value of the loan at redemption equals the value of the loan originally drawn down.

Notional interest is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement reflecting the prevailing market rate used to discount the loan, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. The reconciliation of amounts between the Comprehensive Income and Expenditure Statement and Balance Sheet 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)
- Fair Value through Other Comprehensive Income (FVOCI)

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

Financial Assets measured at Amortised Cost

Financial assets measured at Amortised Cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost.

Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

For loans made at less than market rates (soft loans) 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 foregone 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, 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.

Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Expected Credit Loss Model

The authority 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 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 based on 12-month expected losses.

For financial assets carried at amortised cost impairment and expected credit loss is netted off from the gross value of the asset to reduce its carrying amount in the balance sheet and a charge is made to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Financial Assets measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the Surplus or Deficit on the Provision of Services under Financing and Investment Income and Expenditure.

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Financial Assets measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in Other Comprehensive Income and Expenditure.

Changes in impairment over the lifetime of the instrument are credited or debited to the Financing and Investment Income and Expenditure line within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

When an instrument measured at FVOCI is derecognised the accumulated fair value gain/loss since initial recognition is transferred out of the Financial Instruments Revaluation Reserve Account and credited or debited to the Financing and Investment Income and Expenditure line within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. Any gains or losses on derecognition are also credited or debited to the Financing and Investment Income and Expenditure line within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Financial Assets designated to Fair Value through Other Comprehensive Income

IFRS 9 permits equity instruments not held for trading to be considered for designation to FVOCI. The decision to designate is based on which accounting treatment and presentation of fair value best reflects the Council's reason for investment and the business model for holding the investment. Designation can only be made at initial recognition and the decision to designate an equity instrument is irrevocable.

For equity instruments designated to FVOCI the Council holds these at fair value on the Balance Sheet. The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis
- equity shares with no quoted market prices – IFRS 13 Adjusted Net Asset Value method.

The fair value is measured annually with increases and decreases credited or debited to Other Comprehensive Income and Expenditure in the Comprehensive Income and Expenditure Statement. In order that gains and losses from movements in fair value are not reflected in the General Fund Balance, the movement in fair value is balanced off in the Financial Instruments Revaluation Reserve Account in the Movement in Reserves Statement.

When an equity instrument designated FVOCI is derecognised the accumulated fair value gain/loss since initial recognition is reversed out of the Financial Instruments Revaluation Reserve Account and transferred to the General Fund balance in the Movement in Reserves Statement. Any gains or losses on derecognition are credited or debited to the Financing and Investment Income and Expenditure line within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

Further information on equity instruments designated to FVOCI can be found in the Financial Instruments section of the Statement of Accounts under Note 16.

XI. Government Grants and Contributions

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

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset 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 creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

XII. Heritage Assets

The Council's Heritage Assets are grouped into four main areas:

- (a) Heritage properties
- (b) Art Collection
- (c) Mansion House Collection and Civic Regalia
- (d) Museum Collections

All categories of heritage assets increase 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 in relation to heritage assets, further detail is provided below.

The accounting policies in relation to intangible heritage assets are not included in this document as no intangible heritage assets have been identified. All heritage assets are tangible.

Records for Heritage Properties are maintained by the Council's Asset & Property Management team, whilst records for the contents of the Art Gallery are held by York Museums Trust. Items from the Museum, Art Gallery and Mansion House collections are on view for members of the public to see at these sites.

The Council's collections of heritage assets are accounted for as follows.

Heritage properties – assets are valued in accordance with the property RICS guidance and for heritage assets where a market value exists, the assets are valued at fair value market value. Where no market value exists, the value stated is replacement cost. All valuations are recorded on a valuation certificate.

The code recognises that it may not be possible to value all heritage assets due to their size and unique historical importance. Four such assets have been identified and are consequently not included in the council's balance sheet:

- (a) Medieval City Walls
- (b) Yorkshire Museum and Gardens and Hospitium
- (c) Abbey Walls – Marygate and Bootham
- (d) Roman Multangular Tower and adjoining Walls

Art Collection - including paintings (both oil and watercolour) and sketches, is reported in the Balance Sheet at insurance valuation which is based on market values. The art collection is deemed to have indeterminate life and a high residual value; hence the Council does not consider it appropriate to charge depreciation.

The collection is relatively static, and acquisitions and donations are rare. If acquisitions did occur, they would initially be recognised at cost and donations would be recognised at valuation provided by external valuers and with reference to appropriate commercial markets for the paintings using the most relevant and recent information from sales at auctions.

Mansion House Collection and Civic Regalia – are recorded on the 2025/26 balance sheet using the valuations provided by an antiques and fine art external valuation expert who revalued the assets in the collection in March 2023. The Regalia and items in the Mansion House are deemed to have indeterminate lives and the Council does not consider it appropriate to charge depreciation. The policy for acquisitions, made by purchase or donation, is the same as for the art collection.

Museum Collections – both Castle Museum and Yorkshire Museum are held in Trust but the collections are insured by the Council. For Castle Museum, the collection is of social history value and therefore has a relatively low insurance valuation which is included on the balance sheet.

Yorkshire Museum, the Council considers that obtaining valuations for most items and artefacts exhibited within the museum would involve a disproportionate cost in comparison to the benefits to the users of the Council's financial statements. This is because of the diverse nature of the assets held and the lack of comparable values. The Council does not recognise this collection of heritage assets on the Balance Sheet. The Council does not consider that reliable cost or valuation information can be obtained for items held because of archaeological investigations. The diverse nature of the assets held, the lack of comparable market values, the length of time the items have existed results in the Council not recognising these assets on the balance sheet. The Council does not (normally) make any purchases of archaeological items.

Acquisitions are again initially recognised at cost or, if bequeathed or donated at nil consideration, at valuation.

Heritage Assets – General

Impairment: The carrying amounts of heritage assets are reviewed and where there is evidence of impairment e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity, it is recognised and measured in accordance with the Council's general policies on impairment. See section on impairment in note 1 – Accounting Policy XX (Property, Plant & Equipment).

Disposal: disposal of heritage assets are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Heritage asset 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 (again see note 1 – Accounting Policy XX (Property, Plant & Equipment)).

XIII. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Council will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

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 initially at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined by reference to an active market. In practice, no intangible asset held by the Council meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

XIV. Interests in Companies and Other Entities

An assessment of the Council's interests has been carried out during the year, in accordance with the Code of Practice, to determine the group relationships that exist. Inclusion in the group is dependent upon the extent of the Council's control over the entity demonstrated through ownership, such as a shareholding in an entity or representation on an entity's board of directors. The Council does have several interests in companies and other entities, which are not material and thus the production of group accounts is not required for these interests. The main Council interests relate to CYT Ltd which is fully disclosed within the Related Parties disclosure.

The Council has interests in companies and other entities that have the nature of subsidiaries, associates and joint ventures but, due to the values involved, these do not require the Council to prepare Group Accounts. Further detail on all these arrangements can be found within the Related Parties note 31.

XV. Joint Arrangements

Joint arrangements are arrangements by which two or more parties have joint control bound by contract. A Joint Arrangement can be classified as follows:

- A Joint Venture
- A Joint Operation

Joint Venture

A Joint Venture is an arrangement under which two or more parties have contractually agreed to share control, such that decisions about the activities of the arrangement are given unanimous consent from all parties.

Joint Operation

A Joint Operation is an arrangement by which the parties that have joint control of the arrangement have the rights to the assets and obligations for the liabilities relating to the arrangement. All parties have joint control with decisions of the activities of the arrangement requiring unanimous consent from all parties. The Council recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

XVI. Inventories and Long-Term Contracts

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

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

XVII. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are reviewed annually by the Council's Property and Asset Management team (Royal Institute of Chartered Surveyors registered valuer) according to market conditions at the year-end. Properties over £0.5m are revalued annually whilst properties below this level are revalued under the rolling programme or in the intervening periods if there is considered to be a material difference between the carrying value and the fair value of the property reflecting market conditions at the balance sheet date. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

XVIII. Leases

On 1st April 2024, financial year 2024/25, the Council adopted the accounting standard IFRS 16 Leases as per the Code of Practice for Local Council Accounting in the United Kingdom.

A main recognition criterion of IFRS 16 is the focus on the control and right to use an asset. For the Lessee there will no longer be a distinction in lease type between 'Operating' and 'Finance' leases. A single accounting model will require all right of use assets with a term greater than 12 months, unless the underlying asset is deemed low value, to be recognised on the balance sheet as a capital asset along with a corresponding liability, measuring the value of the right of use over the remaining term. As right of use assets will be accounted for under capital requirements this will increase the Capital Financing Requirement.

The Council as Lessee

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

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use. The leases are typically for fixed periods in excess of one year but may have extension options. The Council initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Council's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- Amounts expected to be payable under a residual value guarantee
- The exercise price under a purchase option that the Council is reasonably certain to exercise
- Lease payments in an optional renewal period if the Council is reasonably certain to exercise an extension option
- Penalties for early termination of a lease, unless the Council is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

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

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

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date the leased asset is available for use.

The lease liability is subsequently measured at amortised cost, using the effective interest method.

The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the Council changes its assessment of whether it will exercise a purchase, extension or termination option
- there is a revised in-substance fixed lease payment.

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

Low value and short lease exemption

As permitted by the Code, the Council excludes leases:

- for low-value items that cost less than £20,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Council is reasonably certain to exercise and any termination options that the Council is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability with a corresponding lease liability charge, the Minimum Revenue Provision (MRP), taken through the capital adjustment account and debited to the Comprehensive Income and Expenditure Statement for that payment. Rentals for leases of low-value items or shorter than 12 months are expensed through the Cost of Services in the Comprehensive Income and Expenditure Statement as they fall due.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

The Council as Lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance Leases

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

Lease rentals receivable are apportioned between:

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

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

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

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Cost of Services 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.

XIX. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA Service Reporting Code of Practice 2025/26 (SERCOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, except for costs relating to the Council's status as a multifunctional, democratic organisation which are charged under HR & Support Services in the Comprehensive Income and Expenditure Statement.

XX. 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.

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. 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.

The Council has a de minimis level of £10k for Property assets. Any properties valued at less than this are not generally added to the Council's balance sheet. The exception to this is when capital money has been used to buy the property, and it would then be included on the balance sheet.

The Council recognises schools in line with the provisions of the Code of Practice, consequently schools are recognised on the balance sheet only if the future economic benefits or service potential associated with the school will flow to the Council. The Council regards that the economic benefits or service potential of a school flows to the Council where the Council has the ability to employ the staff of the school and is able to set the admission criteria.

Voluntary Aided, Voluntary Controlled and Academy schools are not recognised within the Councils financial statements as the Council does not exercise sufficient influence on the governing bodies to warrant recognition. The Council does, however, include the playing fields for Voluntary Aided and Voluntary Controlled schools where these are owned by the Council and have not been included in any Academy conversion.

All elements of the 14 Local Authority controlled schools are shown in the Council's financial statements.

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
- 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 fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). In the latter case, where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income 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 & Infrastructure assets – depreciated historical cost
- assets under construction – historical cost
- dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH)
- surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective
- Specialised assets, for example school buildings, residential homes and hostels, and sports facilities – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value
- all other assets:
 - – equipment is measured using depreciated historical cost as a proxy for current value
 - – buildings and land are measured at current value, determined as 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requirements changed in respect of revaluations of property, plant and equipment. The Council is now required to revalue assets on a five year rolling programme with annual indexation applied to assets during the four intervening years. Where the council cannot obtain indices without undue cost or effort, the assets should be revalued using a quinquennial revaluation, with a desktop revaluation in year three. If an asset is subject to impairment, then it may be revalued outside of the normal five year rolling programme.

The changes for indexation apply to the following categories of property, plant and equipment:

- Other land and buildings
- Vehicles, plant, furniture and equipment
- Surplus assets
- Right of use assets measured at current value

As the Council holds vehicle, plant furniture and equipment assets at depreciated historic cost as a proxy to current value, indexation will not be applied to this category.

The changes for indexation do not apply to council housing, community assets, infrastructure assets, assets under construction, heritage assets and investment properties.

Full revaluations are carried out in accordance with RICS Red Book requirements, while indexation reflects market-based movements applied in intervening periods. Although the valuations approaches differ, both are treated equally for accounting purposes under the revaluation model.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Componentisation

All Property assets containing a building are split into two components - Land and Buildings. The buildings are then further reviewed to assess if there are additional components which should be recognised. This assessment is based on the value of the building and the value of the components. A materiality level has been set, below which this additional review will not be done. Only buildings with a valuation greater than £1m will be considered for componentisation, which accounts for approximately 88% of depreciation charged to the Comprehensive Income & Expenditure Account for buildings. The cost of the component should be at least 20% of the value of the building.

Components whose value is under this level will be considered if the circumstances are deemed appropriate. Componentisation will only be done either at the full 5 yearly valuations or when major capital improvements are undertaken.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

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

Depreciation

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

Depreciation is calculated on the following bases:

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Mechanical and electrical components for Allerton Waste Recycling plant – reducing balance or straight-line over the life of the components as advised by the valuer.
- vehicles, plant, furniture and equipment – straight-line allocation over 3-10 years

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components will be depreciated separately.

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

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to a housing disposal is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

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.

XXI. 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, 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. For the Schools PFI, the liability was written down by an initial capital contribution of £4.2m. Four schools are incorporated in the PFI scheme – Hob Moor Primary, Hob Moor Oaks, St Barnabas Primary and St Oswalds Primary. St Barnabas and St Oswalds Primaries belong to the Church of England Diocese and were never included on the LAs balance sheet. However, the two Hob Moor schools was previously owned by the council and were recognised as assets. These two schools became Academies during 2018/19; therefore, the accounting treatment is now the same as the two other schools and they are no longer included as assets.

The amounts payable to the PFI operators each year are analysed into four 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 on the outstanding Balance Sheet liability, debited to the **Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement**
- **Payment towards liability** – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- **lifecycle replacement costs** – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

XXII. 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 are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Where some or all 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.

XXIII. 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 to score against the Surplus or 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.

The category of Unusable Reserves includes those reserves that are kept to manage the accounting processes for non-current assets, financial instruments, and retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant notes.

Earmarked Reserves

Amounts set aside for purposes falling outside the definition of provisions, e.g. for future policy purposes or to cover contingencies, have been accounted for as reserves. In line with the code the creation of a reserve is shown by an appropriation entry on the Movement in Reserves. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service revenue account in that year and shown in the Net Cost of Services in the Income and Expenditure Account. The use of the reserve is then appropriated back into the General Fund Balance statement so that there is no net charge against council tax for the expenditure.

The earmarked reserves held by the Council are shown in the Core Statements and detailed in note 8.

Usable Reserves

In addition to those funds under the Earmarked Reserves classification there are a number of usable reserves for specific and nonspecific purposes.

Councils are required by the Accounts and Audit Regulations 2015 to maintain the Major Repairs Reserve (MRR), which controls an element of the capital resources required to be used on HRA assets or for capital financing purposes. Under the new arrangements in the self-financing HRA, to establish the resources available on an annual basis in the Major Repairs Reserve, the regulations require the MRR to be credited with an amount equivalent to the total depreciation charges for all HRA assets.

Unusable Reserves

Certain reserves are kept to manage the accounting processes for non-current assets and retirement benefits and that do not represent usable resources for the Council. These reserves are shown in Note 23.

XXIV. Revenue Expenditure Funded from Capital under Statute

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

XXV. Schools

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

XXVI. Value Added Tax (VAT)

The Comprehensive Income and Expenditure Account excludes amounts relating to VAT and will be included as an expense only if it is not recoverable from HMRC. VAT receivable is excluded from income within the Council’s income and expenditure account.

XXVII. Highways Infrastructure Assets

Highways infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges, underpasses), 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 or replacement of components of the network is capitalised on an accrual basis, if it is probable that the future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably.

Measurement

Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 (England), which was deemed at that time to be historical cost.

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

Depreciation

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

Annual depreciation is the depreciation amount allocated each year. The useful lives of all Highways Infrastructure assets are reviewed annually and for 2025/26 they are as follows:

- Carriageways, Footways and Cycleways – 30 years
- Structures – 115 years
- Street Lighting and Street Furniture – 35 years
- Bus Shelters – 25 years
- Traffic Management systems – 10 years

Disposals and derecognition

When a component of the network is disposed of or decommissioned, the carrying amount of the component in the Balance Sheet is written off to the ‘Other operating expenditure’ line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

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

XXVIII. Council Tax and Non-Domestic Rates (NDR) Income

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

Billing authorities act as agents, collecting Council Tax and Business Rates on behalf of the major preceptors (including the Government for Business Rates) and, as principals, collecting Council Tax and Business Rates for themselves. Billing authorities are required by statute to maintain a separate fund (the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and Business Rates. Under the legislative framework for the Collection Fund, billing authorities, major preceptors and central government share proportionately the risks and rewards that the amount of Council Tax and Business Rates collected could be less or more than predicted.

Council Tax Income

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

In its capacity as a billing authority the Council acts as an agent: it collects and distributes Council Tax income on behalf of the major preceptors and itself. The major preceptors are Mayoral (Police and Crime) and Mayoral General (incl. Fire), along with the 31 parish councils of York.

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

Council Tax income included in the Comprehensive Income and Expenditure Statement for the year is the accrued income for the year. The difference between the income included in the Comprehensive Income & Expenditure Account and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

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

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

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

Non-Domestic Rates (NDR) Income

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

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

In its capacity as a billing authority the Council acts as an agent: it collects and distributes NDR income on behalf of the government, major preceptor and itself. The major preceptor is Mayoral General (incl. Fire).

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

The difference between the income included in the Comprehensive Income & Expenditure Account and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

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

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

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

2. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT NOT YET ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by a new standard which has been issued but is yet to be adopted by the Code.

Accounting changes that are introduced by the 2025/26 Code are:

- Property, Plant and Equipment (adaptation and interpretation of IAS 16)
- Intangible Assets (adaptation and interpretation of IAS 38)

The changes relating to Property, Plant and Equipment and Intangible Assets do not constitute new accounting standards. None of the changes are expected to have a material impact on the Council's Statement of Accounts.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the Council has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Accounting for schools – Consolidation - In line with the requirements of the Code of Practice on Group Accounts, all maintained schools are now considered to be entities controlled by the Council. Rather than prepare group accounts however, the income, expenditure, liabilities, reserves and cash flows of each schools are recognised in the Council's single entity accounts.

Accounting for schools – Balance sheet recognition – The Council recognises schools in line with the provisions of the Code of Practice, consequently schools are recognised on the balance sheet only if the future economic benefits or service potential associated with the school will flow to the Council. The Council regards that the economic benefits or service potential of a school flows to the Council where the Council has the ability to employ the staff of the school and is able to set the admission criteria. The Council has undertaken a detailed review to assess the level of control it exercises in relation to both the VA & VC schools. The analysis undertaken considered the governing bodies majority appointment rights and concluded that in all cases the Council did not exercise sufficient influence to warrant recognition of assets in relation to the schools on its balance sheet.

Accounting for schools – Transfer to Academy status – When a school that is held on the Council's balance sheet transfers to Academy status the Council accounts for this as a disposal and subsequent creation of a finance lease (at nil consideration) on the date that the school converts to Academy status.

Further information on the treatment of Voluntary Aided and Voluntary Controlled schools can be found under Note 1 - Accounting Policy XX (Property, Plant & Equipment).

Group Accounts Boundaries – The Councils group boundaries have been assessed using the criteria outlined in the Code of Practice, which has confirmed the Council has a number of interests in other entities which therefore fall within the boundary. However, the Council’s interests in aggregate are not sufficiently material to warrant producing consolidated financial statements when reviewing both quantitative and qualitative information. The Council therefore considers that the reader of the accounts is better served by expanding the related party disclosure note in respect of these interests rather than completing separate group accounts statements. The enhanced related parties note can be found at Note 34.

Allerton Waste Recycling Plant – Componentisation and Depreciation – The Council holds a share in Allerton Waste Recycling Plant which is included in the Council’s accounts in Other Land and Buildings (Note 12). Following an external valuation of the site in 2020/21, a judgement was made to continue to show the whole asset, including the mechanical and electrical components, under Other Land and Buildings as it is felt that components are an integral part of the site. However, within the Other Land and Buildings header, the asset is split into land, building, and mechanical and electrical component for the purpose of depreciation to reflect their different useful economic lives. The various mechanical and electrical components identified in the valuation have been grouped together as one component but are depreciated separately using the methods and asset lives provided by the valuer. The accounting treatment for Allerton Waste Recycling Plant will be reviewed regularly to ensure the accuracy of depreciation.

4. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The Statement of Accounts contains estimated figures 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, as 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 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Pensions

The measurement of the Council’s pension obligations involves a number of complex actuarial assumptions and estimates. The most significant assumptions relate to the discount rate, future salary increases, pension increases, mortality rates and life expectancy. Small changes in these assumptions can have a material impact on the value placed on the Council’s pension obligations.

The assumptions used in valuing the Local Government Pension Scheme (LGPS) liabilities are determined by the Fund’s actuary in accordance with IAS 19.

Variations in the key assumptions would have the following impact on the funded LGPS defined benefit obligation at 31 March 2026:

- A 0.1% increase in the discount rate would reduce the funded defined benefit obligation by £9,045k.
- A 0.1% increase in the assumed rate of pension increases would increase the funded defined benefit obligation by £9,045k.
- An increase of one year in assumed life expectancy would increase the funded defined benefit obligation by £14,214k.

Further details of the actuarial assumptions used and the sensitivity of the valuation to changes in those assumptions are provided in Note 40, Defined Benefit Pension Schemes.

Property, Plant & Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. 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. If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. The closing Net Book Value of all Property, Plant & Equipment assets (including Infrastructure) at 31 March 2026 is £1,352.910m. Of this, £708.559m relates to buildings and their components (excluding land) which were depreciated during 2025/26. The depreciation charge for 2025/26 for these assets was £22.633m (as shown in the Council Housing and Other Land & Buildings columns in the table in note 12). It is estimated that the annual depreciation charge for these buildings and components would increase by £0.848m for every year that useful lives are reduced.

Property assets categorised as Other Land and Buildings, Surplus assets or Right of Use assets measured at current value, are valued on a five-year rolling basis, supported by indexation adjustments in years where assets are not subject to a full valuation. Where the Council is unable to obtain a suitable index, a desktop revaluation of the asset is carried out in year three of the five-year cycle. Using indexation is not the same as a full valuation and this could impact on the carrying value of assets on our balance sheet. Based on the property assets that were valued during 2025/26 as part of the five-year rolling revaluation programme, the average increase in the net book value of assets due to the revaluation was 0.93%. For those assets where indexation was applied, the average increase in the net book value of assets was 2.90%. If the valuation percentage was applied instead to the assets valued using indices, this would have increased their Balance Sheet value by £1.466m, compared to an indexation increase of £4.568m.

Property valuations are carried out by the Council's internal Valuers, with the exception of Allerton Waste Site which is valued by external Valuers due to its specialist nature. Property assets are measured at either Depreciated Replacement Cost (DRC), Existing Use Value (EUV) or Fair Value (FV). When undertaking valuations, assumptions and estimations are made which could impact on the carrying value of assets on our balance sheet. As an indicator of sensitivity, a theoretical increase or decrease in value of 1% on Property, Plant & Equipment (excluding ROUA) and Investment Property assets measured using DRC, EUV or FV (currently carried on Balance sheet at £1,080.017m), would result in an increase or decrease of £10.800m.

The new requirements of the Code for Indexation do not apply to Investment Properties and Council Housing. Investment Properties continue to be reviewed annually by our Valuers according to market conditions at year end. Those over £500k have an annual full revaluation, but those below £500k have a full revaluation under the rolling programme if the Valuer considers that the valuations are still accurate on interim years and we do not need to update. Council Housing has a full valuation at least every 5 years and desktop valuations are undertaken on interim years.

It is acknowledged that valuations can be impacted by external influences beyond our control such as world and political events (e.g. a pandemic); inflationary and economic pressures (e.g. rise in build costs).

5. MATERIAL ITEMS OF INCOME AND EXPENSE

This note identifies material items of income and expenditure that are not disclosed on the face of the Comprehensive Income and Expenditure Statement. For 2025/26 there were no material items of income and expenditure (£0k in 2024/25).

6. 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:

Adjusting Events:

Adjusting events after the balance sheet date are those that are indicative of conditions that existed at the balance sheet date. The Code sets out that where material the financial statements should be amended to reflect the impact of these events.

Non- adjusting Events:

Non-Adjusting events after the balance sheet date are those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect these events however material items are disclosed in terms of the nature of the events and their financial effects.

No adjusting or non-adjusting events were identified between the end of the reporting period and the accounts being authorised for issue on 30/06/2026 by the S151 officer.

7. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This 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 movement in reserves statement includes the totals shown in this note.

NOTES TO THE MAIN FINANCIAL STATEMENTS

Adjustments between Accounting Basis and Funding Basis under Regulations – 2025/26

2025/26

	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
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	(27,831)	(11,446)				39,277
Revaluation (losses)/gains on Property Plant and Equipment	(961)	(3,086)				4,047
Movements in the market value of Investment Properties	475	14				(489)
Amortisation of intangible assets	(994)	(165)				1,159
Capital grants and contributions applied	32,000	3,114				(35,114)
Revenue expenditure funded from Capital under statute	(11,266)					11,266
Amounts of lease liability written off on disposal to the Comprehensive Income and Expenditure Statement	91					(91)
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	(13,179)	(10,750)				23,929
Insertion of items not debited or credited to the Comprehensive income and Expenditure Statement:						
Statutory provision for the financing of capital investment	10,103	9,500				(19,603)
Capital expenditure charged against the General Fund and HRA balances	20	2,372				(2,392)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	11,437	862			(12,299)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	(7,356)	(762)			8,118	-
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	282	13,049		(13,331)		-
Transfer of cash loan repayment to the Capital Receipts Reserve						-
Use of the Capital Receipts Reserve to finance new capital expenditure	(641)			14,837		(14,196)
Contribution from the Capital Receipts Reserve towards revenue costs under Capital Receipts flexibility						-

NOTES TO THE MAIN FINANCIAL STATEMENTS

2025/26 Continued...

	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital receipts pool						-
Contribution from the Capital Receipts Reserve to finance disposal costs		(100)		100		-
Contribution from the Capital Receipts Reserve to finance repayment of 141 RTB receipts						-
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA		11,446	(11,446)			-
Use of the Major Repairs Reserve to finance new capital expenditure			10,899			(10,899)
Adjustment 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						74
		(74)				
Adjustments primarily involving the Financial Instruments Revaluation Reserve						
Movement in fair value of Financial Instruments		-	-	-	-	-
Adjustment primarily involving the Pensions Reserve:						
Employer's pensions contributions and direct payments to pensioners payable in the year	12,967	576				(13,543)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(13,332)	(605)				13,937
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements		1,154				(1,154)
Adjustments primarily involving the Dedicated Schools Grant Adjustment Account:						
Transfer of deficit in respect of schools budget						-
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						380
		(380)				
Total Adjustments:	(7,485)	14,019	(547)	1,606	(4,181)	(3,412)

NOTES TO THE MAIN FINANCIAL STATEMENTS

2024/25

	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:						
<u>Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:</u>						
Charges for depreciation and impairment of non-current assets	(27,593)	(11,210)	-	-	-	38,803
Revaluation (losses)/gains on Property Plant and Equipment	1,213	(1,897)	-	-	-	684
Movements in the market value of Investment Properties	(430)	-	-	-	-	430
Peppercorn Lease Acquisition	15,019	-	-	-	-	(15,019)
Amortisation of intangible assets	(486)	(166)	-	-	-	652
Capital grants and contributions applied	27,251	3,097	-	-	-	(30,348)
Revenue expenditure funded from Capital under statute	(6,892)	-	-	-	-	6,892
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	(7,448)	(8,397)	-	-	-	15,845
<u>Insertion of items not debited or credited to the Comprehensive income and Expenditure Statement:</u>						
Statutory provision for the financing of capital investment	9,293	8,400	-	-	-	(17,693)
Capital expenditure charged against the General Fund and HRA balances	78	1,437	-	-	-	(1,515)
Adjustments primarily involving the Capital Grants Unapplied Account:						
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	6,387	624	-	-	(7,011)	-
Application of grants to capital financing transferred to the Capital Adjustment Account	(6,452)	(2,690)	-	-	9,142	-
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	877	9,290	-	(10,167)	-	-
Transfer of cash loan repayment to the Capital Receipts Reserve	-	-	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	13,018	-	(13,018)
Contribution from the Capital Receipts Reserve towards revenue costs under Capital Receipts flexibility	-	-	-	-	-	-

NOTES TO THE MAIN FINANCIAL STATEMENTS

2024/25 Continued...

	General Fund Balance	Housing Revenue Account	Major Repairs Reserve	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000	£000	£000
Contribution from the Capital Receipts Reserve to finance the payments to the Government Capital receipts pool	-	-	-	-	-	-
Contribution from the Capital Receipts Reserve to finance disposal costs	-	(40)	-	40	-	-
Contribution from the Capital Receipts Reserve to finance repayment of 141 RTB receipts	-	-	-	-	-	-
Adjustment primarily involving the Major Repairs Reserve:						
Reversal of Major Repairs Allowance credited to the HRA	-	11,210	(11,210)	-	-	-
Use of the Major Repairs Reserve to finance new capital expenditure	-	-	10,329	-	-	(10,329)
Adjustment 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	(91)	-	-	-	-	91
Adjustments primarily involving the Financial Instruments Revaluation Reserve						
Movement in fair value of Financial Instruments	-	-	-	-	-	-
Adjustment primarily involving the Pensions Reserve:						
Employer's pensions contributions and direct payments to pensioners payable in the year	13,000	577	-	-	-	(13,577)
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	(16,638)	(762)	-	-	-	17,400
Adjustments primarily involving the Collection Fund Adjustment Account:						
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	2,292	-	-	-	-	(2,292)
Adjustments primarily involving the Dedicated Schools Grant Adjustment Account:						
Transfer of deficit in respect of schools budget	-	-	-	-	-	-
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	(716)	-	-	-	-	716
Total Adjustments:	8,664	9,473	(881)	2,891	2,131	(22,278)

8. 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 amounts posted back from earmarked reserves.

	Transfers Out During Year £000's	Transfers In During Year £000's	Net mov't During Year £000's	Balance at 31-Mar-26 £000's	Transfers Out During Year £000's	Transfers In During Year £000's	Net mov't During Year £000's	Balance at 31-Mar- 25 £000's
General Fund								
Developers Contributions Unapplied	1,664	(2,973)	(1,309)	(13,550)	5,761	(6,942)	(1,181)	(12,241)
Capital Reserve	1,060	-	1,060	(2,382)	-	(3,442)	(3,442)	(3,442)
Venture Fund	-	-	-	(4,089)	-	(41)	(41)	(4,089)
Risk Reserve	54	-	54	(1,616)	544	(1,156)	(612)	(1,670)
Treasury Reserve	-	-	-	(1,279)	-	-	-	(1,279)
DSG Reserve	32,335	(31,078)	1,257	(9,276)	9,649	(10,533)	(884)	(10,533)
NNDR Reserve	12,314	(11,849)	465	(11,225)	17,759	(16,534)	1,225	(11,690)
Miscellaneous	298,422	(301,651)	(3,229)	(13,725)	277,829	(278,352)	(523)	(10,496)
Subtotal General Fund	345,849	(347,551)	(1,702)	(57,142)	311,542	(317,000)	(5,458)	(55,440)
HRA								
Miscellaneous	-	(47)	(47)	(214)	-	(26)	(26)	(167)
53rd Week Rent	-	-	-	(1)	-	(566)	(566)	(1)
HRA Investment Reserve	1,162	-	1,162	(1,827)	724	-	724	(2,989)
Subtotal HRA	1,162	(47)	1,115	(2,042)	724	(592)	132	(3,157)
Total Earmarked Reserves	347,011	(347,598)	(587)	(59,184)	312,266	(317,592)	(5,326)	(58,597)

Reserves

The most significant item held within **Developers Contributions** relates to the Community Stadium.

Venture Fund - This fund was established with an initial capital balance of £4m. The fund makes monies available for Council projects that could generate expenditure savings or increased income. Advances from the fund are required to be repaid over an appropriate life of the project in relation to the life of the asset

DSG Reserve - This reserve represents the surplus achieved on the Dedicated Schools Grant in the years since the MHCLG ring-fencing of deficits at 31/03/2021. To understand the overall DSG position, reference to Note 32 and the Unusable Reserves section of the Statement of Accounts is required.

Risk Reserve – This was created from a consolidation of several smaller reserves that has supported overspends across the council in 2024/25 and 2025/26 without the use of general reserve.

Treasury Reserve – This was created to deal with external decisions that impact the Treasury Management Budget assumptions that result in additional costs to the council.

NNDR reserve - The NNDR Reserve was created to account for 'timing differences' between NNDR receipts in the Collection Fund and General Fund, which occur mainly due to S31 grants. When central government provide a discount on a business sector's NNDR liability, central government compensates the Council by providing a S31 grant equivalent to the discount given, which is allocated to the General Fund. This 'discount' results in a deficit on the Collection Fund and a corresponding surplus on the General Fund. The surplus on the General Fund is transferred to the NNDR earmarked reserve to use in the following year against the Collection Fund deficit.

Miscellaneous reserves include a range of earmarked reserves to hold monies over the year end period pending investment, such as Care Act funds and the York Financial Assistance Scheme.

In 2012 the Localism Act introduced a significant change to the way that Council Housing is financed by dismantling the previous system of HRA subsidy and introducing self-financing. As part of the self-financing HRA Business Plan a reserve was created for HRA investment in new build / redevelopment opportunities.

9. OTHER OPERATING EXPENDITURE

	2025/26	2024/25
	£'000's	£'000's
Parish council precepts	1,119	999
Gains/losses on the disposal of non-current assets	10,507	5,679
Total	11,626	6,678

10. FINANCING AND INVESTMENT INCOME AND EXPENDITURE

	2025/26	2024/25
	£'000's	£'000's
Interest payable and similar charges	15,958	15,975
Net interest on the net defined benefit liability	106	123
Interest receivable and similar income	(1,211)	(1,538)
Income and expenditure in relation to investment properties and changes in their fair value	(4,742)	(3,559)
Other investment income	(139)	(72)
Total	9,972	10,929

11. TAXATION AND NON SPECIFIC GRANT INCOME

	2025/26	2024/25
	£'000's	£'000's
Council tax income	(121,606)	(114,869)
Non-domestic rates	(36,643)	(36,913)
Non-ringfenced or government grants	(46,209)	(45,877)
Capital grants and contributions	(32,433)	(43,341)
Total	(236,891)	(241,000)

NOTES TO THE MAIN FINANCIAL STATEMENTS

12. PROPERTY, PLANT AND EQUIPMENT

2025/26	Council Dwellings	Other Land & Buildings	Plant / Vehicle / Equipment	Community Assets	Surplus Assets	Assets Under Construction	Right of Use Assets	Total Property, Plant & Equipment	Service concession assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>Cost or Valuation (GCA)</u>									
At 1 April 2025	585,162	411,840	51,313	385	23,256	103,341	18,008	1,193,305	48,922
Additions	21,186	4,164	4,571	-	43	32,789	1,330	64,083	-
IFRS 16 remeasurement 2025/26	-	211	-	-	-	-	-	211	211
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(21,935)	(4,744)	-	-	422	-	1,052	(25,205)	(3,675)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(1,876)	-	-	(495)	-	(1,676)	(4,047)	-
Derecognition - Disposals	(6,858)	(13,698)	(3,134)	-	(1,300)	-	(442)	(25,432)	-
Derecognition - Other	-	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Held for Sale	-	(1,685)	-	-	-	-	-	(1,685)	-
Assets reclassified (to)/from Investment Property	-	-	-	-	787	-	-	787	-
Other transfers between asset classes (Cost or Valuation)	1,867	11,479	1,194	-	62	(19,951)	-	(5,349)	-
At 31 March 2026	579,422	405,691	53,944	385	22,775	116,179	18,272	1,196,668	45,458
<u>Accumulated Depreciation & Impairment</u>									
At 1 April 2025	-	(4,267)	(27,790)	(2)	-	-	(953)	(33,012)	-
Depreciation Charge for 2025/26	(9,796)	(12,837)	(5,318)	(2)	-	-	(1,200)	(29,153)	(4,615)
Acc. Depreciation WO to GCA	9,796	16,754	-	-	-	-	408	26,958	4,615
Acc. Impairment WO to GCA	-	-	-	-	-	-	-	-	-
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	240	2,996	-	-	-	324	3,560	-
Assets reclassified (to)/from Held for Sale	-	-	-	-	-	-	-	-	-
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-	-	-	-
Other transfers between asset classes (Depreciation and Impairment)	-	-	-	-	-	-	-	-	-
At 31 March 2026	-	(110)	(30,112)	(4)	-	-	(1,421)	(31,647)	-
<u>Net Book Value</u>									
At 31 March 2026	579,422	405,581	23,832	381	22,775	116,179	16,851	1,165,021	45,458
At 31 March 2025	585,162	407,573	23,523	383	23,256	103,341	17,055	1,160,293	48,922

NOTES TO THE MAIN FINANCIAL STATEMENTS

Comparative Movements in 2024/25:

2024/25	Council Dwellings	Other Land & Buildings	Plant / Vehicle / Equipment	Community Assets	Surplus Assets	Assets Under Construction	Right of Use Assets	Total Property, Plant & Equipment	Service concession assets included in Property, Plant & Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<u>Cost or Valuation (GCA)</u>									
At 1 April 2024	587,888	411,433	42,686	274	23,899	102,026	-	1,168,206	53,510
Opening balance adjustment for IFRS 16 Leases	-	2,667	-	-	-	-	18,156	20,823	2,807
Additions	14,197	11,530	3,275	-	-	30,215	53	59,270	-
IFRS 16 remeasurement 2024/25	-	140	-	-	-	-	-	140	140
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(14,197)	(6,374)	-	3	(986)	-	(201)	(21,755)	(7,395)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(654)	-	69	(99)	-	-	(684)	-
Derecognition - Disposals	(2,590)	(10,264)	(1,037)	-	-	-	-	(13,891)	-
Assets reclassified (to)/from Held for Sale	-	(3,120)	-	-	-	-	-	(3,120)	-
Assets reclassified (to)/from Investment Property	-	-	-	-	-	-	-	-	-
Other transfers between asset classes (Cost or Valuation)	(136)	6,482	6,389	39	442	(28,900)	-	(15,684)	-
At 31 March 2025	585,162	411,840	51,313	385	23,256	103,341	18,008	1,193,305	48,922
<u>Accumulated Depreciation & Impairment</u>									
At 1 April 2024	-	(4,571)	(23,752)	-	-	-	-	(28,323)	-
Depreciation Charge for 2024/25	(9,796)	(12,923)	(5,054)	(2)	-	-	(1,232)	(29,007)	(5,029)
Acc. Depreciation WO to GCA	9,796	13,064	-	-	-	-	279	23,139	5,029
Acc. Impairment WO to GCA	-	-	-	-	-	-	-	-	-
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	-	-	-	-	-	-	-
Derecognition - Disposals	-	163	1,016	-	-	-	-	1,179	-
Other transfers between asset classes (Depreciation and Impairment)	-	-	-	-	-	-	-	-	-
At 31 March 2025	-	(4,267)	(27,790)	(2)	-	-	(953)	(33,012)	-
<u>Net Book Value</u>									
At 31 March 2025	585,162	407,573	23,523	383	23,256	103,341	17,055	1,160,293	48,922
At 31 March 2024	587,888	406,862	18,934	274	23,899	102,026	-	1,139,883	53,510

NOTES TO THE MAIN FINANCIAL STATEMENTS

In the above tables, the Other Land & Buildings category contains assets the Council own and use and assets the Council lease out subject to Operating Leases. A split of this is shown below:

2025/26	Land & Buildings not subject to Operating Leases £000	Land & Buildings subject to Operating Leases £000	2024/25	Land & Buildings not subject to Operating Leases £000	Land & Buildings subject to Operating Leases £000
<u>Cost or Valuation (GCA)</u>			<u>Cost or Valuation (GCA)</u>		
At 1 April 2025	232,162	179,678	At 1 April 2024	239,149	172,284
Opening balance adjustment for IFRS 16 Leases	-	-	Opening balance adjustment for IFRS 16 Leases	-	2,667
Additions	3,969	195	Additions	9,288	2,242
IFRS 16 remeasurement 2025/26	-	211	IFRS 16 remeasurement 2024/25	-	140
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(578)	(4,166)	Revaluation increases/(decreases) recognised in the Revaluation Reserve	(1,766)	(4,608)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,767)	891	Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(2,896)	2,242
Derecognition - Disposals	(13,457)	(241)	Derecognition - Disposals	(9,732)	(532)
Derecognition - Other	-	-	Derecognition - Other	-	-
Assets reclassified (to)/from Held for Sale	(1,685)	-	Assets reclassified (to)/from Held for Sale	(3,120)	-
Other transfers between asset classes (Cost or Valuation)	11,444	35	Other transfers between asset classes (Cost or Valuation)	1,239	5,243
At 31 March 2026	229,088	176,603	At 31 March 2025	232,162	179,678
<u>Accumulated Depreciation & Impairment</u>			<u>Accumulated Depreciation & Impairment</u>		
At 1 April 2025	(3,093)	(1,174)	At 1 April 2024	(2,631)	(1,940)
Depreciation Charge for 2025/26	(5,562)	(7,275)	Depreciation Charge for 2024/25	(5,616)	(7,307)
Acc. Depreciation WO to GCA	8,407	8,347	Acc. Depreciation WO to GCA	5,043	8,021
Acc. Impairment WO to GCA	-	-	Acc. Impairment WO to GCA	-	-
Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-	Impairment Losses/(Reversals) recognised in the Surplus/Deficit on the Provision of Services	-	-
Derecognition - Disposals	206	34	Derecognition - Disposals	111	52
Other transfers between asset classes (Depreciation and Impairment)	-	-	Other transfers between asset classes (Depreciation and Impairment)	-	-
At 31 March 2026	(42)	(68)	At 31 March 2025	(3,093)	(1,174)
<u>Net Book Value</u>			<u>Net Book Value</u>		
At 31 March 2026	229,046	176,535	At 31 March 2025	229,069	178,504
At 31 March 2025	229,069	178,504	At 31 March 2024	236,518	170,344

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation:

- Council Dwellings & Shared Ownership Properties – 45 years
- Other Land and Buildings – As advised by the valuer, up to maximum of 90 years
- Vehicles, Plant, Furniture & Equipment – 3-10 years
- Infrastructure (shown in separate table below) – 30 years for Carriageways, Footways and Cycleways; 115 years for Structures; 35 years for Street Lighting and Street Furniture; 25 years for Bus Shelters; 10 years for Traffic Management Systems.

Capital Commitments

- At 31 March 2026, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment in 2025/26 and future years budgeted to cost c£1.935m. Similar commitments as at 31 March 2025 were c£3.946m.

Revaluations

The Council ensures that all property, plant and equipment to be measured at current value is subject to a rolling programme of revaluations over a five year cycle, with annual indexation applied to assets during the four intervening years. This follows a change to the Code on 1 April 2025, details of which are set out in note 1 – Accounting Policy XX (Property, Plant & Equipment).

Full revaluations are carried out in accordance with RICS Red Book requirements, while indexation reflects market-based movements applied in intervening periods. Although the valuations approaches differ, both are treated equally for accounting purposes under the revaluation model.

All full revaluations are carried out internally with the exception of Allerton Waste Recycling Plant. This was valued in 2023/24 by external valuers due to its specialist nature, and then a desktop review was undertaken by the lead partner (North Yorkshire Council) in 2024/25 using indices to uplift the value. Full revaluations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. Valuations of vehicles, plant, furniture and equipment are based on depreciated historical cost, and are not subject to indexation. The effective date for Property, Plant and Equipment valuations is usually 31st March, except for Housing Revenue Account assets which have an effective valuation date of 31st January.

The council's housing stock normally has a full revaluation every 5 years, with the latest full revaluation undertaken at 31/03/2022. The Council's housing stock is not included in the changes for Indexation so on the interim years between full revaluations, desktop revaluations will continue to be undertaken. This year a desktop valuation was undertaken at 31/01/2026. The value of the council's housing stock decreased by £12.139m as a result of the desktop revaluation at 31/01/2026.

Where annual indexation has been used in 2025/26, the indices have been applied to the closing Net Book Values (NBV) of assets at 31/03/2026. Appropriate indices have been selected following discussions with our Valuers. Where no suitable indices were available, assets will have an interim valuation in year three of the five-year cycle. The indices applied in 2025/26 and the resulting changes to the Net Book Values are shown in the following table:

NOTES TO THE MAIN FINANCIAL STATEMENTS

Index	Average Change %	Valuation Change to NBV £000
BCIS all in Tender Price Index (TPI)	2.8	2,150
Land Registry	1.25	198
CoStar - Offices	4.79	1,543
CoStar - Retail	-5.44	-26
Costar - Industrial	4.94	109
PPI	1.97	594
<hr/>		
Total Indexation applied in 2025/26	2.90	4,568

Table showing full revaluation of assets by year and changes to Gross Book Value due to indexation:

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant etc. £000's	Community £000's	Surplus Assets £000's	Asset under Construction £000's	ROUA £000's	TOTAL £000's
Carried at historical cost	-	-	53,944	-	-	114,543	-	168,487
Valued at Current Value as at:								
31-Mar-26	579,422	242,603	-	227	22,775	-	9,448	854,475
31-Mar-25	-	104,656	-	-	-	-	9,002	113,658
31-Mar-24	-	36,144	-	158	-	-	-	36,302
31-Mar-23	-	12,046	-	-	-	-	-	12,046
31-Mar-22	-	15,541	-	-	-	1,636	-	17,177
Indexation applied to valuations above	-	5,299	-	-	-	-	178	5,477
Total Cost or Valuation	579,422	405,691	53,944	385	22,775	116,179	18,272	1,196,668

Fair Value measurement of Non-operational Property, Plant and Equipment (Surplus Assets)

All of the Council's Surplus Properties have been categorised as Level 2 within the fair value hierarchy as at 31 March 2026. The fair value of Surplus Properties as at 31 March 2026 is £22.775m. There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to determine Level 2 Fair Values for Surplus Properties

The fair value for surplus properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar properties in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

In estimating the fair value of the Council's surplus properties, the highest and best use of the properties is their current use.

There has been no change in the valuation techniques used during the year for surplus properties, but the frequency of revaluations has changed from annually to every five years with indexation applied on the interim years when the asset is not revalued.

HIGHWAYS INFRASTRUCTURE ASSETS

Movements on balances

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.

Movement in Highways Infrastructure balances:

	2025/26 £000	2024/25 £000
Net Book Value at 1st April	185,290	170,820
Additions	10,778	8,646
Derecognitions	-	-
Depreciation	(10,124)	(9,796)
Impairment	-	-
Other transfers between asset classes	1,945	15,620
Net Book Value at 31st March	187,889	185,290

The Council has determined in accordance with Regulation 30M of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

The total for Property, Plant and Equipment as seen on the Balance Sheet is made up as follows:

	31-Mar-26 £000	31-Mar-25 £000
Infrastructure assets	187,889	185,290
Other PPE assets	1,165,021	1,160,293
Total PPE assets	1,352,910	1,345,583

13. HERITAGE ASSETS

Reconciliation of the Carrying Value of Heritage Assets Held by the Council

	Heritage Properties	Art Collection	Mansion House Collection & Civic Regalia	Castle Museum Collections	TOTAL
	£000	£000	£000	£000	£000
Cost or Valuation					
1 April 2024	1,636	109,742	9,563	1,619	122,560
Revaluations	-	160	-	80	240
31 March 2025	1,636	109,902	9,563	1,699	122,800
Cost or Valuation					
1 April 2025	1,636	109,902	9,563	1,699	122,800
Revaluations	-	(1,738)	-	85	(1,653)
31 March 2026	1,636	108,164	9,563	1,784	121,147

All heritage assets in the Council are tangible assets and have been reported at valuation rather than cost. The different heritage assets have been valued in accordance with the nature of the category.

Heritage Properties

The Council's valuer, values assets in accordance with the property RICS guidance and for heritage assets where a market value exists, the assets are valued at current value market value. Where no market value exists, the value stated is replacement cost. All valuations are recorded on a valuation certificate.

The code recognises that it may not be possible to value all heritage assets due to their size and unique historical importance. Four such assets have been identified:

- (a) Medieval City Walls
- (b) Yorkshire Museum and Gardens and Hospitium
- (c) Abbey Walls – Marygate and Bootham
- (d) Roman Multangular Tower and adjoining Walls

Art Collection

The Council's collection of art is located at the City Art Gallery and is reported in the Balance Sheet at insurance valuation which is based on market values. The insurance valuation is reviewed annually and used to update the values as necessary.

Mansion House Collection and Civic Regalia

An external Antiques & Fine Art valuer carried out a full valuation of the Mansion House collection and Civic Regalia in March 2023. The valuation for the Mansion House Collection and Civic Regalia is included at the Balance Sheet date.

The valuation details all contents of the Mansion House and details all items individually including furniture, pictures, works of art, ceramics & glassware, etc. Specifically, the Regalia includes the Bowes Sword, the Emperor Sigismund's Sword, the Great Mace, the Lady Mayoress' staff of Honour, the Lord Mayor's gold chain of office.

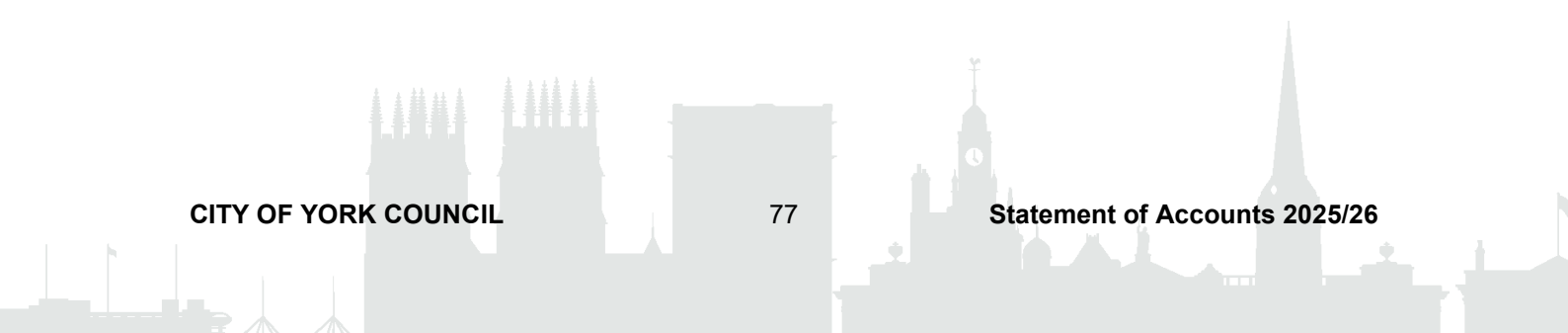
Museum Collections

Both Castle Museum and Yorkshire Museum are incorporated into Museums Trust which is a separate charitable organisation. The Museum’s collections have been considered as part of the Council’s heritage assets as the ownership / responsibility for the collections is with the Council.

The Castle Museum collection has a relatively low insurance valuation included on the Balance Sheet as the nature of the museum is that of a social history collection and therefore many items are of low value. Insurance valuations are reviewed annually.

Yorkshire Museum collection has not been included on the Balance Sheet as no monetary value is available. There are many unique items held at Yorkshire Museum where it would be difficult to obtain an insurance valuation, for example. The CIPFA Code recognises that in some circumstances it is not possible to gain a valuation without considerable cost to the Council, whereby it would not be beneficial to obtain one.

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14. INVESTMENT PROPERTY

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

	2025/26 £000's	2024/25 £000's
Commercial rental income from investment property	(5,500)	(5,272)
Commercial direct operating expenses arising from investment property	1,245	1,282
Net Income	(4,255)	(3,990)

There are no restrictions on 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 obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

	2025/26 £000's	2024/25 £000's
Balance at start of the year	72,074	72,166
Additions:		
Acquisitions	-	-
Enhancements	249	351
Disposals	(165)	(13)
Net gain or loss on Fair Value	489	(430)
Transfers:		
to/ from Property, Plant & Equipment	(787)	-
Balance at end of year	71,860	72,074

Fair Value measurement of Investment Property

All of the Council's Investment Properties have been categorised as Level 2 within the fair value hierarchy as at 31 March 2026. The fair value of Investment Properties as at 31 March 2026 is £71.860m. There were no transfers between Levels 1 and 2 during the year.

Valuation Techniques used to determine Level 2 Fair Values for Investment Properties

The fair value for investment properties has been based on the market approach using current market conditions and recent sales prices and other relevant information for similar properties in the local authority area. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at Level 2 in the fair value hierarchy.

In estimating the fair value of the Council's investment properties, the highest and best use of the properties is normally their current use. This is the case for all of the Council's investment Properties.

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

Gains or losses arising from changes in the fair value of the investment property are recognised in the surplus or deficit on the provision of services – financing and investment income and expenditure line.

Valuation Processes for Investment Properties

The fair value of the council’s investment property is measured annually at each reporting date. Properties valued at over £0.5m are subject to a full revaluation annually whilst those less than £0.5m are subject to a full revaluation every 5 years as part of the rolling programme, and a desktop review is undertaken on the interim years. All valuations are carried out internally, in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

15. INTANGIBLE ASSETS

The Council accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets are purchased licenses and software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are:

	Internally Generated Assets	Other Assets
1 - 3 years	None	Schools & Children's Services, Corporate, Financial & Audit, Property, Legal, Highways, Environmental, Leisure, Adult Services
4 - 5 years	None	Schools & Children's Services, Corporate, Financial & Audit, Highways, Environmental, Leisure, Adult Services, Housing
6 - 10 years	None	Highways, Human Resources, Schools & Children's Services, Adult Services

The carrying amount of intangible assets is amortised on a straight-line basis and the amortisation charge in 2025/26 was £1,159k (2024/25 was £652k), contained in this figure is £166k relating to HRA assets.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The movement on Intangible Asset balances during the year is shown in the following table:

	Internally Generated Assets £000	2025/26 Other Assets £000	Total £000	Internally Generated Assets £000	2024/25 Other Assets £000	Total £000
Balance at start of year:						
- Gross carrying amounts	-	8,080	8,080	-	8,016	8,016
Category Adjustments	-	3,404	3,404	-	64	64
- Revised Gross carrying amounts	-	11,484	11,484	-	8,080	8,080
- Accumulated amortisation	-	(6,955)	(6,955)	-	(6,303)	(6,303)
Net carrying amount at the start of the year	-	4,529	4,529	-	1,777	1,777
Purchases	-	118	118	-	-	-
Other disposals	-	(207)	(207)	-	-	-
Amortisation for the period	-	(1,159)	(1,159)	-	(652)	(652)
Net carrying amount at the end of year	-	3,281	3,281	-	1,125	1,125
Comprising:						
- Gross carrying amounts	-	8,798	8,798	-	8,080	8,080
- Accumulated amortisation	-	(5,517)	(5,517)	-	(6,955)	(6,955)
	-	3,281	3,281	-	1,125	1,125

16. FINANCIAL INSTRUMENTS

Categories of Financial Instruments

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

Financial Assets

	Non-Current				Current				Total 31-Mar-26 £'000
	Investments		Debtors		Investments		Debtors		
	31-Mar-26 £'000	31-Mar-25 £'000	31-Mar-26 £'000	31-Mar-25 £'000	31-Mar-26 £'000	31-Mar-25 £'000	31-Mar-26 £'000	31-Mar-25 £'000	
Financial Assets									
Fair Value through profit or loss									
Amortised cost:									
- Investments over 30 days									
- Long-term debtors			3,736	3,919					3,736
- Debtors							57,789	32,880	57,789
Fair value through other comprehensive income - designated equity instruments	6,580	6,242							6,580
Fair value through other comprehensive income - other									
Total Financial Assets	6,580	6,242	3,736	3,919	-	-	57,789	32,880	68,105
Assets not defined as Financial Instruments									
Non-financial Assets							21,252	22,472	21,252
Total	6,580	6,242	3,736	3,919	-	-	79,041	55,352	89,357

NOTES TO THE MAIN FINANCIAL STATEMENTS

Financial Liabilities

	Non-Current				Current				Total
	Borrowings		Creditors		Borrowings		Creditors		
	31-Mar-26 £'000	31-Mar-25 £'000	31-Mar-26 £'000	31-Mar-25 £'000	31-Mar-26 £'000	31-Mar-25 £'000	31-Mar-26 £'000	31-Mar-25 £'000	
Financial Liabilities									
Fair Value through profit or loss									
Amortised cost:									
- Loans	(296,861)	(262,678)			(55,771)	(70,329)			(352,632)
- Creditors							(45,044)	(38,570)	(45,044)
Total Financial Liabilities	(296,861)	(262,678)	-	-	(55,771)	(70,329)	(45,044)	(38,570)	(397,676)
Liabilities not defined as Financial Instruments									
PFI	(44,956)	(42,765)			(1,470)	(1,507)			(46,426)
Leases liabilities	(2,314)	(1,797)			(608)	(674)			(2,922)
Other Long-Term Liabilities	(47,270)	(44,562)	-	-	(2,078)	(2,181)	-	-	(49,348)
Non-financial Liabilities							(30,176)	(31,008)	(30,176)
Total	(344,131)	(307,240)	-	-	(57,849)	(72,510)	(75,220)	(69,578)	(477,200)

Note 1 – Under accounting requirements, the carrying value of the financial instrument value is shown in the balance sheet which includes the principal amount borrowed or lent and further adjustments for breakage costs or stepped interest loans (measured by an effective interest rate calculation) including accrued interest. Accrued interest is shown separately in current assets/liabilities where the payments/receipts are due within one year. The effective interest rate is effectively accrued interest receivable under the instrument, adjusted for the amortisation of any premiums or discounts reflected in the purchase price.

Note 2 - The above table does not include cash held by the authority that is either on call, instant access or on a notice period of 30 days or less. These amounts are included in Note 19 Cash and Cash Equivalents totalling £6.547m for 2025/26 (£8.856m for 2024/25), which includes short term deposits totalling £3.982m for 2025/26 (£9.039m for 2024/25).

Fair value of Equity Instruments designated to Fair Value through Other Comprehensive Income

With the introduction of the IFRS 9 accounting standard in financial year 2018/19 the Council designated the following equity at 1st April 2018 as Fair Value through Other Comprehensive Income:

- **Yorwaste Ltd** – Equity instrument not held for trading and is held as part of a business model to meet a service objective. Following government legislation in 1992/93 all local authorities had to outsource their waste disposal functions. Yorwaste Limited was created and owned by NYCC. Upon local government reorganisation at 01/04/96 CYC gained 22.27% shareholding in Yorwaste (based on % of population).
- **Veritau Ltd** - Equity instrument not held for trading and is held as part of a business model to meet a service objective - provision of internal audit and counter-fraud services. The company is jointly owned by City of York Council and North Yorkshire County Council, with each Council holding 50% of the shares.
- **Make It York Ltd** - Equity instrument not held for trading and is held as part of a business model to meet a service objective. The objects of the Company are to carry on activities which benefit the City of York and its functioning economic area within the areas of marketing, culture, tourism and business development
- **City of York Trading Ltd** - Equity instrument not held for trading and is held as part of a business model to meet a service objective – supply of temporary staff to the Council.
- **Leeds City Region Revolving Investment Fund** - Equity instrument not held for trading and is held as part of a business model to meet a strategic objective. The Leeds City Region Revolving Investment Fund provides short term loans of over £1m to support businesses to accelerate economic growth and job creation within the Leeds City Region.
- **UK Municipal Bonds Agency PLC** - Equity instrument not held for trading and is held as part of a business model to meet a strategic objective. The UK Municipal Bonds Agency PLC was set up in June 2014 with the primary aim of helping to reduce local authority finance costs, backed by 56 local authority shareholders and the Local Government Association (LGA).

On 23rd October 2024 the Council made a £1.00 share capital investment in setting up a new company which is 100% owned by the Council, and designated the equity investment on recognition as Fair Value through Other Comprehensive Income:

- **Work with York Ltd** - Equity instrument not held for trading and is held as part of a business model to meet a service objective – supply of temporary staff to the Council.

Fair Value of Equity Instruments designated at Fair Value through Other Comprehensive Income

	31-Mar-26			31-Mar-25			31-Mar-26	31-Mar-25
	Nominal	Gain / (Loss) within equity	Fair Value	Nominal	Gain / (Loss) within equity	Fair Value	Dividend	Dividend
	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s	£'000s
Yorwaste Ltd	1,008	1,404	2,412	1,008	1,275	2,283	0	0
Veritau Ltd	0	309	309	0	276	276	0	20
UK Municipal Bonds Agency PLC	40	(40)	0	40	(40)	0	0	0
Make It York Ltd	0	866	866	0	718	718	50	25
City of York Trading Ltd	0	1375	1375	0	1414	1414	0	0
Leeds City Region Revolving Investment Fund	1,372	245	1,617	1,372	179	1,551	20	20
Work With York Ltd	0	0	0	0	0	0	0	0
Total	2,420	4,159	6,579	2,420	3,822	6,242	70	65

Fair value of Equity Instruments designated to Fair Value through Other Comprehensive Income disclosures on derecognition

No equity instruments were derecognised in 2025/26 and none were derecognised in 2024/25.

Fair value Measurement

Basis for recurring fair value measurements:

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

Fair value of Financial Assets

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

Financial assets measured at fair value

Recurring fair value measurements	Input level in fair value hierarchy	Valuation technique used to measure fair value	As at 31/03/26 £'000s	Investment / Redemption £'000s	As at 31/03/25 £'000s	Gain / (Loss) posted to Other Comprehensive Income and Expenditure £'000s
Equity Shareholding in Yorwaste Ltd	Level 3		2,412	0	2283	129
Equity Shareholding in Veritau Ltd	Level 3		309	0	276	33
Equity Shareholding in Make It York Ltd	Level 3	IFRS 13 Fair Value Measurement - Adjusted Net Asset Value Method	866	0	718	148
Equity Shareholding in City of York Trading Ltd	Level 3		1,375	0	1414	(39)
Equity Shareholding in Leeds City Region Revolving Investment Fund	Level 3		1,617	0	1551	66
Equity Shareholding in UK Municipal Bonds Agency PLC	Level 3		0	0	0	0
Equity Shareholding in Work with York Ltd	Level 3		0	0	0	0
Total			6,579	0	6,242	337

Note 3 – Fair value has been measured with reference to IFRS 13 Fair Value Measurement - Adjusted Net Asset Value Method. The adjusted net asset method involves deriving the fair value of an equity instrument by reference to the fair value of the investees assets and liabilities. The adjusted net asset method requires an investor to measure the fair value of the individual assets and liabilities recognised in an investee's statement of financial position. This method is deemed appropriate to measure the Councils equity investments as they are not held for trading and are part of specific service or strategic business models.

The fair values of Financial Assets and Financial Liabilities that are not measured at fair value (but for which fair value disclosures are required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets, including Long-term debtors and creditors are represented by Amortised Cost in the Balance Sheet. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB payable, PWLB premature repayment rates have been applied to provide the fair value under PWLB debt redemption procedures. An additional note to the table sets out the alternative fair value measurement applying the borrowing rates (the alternative to the above), highlighting the impact of the alternative valuation.
- For non-PWLB loans payable, prevailing market rates have been applied to provide the fair value.

NOTES TO THE MAIN FINANCIAL STATEMENTS

- For loans taken out at concessionary rates the value of the loans are discounted using a prevailing market rate to reflect the fair value. For more information see Note 26 Unusable Reserves - Financial Instruments Adjustment Account.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months the fair value is taken to be the carrying amount.
- The fair value of trade and other receivables and payables is taken to be the invoiced or billed amount.
- Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.
- The fair value of PFI and Leases is taken to be the remaining liabilities at balance sheet date.

The fair values calculated are as follows:

Financial Liabilities

	31 March 2026		31 March 2025	
	Carrying Amount £'000s	Fair Value £'000s	Carrying Amount £'000s	Fair Value £'000s
Financial liabilities held at amortised cost:				
PWLB debt	(340,261)	(301,877)	(323,714)	(288,546)
Interest on PWLB debt	(2,061)	(2,061)	(1,932)	(1,932)
Market debt	-	-	(5,000)	(5,828)
Interest on Market debt	-	-	(97)	(97)
Local Authority debt	(8,000)	(8,000)	-	-
Interest on Local Authority debt	(2)	(2)	-	-
WYCA debt	(2,308)	(2,350)	(2,264)	(2,350)
Interest on WYCA debt	-	-	-	-
Short-term creditors	(45,044)	(45,044)	(38,570)	(38,570)
Long-term creditors	-	-	-	-
PFI liabilities	(46,426)	(46,426)	(44,272)	(44,272)
Lease liabilities	(2,922)	(2,922)	(2,471)	(2,471)
Total	(447,024)	(408,682)	(418,320)	(384,066)

The fair value of the liabilities is lower than the carrying amount because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2026) arising from a commitment to pay interest to lenders below current market rates.

The fair value of Public Works Loan Board (PWLB) loans of £303.938m measures the economic effect of the terms agreed with the PWLB compared with estimates of the terms that would be offered for market transactions undertaken at the Balance Sheet date. The difference between the carrying amount of £342.322m and the fair value of £303.938m is £-38.384m; £-38.723m PWLB fair value amount and £0.339m PWLB carrying value adjustment. The £-38.723m measures the reduced interest that the authority will pay over the remaining terms of the loans under the agreements with the PWLB, against what would be paid if the loans were at prevailing market rates.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The authority has a continuing ability to borrow at concessionary rates from the PWLB rather than from the markets. A supplementary measure of the additional or reduced interest that the authority will pay as a result of its PWLB commitments for individual fixed rate loans is to compare the terms of these individual loans with the new borrowing rates available from the PWLB. If a value is calculated on this basis, the existing PWLB loans principal amount £340.600m (Carrying value £342.322m plus £0.339m PWLB carrying value adjustment and less £2.061m accrued interest) would be valued at £286.322m, the fair value being £-54.278m. But, if the authority were to seek to realise the overall projected gain by repaying the loans to the PWLB, the PWLB would raise a penalty charge for early redemption in addition to giving a discount for the reduced interest income that will be avoided. The exit price for the PWLB loans including the penalty charge would be £-38.384m.

Financial Assets

	31 March 2026		31 March 2025	
	Carrying Amount £'000s	Fair Value £'000s	Carrying Amount £'000s	Fair Value £'000s
Financial assets held at amortised cost:				
Cash (current bank accounts and held)	2,565	3,429	(183)	(183)
Cash callable in less than 30 days	3,900	3,900	9,000	9,000
Investment Interest	82	82	39	39
Investments less than 365 days	-	-	-	-
Investments greater than 365 days	-	-	-	-
Short-term debtors	57,789	57,789	32,880	32,880
Long-term debtors	3,736	3,736	3,919	3,919
Total	68,072	68,936	45,655	45,655

Fair value hierarchy for Financial Assets and Financial Liabilities that are not measured at fair value

2025/26:

	Quoted prices in active markets for identical assets (Level 1) £'000	Other significant observable inputs (Level 2) £'000	Significant unobservable inputs (Level 3) £'000	Total £'000
Recurring fair value measurements using:				
Financial Liabilities				
Financial Liabilities held at amortised cost:				
PWLB debt		(303,938)		(303,938)
Market debt		-		-
Local Authority debt		(8,002)		(8,002)
WYCA debt		(2,350)		(2,350)
Short-term creditors			(45,044)	(45,044)
Long-term creditors			-	-
PFI liabilities			(46,426)	(46,425)
Lease liabilities			(2,922)	(2,922)
Total	-	(314,290)	(94,392)	(408,682)

NOTES TO THE MAIN FINANCIAL STATEMENTS

Financial Assets

Financial Assets held at amortised cost:

Cash and Cash Equivalents	7,411		7,411
Investments			-
Short-term debtors		57,789	57,789
Long-term debtors		3,736	3,736
Total	7,411	-	61,525

Comparator year 2024/25:

**31 March
2025**

	Quoted prices in active markets for identical assets (Level 1)	Other significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	£'000	£'000	£'000	£'000
Recurring fair value measurements using:				
Financial Liabilities				
Financial liabilities held at amortised cost:				
PWLB debt		(290,478)		(290,478)
Market debt		(5,925)		(5,925)
WYCA debt		(2,350)		(2,350)
Short-term creditors			(38,570)	(38,570)
Long-term creditors			-	-
PFI liabilities			(44,272)	(44,272)
Lease liabilities			(2,471)	(2,471)
Total	-	(298,753)	(85,313)	(384,066)

Financial Assets

Financial assets held at amortised cost:

Cash and Cash Equivalents	8,860		8,860
Investments			-
Short-term debtors			32,880
Long-term debtors			3,919
Total	8,860	-	36,799

17. SHORT-TERM DEBTORS

	Balance at 31-Mar-26 £000's	Balance at 31-Mar-25 £000's
Receivables	61,739	36,542
Prepayments	6,374	6,130
Other receivable amounts	21,692	22,354
Sub-total	89,805	65,026
Impairment	(10,764)	(9,674)
Total Short-term Debtors	79,041	55,352

Other receivable amounts include statutory debtors of £12.558m due for Council Tax and NNDR (£11.088m in 2024/25) and £2.710m due from HMRC (£2.135m in 2024/25). All other amounts included in other receivable amounts are for Collection Fund. These balances are treated as non-financial assets within the Financial Instruments Note 16. The £12.558m Council Tax and NNDR has an impairment allowance of £6.814m (£6.012m in 2024/25) which assumes a collection rate of 97.04% for Council Tax and 98.13% for NNDR (97.2% for Council Tax and 97.9% for NNDR in 2024/25). The £6.814m is included in the £10.764m impairment allowance (£9.674m in 2024/25) shown in the table above. The £2.710m due from HMRC is VAT owed and has no impairment against it.

18. LONG TERM DEBTORS

	Expenditure During Year £000's	Income During Year £000's	Balance at 31-Mar-26 £000's	Balance at 31-Mar-25 £000's
Housing Loans	-	(3)	5	8
Yorwaste Loan	-	-	1,000	1,000
Finance Lease Receivables	-	(8)	142	150
PFI Schemes	-	(159)	2,568	2,727
Other	-	(13)	21	34
Total Long-Term Debtors	-	(183)	3,736	3,919

19. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	Balance at 31-Mar-26 £000's	Balance at 31-Mar-25 £000's
Cash Held by the Authority	4,045	3,011
Bank Current Accounts	(1,480)	(3,194)
Short Term Deposits	3,982	9,039
Total Cash and Cash Equivalents	6,547	8,856

20. ASSETS HELD FOR SALE

	2025/26 £000's	2024/25 £000's
Balance outstanding at start of year	-	-
<u>Assets newly classified as held for sale:</u>		
- Property, Plant and Equipment	1,685	3,120
Revaluation losses	-	-
<u>Assets declassified as held for sale:</u>		
- Property, plant and Equipment	-	-
Assets sold	(1,685)	(3,120)
Balance outstanding at year-end	-	-

Fair Value measurement of Assets Held for Sale

The Council's Assets Held for Sale are usually categorised as Level 2 within the fair value hierarchy. The fair value of Assets Held for Sale as at 31 March 2026 is nil, so there are no assets categorised as level 2 at this date. The fair value can be higher than the balance sheet value for Assets Held for Sale as, in line with accounting policies, Assets Held for Sale are held on the balance sheet at the lower of the carrying value on transfer to this category and fair value less costs to sell.

21. SHORT-TERM CREDITORS AND LIABILITIES

	Balance at 31-Mar-26 £000's	Balance at 31-Mar-25 £000's
Short-Term Creditors:		
Payables	(45,044)	(38,570)
Receipts in advance	(15,853)	(13,643)
Other payable amounts	(14,323)	(17,365)
Total Creditors	(75,220)	(69,578)
Other Short-Term Liabilities:		
- PFI Schools	(407)	(250)
- PFI AWRP	(1,063)	(1,257)
- Lease liabilities	(608)	(674)
- Accumulated Absences	(4,410)	(4,031)
Total Other Short-Term Liabilities	(6,488)	(6,212)
Total Short-Term Liabilities	(81,708)	(75,790)

Other payable amounts include statutory creditors of £4.995m for Council Tax and NNDR (£4.566m in 2024/25), £5.026m for payroll taxes and pension payments to HMRC and the Pension Funds (£5.172m in 2024/25), and £0.008m for CIS taxes to HMRC (£0.010m in 2024/25). All other amounts included in other payables are for Collection Fund. These balances are treated as non-financial liabilities within the Financial Instruments Note 16.

This note contains £0.00m of Capital Grants received in advance (£0.00m in 2024/25) and £8.322m of Revenue Grants received in advance (£9.189m in 2024/25). Further details can be found in Note 33.

22. PROVISIONS

Total Provisions:	Insurance Fund £000's	Business Rates £000's	Legal Costs £000's	Other Provisions £000's	Total £000's
Balance at 1 April 2025	(1,914)	(931)	-	(849)	(3,694)
Additional provisions made in 2025/26	(1,705)	(1,044)	(800)	-	(3,549)
Amounts Used In 2025/26	525	931	-	219	1,675
Unused amounts reversed in 2025/26	822	-	-	-	822
Unwinding of discounting in 2025/26	-	-	-	-	-
Balance at 31 March 2026	(2,272)	(1,044)	(800)	(630)	(4,746)

of which the following are due to be settled within 12 months:

	Insurance Fund £000's	Business Rates £000's	Legal Costs £000's	Other Provisions £000's	Total £000's
Balance at 1 April 2025	(509)	(103)	-	(170)	(782)
Additional provisions made in 2025/26	(454)	(115)	-	-	(569)
Amounts Used In 2025/26	525	103	-	-	628
Unused amounts reversed in 2025/26	-	-	-	-	-
Unwinding of discounting in 2025/26	-	-	-	-	-
Balance at 31 March 2026	(438)	(115)	-	(170)	(723)

Insurance Fund

The general insurance provision is based on information provided by the Council's insurers and is held to meet future potential liabilities in respect of claims outstanding but not received covering a period of several years.

Business Rates

Provision in relation to backdated revaluations arising from the Business Rates retention scheme.

Legal Costs

The Council is presently engaged in two highly complex child protection matters, which are being dealt with in concert with a third complex child protection matter being undertaken by North Yorkshire Council. The nature of the issues raised in these matters gives rise to the need for significant, high-level external legal support, together with additional technology infrastructure in accordance with an Order of the Court. A provision for these Legal costs has been made in the accounts.

Other Provisions

All other provisions are individually insignificant.

23. UNUSABLE RESERVES

	Balance at 31 Mar 26 £000's	Balance at 31 Mar 25 £000's
Revaluation Reserve	(522,802)	(541,036)
Capital Adjustment Account	(518,026)	(496,585)
Financial Instruments Adjustment Account	1,380	1,305
Financial Instruments Revaluation Reserve	(4,160)	(3,822)
Dedicated Schools Grant Adjustment Account	9,940	9,940
Pensions Reserve	8,128	8,212
Collection Fund Adjustment Account	4,080	5,235
Accumulated Absences Account	4,411	4,031
Total Unusable Reserves	(1,017,049)	(1,012,720)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Council arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

The Reserve contains only revaluation gains accumulated since 1 April 2007, the date that the Reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	2025/26		2024/25	
	£000's	£000's	£000's	£000's
Balance at 1 April		(541,036)		(553,128)
Upward revaluation of assets	(17,541)		(13,377)	
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	17,441		11,753	
(Surplus)/deficit on revaluation of non-current assets not posted to the (Surplus)/Deficit on the Provision of Services		(100)		(1,624)
Difference between fair value depreciation and historical cost depreciation	10,757		8,327	
Accumulated gains on assets sold or scrapped	7,577		5,389	
Amount written off to the Capital Adjustment Account		18,334		13,716
Properties RR movement with CAA				
Balance at 31 March		(522,802)		(541,036)

Capital Adjustment Account

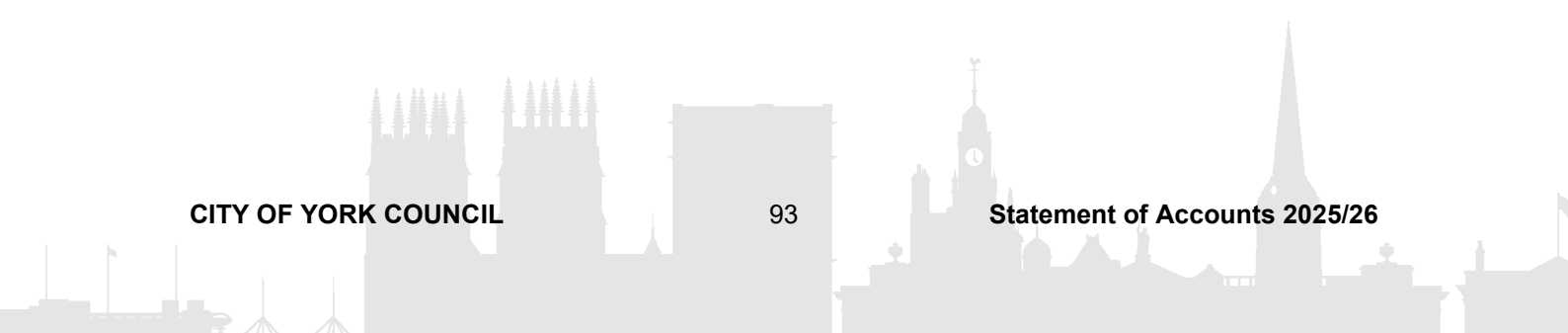
The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Council as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the Council.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

Note 7 provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

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NOTES TO THE MAIN FINANCIAL STATEMENTS

	2025/26	2024/25
Balance at 1st April	(496,585)	(458,254)
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non current assets	39,277	38,803
Revaluation losses on Property, Plant and Equipment	4,047	684
Amortisation of intangible assets	1,159	652
Revenue expenditure funded from capital under Statute	11,266	6,892
Acquisitions under IFRS 16 (Peppercorn leases) - credited to the CIES	-	(15,019)
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	23,929	15,845
Amounts of lease liability written off on disposal to the Comprehensive Income and Expenditure Statement	(91)	-
	79,587	47,857
Adjusting amounts written out of the Revaluation Reserve	(18,334)	(13,716)
Net written out amount of the cost of non-current assets consumed in the year	61,253	34,141
Capital financing applied in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	(14,199)	(13,018)
Use of the Major Repairs Reserve to finance new capital expenditure	(10,899)	(10,329)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(26,996)	(21,153)
Application of grants to capital financing from the Capital Grants Unapplied Account	(8,118)	(9,142)
Statutory provision for the financing of capital investment charged against the General Fund and HRA balances	(19,600)	(17,692)
Statutory provision for the financing of the HRA subsidy		
Capital expenditure charged against the General Fund and HRA balances	(2,393)	(1,568)
	(82,205)	(72,902)
Movements in the market value of Investment Properties debited or credited to the Comprehensive Income and Expenditure Statement	(489)	430
Balance at 31 March	(518,026)	(496,585)

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions.

The Council uses the Account to manage premiums paid on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on council tax. In the Council's case, this period is the unexpired term that was outstanding on the loans when they were redeemed.

The Financial Instruments Adjustment Account is also used to manage the fair value / notional interest payable on loans at concessionary rates. For loans taken out at concessionary rates the value of the loan is discounted using a prevailing market rate to reflect the benefit obtained by the Council. The fair value is taken to the Account and amortised based on the assumed interest rate per annum and the balance on the Account is gradually written down as the value of the loan is amortised, until the value of the loan at redemption equals the value of the loan originally drawn down.

	2025/26 £000's	2024/25 £000's
Balance at 1st April	1,305	1,214
Premiums incurred in the year and charged to the Comprehensive Income and Expenditure Statement	(17)	(17)
Proportion of premiums incurred in previous financial years to be charged against the General Fund Balance in accordance with statutory requirements	47	64
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	30	47
NPV / Fair Value adj. for WYCA 0% loan (loan at concessionary rate) charged to CIES		-
Concessionary rate loan interest charged to CIES	45	44
Fair Value adjustment write up to reflect the benefit of having a loan at a concessionary rate	45	44
Balance at 31st March	1,380	1,305

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, or designated to, Fair Value through other Comprehensive Income. The balance is reduced when investments with accumulated gains are:

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

	2025/26		2024/25	
	£000's	£000's	£000's	£000's
Balance at 1st April		(3,822)		(3,545)
Upward revaluation of investments	(376)		(1,221)	
Downward revaluation of investments	39		944	
Change in impairment loss allowances				
		(337)		(277)
Accumulated gains or losses on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment Income		-		-
Accumulated gains or losses on assets sold and maturing assets written out to the General Fund Balances for financial assets designated to fair value through other comprehensive income		-		-
Balance at 31st March		(4,159)		(3,822)

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding those benefits in accordance with statutory provisions.

The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees, updating the liabilities and assets recognised to reflect changes in actuarial assumptions, inflation, investment returns and other relevant factors. However, statutory arrangements require pension costs charged to the General Fund and Housing Revenue Account to reflect the employer contributions payable to the pension fund and any pensions payable for which the Council is directly responsible during the year.

The balance on the Pensions Reserve therefore represents the difference between the accounting basis for recognising retirement benefits under IAS 19 and the statutory basis under which pension costs are charged to the General Fund and Housing Revenue Account. The statutory arrangements ensure that resources are charged to taxpayers when pension contributions and pension payments are made, rather than when retirement benefits are earned.

NOTES TO THE MAIN FINANCIAL STATEMENTS

	31-Mar-26	31-Mar-25
	£000's	£000's
Balance at 1 April	8,212	9,280
Remeasurement of the net defined benefit liability/(asset)	(982)	(4,890)
Net impact of transfers (incl. academisation)	504	-
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	13,937	17,400
Employer's pensions contributions and direct payments to pensioners payable in the year.	(13,543)	(13,578)
Balance at 31 March	8,128	8,212

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and business rates income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers and business ratepayers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

	31-Mar-26	31-Mar-25
	£000's	£000's
Balance at 1 April	5,235	7,526
Amount by which council tax and business rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax and business rates income calculated for the year in accordance with statutory requirements	(1,154)	(2,291)
Balance at 31 March	4,081	5,235

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance from accounting for compensated absences earned but not taken by employees at the year end, such as annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund balance is neutralised through transfers to or from the Accumulated Absences Account.

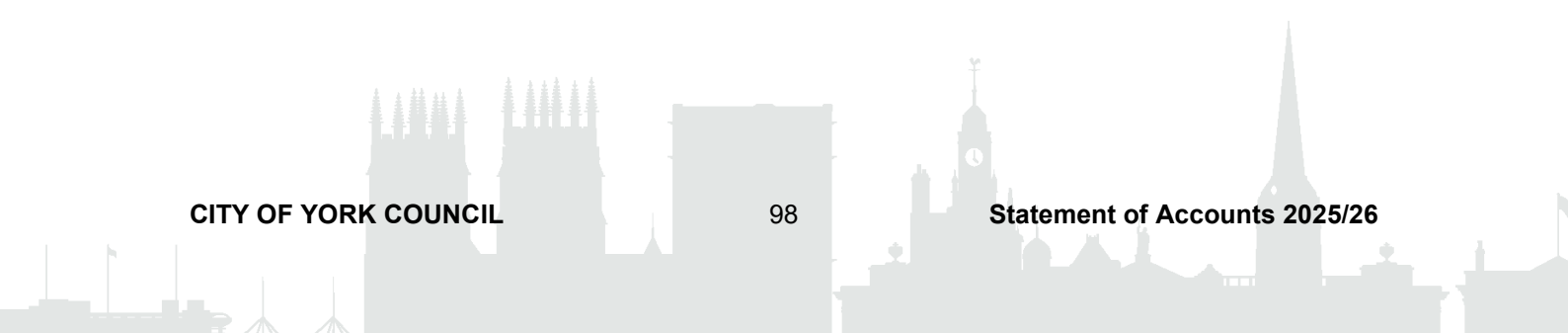
	2025/26		2024/25	
	£000's	£000's	£000's	£000's
Balance at 1 April		4,031		3,315
Settlement or cancellation of accrual made at the end of the preceding year	(4,031)		(3,315)	
Amounts accrued at the end of the current year	4,411		4,031	
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		380		716
Balance at 31 March		4,411		4,031

Dedicated Schools Grant Adjustment Account

The Dedicated Schools Grant Adjustment Account is a new statutory ring-fenced account introduced in 2020/21 for those authorities with a deficit on the schools budget, to allow separation of such deficits from the general fund. This is in response to the School and Early Years Finance (England) Regulations (2020) setting out that a schools budget deficit must be carried forward to be funded from future Dedicated Schools Grant income, unless permission is sought from the Secretary of State for Education to fund the deficit from general resources.

	31-Mar-26	31-Mar-25
	£000's	£000's
Balance at 1 April		
Deficit amount accumulated at 1st April	9,940	9,940
Amount by which expenditure chargeable to the DSG was exceeded by actual DSG Grant received for the financial Year	-	-
Balance at 31 March	9,940	9,940

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24. CASH FLOW STATEMENT – OPERATING ACTIVITIES

The cash flows for operating activities include the following items:

	Balance at 31-Mar-26 £000's	Balance at 31-Mar-25 £000's
Interest received	(1,211)	(1,538)
Interest paid	11,234	13,236
Dividends received	(69)	(185)

The analysis for the adjustments to the net surplus or deficit on the provision of services for non-cash movements:

	31-Mar-26 £000's	31-Mar-25 £000's
Depreciation, Impairment and Amortisation of fixed assets	(44,483)	(40,138)
PFI in year asset remeasurement	211	-
(Increase)/decrease in impairment for bad debt	1,090	206
Increase/(decrease) in stocks and works in progress	(72)	90
Increase/(decrease) in debtors	22,565	1,335
(Increase)/decrease in creditors	(10,181)	(11,383)
Pension Liability:		
Net Charge to the CIES	(13,937)	(17,400)
Employers contributions to pension funds and direct payments to pensioners	13,543	13,578
PFI opening balance liability remeasurement under IFRS 16	-	(3,429)
PFI in year liability remeasurement	(3,431)	(463)
Disposal of lease liabilities	91	-
Carrying amount of non-current assets sold	(23,929)	(15,845)
Other non-cash items charged to the net Surplus or Deficit on the Provision of Services:		
Provisions	(1,052)	(978)
Movements in the value of investment properties	489	(430)
Movements in the value of Finance Leases and PFI	(159)	(137)
Movement in the FIAA	(47)	(64)
Adjustment to the Net Surplus or Deficit on Provision of Services for non-cash movements	(59,302)	(75,058)

The analysis for the adjustments to the net surplus or deficit on the provision of services that are investing and financing activities are illustrated below:

NOTES TO THE MAIN FINANCIAL STATEMENTS

	31-Mar-26	31-Mar-25
	£000's	£000's
Proceeds from sale of property, plant and equipment, investment property and intangible assets	13,331	10,167
Grants applied to the financing of capital expenditure	39,296	28,218
Adjustments for items included in the net surplus or deficit on the Provision of Services that are investing and financing activities	52,627	38,385

25. CASH FLOW STATEMENT – INVESTING ACTIVITIES

	Balance at	Balance at
	31-Mar-26	31-Mar-25
	£000's	£000's
Purchase of property, plant and equipment, investment property and intangible assets	77,722	93,087
Purchase of short-term and long-term investments	-	397,697
Other payments for investing activities	-	-
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(13,331)	(10,168)
Proceeds from short-term and long-term investments	-	(397,750)
Other receipts from investing activities	(39,296)	(28,218)
Net cash flows from investing activities	25,095	54,648

26. CASH FLOW STATEMENT - FINANCING ACTIVITIES

	Balance at	Balance at
	31-Mar-26	31-Mar-25
	£000's	£000's
Cash receipts of short-term and long-term borrowing	(87,800)	(49,800)
Other receipts from financing activities	(24)	(21)
Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	736	(1,110)
Repayments of short-term and long-term borrowing	68,300	43,400
Other payments for financing activities	1,619	1,545
Net cash flows from financing activities	(17,169)	(5,986)

Reconciliation of borrowing and PFI liabilities arising from financing activities

2025/26:

	2025/26 01 April	Financing cash flows	Changes which are not financing cash flows		2025/26 31 March
			Acquisition	Other non- financing cash flows	
	£000's	£000's	£000's	£000's	£000's
Long-term borrowings	(263,150)	(34,050)			(297,200)
Short-term borrowings	(68,300)	14,550			(53,750)
	(331,450)	(19,500)	-	-	(350,950)
Other short-term Liabilities:					
- Lease liabilities	(2,471)	788	(1,330)	91	(2,922)
- PFI liabilities	(44,272)	1,278	-	(3,431)	(46,425)
Total liabilities financing activities	(378,193)	(17,434)	(1,330)	(3,340)	(400,297)

Comparator year 2024/25:

	2024/25 01 April	Financing cash flows	Changes which are not financing cash flows		2024/25 31 March
			Acquisition	Other non- financing cash flows	
	£000's	£000's	£000's	£000's	£000's
Long-term borrowings	(281,650)	18,500	-	-	(263,150)
Short-term borrowings	(43,400)	(24,900)	-	-	(68,300)
	(325,050)	(6,400)	-	-	(331,450)
Other short-term liabilities:					
- Lease liabilities	(3,137)	719	(53)		(2,471)
- On balance sheet PFI liabilities	(41,741)	1,361	-	(3,892)	(44,272)
Total liabilities financing activities	(369,928)	(4,320)	(53)	(3,892)	(378,193)

PFI liabilities include long term liabilities of £44.956m (£42.765m in 2024/25) as shown in the balance sheet under 'Other Long-Term Liabilities' and short-term liabilities of £1.47m (£1.507m in 2024/25) as shown in the balance sheet under 'Other Short-Term Liabilities'. Note that PFI contracts are remeasured in year due to the accounting requirements of the IFRS 16 Leases standard. This has led to an overall increase in the PFI liabilities and has had an effect on the non-financing cash flows in the above table. Information can be found in Note 37 PFI and Similar Contracts.

Lease liabilities include long term liabilities of £2.314m (£1.797m in 2024/25) as shown in the balance sheet under 'Other Long-Term Liabilities' and short-term liabilities of £0.608m (£0.674m in 2024/25) as shown in the balance sheet under 'Other Short-Term Liabilities'. Information on Leases can be found in Note 36 Leases.

Borrowings are included in the table above at their principal amounts. Information can be found at Note 16 Financial Instruments and Note 42 Nature and Extent of Risks arising from Financial Instruments.

27. EXPENDITURE AND INCOME ANALYSED BY NATURE

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

	2025/26	2024/25
	£000	£000
Expenditure/Income		
Expenditure		
Employee benefits expenses	176,631	167,809
Other services expenses	322,123	292,628
Support service recharges	515	716
Depreciation, amortisation, impairment	44,483	40,138
Interest payments	15,958	15,975
Precepts and levies	1,119	999
Loss on the disposal of assets	10,507	5,679
Total Expenditure	571,336	523,944
Income		
Customer and client receipts	(115,129)	(105,429)
Interest and investment income	(1,350)	(1,610)
Income from council tax and non domestic rates	(158,249)	(151,782)
Government grants and contributions	(242,515)	(219,768)
Other Operating Income	(53,035)	(64,386)
Total Income	(570,278)	(542,975)
Surplus or Deficit on the Provision of Services	1,058	(19,031)

Analysis of Customer and client receipts:

	2025/26	2024/25
	£000	£000
Public Health	(166)	(81)
Housing Revenue Account	(41,515)	(41,194)
Adult Social Care and Integration	(20,222)	(16,647)
Children and Education	(5,992)	(5,387)
Transport Environment and Planning	(30,395)	(26,468)
City Development	(508)	(628)
Finance	(6,509)	(5,625)
Human Resources and Support Services	(695)	(571)
Governance	(197)	(93)
Housing and Communities	(8,930)	(8,735)
Total Customer & Client Receipts	(115,129)	(105,429)

28. POOLED BUDGETS

Better Care Fund (BCF) and Improved Better Care Fund (IBCF)

City of York Council (CYC) and Humber and North Yorkshire Integrated Care Board (ICB) entered into a pooled budget arrangements under section 75 of the Health Care Act 2006 for the management of commissioning resources related to the Better Care Fund (BCF) and Improved Better Care Fund (IBCF).

The parties to this agreement contribute to a pooled commissioning budget which is overseen by the City of York Health and Wellbeing Board. The ICB host the pooled budget.

	2025/26 £000s	2024/25 £000s
Contributions to the Better Care fund		
Council – Disabled Facilities Grant	1,821	1,821
Council – Improved Better Care Fund Grant	6,623	5,369
Vale of York CCG/Humber and North Yorkshire ICB	17,480	15,725
Adult Social Care Discharge Fund*		2,687
	25,924	25,602
Expenditure from the Better Care Fund		
City of York Council Commissioned Schemes	14,713	13,990
Vale of York CCG/Humber and North Yorkshire ICB commissioned schemes	11,211	11,612
	25,924	25,602
Net Surplus arising on the Pooled budget during the year	-	-

*integrated into Better Care Grant and ICB Better Care Fund in 25/26

29. MEMBERS ALLOWANCES

The Council paid the following amounts to members of the Council during the year.

	2025/26 £000's	2024/25 £000's
Allowances	821	810
Expenses	5	3
Total	826	813

30. OFFICERS' REMUNERATION

Senior Officers' Remuneration

The Accounts and Audit Regulations (2015) require authorities to include a note of the remuneration and the authority's contribution to the person's pension of senior officers in respect of their employment, whether on a permanent or temporary basis. Senior Officers are required to be listed individually and identified by way of job title only (except for persons whose salary is £150,000 or more per year, who must also be identified by name). In addition, authorities must include in their statement of accounts, a note of the number of other employees in the financial year to which the accounts relate whose remuneration fell in each bracket of a scale in multiples of £5,000 starting with £50,000.

Appointment of the Council's Chief Executive

The Council appointed a new Chief Executive, who commenced employment on 30 March 2026 and will assume the statutory role of Head of Paid Service. The existing Chief Operating Officer, who currently holds the Head of Paid Service designation, is retiring on 12 April 2026.

As a result, there is a short period of overlap between 30 March 2026 and 12 April 2026 during which both post holders were employed by the Council. The remuneration disclosed in this note reflects payments made to each officer in accordance with their respective periods of service during the financial year.

The Chief Operating Officer continues to hold the statutory responsibilities of Head of Paid Service up to the date of retirement, after which these responsibilities transfer to the Chief Executive. Remuneration relating to the Chief Executive is disclosed from their commencement date.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The remuneration paid to the Council's senior employees in 2025/26 was:

Position	Notes	Salary, Fees and Allowances	Expenses	Compensation for loss of office	Total Excluding Employer's Pension Contributions	Employer's Pension Contributions	Total Remuneration Package
Chief Executive - Richard Webb	2	957	-	-	957	122	1,079
Chief Operating Officer - Ian Floyd	1	168,978	16	-	168,994	21,460	190,454
Corporate Director of Adults and Integration		123,237	-	-	123,237	16,115	139,352
Corporate Director of Children and Education	3	141,244	325	-	141,568	17,938	159,506
Director of City Development		113,281	297	-	113,578	13,416	126,993
Director of Environmental and Regulatory Services	4	75,520	-	-	75,520	9,591	85,112
Director of Finance and Section 151 Officer		109,529	-	-	109,529	13,910	123,439
Director of Housing and Community Services		113,281	-	-	113,281	14,387	127,667
Director of Governance		113,281	-	-	113,281	14,387	127,667
Director of Public Health		110,779	11	-	110,791	14,069	124,860
Director of Transport and Environment	5	19,195	-	-	19,195	2,438	21,633
Chief HR and Support Services Officer		89,695	-	-	89,695	10,216	99,912
Total							1,327,673

- No bonuses or benefits in kind were paid to any senior officer during the 2025/26 financial year
- Expenses include any expenses claimed during the 2025/26 financial year
- Employer pension contributions are not payments made directly to officers, rather they are payments to the relevant pension scheme that the officer is enrolled in. The employer contribution rate for 2025/26 was 12.7%.

Notes

- 1) The Chief Operating Officer is retiring on 12 April 2026, with overlap with the incoming Chief Executive from 30 March 2026.
- 2) Appointed on 30 March 2026. Remuneration reflects service to 31 March 2026. The annualised remuneration package, excluding employer pension contributions, was £178,069.
- 3) The Corporate Director Children and Education receives a market supplement of £17,284.92 per annum with effect from 2 June 2025. The amount disclosed within the Salary, Fees and Allowances column reflects the proportion relating to the financial year.
- 4) The Director of Environmental and Regulatory Services was appointed on 1 August 2025. The annualised remuneration package, excluding employer pension contributions, was £113,281.
- 5) The Director of Transport and Environment left the Council on 1 June 2025. Remuneration reflects service to that date.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The remuneration paid to the Council's senior employees in 2024/25 was:

Position	Notes	Salary, Fees and Allowances	Expenses	Compensation for loss of office	Total Excluding Employer's Pension Contributions	Employer's Pension Contributions	Total Remuneration Package
Chief Operating Officer - Ian Floyd		163,738	-	-	163,738	22,105	185,843
Corporate Director of Adult Social Care and Integration		122,954	-	-	122,954	16,599	139,553
Corporate Director of Children and Education		122,954	260	-	123,214	16,599	139,813
Corporate Director of Place	1	49,909	-	-	49,909	6,738	56,647
Director of Public Health		103,792	-	-	103,792	14,012	117,804
Director of Governance and Monitoring Officer		107,950	-	-	107,950	14,573	122,523
Director of Customer and Communities - Officer A	2	16,819	-	-	16,819	2,271	19,090
Director of Housing and Community Services - Officer A	2	92,949	-	-	92,949	12,548	105,497
Director of Transport and Environment	3	105,500	-	-	105,500	14,242	119,742
Interim Director of City Development - Officer B	4	46,947	-	-	46,947	6,338	53,285
Director of City Development - Officer C	4	19,770	-	-	19,770	2,497	22,267
Chief Finance Officer - Officer D	5	3,979	-	-	3,979	537	4,516
Director of Finance - Officer D	5	98,631	-	-	98,631	13,315	111,946
Head of HR & Organisational Development - Officer E	6	3,017	-	-	3,017	303	3,320
Chief Officer HR and Support Services - Officer E	6	80,947	122	-	81,069	9,783	90,852
Total							1,292,698

- No bonuses or benefits in kind were paid to any senior officer during the 2024/25 financial year
- Expenses include any expenses claimed during the 2024/25 financial year
- Employer pension contributions are not payments made directly to officers, rather they are payments to the relevant pension scheme that the officer is enrolled in. The employer contribution rate for 2024/25 was 13.5%.

NOTES TO THE MAIN FINANCIAL STATEMENTS

Notes

- 1) The Corporate Director of Place left the Council on 27 August 2024.
- 2) The Director of Customer and Communities (Officer A) transferred into the position of the newly created Director of Housing and Community Services post on 27 May 2024 following implementation of the new chief officer structure. The annualised remuneration package for this post during 2024/25 was £109,768, excluding employer pension contributions.
- 3) The Director of Environment, Transport and Planning (Officer B) transferred into the position of the newly created Director of Transport and Environment post on 15 April 2024 following implementation of the new chief officer structure. The annualised salary for this post during 2024/25 was £109,529, excluding employer pension contributions.
- 4) The Assistant Director of Policy & Strategy (Officer B) was appointed to the newly created role of Director of City Development on an interim basis between 05 August 2024 and 25 January 2025 following implementation of the new chief officer structure. They returned to their substantive position following the appointment of a permanent Director of City Development (Officer C) on 27 January 2025. The annualised remuneration package for this post during 2024/25 was £109,768, excluding employer pension contributions.
- 5) The Chief Finance Officer (Officer D) was appointed into the position of the newly created Director of Finance post on 15 April 2025 following implementation of the new chief officer structure. The annualised salary for this post during 2024/25 was £102,621, excluding employer pension contributions.
- 6) The Head of Human Resources & Organisational Development (Officer E) transferred into the position of the newly created Chief Officer HR and Support Services post on 15 April 2024 following implementation of the new chief officer structure. The annualised salary for this post during 2024/25 was £84,222, excluding employer pension contributions.

Other Officers' Remuneration

The authority's other employees receiving remuneration more than £50,000 for the year (excluding employer's pension contributions) were paid the following amounts:

Remuneration band	2025-26		2024-25	
	Non-Schools	Schools	Non-Schools	Schools
£50,000 - £54,999	74	82	63	52
£55,000 - £59,999	83	37	80	38
£60,000 - £64,999	22	21	31	14
£65,000 - £69,999	22	11	3	9
£70,000 - £74,999	7	12	11	6
£75,000 - £79,999	5	4	1	5
£80,000 - £84,999	2	3	1	6
£85,000 - £89,999	0	4	1	2
£90,000 - £94,999	3	4	1	1
£95,000 - £99,999	0	0	0	0
£100,000 - £104,999	0	0	0	0
£105,000 - £109,999	0	0	2	0
£110,000 - £114,999	2	0	0	2
£115,000 - £119,999	0	0	0	1
£120,000 - £124,999	0	1	0	0
£125,000 - £129,999	0	1	0	0
Total	220	180	194	136

The number of employees exceeding the £50,000 reporting threshold continues to increase year on year, largely reflecting pay awards and incremental progression within the pay structure. The disclosure table primarily captures the remuneration of officers at Grade 11 SCP1 and above (Grade 11 SCP2 in 2024/25).

Exit packages

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

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band [(b) + (c)]		Total cost of exit packages in each band	
	2025-26	2024-25	2025-26	2024-25	2025-26	2024-25	2025-26 £	2024-25 £
£0 - £20,000	5	2	4	13	9	15	55,567	90,332
£20,001 - £40,000	2	0	2	1	4	1	88,889	22,600
£40,001 - £60,000	0	0	0	0	0	0	-	-
£60,001 - £80,000	1	0	0	0	1	0	69,786	-
£80,001 - £100,000	1	0	0	0	1	0	99,997	-
£100,001 - £150,000	2	0	0	0	2	0	250,271	-
£150,001 - £200,000	1	0	0	0	1	0	155,689	-
£200,001 - £250,000	1	0	0	0	1	0	226,039	-
Total	13	2	6	14	19	16	946,237	112,932

The total cost of £946k (2024/25: £113k) in the table above includes £666k (2024/25: £113k) for exit packages that have been charged to the authority's comprehensive income and expenditure statement in the current year. The table above includes 8 exits from local authority maintained schools.

31. EXTERNAL AUDIT COSTS

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

	2025/26	2024/25
	£000's	£000's
Fees payable to Forvis Mazars LLP with regard to external audit services carried out by the appointed auditor	416	438
Fees payable in respect of other services provided by Forvis Mazars LLP	40	57
	456	495

The figure of £416k for fees payable to Forvis Mazars LLP with regard to external audit services in 2025/26 is made up of the 2025/26 scale fee of £315k, plus a fee variation of £62k relating to 24/25, £26k relating to 23/24 and £13k relating to 22/23.

The figure of £40k for fees payable in respect of other services in 2025/26 is made up of accrued fees relating to 2025/26 assurance work on the Teachers' Pensions return £10k and certification of grants claims and returns £30k.

The figure of £57k for fees payable in respect of other services in 2024/25 is made up of £38.5k accrued fees relating to 2024/25 assurance work on the Teachers' Pensions return and certification of grants claims and returns, and £18.5k accrued fees relating to 2023/24 assurance work on the Teachers' Pensions return and certification of grants claims and returns.

32. DEDICATED SCHOOLS GRANT

The Council's expenditure on schools is funded primarily by grant monies provided by the Department for Education, the Dedicated Schools Grant (DSG). DSG is ring fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early years (England) Regulations 2021.

The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each maintained school.

NOTES TO THE MAIN FINANCIAL STATEMENTS

Details of the deployment of the DSG receivable for 2025/26 are as follows:

	Central Expenditure £000's	Individual Schools Budget £000's	DSG Total £000's
Final DSG for 2025/26 (before recoupment)			195,426
Academy and High needs recoupment for 2025/26			(100,409)
Total DSG available after recoupment			95,017
Brought forward from 2024/25			10,533
Carry forward to 2025/26 agreed in advance			(10,190)
DSG resources available for distribution in 2025/26	28,044	67,316	95,360
In year adjustments	2,000	6	2,006
Final resources available for distribution in 2025/26	30,044	67,322	97,366
Less actual central expenditure	(30,942)		(30,942)
Less actual ISB deployed to schools		(67,338)	(67,338)
Plus Local Authority contribution for 2025/26	-	-	-
In-year carry forward to 2026/27	(898)	(16)	(914)
Plus: Carry-forward to 2026/27 agreed in advance			10,190
Carry-forward to 2026/27			9,276
In-year adjustments includes a £2,000k Safety Valve grant receipt during 2025/26			
DSG Unusable Reserve at 31st March 2025			9,940
Addition to DSG Unusable reserve in 2025/26			-
Total of DSG Unusable Reserve at 31st March 2026			9,940
Net DSG Position at 31st March 2026 (Deficit)			665

NOTES TO THE MAIN FINANCIAL STATEMENTS

Prior year comparator – 2024/25

	Central Expenditure £000's	Individual Schools Budget £000's	DSG Total £000's
Final DSG for 2024/25 (before recoupment)			176,810
Academy and High needs recoupment for 2024/25			(92,769)
Total DSG available after recoupment			84,041
Brought forward from 2023/24			9,649
Carry forward to 2025/26 agreed in advance			(10,200)
DSG resources available for distribution in 2024/25	28,587	54,903	83,490
In year adjustments	960	(129)	831
Final resources available for distribution in 2024/25	29,547	54,774	84,321
Less actual central expenditure	(28,379)		(28,379)
Less actual ISB deployed to schools		(55,610)	(55,610)
Plus Local Authority contribution for 2024/25	-	-	-
In-year carry forward to 2025/26	1,168	(836)	332
Plus: Carry-forward to 2025/26 agreed in advance			10,200
Carry-forward to 2024/25			10,532
In-year adjustments include a £960k Safety Valve grant receipt during 2024/25			
DSG Unusable Reserve at 31st March 2024			9,940
Addition to DSG Unusable reserve in 2024/25			-
Total of DSG Unusable Reserve at 31st March 2025			9,940
Net DSG Position at 31st March 2025 (Surplus)			(592)

33. GRANT INCOME

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

	2025/26 £000's	2024/25 £000's
Credited to Taxation and Non Specific Grant Income		
Government Grants:		
Capital Grants	(32,433)	(43,341)
Demand on Collection Fund	(121,606)	(114,869)
Non-Domestic Rates	(36,643)	(36,913)
Business Rates Retention Grant	(13,402)	(15,427)
Social Care Support Grant	(15,953)	(13,607)
Improved Better Care Fund	(6,623)	(5,369)
Market Sustainability & Improvement Fund	(3,202)	(3,202)
Discharge Fund	-	(1,254)
Homes for Ukraine Grant	(859)	(1,134)
Troubled Families Support Grants	-	(627)
Children's Social Care Prevention Grant	(1,021)	-
Other MHCLG Grants	(1,475)	(813)
DFE Education Grants	(97)	(975)
DWP Household Support Fund	(1,898)	(2,154)
DOH Grants	(153)	(156)
Other Government Grants	(1,298)	(1,060)
Non-Government Grants:		
Other Non-Government Grants	(228)	(99)
TOTAL	(236,891)	(241,000)

Credited to Services

Government Grants:

DFE Dedicated Schools Grant Base	(97,023)	(84,872)
DWP Council Tax, Housing Benefit & Administration Grant	(21,975)	(25,512)
DOH Public Health Grant	(9,423)	(8,906)
DFE Education Services Grant	(4,649)	(4,703)
DFE High Needs, 6th Form funding	(2,571)	(2,447)
DFE Pupil Premium Grant	(2,192)	(2,337)
DFE Universal Infant Free Schools Meals - Revenue Funding	(683)	(693)
DFE Adoption Support Fund	(176)	(177)
DFE PFI Revenue Support	(1,186)	(1,186)
DFE Covid 19 Schools Grant	-	-
DFE Education Grants	(425)	(2,102)
DFE Skills Funding Agency - Adult and Community Learning	(2,612)	(1,009)
MHCLG UK Shared Prosperity Fund and Community Grants	-	(2,645)
MHCLG Homelessness Grants	(2,217)	(1,377)
MHCLG New Homes Bonus	-	(56)
Other grants from MHCLG	(700)	(412)
DFT Bus Service Improvement Plan Grant	(2,997)	(2,929)
Other grants from DFT	(486)	(309)

NOTES TO THE MAIN FINANCIAL STATEMENTS

DEFRA Biodiversity and Air Quality Grants	(34)	(80)
DWP Access to Work Grant	(33)	(70)
DOH Adult Social Care Discharge Programme	-	(15)
DOH Urgent Emergency Care & Support	-	(119)
DOH Supplemental Substance Misuse Grant	(450)	(450)
Homes England Grants	(139)	(28)
Homes Office Grants	(1,435)	(1,638)
Other Government Grants	(1,462)	(855)
Non-Government Grants:		
Trading Standards Institute Grant	(2,089)	(1,733)
WYCA Grants	(33)	(32)
YNYCA Grants	(1,942)	-
NHS	(186)	(173)
Integrated Care Board (ICB) Grants	(3,238)	(1,625)
Extended Producer Responsibility	(4,383)	-
Other Non-Government Grants	(1,008)	(1,296)
TOTAL	(165,747)	(149,786)

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NOTES TO THE MAIN FINANCIAL STATEMENTS

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 will require the monies or property to be returned to the giver.

	2025/26	2024/25
	£000's	£000's
Current Liabilities		
Grants Receipts in Advance (Capital Grants)		
Miscellaneous other grants (capital)	-	-
TOTAL	-	-
Grants Receipts in Advance (Revenue Grants)		
Government Grants:		
Homes for Ukraine Grant	315	1,010
DFE Education Grants	-	1,405
DFE Education Services Grant	1,483	1,023
DFE High Needs, 6th Form funding	13	5
DFE Pupil Premium Grant	200	200
Other grants from MHCLG	786	601
Other Government Grants	2,562	-
DFT Bus Service Improvement Plan Grant	409	2,973
Other grants from DFT	161	481
DEFRA Biodiversity and Air Quality Grants	142	164
DOH Adult Social Care Discharge Programme	-	95
Homes England Grants	152	222
WYCA Grants	-	35
NHS	-	11
Integrated Care Board (ICB) Grants	1,973	833
Other Non-Government Grants	126	131
TOTAL	8,322	9,189

34. RELATED PARTIES

The Council is required to disclose material transactions and balances with related parties. Related parties are bodies or individuals that have the potential to control, influence, or be influenced by the Council.

The disclosure of related party transactions enables readers of the financial statements to assess the extent to which the Council may have been influenced in its decision-making or may have influenced the decisions of another party.

Central Government

Central Government has significant influence over the operations of the Council. It is responsible for the statutory framework within which the Council operates, provides a significant proportion of the Council's funding through grants and determines the terms of many transactions with other parties.

Grants received from government departments and grant receipts outstanding at 31 March 2026 are disclosed in Note 33.

Members

Members of the Council have collective responsibility for setting the Council's strategic direction and determining its financial and operating policies. The total members' allowances paid during 2025/26 are disclosed in Note 29.

The Council maintains a Register of Members' Interests and undertakes an annual review of related party relationships. This review includes organisations where members have been appointed by the Council to act as representatives, together with organisations in which members hold positions in a personal capacity.

Transactions and balances considered material to an understanding of the relationship are disclosed below.

During 2025/26 the Council entered into transactions with organisations to which members had been appointed by the Council in their capacity as City of York councillors:

Entity	No. Councillors	Role		Expenditure £'000	Income £'000	Outstanding Creditors £'000	Outstanding Debtors £'000
York Museums And Gallery Trust	2	Trustees (Registered Directors)	2025/26	368	48	0	15
			2024/25	571	56	0	13
SNAPPY	1	Trustee	2025/26	58	0	0	0
			2024/25	44	23	0	0
Shopmobility York	1	Trustee	2025/26	18	0	0	0
			2024/25	13	0	0	0

NOTES TO THE MAIN FINANCIAL STATEMENTS

During 2025/26 the Council entered into transactions with organisations in which members held positions in a personal capacity:

Entity	No. Councillors	Role		Expenditure £'000	Income £'000	Outstanding Creditors £'000	Outstanding Debtors £'000
York Centre For Voluntary Service ¹	1	Trustee (Registered Director)	2025/26	876	0	0	0
			2024/25	420	1	0	0
York Archaeological Trust for Excavation and Research Limited	1	Trustee (Registered Director)	2025/26	181	26	18	0
			2024/25	288	21	14	0
York Travellers Trust	1	Deputy Chief Executive Officer	2025/26	34	2	0	0
			2024/25	13	0	0	0
Rowley & Sons Family Funeral Services	1	Senior Partner	2025/26	1	1	0	0
			2024/25	0	177	0	12

¹Transactions with York CVS include funding provided in connection with VCSE programmes delivered on behalf of the Council.

In all cases, declarations of interest were made where required and the Council's governance, procurement and decision-making procedures were followed in relation to the award of grants, commissioning of services and other transactions.

Details of members' interests are recorded in the Register of Members' Interests, which is maintained by the Council and made available for public inspection in accordance with the Council's constitutional requirements.

Senior Officers

Senior officers are required to declare any interests in organisations that may give rise to related party transactions. A review of senior officers' declared interests and close family relationships was undertaken for 2025/26.

The review identified one interest held by a senior officer in a personal capacity. Transactions with the related entity are disclosed below:

Entity	No. Officers	Role		Expenditure £'000	Income £'000	Outstanding Creditors £'000	Outstanding Debtors £'000
York City Church	1	Leadership Team	2025/26	23	1	-	-
			2024/25	51	1	-	-

During 2025/26, no grants, works or services of significant value were commissioned from organisations in which officers had an interest as part of their Council responsibilities.

In all cases, declarations of interest were made where required and the Council's governance, procurement and decision-making procedures were followed in relation to the award of grants, commissioning of services and other transactions.

Entities Controlled or Significantly Influenced by the Council

The Council has interests in a number of companies and other entities which have the nature of subsidiaries, associates or joint ventures. Based on the value and materiality of these interests, the Council has concluded that Group Accounts are not required.

Further information relating to Yorwaste, Veritau, City of York Trading, Work With York and Make It York is provided in the Long Term Investments section of this note.

Other

The organisations listed below are not controlled or significantly influenced by the Council. However, elected members hold governance positions within these organisations and additional information has been included in the interests of transparency.

Yorkshire Purchasing Organisation

Yorkshire Purchasing Organisation (YPO) is a publicly owned procurement organisation based in Wakefield and governed by a consortium of local authorities, of which City of York Council is one of the 13 founding members. Established in 1974, it operates as a joint committee providing procurement frameworks, goods and services to local authorities and other public sector bodies, supporting collaborative purchasing and the delivery of value for money.

One elected member serves on the board of YPO Procurement Holdings Ltd. No remuneration is paid for this role.

The Council received dividends of £85k during 2025/26 (2024/25: £120k).

York BID

A Business Improvement District is a specifically designated area where businesses within it work together to invest in services, special projects and events with the aim to increase economic development and growth. BID projects and programmes are in addition to services provided by the City of York Council and funded by an annual contribution of 1% of the rateable value from businesses that are within the BID area. The current BID term levy is based on 2017 business rates evaluation. The York BID was voted in by businesses by an 86.1% majority in January 2021. This establishes the BID to operate for five years requiring all businesses within the BID area (of rateable value threshold which is currently £17,500 and above) to pay the mandatory levy.

The York BID Board oversees the delivery of the BID initiatives set out in the BID business plan. As outlined in the Company Articles of Association, the Board is comprised of representatives from levy-paying business and representatives from the local authority and Make It York.

The Council collects income from ratepayers on behalf of the York BID and there are 2 Councillors on the board. There is no remuneration for these roles.

West Yorkshire Combined Authority

The West Yorkshire Combined Authority (WYCA) brings together local authorities and businesses to support economic growth and transport investment across the region. York is an associate member of the Combined Authority and participates in its governance arrangements through elected member representation.

The Council has elected member representation on the Board, Transport Committee and Overview and Scrutiny Committee. Allowances are payable for certain appointments in accordance with WYCA's approved remuneration arrangements. The following allowances are attached to these appointments in accordance with WYCA's approved remuneration arrangements:

Committee	Allowance
Board	£0 (2024/25, £0)
Transport committee – Ordinary Member *	£0 (2024/25, £0)
Overview & scrutiny committee – Ordinary Member	£3,520 (2024/25, £3,350)
Overview & scrutiny committee – Ordinary Member (Sub)	£1,194 (2024/25, £1,137)

**An allowance is only payable if the role on the Transport committee is not being filled by the Council's Executive Member for Transport.*

York and North Yorkshire Mayoral Combined Authority

The York and North Yorkshire Combined Authority (YNYCA) is a statutory body established by City of York Council and North Yorkshire Council to support economic growth, skills, housing, transport and regeneration across the region. The Combined Authority is led by the elected Mayor for York and North Yorkshire and is responsible for the delivery of devolved funding and powers transferred from Central Government.

The Council has two elected members on the Combined Authority Board. The Board is responsible for setting the strategic direction of the Combined Authority and overseeing the delivery of its functions and investment programmes. No allowances were paid in respect of these roles during 2025/26.

In addition, one councillor holds the position of Deputy Mayor for Policing, Fire and Crime for York and North Yorkshire. Transactions between the Council and the Combined Authority arise principally through statutory funding and programme delivery arrangements between public sector bodies operating within established governance and decision-making frameworks.

LONG TERM INVESTMENTS

The Council holds several investments for the medium to long term. These investments support the delivery of Council services and objectives and comprise mainly share investments in five companies: Yorwaste (£1,008k), Veritau (£1), City of York Trading (£1), Work With York Ltd (£1) and Make It York (£1).

The shares are included in the Balance Sheet at fair value, which may differ from their nominal value, as detailed in Note 16.

Yorwaste

The Council has, as a result of local government reorganisation on 1 April 1996, a 22.27% shareholding in Yorwaste Ltd. The majority shareholder is North Yorkshire Council, which holds the remaining 77.73%.

Yorwaste provides waste management, treatment and disposal services across North Yorkshire and York. The Council has a service agreement with Yorwaste Limited for the provision of waste disposal services and is charged on a cost recovery basis.

One senior officer is an appointed director and receives no remuneration for this role. Members appointed as directors on the Board of Yorwaste are entitled to an allowance in accordance with the company's approved remuneration arrangements.

Council representation on the Board changed during 2025/26 and two members served as directors during the year. Total remuneration paid in respect of these appointments was £8.52k (2024/25: £10.79k).

The Council received no dividends from Yorwaste during 2025/26 (2024/25: £nil).

Veritau

Since 1 April 2009, internal audit, counter fraud and related assurance services have been provided by Veritau.

The Council holds a 50% shareholding in Veritau Limited, jointly owned with North Yorkshire Council. The Council is represented on the Board by the Chief Finance Officer and one elected member. No remuneration is paid in respect of these appointments.

Veritau Public Sector Limited (VPS) commenced trading on 1 August 2024. VPS is a not-for-profit Teckal company providing internal audit, counter fraud, information governance and related assurance services to its member authorities. The Council participates in the governance of the company through its membership arrangements and reserved decision-making rights.

The Council received dividends of £0k during 2025/26 (2024/25: £20k).

City of York Trading

City of York Trading was incorporated in November 2011 and is wholly owned by the Council. The company was established to provide temporary staffing services to the Council, schools and other external organisations.

Work With York Limited was incorporated in October 2024 and commenced trading on 1 April 2025. The company provides temporary staffing and recruitment services, with staffing operations previously delivered through City of York Trading transferring to Work With York as part of a restructuring of the Council's staffing service delivery arrangements.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The Board of City of York Trading comprises the Chief Executive, elected members of the Council and independent non-executive directors. The Council is represented on the Boards of both companies through elected member appointments.

The Council received no dividends from City of York Trading during 2025/26 (2024/25: £nil).

Make it York

Make It York is a company limited by shares established on 1 April 2015 and wholly owned by the Council.

The company supports the promotion of York as a place to live, work, study, visit and invest. Its activities include destination management, business support, inward investment and the delivery of cultural and tourism initiatives on behalf of the Council and the city.

The Council is represented on the Board by two elected members. No remuneration is paid in respect of these appointments.

The Council received dividends of £50k during 2025/26 (2024/25: £25k).

Net Value of Transactions and Balances at Year End

The net value of transactions during the year with entities the Council has a related party relationship with are as follows:

	2025/26			2024/25		
	Expenditure £'000	Income £'000	Net Exp £'000	Expenditure £'000	Income £'000	Net Exp £'000
City of York Trading / Work with York	5,368	(79)	5,289	3,582	(84)	3,498
Make it York	559	(723)	(164)	707	(637)	70
Veritau Ltd / Veritau Public Sector Limited	742	(37)	705	684	(38)	646
Yorwaste Ltd	5,009	(1,208)	3,801	4,734	(1,194)	3,540
YPO	41	(85)	(44)	18	(120)	(102)
	11,719	(2,132)	9,587	9,725	(2,073)	7,652

The following amounts were due to related parties at 31 March 2026 and are included in debtors:

	2025/26 £'000	2024/25 £'000
City of York Trading / Work with York	9	22
Make it York	68	58
Veritau Ltd / Veritau Public Sector Limited	24	4
Yorwaste Ltd	104	86
	205	170

NOTES TO THE MAIN FINANCIAL STATEMENTS

The following amounts were due from related parties at 31 March 2026 and are included in creditors:

	2025/26	2024/25
	£'000	£'000
City of York Trading / Work with York	742	425
Veritau Ltd / Veritau Public Sector Limited	0	3
Yorwaste Ltd	128	166
YPO	1	0
	871	594

The values associated with these companies are not deemed to be material to provide group accounts.

35. CAPITAL EXPENDITURE AND FINANCING

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under leases and PFI/PPP 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.

	2025/26	2024/25
	£000's	£000's
Opening Capital Financing Requirement	510,431	502,238
IFRS 16 Opening Balance Adjustment for Lease and PFI Liability		6,566
Restated Opening Capital Financing Requirement	510,431	508,804
 Capital Investment		
Property, Plant and Equipment	74,861	67,915
Investment Properties	248	352
Intangible Assets	118	-
Revenue Expenditure Funded from Capital under Statute	8,045	5,807
Investment in Equity	-	0
PFI Remeasurements	3,431	463
 Sources of Finance		
Capital Receipts	(14,199)	(13,018)
Government Grants and Other Contributions	(35,114)	(30,295)
Direct Revenue Contributions	(2,393)	(1,568)
Major Repairs Reserve	(10,899)	(10,329)
MRP (Minimum Revenue Repayment) - Loans	(7,934)	(7,106)
HRA Debt Repayment	(9,500)	(8,400)
MRP (Minimum Revenue Repayment) - Leases	(879)	(719)
PFI / PPP Payments	(1,388)	(1,475)
Movement in Year	4,397	1,627
 Closing Capital Financing Requirement	514,828	510,431

Explanations of movement in year

Increase in Underlying Need to Borrow (Unsupported by Government Financial Assistance)	19,337	18,811
MRP (Minimum Revenue Repayment) - Loans	(7,934)	(7,106)
HRA Debt Repayment	(9,500)	(8,400)
Lease Additions	1,330	53
MRP (Minimum Revenue Repayment) - Leases	(879)	(719)
PFI / PPP Payments	(1,388)	(1,475)
PFI Remeasurements	3,431	463
Increase/(decrease) in Capital Financing Requirement	4,397	1,627

The Capital Financing Requirement increased in 2025/26 as a result of the level of borrowing required to fund capital expenditure being greater than the provision set aside for the repayment of debt.

36. LEASES

COUNCIL AS LESSEE

The Council's lease contracts comprise operational land, buildings, vehicles and equipment. Examples of the assets where the Council has right of use include:

- Fleet of light commercial vehicles
- IT equipment in ICT managed services,
- Property used for the delivery of Council services.

Right of Use Assets

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

	Land and buildings	Vehicles, plant and equipment	Total
	£'000s	£'000s	£'000s
Balance at 1 April 2025	16,575	480	17,055
Additions	1,127	203	1,330
Revaluations	(216)	0	(216)
Depreciation and amortisation	(708)	(492)	(1,200)
Disposals	(5)	(113)	(118)
Balance at 31 March 2026	16,773	78	16,851

Transactions under Leases

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

	2025/26	2024/25
	£'000s	£'000s
Comprehensive income and expenditure statement		
Interest expense on lease liabilities	150	111
Expense relating to short-term leases	371	423
Expense relating to exempt leases of low-value items	89	94
Variable lease payments not included in the measure of lease liabilities	-	-
Income from subletting right-of-use assets	(199)	(82)
Gains or losses arising from sale and leaseback transactions	-	-
Cash flow statement		
Minimum lease payments	938	830

Maturity analysis of lease liabilities

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

	2025/26	2024/25
	£'000s	£'000s
Less than one year	743	775
One to five years	1,615	1,313
More than five years	1,307	974
Total undiscounted liabilities	3,665	3,062

COUNCIL AS LESSOR

Transactions under leases

The Council experienced the following changes in the carrying amount of its net investment in finance lease during the year:

	2025/26	Restated
	£'000s	2024/25
		£'000s
Finance leases		
Finance income on the net investment in the lease	(3)	(3)
Operating leases		
Total lease income	(5,926)	(5,486)

Net investment in finance leases

The authority experienced the following changes in the carrying amount of its net investment in finance leases during the year:

	2025/26	2024/25
	£'000s	£'000s
Net investment at 1 April	110	118
Payments by lessees	(8)	(8)
Net investment at 31 March	102	110

Maturity analysis of lease receivables

The lease receivables are due to be collected over the following time bands (measured at the undiscounted amounts of expected cash receipts):

	Finance Leases		Operating Leases	
	31 March 2026	31 March 2025	31 March 2026	Restated 31 March 2025
	£000s	£000s	£000s	£000s
Less than one year	11	11	3,781	3,753
One to two years	11	11	3,175	3,380
Two to three years	11	11	2,866	2,720
Three to four years	11	11	2,396	2,425
Four to five years	11	11	1,802	2,084
More than five years	67	78	53,277	54,561
Total undiscounted receivables	122	133	67,297	68,923

The 2024/25 operating lease maturity analysis in the table above has been restated to correct an overstatement of £3.2m relating to a single lease, arising from an error in the underlying report data. This adjustment affects this disclosure only and has no impact on the primary financial statements.

The total undiscounted receivables for finance leases reconcile to the net investment in leases as follows:

	31 March 2026 £000s	31 March 2025 £000s
Total undiscounted lease receivables	122	133
Unearned finance income	(20)	(23)
Net investment in leases	102	110

37. PFI AND SIMILAR CONTRACTS

PFI - Schools

The Council has one PFI scheme for the provision of 3 primary schools and one special school, with Sewell Education (York) Ltd. PFI contracts are agreements to receive services, where the responsibility for making available the fixed assets needed to provide the services passes to the PFI contractor. The accounting requirements for PFI require that where ownership reverts to an entity at the end of the contract, PFI properties should be recognised on the Council's Balance Sheet along with a liability for the financing provided by the PFI operator. Payments made by the Council under a contract are generally charged to revenue to reflect the value of services received in each financial year and also relate to the repayment of the liability and finance costs associated with the asset. A prepayment of £4.032m was made prior to service commencement. Under the terms of the contract the Council has granted Sewell a licence for use of the land for 30 years. The contract is due to end on 31 March 2036.

Property Plant and Equipment

Prior to 2018/19, the asset used to provide the services at two of the schools (Hob Moor Primary School and Hob Moor Oaks Special School, both on one site) was recognised on the Council's Balance Sheet, with movements in the value over the year detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 12. The other 2 schools are voluntary aided where the asset does not revert back to the Council at the end of the contract.

These assets are not included on the face of the Balance Sheet and the associated costs have been removed. However, on 1st May 2019 both Hob Moor schools converted to academy status. This means that, although still part of the PFI contract, these schools are no longer recognised on the Council's balance sheet. All the entries have therefore been removed, with treatment now consistent with the two VA schools.

Payments

The Council makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year but which is otherwise fixed. Payments remaining to be made under the PFI contract at 31 March 2026 (excluding any availability/ performance deductions) are as follows:

	Payment for Services £000's	Finance Payment £000's	Liability Repayment £000's	Total Payments £000's
Within 1 Yr	1,605	600	392	2,597
Between 2 Yrs and 5 Yrs	6,680	2,085	1,965	10,730
Between 6 Yrs and 10 Yrs	7,205	1,271	5,859	14,335
	15,490	3,956	8,216	27,662

The payments made to the contractor are described as unitary payments and they have been calculated to compensate the contractor for the fair value of the services they provide.

PPP – Allerton Waste

Financial close for the Long Term Waste Services contract with Amey Cespa was achieved on 30th October 2014. Construction of the Allerton Waste Recovery Park commenced in January 2015 and the facility was completed becoming fully operational on 1st March 2018. The Council's commitments on the contract are: North Yorkshire County Council has entered into a contract with Amey Cespa and the City Council has entered into a Joint Waste Management Agreement with North Yorkshire which commits the City Council into the obligations set out in the main contract with Amey Cespa the main requirement being to provide a guaranteed minimum number of tonnes of municipal waste into the facility. Under the Joint Waste Management Agreement the City Council is responsible for paying 21% of the overall unitary charge.

The contract is to provide the services for 25 years at which time the asset transfers to the councils. The Council has therefore recognised 21% of the overall cost of the facility within its non current assets included on the Balance sheet during the year.

The Councils financial commitments under this are

	Repayment of Liability	Interest Payments	Provision of Services	Lifecycle costs	Total
					£'000
less than one year	1,063	3,279	3,229	519	8,090
between 2 and 5 years	3,985	11,300	13,809	4,023	33,117
between 6 and 10 years	9,641	11,073	19,365	3,198	43,277
between 11 and 15 years	15,043	3,629	22,056	4,113	44,841
between 16 and 20 years	8,477	-284	8,607	160	16,960
	38,209	28,997	67,066	12,013	146,285

The value of assets and liabilities for both PFI Schools and PPP Allerton Waste are as follows

Value of PFI Assets	2025/26			2024/25		
	Schools	Waste	Total	Schools	Waste	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Opening Balance IFRS 16	-	48,922	48,922	-	53,510	53,510
remeasurement	-	211	211	-	2,807	2,807
Depreciation	-	(4,616)	(4,616)	-	(5,029)	(5,029)
Additions	-	-	-	-	-	0
Revaluations	-	941	941	-	(2,366)	(2,366)
Disposals	-	-	-	-	-	0
Closing Balance	-	45,458	45,458	-	48,922	48,922

Value of PFI Liabilities

	2025/26			2024/25		
	Schools £'000	Waste £'000	Total £'000	Schools £'000	Waste £'000	Total £'000
Opening Balance	5,368	38,904	44,272	4,862	36,879	41,741
Opening Balance Remeasurement under IFRS16	-	-	-	762	2,667	3,429
Revised Opening Balance	5,368	38,904	44,272	5,624	39,546	45,170
Liability remeasurement under IFRS16	3,220	211	3,431	323	140	463
Payments/Repayments	(372)	(906)	(1,278)	(579)	(782)	(1,361)
Additions	-	-	-	-	-	-
Closing Balance	8,216	38,209	46,425	5,368	38,904	44,272

In 2024/25 the Council remeasured the PFI contracts under the accounting requirements of the IFRS16 Leases standard. This has resulted in an increase in the PFI Liabilities at 31 March 2025 as shown in the table above. The opening liability as at 1 April 2024 has also been restated.

38. IMPAIRMENT LOSSES

Impairment losses are where a physical loss to the asset occurs. In comparison a revaluation loss is a reduction in market value of the asset. In 2025/26 there were no impairment losses charged to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. (2024/25 nil).

39. PENSIONS SCHEMES ACCOUNTED FOR AS DEFINED CONTRIBUTION SCHEMES

Teachers' Pension Scheme

Teachers employed by the Council are members of the Teachers' Pension Scheme, which is administered on behalf of the Department for Education (DfE). The scheme provides teachers 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 a multi-employer defined benefit scheme. The scheme is unfunded and the Department for Education uses a notional fund as the basis for determining employer contribution rates. However, it is not possible for the Council to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

During 2025/26, the Council paid £6,918k (2024/25: £6,930k) to the Teachers' Pension Scheme in respect of teachers' retirement benefits, representing 28.68% of pensionable pay, which includes a 0.08% administration levy. Contributions due to be paid in the next financial year are estimated to be £6,781k.

The Council is responsible for the costs of any additional benefits awarded upon early retirement outside the terms of the Teachers' Pension Scheme. These amounted to £612k (2024/25: £613k) and are fully accrued within the pension liabilities disclosed in Note 40. The Council is not liable to the scheme for any other entity's obligations under the plan.

NHS Staff Pension Scheme

Former NHS employees who transferred to the Council have maintained their membership of the NHS Pension Scheme. The scheme provides members 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. However, the Council is unable to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of the Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

During 2025/26, the Council paid £47k (2024/25: £60k) to the NHS Pension Scheme in respect of retirement benefits, representing 14.38% of pensionable pay. There were no contributions outstanding at the year end. Contributions due to be paid in the next financial year are estimated to be £38k.

The Council is not liable to the scheme for any other entity's obligations under the plan.

40. DEFINED BENEFIT PENSION SCHEMES

As part of the terms and conditions of employment of its employees, the Council makes contributions towards the cost of post-employment benefits. Although these benefits are not payable until employees retire, the Council has a commitment to make the payments and to account for them as employees earn their future entitlement.

The North Yorkshire Pension Fund, which forms part of the Local Government Pension Scheme (LGPS), is accounted for as a defined benefit scheme. This is because the Council's share of the underlying assets and liabilities can be identified and the Council is responsible for meeting its share of the liabilities arising from the scheme. The scheme is funded, meaning that the Council and employees pay contributions into a fund that is invested to provide future pension benefits.

The disclosures below relate to the Council's share of the assets, liabilities, income and expenditure of the Fund.

The principal risks to the Council arising from the scheme include changes in longevity assumptions, inflation, bond yields, investment returns and future legislative or structural changes to the scheme. These risks are partially mitigated by the statutory arrangements that govern the funding of local government pension schemes and determine the amounts charged to the General Fund and Housing Revenue Account.

Discretionary post-retirement benefits awarded on early retirement are accounted for as an unfunded defined benefit arrangement. Liabilities are recognised when awards are made and there are no plan assets held to meet these obligations.

Transactions relating to post-employment benefits

The Council recognises the cost of retirement benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees, rather than when the benefits are eventually paid. However, the amounts charged to the General Fund and Housing Revenue Account

are determined by statutory arrangements and reflect the employer contributions payable to the pension fund and any pensions payable during the year. Consequently, the accounting cost of retirement benefits is reversed out through the Movement in Reserves Statement and replaced with the amounts payable in accordance with statutory requirements.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The following transactions have been recognised in the Comprehensive Income and Expenditure Statement and the Movement in Reserves Statement during the year:

	Local Government Pension Scheme £000s		Local Government Pension Scheme Discretionary benefits arrangements £000s		Teachers' Pension Scheme Discretionary benefits arrangements £000s	
	2025/26 (£000)	2024/25 (£000)	2025/26 (£000)	2024/25 (£000)	2025/26 (£000)	2024/25 (£000)
Comprehensive Income and Expenditure Statement						
Cost of services:						
Service cost comprising						
Current service cost	11,910	16,519	-	-	-	-
Past service cost (inc. curtailments)	1,227	195	-	-	-	-
(Gain)/loss from settlements	-	-	-	-	-	-
Administration expenses	694	563	-	-	-	-
Net service cost	13,831	17,277	-	-	-	-
Financing and investment income and expenditure comprising						
Interest on defined benefit obligation, before asset restriction	(14,642)	(7,102)	51	49	404	379
Interest on unrecognised asset due to effect of asset ceiling	14,293	6,797	-	-	-	-
Net Interest expense	(349)	(305)	51	49	404	379
Total post-employment benefits charged to the surplus or deficit on the provision of services	13,482	16,972	51	49	404	379
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement						
Remeasurement of the net defined benefit liability/(asset) comprising:						
Return on plan assets (in excess of)/below that recognised in net interest	(19,776)	18,823	-	-	-	-
Actuarial (gains)/losses due to changes in financial assumptions	(8,418)	(117,196)	(8)	(71)	(63)	(662)
Actuarial (gains)/losses due to changes in demographic assumptions	5,592	(5,035)	19	(7)	197	(54)
Actuarial (gains)/losses due to liability experience	27,413	1,261	4	2	36	16
Adjustment (gain)/loss due to effect of asset ceiling	(5,978)	98,033	-	-	-	-
Adjustment (gain)/loss due to disposals/acquisitions	504	-	-	-	-	-
Total remeasurements recognised in other comprehensive income and expenditure	(663)	(4,114)	15	(76)	170	(700)
Total post-employment benefits charged to the Comprehensive Income and Expenditure Statement	12,819	12,858	66	(27)	574	(321)
Movement in Reserves Statement						
Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	(13,482)	(16,972)	(51)	(49)	(404)	(379)
Actual amount charged against the General Fund balance for pensions in the year:						
Employers' contributions payable to scheme	12,819	12,858				
Retirement benefits payable to pensioners			112	107	612	613

NOTES TO THE MAIN FINANCIAL STATEMENTS

Past service costs include £998k in respect of the Goodwin remedy, as determined by the Fund's actuary. This reflects the impact of changes to survivor benefit entitlements arising from the implementation of the remedy and has been recognised within the pension liability at 31 March 2026.

Pensions Assets and Liabilities Recognised in the Balance Sheet

	Local Government Pension Scheme £000s		Local Government Pension Scheme Discretionary benefits arrangements £000s		Teachers' Pension Scheme Discretionary benefits arrangements £000s	
	2025/26 (£000)	2024/25 (£000)	2025/26 (£000)	2024/25 (£000)	2025/26 (£000)	2024/25 (£000)
Present value of the defined benefit obligation	646,079	600,194	891	937	7,237	7,275
Fair value of plan assets	(900,820)	(846,620)	0	0	0	0
Sub-total	(254,741)	(246,426)	891	937	7,237	7,275
Effect of asset ceiling	254,741	246,426				
Net liability/(asset) arising from defined benefit obligation	0	0	891	937	7,237	7,275

At 31 March 2026, the Council's funded LGPS obligations gave rise to an accounting surplus of £254,741k. However, following application of the IAS 19 asset ceiling, no net pension asset is recognised on the Balance Sheet.

The Council also has long-term pension liabilities in relation to unfunded discretionary LGPS benefits totalling £891k (2024/25: £937k) and unfunded discretionary Teachers' Pension benefits totalling £7,237k (2024/25: £7,275k).

Reconciliation of the movements in the fair value of the scheme assets

	Local Government Pension Scheme £000s		Local Government Pension Scheme Discretionary benefits arrangements £000s		Teachers' Pension Scheme Discretionary benefits arrangements £000s	
	2025/26 (£000)	2024/25 (£000)	2025/26 (£000)	2024/25 (£000)	2025/26 (£000)	2024/25 (£000)
Opening fair value of scheme assets	846,620	835,044	0	0	0	0
Interest income on assets	48,699	39,871	0	0	0	0
Remeasurement gains/(losses) on assets	19,776	(18,823)	0	0	0	0
Contributions by the employer	12,819	12,858	112	107	612	613
Contributions by participants	6,390	6,014	0	0	0	0
Net benefits paid out	(29,883)	(28,344)	(112)	(107)	(612)	(613)
Net increase in assets from disposals/acquisitions	(3,601)	0	0	0	0	0
Settlements	0	0	0	0	0	0
Closing fair value of scheme assets	900,820	846,620	0	0	0	0

NOTES TO THE MAIN FINANCIAL STATEMENTS

No assets are held in respect of the unfunded Teachers' Pension benefits or the unfunded discretionary LGPS benefits. The assets of the funded Local Government Pension Scheme comprised:

	2025/26		2024/25	
	%	£000	%	£000
Asset Classification:				
Equities	36.80	331,502	60.60	513,052
Property	6.40	57,652	5.90	49,950
Government Bonds	19.70	177,462	14.80	125,300
Corporate Bonds	7.70	69,363	7.60	64,343
Multi Asset Credit	5.50	49,545	5.30	44,871
Cash	1.90	17,116	1.50	12,699
Other	22.00	198,180	4.30	36,405
Total	100.00	900,820	100.00	846,620

Further information on the nature and risks of the pension fund's assets and investment policies can be found in the North Yorkshire Pension Fund Annual Report and Accounts and in the pension fund disclosures included within North Yorkshire Council's Statement of Accounts.

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

	Local Government Pension Scheme £000s		Local Government Pension Scheme Discretionary benefits arrangements £000s		Teachers' Pension Scheme Discretionary benefits arrangements £000s	
	2025/26 (£000)	2024/25 (£000)	2025/26 (£000)	2024/25 (£000)	2025/26 (£000)	2024/25 (£000)
Opening balance at 1 April	600,194	693,448	937	1,071	7,275	8,209
Current service cost	12,604	17,082	0	0	0	0
Interest expense on defined benefit obligation	34,057	32,769	51	49	404	379
Contributions by scheme participants	6,390	6,014	0	0	0	0
Actuarial (gains)/losses due to changes in financial assumptions	(8,418)	(117,196)	(8)	(71)	(63)	(662)
Actuarial (gains)/losses due to changes in demographic assumptions	5,592	(5,035)	19	(7)	197	(54)
Actuarial (gains)/losses due to liability experience	27,413	1,261	4	2	36	16
Net benefits paid out	(29,883)	(28,344)	(112)	(107)	(612)	(613)
Past service cost (inc. curtailments)	1,227	195	0	0	0	0
Net increase in liabilities from disposals/acquisitions	(3,097)	0	0	0	0	0
Settlements	0	0	0	0	0	0
Closing balance at 31 March	646,079	600,194	891	937	7,237	7,275

The defined benefit obligation represents the present value of the Council's future pension commitments arising from service earned by current and former employees. Together with the value of scheme assets, it forms the basis of the pension position recognised in the Balance Sheet in accordance with IAS 19.

Reconciliation of asset ceiling

At 31 March 2026, the Council's funded LGPS obligations gave rise to an accounting surplus of £254,741k. However, under IAS 19 a net pension asset can only be recognised to the extent that it is recoverable through future reductions in employer contributions or refunds from the Fund.

The actuary assessed the value of the economic benefits available to the Council and concluded that no economic benefit is currently available. Consequently, the accounting surplus has been fully restricted by the asset ceiling requirements of paragraph 64 of IAS 19, and no net pension asset has been recognised on the Balance Sheet.

The reconciliation above below the movement in the asset ceiling adjustment during the year.

	Local Government Pension Scheme £000s	
	2025/26 (£000)	2024/25 (£000)
Opening impact of asset ceiling	246,426	141,596
Interest on effect of asset ceiling	14,293	6,797
Actuarial losses / (gains)	(5,978)	98,033
Closing impact of asset ceiling	254,741	246,426

Basis for estimating assets and liabilities

In calculating the Council's assets and liabilities Aon Hewitt Ltd, an independent firm of actuaries, make a number of assumptions about events and circumstances in the future. This means that the calculations are subject to uncertainties within a range of possible values. The liabilities have been assessed using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The principal assumptions used by the actuary have been:

	Local Government Pension Scheme £000s		Local Government Pension Scheme Discretionary benefits arrangements £000s		Teachers' Pension Scheme Discretionary benefits arrangements £000s	
	2025/26 (£000)	2024/25 (£000)	2025/26 (£000)	2024/25 (£000)	2025/26 (£000)	2024/25 (£000)
Mortality assumptions:						
Longevity at 65 for current pensioners:						
Men	22.70	21.90	22.70	21.90	22.70	21.9
Women	24.90	24.50	24.90	24.50	24.90	24.5
Longevity at 65 for future pensioners:						
Men	23.20	22.50				
Women	25.60	25.20				
Principal financial assumptions (% per annum):						
Rate of inflation	2.80	2.50	2.80	2.50	2.80	2.50
Rate of increase in salaries	4.05	3.75				
Rate of increase in pensions	2.80	2.50	2.80	2.50	2.80	2.60
Rate for discounting scheme liabilities	6.20	5.80	6.20	5.80	6.20	5.80

NOTES TO THE MAIN FINANCIAL STATEMENTS

The valuation of the defined benefit obligation is sensitive to the actuarial assumptions set out above. The sensitivity analysis below illustrates the impact of reasonably possible changes in key assumptions at the balance sheet date, with all other assumptions held constant.

In practice, changes in assumptions may be interrelated and therefore the actual impact of changes may differ from that shown. The sensitivity analysis has been prepared using the same actuarial methods and assumptions as those used to calculate the defined benefit obligation, based on the projected unit method, and is consistent with the approach adopted in the previous year.

The approximate impact of changes in the key assumptions on the present value of the funded defined benefit obligation at 31 March 2026 and the projected service cost for the year ending 31 March 2027 is set out below.

Discount rate assumption

Adjustment to discount rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	637,034	646,079	655,770
% change in present value of total obligation	-1.40%		1.50%
Projected service cost (£M)	12,291		13,462
Approximate % change in projected service cost	-4.50%		4.60%

Rate of general increase in salaries

Adjustment to salary increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	646,725	646,079	645,433
% change in present value of total obligation	0.10%		-0.10%
Projected service cost (£M)	12,870	12,870	12,870
Approximate % change in projected service cost	0.00%		0.00%

Rate of increase to pensions and rate of revaluation of pension accounts

Adjustment to pension increase rate	+0.1% p.a.	Base figure	-0.1% p.a.
Present value of total obligation (£M)	655,124	646,079	637,680
% change in present value of total obligation	1.40%		-1.30%
Projected service cost (£M)	13,462	12,870	12,291
Approximate % change in projected service cost	4.60%		-4.50%

Post retirement mortality assumption

Adjustment to mortality age rating assumption *	-1 Year	Base figure	+1 Year
Present value of total obligation (£M)	660,293	646,079	631,219
% change in present value of total obligation	2.20%		-2.30%
Projected service cost (£M)	13,320	12,870	12,420
Approximate % change in projected service cost	3.50%		-3.50%

*A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual who is 1 year older than them.

Impact on the Council's Cash Flows

The total employer contributions paid by the Council to the Local Government Pension Scheme during the year ended 31 March 2026 were £12,819k (2024/25: £12,858k). The Council estimates that employer contributions totalling £5,879k will be paid to the scheme during 2026/27.

The weighted average duration of the defined benefit obligation for scheme members is 14.6 years (2024/25: 14.3 years).

Legal cases

Virgin Media Ltd vs NTL Pension Trustees

In June 2023, the High Court ruled in Virgin Media Ltd v NTL Pension Trustees that certain pension scheme rule amendments were invalid where they were not accompanied by the actuarial confirmation required under section 37 of the Pension Schemes Act 1993. The decision was subsequently appealed and, in July 2024, the Court of Appeal upheld the High Court's judgment.

The Local Government Pension Scheme (LGPS) is a statutory public service pension scheme and legislation has since been enacted to provide a mechanism for the retrospective validation of certain historic pension scheme amendments through actuarial confirmation.

Based on the current legal, actuarial and legislative position, no adjustment has been made to the pension liability recognised in the Council's financial statements. The implications of the judgment and the operation of the legislative remedy continue to be monitored, and the position will be reviewed as further guidance becomes available.

Goodwin v Secretary of State for Education

In June 2020, the Employment Tribunal in Goodwin v Secretary of State for Education found that certain survivor benefit provisions in public service pension schemes were discriminatory. This ruling requires schemes to equalise benefits, resulting in additional pension liabilities.

The IAS 19 valuation reflects the estimated impact of this ruling, as advised by the scheme actuary. This has resulted in an increase in the defined benefit obligation of £998k, which has been recognised as a past service cost in the current year.

41. CONTINGENT LIABILITIES

There is a significant amount of national activity in relation to equal pay claims with growing public challenges from trade unions. As such, it is appropriate to recognise this in the Council's accounts as a contingent liability.

42. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Nature and Extent of Risks Arising from Financial Instruments

The Authority'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;
- **Refinancing risk** - the possibility that the Council might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms.
- **Market risk** - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates or stock market movements.

Overall procedures for managing risk

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

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

- by formally adopting the requirements of the CIPFA Treasury Management Code of Practice;
- by the adoption of a Treasury Policy Statement and treasury management clauses within its financial regulations/standing orders/constitution;
- by approving annually in advance prudential and treasury indicators for the following 3 years limiting:
 - The Council's overall borrowing;
 - Its maximum and minimum exposures to the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

These are required to be reported and approved at or before the annual Budget Council or before the start of the year to which they relate. These items are reported in the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Council's financial instrument exposure. Actual performance is reported after each year, and through a mid-year update.

The annual Treasury Management Strategy Statement for 2025/26 which incorporates the prudential indicators was approved by Full Council on 27th February 2025. Details can be viewed here on the Council's website under item 64:

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=15004&Ver=4> following recommendation by Executive on 21st January 2025, which can be viewed here on the Council's website under item 80:

[https://democracy.york.gov.uk/\(S\(iezd4m45k3tmf22josjfte55\)\)/ieIssueDetails.aspx?IId=72853&Opt=3](https://democracy.york.gov.uk/(S(iezd4m45k3tmf22josjfte55))/ieIssueDetails.aspx?IId=72853&Opt=3).

The key issues within the strategy were:

- The Authorised Limit for 2025/26 was set at £610.500m (prudential indicator 6A).
- The Operational Boundary for 2025/26 was set at £580.500m (prudential indicator 6B).
- The maximum and minimum exposures to the maturity structure of debt which are contained within Prudential Indicator 7. The maturity structure of debt table is contained within this note under the 'Refinancing and Maturity Risk' section.
- The setting out of borrowing and investment policies to manage risk.

Risk management is carried out by a central treasury team, under policies approved by Council in the annual Treasury Management Strategy Statement.

Credit Risk

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

Investments

This risk is minimised through the Annual Investment Strategy set out in the annual Treasury Management Strategy Statement, which is available on the authority's website:

[https://democracy.york.gov.uk/\(S\(iezd4m45k3tmf22josjfte55\)\)/documents/s181089/Treasury%20Management%20Strategy%202025-26.pdf](https://democracy.york.gov.uk/(S(iezd4m45k3tmf22josjfte55))/documents/s181089/Treasury%20Management%20Strategy%202025-26.pdf)

The Annual Investment Strategy details the principles and approach to investments in line with the principles of Security, Liquidity and Yield. Deposits are not made with financial institutions unless they meet identified minimum credit criteria in accordance with the Fitch, Moody's and Standard & Poor's credit ratings services. The Annual Investment Strategy also considers maximum amounts and time limits with a financial institution located in each investment instrument category.

The Council uses the creditworthiness service provided by MUFG Corporate Markets. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

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

The full Investment Strategy for 2025/26 within the annual Treasury Management Strategy Statement for 2025/26 which incorporates the prudential indicators was approved by Full Council on 27th February 2025. Details can be viewed here on the Council's website under item 64:

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=15004&Ver=4> following recommendation by Executive on 21st January 2025, which can be viewed here on the Council's website under item 80:
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No breaches of the Council's counterparty criteria occurred during the reporting period and the Council does not expect any losses from non-performance by any of its counterparties in relation to deposits.

The Councils Treasury Investments are shown below:

	Balance at 31-Mar-26 £000	Balance at 31-Mar-25 £000
Notice Accounts	-	-
Money Market Funds	3,982	9,039
Total	3,982	9,039

The Council's maximum exposure to credit risk in relation to its investments in banks, building societies and Money Market Funds of £3.982m (£9.039m in 2024/25) is not assessed collectively as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the Council's deposits, but there was no evidence at 31 March 2026 that this was likely to crystallise.

There were no circumstances known as at 31 March 2026 that would require impairment on any investments.

Long-term debtors

The Council has Long-term debtors of £3.736m (£3.919m in 2024/25) and further details can be found in Note 18.

When assessing impairment and Expected Credit Loss for long-term debtor loans an assessment is made separately as the risk is specific to each individual debtor. This includes, where applicable to the financial instrument, looking at the loan agreements and the individual debtor records as well as taking into account current known facts and circumstances regarding the individual debt.

There was no evidence at 31 March 2026 that indicated any loans to third parties or long-term debtors were credit impaired and Expected Credit Loss was deemed to be low, therefore no Expected Credit Loss was made.

Short-term debtors

Receivables form part of the Council's Short-term debtors. The Council does not generally allow credit for its invoiced trade receivables, such that £13.504m of the £57.759m receivables debtor balance is past its due date for payment in 2025/26 (£12.079m of the £32.880m in 2024/25). A balance is past its due date if it is over 28 days old. The past due date amounts can be analysed by age as follows:

	Balance at 31-Mar-26 £000's	Balance at 31-Mar-25 £000's
Less than 3 months	3,488	1,919
3 to 6 months	1,986	930
6 months to 1 year	2,227	1,931
More than 1 year	5,802	7,299
Total	13,503	12,079

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The Council makes an annual impairment allowance and at 31 March 2026 the Councils total impairment was £10.764m (£9.674m at 31 March 2025) for all Short-term debtors, of which £3.950m (£3.662m at 31 March 2025) related to receivables.

When assessing impairment and Expected Credit Loss, debtors are assessed collectively rather than individually using the simplified approach allowable under IFRS 9 for short-term receivables.

Further details on Short-term debtors can be found at Note 17 and in the table below showing exposure to credit risk.

Uncollectable amounts are written off in line with the Councils bad debt policy as outlined in its Financial Regulations within the Constitution. During the year, the authority wrote off financial assets with a contractual amount outstanding of £0.678m (£0.188m in 2024/25).

Amounts Arising from Expected Credit Losses and Credit Risk Exposure

The authority has the following exposure to credit risk at 31 March 2026:

Financial Instrument Type	Credit Rating	Gross Carrying Amount	Gross Carrying Amount	Total Expected Credit Loss	Total Expected Credit Loss	Change in Expected Credit Loss from previous year
		31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-25	
		£000	£000	£000	£000	£000
Investments	AAA to A+	3,982	9,039	-	-	-
Loans to third parties	Not Rated	1,026	1,042	-	-	-
Short-term debtors - receivables	Not Rated	61,739	36,542	(3,950)	(3,662)	(288)

Note 1 – As per the CIPFA code, equity instruments designated into the category of Fair Value through Other Comprehensive Income are not within the scope of impairment. Further details on equity instruments can be found in Note 16.

Note 2 – Short-term debtors in the above table includes receivables and any impairment allowance against these. It excludes prepayments and other receivable amounts and any impairment allowance against these. Further details on Short-term debtors can be found in Note 17.

Liquidity risk

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

The Council has ready access to borrowings from the money markets to cover any day-to-day cash flow need and the PWLB and money markets for access to longer term funds. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial liabilities is as follows:

Council loans outstanding

	Balance at 31 March 2026 £000	Balance at 31 March 2025 £000
Interest Due within one year	(2,063)	(2,029)
Maturing within one year	(53,750)	(68,300)
Maturing in 1 - 2 years	(31,500)	(15,950)
Maturing in 2 - 5 years	(81,950)	(50,350)
Maturing in 5 - 10 years	(52,950)	(61,050)
Maturing in more than 10 years	(130,800)	(135,800)
Carrying Value Adjustment	340	386
Total	(352,673)	(333,093)

Note 3 – The Councils WYCA loan is shown at its principal amount.

The table below shows the Council loans outstanding split by loan type / lender:

	Interest Rates Payable 2025/26	Balance at 31 March 2025 £000	Balance at 31 March 2025 £000
Public Works Loan Board (PWLB)	1.50% to 4.80%	(340,600)	(324,100)
PWLB (Carrying Value Adjustment)	-	340	386
Dexia Bank LOBO	-	0	(5,000)
Local Authority	4.25%	(8,000)	0
WYCA	0.00%	(2,350)	(2,350)
Interest Owed on Long Term Debt at 31st March	-	(2,063)	(2,029)
Total		(352,673)	(333,093)

Note 4 – The Councils WYCA loan is shown at its principal amount.

All trade payables of £45.044m (£38.570m in 2024/25) are due to be paid in less than one year and are not shown in the table above. Further details for short term creditors can be found in Note 21.

Refinancing and Maturity Risk

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

The approved Treasury Prudential Indicator 7 limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The Council approved Treasury and Investment strategies address the main risks and the central treasury team address the operational risks within the approved parameters. This includes:

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

The maturity analysis of financial liabilities is as follows, with the maximum and minimum limits for fixed interest rates maturing in each period (Prudential Indicator 7) as approved in the annual Treasury Management Strategy Statement for 2025/26 which incorporates the Prudential Indicators approved by Full Council on 27th February 2025. Details can be viewed here on the Council's website under item 64:

<https://democracy.york.gov.uk/ieListDocuments.aspx?CId=331&MId=15004&Ver=4> following recommendation by Executive on 21st January 2025, which can be viewed here on the Council's website under item 80:

[https://democracy.york.gov.uk/\(S\(iezd4m45k3tmf22josjfte55\)\)/ielssueDetails.aspx?IId=72853&Opt=3](https://democracy.york.gov.uk/(S(iezd4m45k3tmf22josjfte55))/ielssueDetails.aspx?IId=72853&Opt=3).

Maturity Analysis of Council Loans

	Approved Minimum Limits 2025/26 %	Approved Maximum Limits 2025/26 %	Authority Actual at 31-Mar- 26 £000's	Authority Actual at 31-Mar- 26 £000's	Authority Actual at 31-Mar- 25 £000's	Authority Actual at 31-Mar-25 £000's
Less than 1 year	0	30	(53,750)	15.31%	(68,300)	20.61%
Between 1 and 2 years	0	30	(31,500)	8.98%	(15,950)	4.81%
Between 2 and 5 years	0	40	(81,950)	23.35%	(50,350)	15.19%
Between 5 and 10 years	0	40	(52,950)	15.09%	(61,050)	18.42%
More than 10 years	30	90	(130,800)	37.27%	(135,800)	40.97%
Total			(350,950)	100.00%	(331,450)	100.00%

Note 5 – This table shows the principal loan amount outstanding excluding interest. The Councils WYCA loan is shown at its principal amount.

Market Risk

Interest Rate Risk

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

- Borrowings at variable rates – the interest expense charged to the Comprehensive Income and Expenditure Statement will rise;
- Borrowings at fixed rates – the fair value of the borrowing will fall (no impact on revenue balances);
- Investments at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise;
- Investments at fixed rates – the fair value of the assets will fall (no impact on revenue balances).

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Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance, Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Other Comprehensive Income and Expenditure Statement.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together Council's Prudential Indicators and its expected treasury operations for both investments and borrowing, including an expectation of interest rate movements. 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 considered for longer periods to secure better long term returns, similarly the drawing of longer term fixed rate borrowing would be postponed, where circumstances allow.

According to this assessment strategy, at 31 March 2026, if interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

	Balance at 31-Mar-26 £000's	Balance at 31-Mar-25 £000's
Increase in interest payable on variable rate investments borrowings		
Increase in interest receivable on variable rate investments	(39)	(90)
Impact on Surplus or Deficit on the Provision of Services	(39)	(90)
Decrease in fair value of fixed rate investment assets		
Impact on Other Comprehensive Income and Expenditure	-	-
Decrease in fair value of fixed rate borrowing liabilities (no impact on Surplus or Deficit on Provision of Services or Other Comprehensive Income and Expenditure)	28,145	30,861

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk

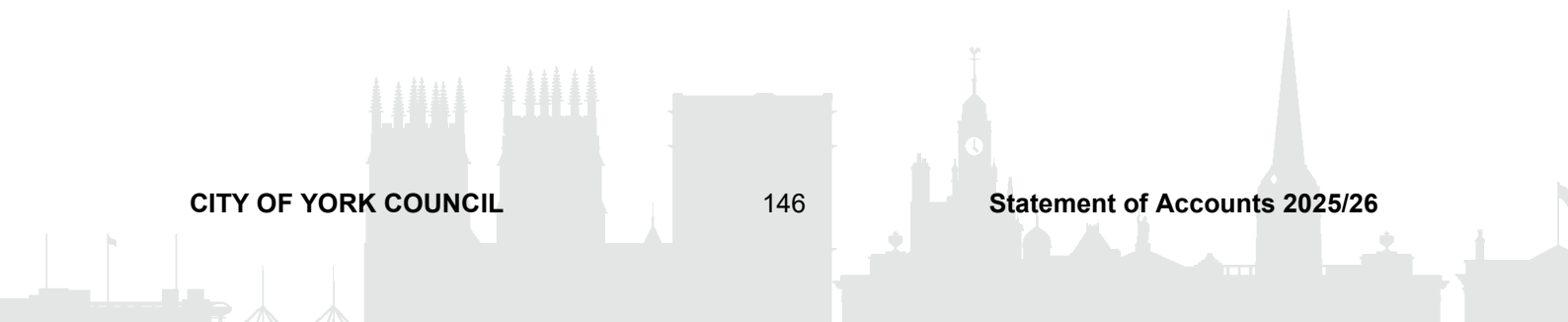
The Council, excluding the pension fund, does not generally invest in equity shares or marketable bonds. However, it does have shareholdings to the value of £6.580m (£6.242m in 2024/25) in a number of equity investments detailed further in Note 16 to the Statement of Accounts. Whilst these holding are generally illiquid, the Council is exposed to gains or losses arising from movements in the value of the shares.

These shareholdings have arisen due to specific service or strategic objectives; the Council is not in a position to limit its exposure to price movements by diversifying its portfolio. In line with the Councils accounting policy for these types of investments the shares have all been designated as Fair Value through Other Comprehensive Income, meaning that all movements in price will impact on gains and losses recognised in the Financial Instrument Revaluation Reserve. A general shift of 5% in the general price of shares (positive or negative) would thus have resulted in a £0.329m (£0.312m in 2024/25) gain or loss being recognised in the Financial Instrument Revaluation Reserve.

Foreign Exchange Risk

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

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NOTES TO THE MAIN FINANCIAL STATEMENTS

43. EXPENDITURE AND FUNDING ANALYSIS (EFA)

2024/25			2025/26			
Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
(707)	24	(683)	Public Health	83	293	376
10,207	(16,692)	(6,485)	Housing Revenue Account	17,424	(20,271)	(2,847)
74,876	1,469	76,345	Adult Social Care and Integration	88,469	806	89,275
29,021	5,465	34,486	Children and Education	33,799	9,520	43,319
25,685	9,941	35,626	Transport Environment Planning	14,724	13,258	27,982
1,213	319	1,532	City Development	1,787	86	1,873
39,570	(7,931)	31,639	Finance	34,328	(8,544)	25,784
12,605	2,219	14,824	HRSS	13,985	2,404	16,389
3,832	347	4,179	Governance	4,809	17	4,826
11,350	1,549	12,899	Housing and Communities	8,262	1,112	9,374
207,652	(3,290)	204,362	Net Cost of Services	217,670	(1,319)	216,351
(203,220)	(20,173)	(223,393)	Other Income and Expenditure	(209,489)	(5,804)	(215,293)
4,432	(23,463)	(19,031)	Surplus or Deficit	8,181	(7,123)	1,058
(39,593)			Opening General Fund and HRA Balance	(35,161)		
4,432			Surplus or Deficit	8,181		
(35,161)			Closing General Fund and HRA Balance at 31 March 2026	(26,980)		

The objective of the EFA is to demonstrate to council taxpayers how the funding available to the authority (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.

NOTES TO THE MAIN FINANCIAL STATEMENTS

The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Authority's Services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

The adjustments between the funding and accounting basis can be further analysed between:

- Adjustments for Capital purposes
- The net change in relation to Pensions adjustments
- Other differences

Adjustments for Capital Purposes - this column adds in depreciation and impairment and revaluation gains and losses in the services line, and for:

- Other Operating Expenditure – adjusts for capital disposal with a transfer of income on disposal of assets and the amounts written off for those assets;
- 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 and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for Pension Adjustments – net change for the removal of pension contributions and the addition of IAS 19 Employee Benefit pension related expenditure and income:

- For Services this represents the removal of the employer 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 & Expenditure the net interest on the defined benefit liability is charged to the CIES.

Other differences - between amounts debited/credited to the CIES and amounts payable/receivable to be recognised under statute and include:

- For services this includes adjustments made from accruing compensated absences earned but not taken in the year;
- For Financing and Investment Income & Expenditure the adjustments relate to the timing differences for premiums and discounts; and
- The charge under Taxation and no-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NDR 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 on the Collection Fund.

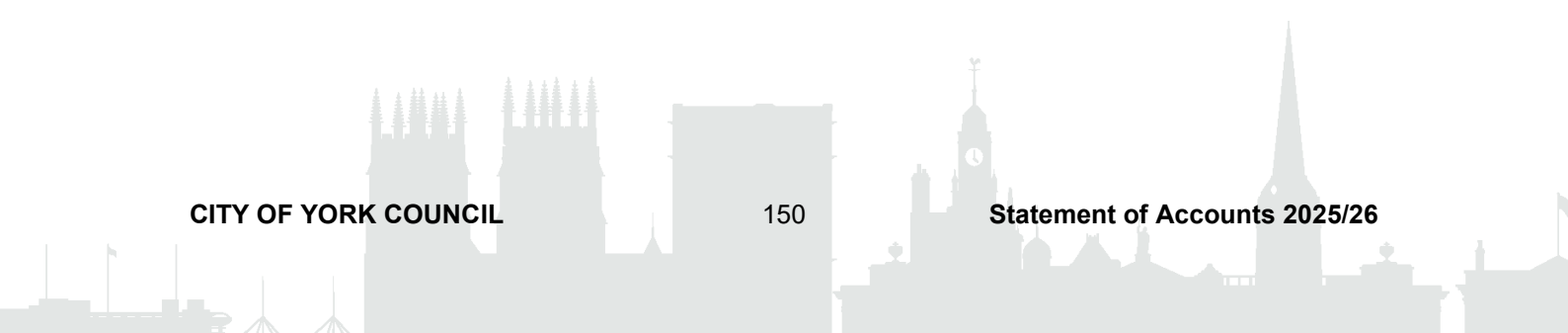
NOTES TO THE MAIN FINANCIAL STATEMENTS

- Financing and Investment Income & Expenditure – the statutory charges for capital 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

2024/25				2025/26				
Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000	Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
(5)	117	(88)	24	Public Health	(7)	(37)	337	293
13,274	198	(30,164)	(16,692)	Housing Revenue Account	14,698	29	(34,998)	(20,271)
786	507	176	1,469	Adult Social Care and	835	(89)	60	806
6,179	518	(1,232)	5,465	Integration	9,815	(806)	511	9,520
16,613	665	(7,337)	9,941	Children and Education	16,876	(109)	(3,509)	13,258
131	72	116	319	Transport Environment	36	(13)	63	86
970	725	(9,626)	(7,931)	Planning	357	1,449	(10,350)	(8,544)
2,054	327	(162)	2,219	City Development	2,470	(58)	(8)	2,404
-	91	256	347	Finance	-	(16)	33	17
1,322	478	(251)	1,549	HRSS	2,111	(63)	(936)	1,112
41,324	3,698	(48,312)	(3,290)	Governance	47,191	287	(48,797)	(1,319)
				Housing and Communities				
				Net Cost of Services				
				Other Income and				
				Expenditure from the				
				Expenditure and Funding				
(20,296)	123	-	(20,173)	Analysis	(5,810)	106	(100)	(5,804)
21,028	3,821	(48,312)	(23,463)	Difference between General	41,381	393	(48,897)	(7,123)
				Fund surplus or deficit and				
				Comprehensive Income and				
				Expenditure Statement				
				Surplus or Deficit on the				
				Provision of Services				

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OTHER STATEMENTS



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HOUSING REVENUE ACCOUNT



HOUSING REVENUE ACCOUNT

Income and Expenditure Statement:

	Note	2025/26 £000's	2024/25 £000's
Income			
Dwellings Rents	(3)	(38,608)	(38,499)
Non-dwelling rents		(560)	(569)
Charges for Services and Facilities		(3,803)	(3,294)
Contributions Towards Expenditure		(522)	(404)
Revaluation gains and reverse revaluation losses	(6)	(1,764)	(216)
Total Income		(45,257)	(42,982)
Expenditure			
Repairs and maintenance		11,421	10,047
Supervision and management		12,905	11,779
Rents, Rates, Taxes and Other Charges		1,269	964
Depreciation, impairment and revaluation losses of non-current assets	(6)	16,462	13,488
Debt Management Costs		46	46
Movement in impairment allowance for uncollectable amounts	(4)	307	173
Total Expenditure		42,410	36,497
Net Cost of Services included in the Comprehensive Income and Expenditure Statement		(2,847)	(6,485)
Share of Corporate Costs			
HRA share of other amounts included in the Council's Net Cost of Services but not allocated to specific services		-	-
Net Cost of HRA Services		(2,847)	(6,485)
HRA share of operating income and expenditure included in the Comprehensive Income and Expenditure Statement:			
Payments to the Government Housing Capital Receipts pool		-	-
(Gain) or loss on sale of HRA non-current assets		(2,314)	(893)
Interest payable and similar charges		4,773	5,121
Interest and investment income		(1,288)	(1,871)
Pensions interest cost and expected return on pension assets	(5)	(16)	(14)
Capital grants and contributions receivable		(3,352)	(1,050)
(Surplus)/Deficit on Provision of Services		(5,044)	(5,192)

HOUSING REVENUE ACCOUNT

Movement on the HRA Statement

	2025/26		2024/25	
	£000's	£000's	£000's	£000's
Balance on the HRA at the end of the previous year		(25,816)		(29,965)
(Surplus)/Deficit for the year on the HRA Income and Expenditure Statement	(5,044)		(5,192)	
Adjustments between accounting basis & funding basis under regulations				
Depreciation and impairment charges	(14,698)		(13,273)	
Revaluation charges	14		-	
Capital grants applied in year	3,114		3,097	
Transfer to Capital Grants Reserve	100		(2,066)	
Non-current assets written off	(10,750)		(8,397)	
Repayment of debt (Statutory and Voluntary)	9,500		8,400	
Capital Expenditure funded by the HRA	2,372		1,437	
Income from non-current asset sales	13,049		9,290	
Transfer from Capital Receipts Reserve	(100)		(40)	
Depreciation costs met by MRR	11,447		11,210	
Retirement benefits	(605)		(762)	
Pension payments	576		577	
Net Increase/Decrease before Transfers to or from reserves	8,975		4,281	
Transfers to/(from) reserves	(1,114)		(132)	
(Increase)/Decrease in Year on the HRA		7,861		4,149
Balance on the HRA at the end of the current year		(17,955)		(25,816)

1. SIGNIFICANCE OF THE STATUTORY HOUSING REVENUE ACCOUNT

The HRA Income and Expenditure Account 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. Councils charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis on which rents are raised, is shown in the Movement on the Housing Revenue Account Reserve.

The surplus or deficit on the HRA Income and Expenditure Account is the best measure of the Council's operating financial performance for the year for HRA services. However, the statutory surplus or deficit on the Statutory HRA is also an important amount since it indicates whether the Council added to or drew from the brought forward balance on its Statutory HRA Reserve during the year. This in turn, affects the amount of the balance on the HRA that the Council can take into account when determining its spending plans on HRA services for the following year.

There is a surplus of £5.044m (2024/25 £5.192m) on the Housing Revenue Account Income and Expenditure Account, this reduces to a deficit of £7.861m (2024/25 £4.149m) for the year on the Statutory Housing Revenue Account.

2. LEGISLATIVE BACKGROUND

The Housing Revenue Account (HRA) shows the major elements of housing revenue expenditure to reflect the Council's activities as landlord: maintenance, administration and capital financing costs, and how these are met by rents and other income. There is also a statutory requirement to show revenue financing of any HRA capital expenditure within the account.

The Local Government and Housing Act 1989 sets out the framework for ring-fencing the HRA, thereby preventing rents being subsidised from the general income of the Council and vice versa.

3. GROSS RENTS

Gross rental income is the total amount due for the year before the allowance for voids of £1090k (2024/25 £980k) which represents 2.75% (2024/25 2.48%) of the gross rental income including charges for services. The average weekly rent for 2025/26 was £101.20 compared to £97.32 in 2024/25.

Assistance with rents is available under the Housing Benefits Scheme for those on low incomes. The cost of rebates granted is met by the Council's General Fund not by the HRA

	2025/26 £000's	2024/25 £000's
Rents due from Tenants	(29,751)	(27,795)
Rents remitted by Rent Rebates through the Housing Benefit System	(9,947)	(11,684)
Total Gross Rental Income	(39,698)	(39,479)
Less void loss	1,090	980
Net Dwelling Rental Income	(38,608)	(38,499)

The Council was responsible for managing 7,489 dwellings at 31 March 2026.

The HRA dwelling stock was made up as follows:

	2025/26	2024/25
Houses	3,377	3,430
Bungalows	490	490
Flats, Bedsits & Maisonettes	3,408	3,424
Hostel Places	90	70
Shared Ownership*	124	126
	7,489	7,540

*This is the total number of properties in which the Council holds an equity share - the retained proportion of each property will vary.

The changes in the HRA dwelling stock within the year can be summarised as follows:

	2025/26	2024/25
Stock at 31st March	7,540	7,548
Dwelling Sales	(79)	(32)
Shared Ownership Freehold sales	(2)	(1)
Additions to Council dwelling stock	10	15
Additions to Shared ownership stock	-	11
Hostel Units Closures	(1)	-
Re-categorised to HRA non-dwelling stock	21	(1)
	7,489	7,540

4. RENT ARREARS

The arrears as at 31 March for rent not paid to the Council are shown in the table below. During 2025/26 rent arrears as a proportion of gross rent income have increased slightly from 6.03% of the amount due to 6.32%.

		2025/26	2024/25
		£000's	£000's
Arrears at 31 March	- Current tenants	1,886	1,884
	- Former tenants	609	496
Amounts Written Off during the Year		115	217
Increased/(Reduced) Provision during the Year		307	173
Impairment Allowance for Uncollectable Amounts		1,768	1,576
		1,768	1,576

The rent arrears as a proportion of gross rent income split between current and former tenants is shown in the following table:

		2025/26	2024/25
		%	%
Dwelling rent arrears as a % of gross rent debit			
	- Current tenants	4.78%	4.77%
	- Former tenants	1.54%	1.26%
		6.32%	6.03%

An Impairment Allowance is made for the expected credit loss that maybe incurred on rechargeable repairs. The arrears figures are as follow:

	2025/26	2024/25
	£000's	£000's
Arrears at 31 March	38	40
Amounts Written Off during the Year	1	19
Increased/(Reduced) Allowance during the Year	-	-
Impairment allowance for Uncollectable Amounts	20	21

5. IAS19 TRANSACTIONS FOR THE HRA

The HRA share of pension adjustments is based on the proportion of employees charged to the HRA. The IAS19 transactions included in the HRA are shown in the following table:

	Local Government Pension Scheme £000s	
	2025/26 (£000)	2024/25 (£000)
Comprehensive Income and Expenditure Statement		
Cost of services:		
Service cost comprising		
Current service cost	535	742
Past service cost (inc. curtailments)	55	9
(Gain)/loss from settlements	0	0
Administration expenses	31	25
Net service cost	621	776
Financing and investment income and expenditure comprising		
Interest on defined benefit obligation	(657)	(319)
Interest on plan assets	642	305
Net Interest expense/(income)	(15)	(14)
Total post-employment benefits charged to the surplus or deficit on the provision of services	606	762
Movement in Reserves Statement		
Reversal of net charges made to the surplus or deficit on the provision of services for post-employment benefits in accordance with the Code	(605)	(762)
Actual amount charged against the HRA balance for pensions in the year:		
Employers' contributions payable to scheme	576	577

6. CONTRIBUTION TO/(FROM) MAJOR REPAIRS RESERVE (MRR)

Councils are required by an amendment to the Accounts and Audit Regulations 2015 (as amended), to establish and maintain an MRR. The main credit to the reserve is an amount equivalent to the total depreciation charges for all HRA assets.

Councils are also able to charge capital expenditure directly to the reserve. The following table shows the depreciation charged during the year:

	2025/26	2024/25
	£000's	£000's
Dwellings	9,796	9,796
Other Land and Buildings	1,573	1,337
Intangible assets	166	166
Plant, Vehicles & Equipment	76	76
Infrastructure	1	1
	11,612	11,376
Reversal of Revaluation loss/Impairment	3,086	1,897
	14,698	13,273

As well as the depreciation credit which must be transferred back to the HRA, councils can also charge capital expenditure directly to the MRR. The following table shows the movement in the year:

	2025/26	2024/25
	£000's	£000's
Balance at 1 April	(4,835)	(3,954)
Depreciation on HRA dwellings	(9,796)	(9,796)
Depreciation on other HRA assets	(1,650)	(1,414)
Capital expenditure on houses within the HRA charged to the reserve	10,899	10,329
Balance at 31 March	(5,382)	(4,835)

7. MOVEMENT OF PROPERTY, PLANT AND EQUIPMENT

The HRA owns land, houses and other property where the value is included in the Council's balance sheet. The Council dwellings are revalued annually to comply with requirements in "Stock Valuation for resource accounting 2016: guidance for valuers" by Department for Communities and Local Government (DCLG). The analysis of the movement on the HRA element of the tangible non-current assets is as follows:

2025/26 Movement of Property, Plant and Equipment

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant furniture & equipment £000's	Infra-structure Assets £000's	Communi-ty Assets £000's	Surplus £000's	Assets under Cons-truction £000's	Total Property, plant & Equipment £000's
Cost or Valuation (GCA)								
At 1 April 2025	585,162	47,756	766	17	185	1,734	35,760	671,380
Additions	21,186	3,468	-	-	-	3	7,062	31,719
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(21,935)	2,087	-	-	-	(5)	-	(19,853)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(3,083)	-	-	-	(3)	-	(3,086)
Derecognition - Disposals	(6,858)	(907)	-	-	-	(1,300)	-	(9,065)
Assets reclassified (to)/from Held for Sale	-	(1,685)	-	-	-	-	-	(1,685)
Other movements in Cost or Valuation	1,867	8,484	-	-	-	-	(10,351)	-
At 31 March 2026	579,422	56,120	766	17	185	429	32,471	669,410
Accumulated Depreciation & Impairment								
At 1 April 2025	-	(3)	(271)	(11)	-	-	-	(285)
Depreciation Charge for 2025/26	(9,796)	(1,573)	(76)	(1)	-	-	-	(11,446)
Acc. Depreciation WO to GCA	9,796	1,576	-	-	-	-	-	11,372
Derecognition - Disposals	-	-	-	-	-	-	-	-
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-
At 31 March 2026	-	-	(347)	(12)	-	-	-	(359)
Net Book Value								
At 31 March 2026	579,422	56,120	419	5	185	429	32,471	669,051
At 31 March 2025	585,162	47,753	495	6	185	1,734	35,760	671,095

HOUSING REVENUE ACCOUNT

2024/25 Movement of Property, Plant and Equipment

	Council dwellings £000's	Other land and buildings £000's	Vehicles, plant furniture & equipment £000's	Infra-structure Assets £000's	Communi-ty Assets £000's	Surplus £000's	Assets under Con-struction £000's	Total Property, plant & Equipment £000's
Cost or Valuation (GCA)								
At 1 April 2024	587,888	48,806	766	17	116	1,734	25,253	664,580
Additions	14,197	4,656	-	-	-	-	10,507	29,360
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(14,197)	1,941	-	-	-	-	-	(12,256)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	-	(1,966)	-	-	69	-	-	(1,897)
Derecognition - Disposals	(2,590)	(2,697)	-	-	-	-	-	(5,287)
Assets reclassified (to)/from Held for Sale	-	(3,120)	-	-	-	-	-	(3,120)
Other movements in Cost or Valuation	(136)	136	-	-	-	-	-	-
At 31 March 2025	585,162	47,756	766	17	185	1,734	35,760	671,380
Accumulated Depreciation & Impairment								
At 1 April 2024	-	(14)	(195)	(10)	-	-	-	(219)
Depreciation Charge for 2024/25	(9,796)	(1,337)	(76)	(1)	-	-	-	(11,210)
Acc. Depreciation WO to GCA	9,796	1,338	-	-	-	-	-	11,134
Derecognition - Disposals	-	10	-	-	-	-	-	10
Other movements in Depreciation and Impairment	-	-	-	-	-	-	-	-
At 31 March 2025	-	(3)	(271)	(11)	-	-	-	(285)
Net Book Value								
At 31 March 2025	585,162	47,753	495	6	185	1,734	35,760	671,095
At 31 March 2024	587,888	48,792	571	7	116	1,734	25,253	664,361

8. VACANT POSSESSION VALUE OF COUNCIL DWELLINGS

In accordance with the Department for Levelling Up, Housing and Communities guidance, council house valuations are reduced from an open market value by a regional adjustment factor in recognition of their status as social housing. The adjustment factor is 41%. The council recognises council dwellings at a value of £579.422m (2024/25 £585.162m) at the balance sheet date. The vacant possession value of the council dwellings at 31st January 2026 was £1,387.058m (2024/25 £1,401.803m). There were a number of Right to Buy disposals that occurred between the 31st January 2026 valuation and the balance sheet date, so the vacant possession value at 31st March 2026 will be slightly reduced. The difference between vacant possession value and balance sheet value of dwellings shows the economic cost of providing council housing at less than market rents.

9. SUMMARY OF CAPITAL EXPENDITURE AND FINANCING

The capital expenditure to be financed in 2025/26 is £31.719m (2024/25 £29.360m). The analysis of the expenditure and the sources of financing used are set out in the following table:

	2025/26				2024/25			
	Dwellings £000's	Equipment £000's	Intangibles £000's	Total £000's	Dwellings £000's	Equipment £000's	Intangibles £000's	Total £000's
Total capital expenditure	31,719			31,719	29,360			29,360
Financing								
Borrowing	(1,188)			(1,188)	(972)			(972)
Capital Receipts	(14,096)			(14,096)	(12,570)			(12,570)
Major Repairs Reserve	(10,899)			(10,899)	(10,329)			(10,329)
Grants	(3,114)			(3,114)	(3,097)			(3,097)
Revenue Contributions	(2,372)			(2,372)	(1,437)			(1,437)
Other Contributions	(50)			(50)	(955)			(955)
	(31,719)	-	-	(31,719)	(29,360)	-	-	(29,360)

10. CAPITAL RECEIPTS

In accordance with Part 1 of the Local Government Act 2003 housing capital receipts are subject to capital pooling requirements. A proportion of dwelling receipts can be retained within CYC and the remainder may be retained if they are used to provide affordable housing within 5 years. The receipts received can be analysed as follows:

	2025/26			2024/25		
	Council Dwellings £000's	Other Properties £000's	Total £000's	Council Dwellings £000's	Other Properties £000's	Total £000's
Sales proceeds	(9,232)	(3,817)	(13,049)	(3,405)	(5,885)	(9,290)
less: administrative costs	100		100	40		40
Net proceeds	(9,132)	(3,817)	(12,949)	(3,365)	(5,885)	(9,250)
Right to buy discount repaid	-		-	-		-
Mortgage principal repaid			-			-
	(9,132)	(3,817)	(12,949)	(3,365)	(5,885)	(9,250)
of which:						
Usable	(9,132)	(3,817)	(12,949)	(3,365)	(5,885)	(9,250)
Payable to Housing Pooled Capital Receipts						-
	(9,132)	(3,817)	(12,949)	(3,365)	(5,885)	(9,250)

11. INVESTMENT PROPERTIES

There are no restrictions on 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 obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

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

	2025/26 £000's	2024/25 £000's
Balance 1 April	71	71
Additions	-	-
Disposals	-	-
Net gain or loss on Fair Value	14	-
Transfers:		
- To / From Property, Plant & Equipment	-	-
Other changes	1,850	
Balance 31 March	1,935	71

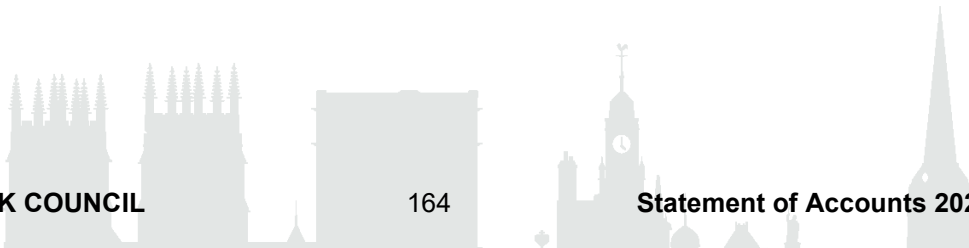
12. ASSETS HELD FOR SALE

Description	2025/26 £000's	2024/25 £000's
Balance outstanding at Start of Year	-	-
Assets newly classified as Held for Sale :		
Property, Plant and Equipment	1,685	3,120
Assets Sold	(1,685)	(3,120)
Balance outstanding at End of Year	-	-

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COLLECTION FUND



COLLECTION FUND

Collection Fund Statement

	Note	2025/26 Business Rates £000	2025/26 Council Tax £000	2025/26 Total £000	2024/25 Total £000
Income					
Council Tax Receivable	2		(152,842)	(152,842)	(142,726)
Business Rates Receivable	3	(91,486)		(91,486)	(87,398)
		(91,486)	(152,842)	(244,328)	(230,124)
Transitional Protection Payments Due from Government		(21)		(21)	
Apportionment of Prior Year Surplus/(Deficit)					
Central Government		(3,698)		(3,698)	(5,439)
City of York Council		(3,624)	(473)	(4,097)	(6,041)
Mayoral Police and Crime			(87)	(87)	(132)
Mayoral General (incl Fire)		(74)	(24)	(98)	(145)
		(7,396)	(584)	(7,980)	(11,757)
Total Income		(98,903)	(153,426)	(252,329)	(241,881)
Expenditure					
Precepts, Demands and Shares					
Central Government		48,436		48,436	44,806
City of York Council		47,468	121,299	168,767	158,836
Mayoral Police and Crime			22,276	22,276	21,203
Mayoral General (incl Fire)		969	7,430	8,399	6,633
		96,873	151,005	247,878	231,478
Disregarded amounts - Enterprise Zone growth		238		238	-
Charges to Collection Fund					
Write Offs / Write Ons		-		-	(29)
Interest on refunds		-		-	-
Increase/(Decrease) in Allowance for Non Collection		350	1,457	1,807	1,674
Increase/(Decrease) in Provision for Appeals		230		230	100
Appeals charged to the Collection Fund		-		-	-
Cost of Collection		286		286	288
Transitional Protection Payments to Government					662
		866	1,457	2,323	2,695
Total Expenditure		97,977	152,462	250,439	234,173
(Surplus)/Deficit Arising In Year		(926)	(964)	(1,890)	(7,708)
(Surplus)/Deficit Brought Forward		9,169	919	10,088	17,796
(Surplus)/Deficit Carried Forward		8,243	(45)	8,198	10,088

COLLECTION FUND

1. LEGISLATIVE BACKGROUND

This fund is an agent's statement that reflects the statutory obligation, under the Local Government Finance Act 1988, for billing authorities (i.e. City of York Council) to maintain a separate Collection Fund. This is a fund specifically for the collection and distribution of amounts due in respect of Council Tax and National Non-Domestic Rates (NNDR).

The statement shows the transactions of the Council in relation to the collection from taxpayers of sums due for council tax and NNDR, and their distribution to the Council, Mayoral (Police and Crime and Mayoral General (incl. Fire)), parish councils and central government.

2. COUNCIL TAX

The Council Tax is a charge on domestic property. Each property has been independently valued and put into one of eight bands (A to H). The charge for each property is calculated by reference to the 'band' charge. The Council Tax base for 2025/26 was 69,426.1 (69,097.6 in 2024/25).

In order to calculate the charge to be levied the estimated number of properties for each band for the year is converted to a Band D Equivalent figure (e.g. 20 band H properties is equivalent to 40 band D properties - $20 \times 18/9$). A new band, band A reduced, was introduced by the government to allow a discount to be given to those people who are entitled to a one-band discount but who live in a band A property.

This gives the tax base for the Council. The valuation bands, the Band D equivalent figures originally estimated for the year, the year-end Band D equivalent figures and the 2025/26 charges are included in the table below.

In addition, the government makes a contribution for properties classed as "Crown" properties in lieu of paying Council Tax. These contributed £676k (2024/25 £703k) to the Council Tax income.

Property Band	Property Value	Estimated Chargeable dwellings	Proportion of Band D	Estimated Tax Base	Average Charge In Year
A reduced	up to £40,000	16.2	5/9	9.0	£1,199.41
A	up to £40,000	7,439.1	6/9	4,959.4	£1,439.29
B	£40,000 to £52,000	19,680.6	7/9	15,307.1	£1,679.17
C	£52,000 to £68,000	22,417.5	8/9	19,926.7	£1,919.05
D	£68,000 to £88,000	11,993.5	9/9	11,993.5	£2,158.93
E	£88,000 to £120,000	7,153.0	11/9	8,742.6	£2,638.69
F	£120,000 to £160,000	3,494.0	13/9	5,046.9	£3,118.45
G	£160,000 to £320,000	1,750.7	15/9	2,917.9	£3,598.22
H	over £320,000	90.2	18/9	180.4	£4,317.86
TOTAL		74,034.9		69,083.5	
Crown Properties				342.6	
Taxbase for the calculation of Council Tax				69,426.1	

The impact of Covid-19 was to reduce the Council Tax amount collectable due to an increased number of applicants for council tax support in comparison to prior to Covid. Post pandemic, this effect continues to

be seen as a result of the cost of living crisis. The in year collection rate for 2025/26 has fallen slightly to 97.04% compared to 97.20% in 2024/25. It should be noted that the majority of amounts not collected in year are usually collected in the following financial year.

Outstanding arrears that are irrecoverable are written off against the allowance for impairment (formerly bad and doubtful debts) made in prior years, although wherever possible action continues to be taken to recover as much of these sums as possible. During the year arrears of £574k (2024/25 £722k) were written off against the impairment allowance for non-collection. An annual assessment of the level of arrears and their age and recoverability, the amount to be provided as provision for future write-offs and the value of outstanding appeals against the council tax band that has been awarded for new properties is undertaken. Following this exercise the level of provision set-aside against the impairment allowance for non-collection on the current level of arrears was increased by £1,457k (increase in 2024/25 of £933k). The impact on the balance of the impairment allowance is a slight increase, allowing for write-offs made in 2025/26. Overall, it is considered to be set at a prudent level at this stage, given the impact of the cost of living crisis as well.

3. INCOME FROM BUSINESS RATES

Under the arrangements for business rates, the Council collects NNDR for its area based on the local rateable value multiplied by a uniform rate. The rateable value at 31 March 2026 was 239,542,326 (2024/25 242,055,571) and the rate for 2025/26 was 55.5p (2024/25 54.6p), with a reduction to 49.9p (2024/25 49.9p) for small businesses. The Council has no control over these values.

The current business rates retention scheme aims to give Council's a greater incentive to grow businesses but also increases the financial risk due to volatility and non-collection of rates. Instead of paying NNDR to a central pool, local authorities retain a proportion of the collectable rates due. In 2025/26 as a member of the Leeds City Region (LCR) Business Rates pool, the Council retains 49% and the remainder is distributed to central government (50%) and the preceptors which in the case of York is 1% to the York and North Yorkshire Mayoral Combined Authority (incl Fire) (YNYMCA).

The business rates shares payable for 2025/26 were estimated before the start of the financial year as £48.436m (£44.806m in 2024/25) to central government, £0.969m (£0.896m in 2024/25) to the YNYMCA and £47.468m (£43.909m in 2024/25) to City of York Council. These sums have been paid in 2025/26 and charged to the Collection Fund in year.

The financial year 2023/24 saw the implementation of a new valuation list for rateable properties nationally. For York the overall impact of the 2023 revaluation was a 3.7% reduction in the gross rateable value. Collectible rates have therefore reduced in comparison to 2022/23, although the government provides reducing transitional protection for 3 years to phase in the impact of the reduction.

In addition to the local management of business rates, authorities are expected to finance appeals made in respect of rateable values as defined by the Valuation Office Agency (VAO) and hence business rates outstanding as at 31 March 2026. As such, authorities are required to make a provision for these amounts. Appeals are charged and provided for in proportion of the precepting shares. The increase in provision charged to the collection fund for 2024/25 has been calculated at £230k (£100k in 2025/26). The 2017 ratings list is now closed to new appeals, however the 2025/26 financial year saw a large number of open appeals settled and refunds provided to rate payers, which resulted in a reduced gross rates payable at year end in comparison to the NNDR 1 budgeted position.

In 2025/26 the government has continued to offer increased business rates reliefs to retail properties, which are reimbursed to the Council through the General Fund account through the use of S31 grants. The impact of this to the Collection Fund is a deficit, which is offset by the additional grant income on the General Fund account which is held in reserve until the deficit is fully realised.

COLLECTION FUND

The in year collection rate has continued to improve since the pandemic when there was a significant reduction (as low as 90% in 2020/21). In 2025/26 the collection rate remained around 98% which is similar to pre-Covid levels. It should be noted that the majority of amounts not collected in year are usually collected in the following financial year. There has been a lower level of write offs for historic debts against the impairment allowance than in previous years, however the overall arrears level has risen and the allowance has been increased back to the required level through an increase of £350k (£741k in 2024/25).

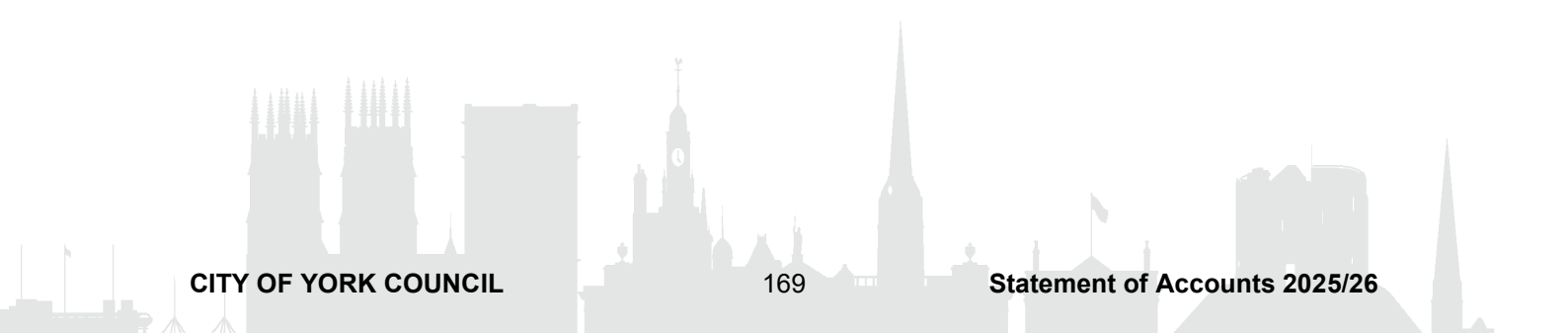
4. DISTRIBUTION OF YEAR END (SURPLUS)/DEFICIT

As set out in note 1 the year-end (surplus)/deficit is distributed to Central Government, City of York Council, the Mayoral Police and Crime and the Mayoral General (incl Fire).

	2025/26 Business Rates £'s	2025/26 Council Tax £'s	2025/26 Total £'s	2024/25 Total £'s
Central Government	4,121,375	-	4,121,375	4,584,501
City of York Council	4,038,946	(37,942)	4,001,004	5,234,893
Mayoral Police and Crime	-	(7,777)	(7,777)	136,683
Mayoral General (incl Fire)	82,428	889	83,317	131,779
	8,242,749	(44,830)	8,197,919	10,087,856

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Executive summary

What are our Governance arrangements and are they fit for purpose?

Our governance arrangements are the systems and processes which enable us to make sound decisions with high-quality information, and a good understanding of risk. Those systems rely on strong leadership, engagement with communities and stakeholders and a laser focus on the public interest.

Alongside many Councils, City of York Council (“the Council”) continues to experience pressure on financial resources. The Council is determined, despite its financial challenges, to continuously improve¹. This requires innovative approaches to service delivery and taking difficult decisions. Our governance arrangements are crucial in getting those difficult decisions right.

The Council has adopted a Local Code of Corporate Governance which is consistent with the seven principles set out in “proper practice” for the public sector, namely Delivering Good Governance in Local Government: Framework published by CIPFA/SOLACE 2016 (the Framework)².

The overall aim of the Local Code of Corporate Governance is to ensure that:

- Resources are directed in accordance with agreed policy and according to priorities;
- There is sound and inclusive decision making;
- There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.

A copy of our Local Code is available on our website at www.york.gov.uk/CorporateGovernance

This Annual Governance Statement (“AGS”) for 2025-2026 demonstrates how we have complied with our local code and reviews its effectiveness. The conclusion of this AGS is that our governance arrangements have, during the past year, met their purpose in ensuring we:

- operate in a lawful, open, inclusive, and honest manner;
- make sure public money is safeguarded, properly accounted for, and spent wisely;
- have effective arrangements in place to manage and control risk;
- secure continuous improvements in the way we operate.

Governance Outlook and areas for action

The Council is satisfied the current arrangements have adequately supported the purpose of guiding decision making which focuses on achievement of the authority’s aims and manages risk. We strive however to maintain a self awareness which facilitates continuous improvement.

The Council continues to respond positively when areas for improvement come to light. During the year, where issues have been identified these have been dealt with in an open and transparent way, often including public reports to Executive. This enables the Council to learn from any mistakes and embed lessons into future planning.

¹ The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency, and effectiveness.

² An addendum to the Framework was published in January 2025. Authorities should ensure that the AGS for 2025/26 onwards comply with this amended guidance, and they are encouraged to consider it for 2024/25.

During March 2025, Children's Services was inspected by Ofsted and rated as outstanding in all areas. Ofsted particularly praised the council's "relentless drive", strong leadership and commitment to putting children first.

In February 2026, the Housing service was inspected by the Housing Regulator and gave a C2 grade for the Council. A C2 grade confirms that the Council is meeting the regulators standards overall but that improvements are required to ensure consistent, high quality services for all tenants.

Our annual review process identified areas for development around:

- Monitoring and reporting of project costs to allow for timely escalation and intervention
- Understanding the impact of staff resources on the ability to deliver projects and services
- Making better use of scrutiny.

These will be the target for action in the coming financial year, and we will reflect on our success in strengthening these aspects of governance in the 26/27 AGS.

Assessment of Effectiveness

Our governance framework is comprised of the culture, values, systems, and processes by which we are directed and controlled. It brings together an underlying set of legislative and regulatory requirements, good practice principles and management processes. The Council works within this framework to deliver the Council Plan.³ This Plan sets out the Council's priorities and makes the following commitments to good governance:

"Financial Management: Ensure financial stability through a long-term financial strategy, that recognises the major unprecedented financial challenges, takes the difficult decisions needed, and ensures investment is focused upon priority areas.

Core Commitments: Embed the four Core Commitments into our decision-making, policies and programmes of work."

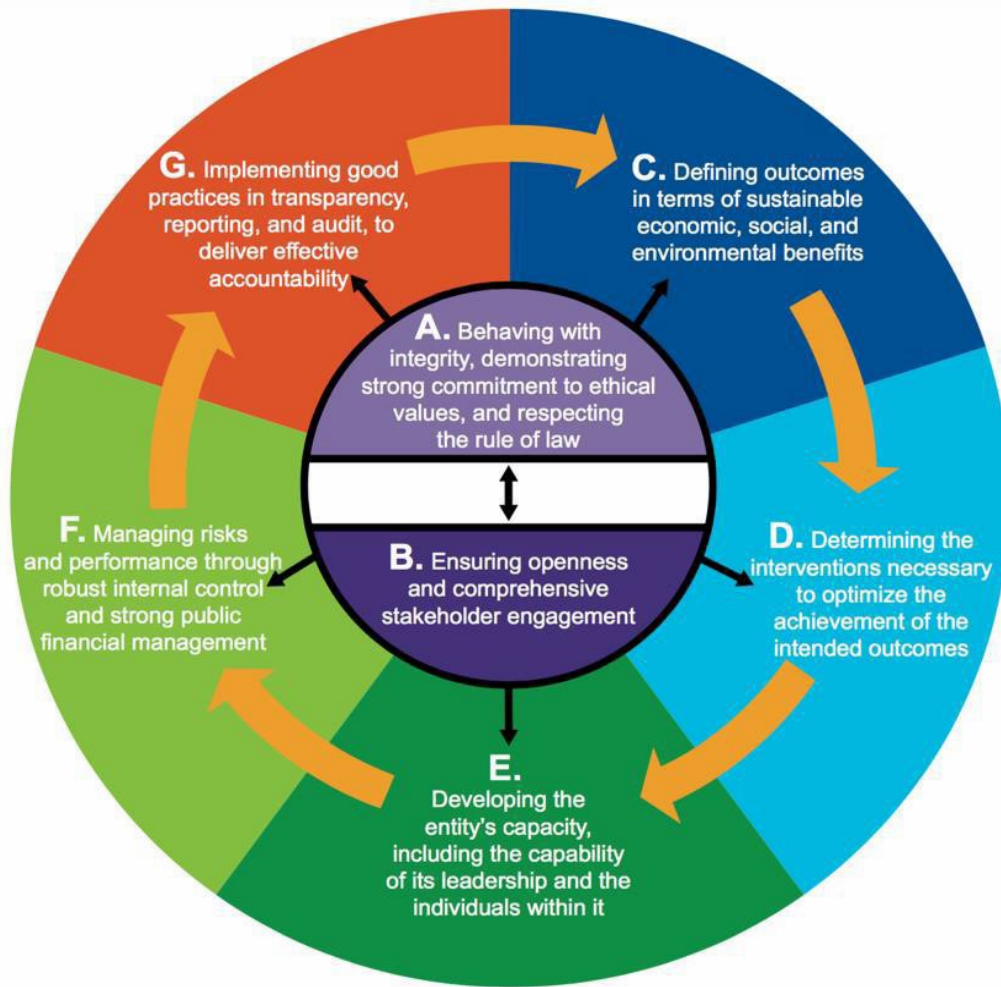
Our system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system of Internal Control is designed to help us identify, prioritise and manage risks.,

Our governance arrangements can only be effective if we engage with them as an organisation honestly and consistently. Where our processes indicate a concern, we must act swiftly.

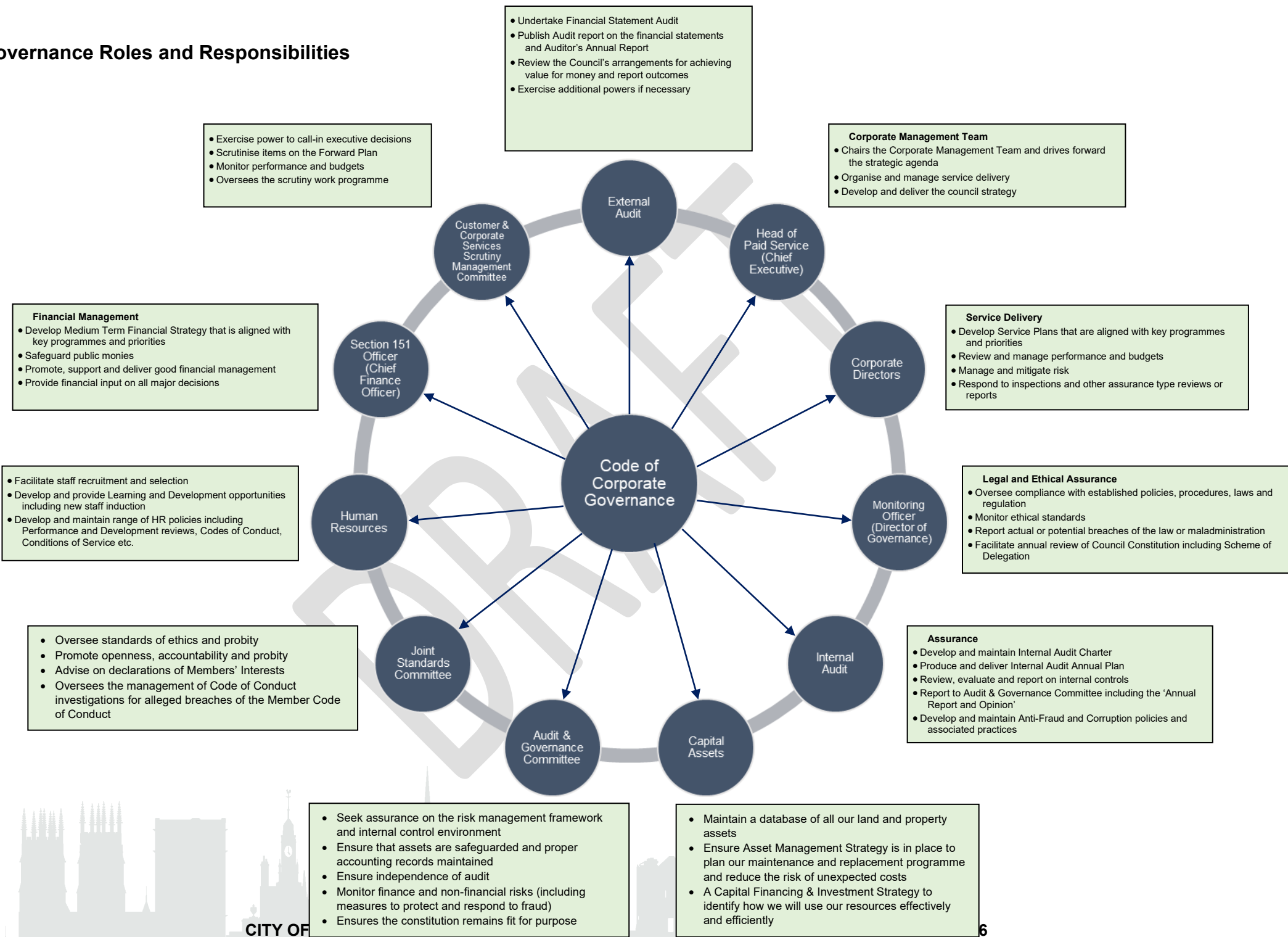
The "Delivering Good Governance" framework below envisages a continuous application of seven principles with a core of A and B being about the behaviours of integrity, demonstrating a strong commitment to ethics and respecting the rule of law with practices being carried out in the spirit of openness and comprehensive stakeholder engagement. These behaviours are demonstrated across the Council.

Our governance arrangements are well aligned to the delivery of the priorities in the Council Plan and are being used to track progress and costs. In some cases, delivery of a planned outcome has been highlighted as being in jeopardy. Our governance framework has successfully supported reprioritisation. It is likely however that ongoing financial pressures will mean that we need to further improve some of our governance arrangements. These are described in the section on "Where our governance needs to improve."

³ <https://www.york.gov.uk/CouncilPlan>



Our Governance Roles and Responsibilities



What Does Our Governance Assurance Framework look like?

Good assurance in any organisation provides confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved.

Our assurance framework is the structure within which Councillors and Senior Management identify the principal risks to the Council in meeting its key objectives, and through which we map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls. Our assurance framework underpins the statements made within this Annual Governance Statement.

Assurance can come from many sources, including:

- Internal: Self Assurance Statements, Corporate Management Team, Internal Audit Reviews, Scrutiny, Audit and Governance Committee, Service Reviews and performance intelligence, Governance Risk and Assurance Group (membership is key Statutory Officers), Corporate Governance;
- External: Inspections, External Audit, National Fraud Initiative, Partnerships, Trade Unions, stakeholders, and local forums

How has this Annual Governance Statement for 2025-2026 been prepared?

In preparing this Annual Governance Statement we have:

- Reviewed our existing governance arrangements against the CIPFA / SOLACE 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance;
- Assessed the effectiveness of our governance arrangements against the Local Code of Corporate Governance;
- Reviewed External Assessments; and
- Sought Self-Assurance Statements from all Directors.

How do we monitor and evaluate the effectiveness of our governance arrangements?

We continue to review the effectiveness of our governance arrangements on an ongoing basis and report on the position annually. The key sources of assurance that inform this review are outlined below:

- The work of Councillors (the Executive, and the Audit and Governance Committee) and Senior Officers (Corporate Management Team) who, individually and collectively, have responsibility for good governance;
- Consideration of the council's constitution and decision-making framework;
- The three statutory officers, being the Head of Paid Service, the Section 151 Officer, and the Monitoring Officer;
- The Head of Internal Audit's annual report on Internal Audit Activity 2023-2024, which provides independent assurance that key risks (financial and non-financial) are being adequately controlled and provides an opinion on the effectiveness of these arrangements
- Consideration of any control weaknesses or issues identified by the Head of Internal Audit as part of the Audit Plan and as reported to the Audit & Governance Committee;

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- Consideration of the council's counter fraud strategy and the level of conformance to the CIPFA code of practice on managing the risk of fraud and corruption;
- Regular updates to Audit and Governance Committee on the council's risk register and any other issues highlighted through the council's risk management arrangements;
- Performance monitoring of key deliverables in the Council Plan as well as key performance indicators which are reported quarterly to Executive;
- Challenge through Overview and Scrutiny (for example review of the work programmes, recommendations to the Executive, call-in's, etc. as can be seen in the reports to Corporate Services, Climate Change and Scrutiny Management Committee);
- Inspections and assessments (such as Ofsted Inspection of Local Authorities Children's Services Framework and Sector Led Improvement activity in Children's and Adults Services, NHS data security and protection toolkit);
- Any comments made by our External Auditors in their Annual Report or as a result of their review of the Council's arrangements for securing economy, efficiency, and effectiveness (value for money);
- Recommendations and comments made by any other review agencies and inspectorates; and

Regular updates to Audit and Governance Committee on complaints, concerns, comments and compliments and FOI/EIR, data protection and information governance.

How do we know that our arrangements are working?

The table below details the seven principles of the CIPFA/SOLACE Delivering Good Governance framework. It provides an analysis of the effectiveness of how we conform with each element of the framework, and identifies areas where improvements are required

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
Acting in the public interest requires a commitment to effective arrangements for:			
Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	1. Behaving with integrity	<ul style="list-style-type: none"> ➤ The political and managerial leadership sets the tone. ➤ Through this leadership we ensure that the required policies are put into place and monitored. ➤ Codes of Conduct for members and officers form part of the Council's Constitution. These sets out expected behaviours which are consistent with the Nolan Principles. ➤ The Protocol on Officer Member Relations which forms part of the Constitution sets out the way Councillors and Officers should interact and serve the public interest effectively. ➤ Mandatory Training on the Employee Code of Conduct has been launched on the Council's intranet for all officers. ➤ Joint Standards Committee produces an Annual Report to Council which includes a synopsis of Code of Conduct related complaints received during the Municipal Year in respect of Councillors (both City of York and Parish Councillors). 	<ul style="list-style-type: none"> ➤ Work has commenced on the design of a full Member Induction programme for the whole Council elections scheduled for May 2027. This has been designed with both Member and senior officer input to ensure that both new and returning Members gain essential knowledge following the election and prior to the Annual Meeting. ➤ In addition, a broader Member's Training Programme is in its inception phase, with the intention that Member's training becomes an ongoing process rather than a single or ad-hoc event. Again, this training has been co-produced by Members and Officers. ➤ Joint Standards Committee procedures for dealing with Code of Conduct Complaints have been updated and approved by full Council in order that the process of dealing with such complaints is more streamlined and offers better and clearer outcomes for all involved.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	<p>2. Demonstrating strong commitment to ethical values</p>	<p>➤ In accordance with the Localism Act 2011, and in common with the majority of Councils, we have adopted the LGA (Local Government Association) Model Code of Conduct for our Councillors, which is in keeping with the general principles of public life. All Councillors and co-opted Members undertake that they will observe the Code of Conduct. Members and key Officers have been trained on the Model Code, including training as part of the Members Induction Programme.</p>	<p>➤ Ad-hoc training on the Code of Conduct has been provided upon request, and further training will be provided to all Members following the 2027 elections.</p> <p>➤ The Joint Standards Committee and the Audit & Governance Committee have both been appraised of proposed changes to the national standards regime, which would include a new, nationally mandated Code of Conduct.</p>
		<p>➤ We enhanced our commitment to Equity and Diversity by adopting:</p> <ul style="list-style-type: none"> ➤ a social model of disability ➤ a Charter for Organisational Standards created by York Poverty Truth Commission ➤ an Anti-Racism Strategy; and ➤ agreeing to treat care experience as if it were a protected characteristic. ➤ We reviewed and updated our decision report template to ensure that the Core Commitments in the Council plan were always addressed. 	<p>➤ Training in relation to Equity, Diversity and Inclusion was provided to Senior Officers.</p> <p>➤ Members and Officers were also provided with “Trauma-Informed” training, to ensure the embedding of a trauma-informed approach to dealing with individuals.</p>

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	3. Respecting the rule of law	<ul style="list-style-type: none"> ➤ The Council's Constitution is regularly reviewed and updated to ensure our framework for lawful decision making is clear, accurate and up to date. ➤ Codes of Conduct set out the standards of behaviour that are expected of our Councillors and Officers. Should these standards be breached, they will be dealt with, either through the Members' Code of Conduct complaints process or, in relation to Officers, action taken under our capability and/or disciplinary procedures. ➤ The Whistleblowing Policy adopted by the Council ensures its effectiveness from a safeguarding perspective and to make it easier for staff to raise concerns about malpractice or illegal activity. The Policy contains clear guidance about how to report a concern, who to contact and sources of internal and external support. ➤ The Whistleblowing Policy is complemented by the Counter Fraud and Corruption Policy, Fraud and Corruption Prosecution Policy, Counter Fraud Strategy, Anti-Money Laundering Policy, and Anti-Bribery Policy. 	<ul style="list-style-type: none"> ➤ Constitutional amendments have been prepared and submitted to Council on a number of subjects, with the Council's Constitution Working Group considering others on an ad-hoc basis. ➤ The most significant change has been the amalgamation of the Council's two planning committees and the rationalisation of their workloads.
<p>Principle B Ensuring openness and comprehensive stakeholder engagement</p>	1. Openness	<ul style="list-style-type: none"> ➤ We are committed to openness and publish information online in accordance with the provisions of the Local Government Transparency Code and the Freedom of Information Publication Scheme. ➤ We provide regular performance updates relating to information requests and complaints to management teams and the Audit & Governance Committee. ➤ We have in place procedures which allow, within certain parameters, the recording and filming of Council meetings, and for public participation in the majority of meetings. 	<ul style="list-style-type: none"> ➤ Freedom of Information, Environmental Information, and Subject Access Request performance has significantly improved over the last 12 months, with FOI response times (i.e., within the prescribed 20 working day period) now achieving 95% compliance rates. ➤ The Council's Complaints and Information Governance functions were disaggregated in June 2025, with the Communities team taking on responsibility for complaints and associated matters.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<ul style="list-style-type: none"> ➤ Only those reports which are considered exempt are dealt with in closed session (known as Part II), and for the majority of these reports there is a public facing report (known as Part I) which sets out the matter to be decided upon, but without the information that is exempt from publication. 	
	2. Engaging comprehensively with institutional stakeholders	<ul style="list-style-type: none"> ➤ We engage with large numbers of stakeholders. We have a comprehensive engagement system with statutory stakeholders such as the NHS, Humber and North Yorkshire Health and Care Partnership (which was established in July 2022), North Yorkshire Police, Fire and Rescue Service. We have further subject based stakeholders particularly regional economic development such as York and North Yorkshire Mayoral Combined Authority, West Yorkshire Combined Authority and have strategic links with North Yorkshire Council. Locally, we regularly engage with key institutions such as the universities, colleges, business representative and environmental groups, education system partners such as the academies, together with health and care partners in the NHS, private sector, and community sector. We have a comprehensive approach to working with key city leaders through the monthly partnership group. We also engage and consult extensively with our Local Trade Unions in respect of employment related issues. ➤ The City of York Council and the Humber & North Yorkshire Integrated Care Board has continued to make progress and was formally moved to establish a Joint Committee under a Section 75 agreement starting from April 2025, as reported to Executive in November 2024. 	<ul style="list-style-type: none"> ➤ During 2025 all ICBs were asked to make 50% cuts to running costs. This has resulted in significant staffing cuts. A new strategic commissioning framework could mean resources shift away from York. The

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<ul style="list-style-type: none"> ➤ To shape the Climate Change plan, we engage with institutional stakeholders through the independent York Climate Commission. ➤ We regularly engage with professional leads at the Head of Communications Group, the Higher Education Group, the Bus Group and the Sustainability Leads Group. Each of these groups provide rich insight about the challenges facing their sectors, examples include responding to the challenges of climate change and the cost of living. 	<p>situation will be closely monitored as it develops.</p>
	<p>3. Engaging with individual citizens and service users effectively</p>	<ul style="list-style-type: none"> ➤ Local focus and community engagement are successfully promoted through a number of different activities: ➤ The Talk About Panel: a group of self-selected residents who comment on surveys throughout the year, the council actively promotes engagement in the panel through too hard to reach groups and those who are underrepresented. ➤ Extensive budget consultation was undertaken which ran from May to December. The process was broken into phases to build understanding and gather feedback iteratively. ➤ Our Big Conversation: invites residents to participate in different on and offline engagement activities designed to inform major council strategies such as the 10-year plan, the economic development, local transport plan and climate change strategies and related action plans. This has included targeted focus groups to encourage feedback from people who don't typically engage in council consultations, such as the disabled community, LGBTQi community, younger people not in work, etc. ➤ The Council Plan was consulted on prior to 	<ul style="list-style-type: none"> ➤ Customer Services will continue the review and implement complaints procedures to maximise the opportunity to make service improvements and learn from feedback and ensure compliance with the Local Government and Social Care Ombudsman Complaint Handling Code which comes into effect in April 2026.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>publication.</p> <ul style="list-style-type: none"> ➤ Major capital programmes activities are heavily consulted on allowing residents to inform the build, structure, and shape of key developments across the city, influencing and adapting masterplans to meet their needs. ➤ Citizen’s panel: Following a successful engagement activity that used focus groups to help set and inform waste recycling policy, we trialled a more regular approach to focus groups by inviting Talk About participants to join a citizens panel which was designed to explore key strategic issues presented through the budget consultation. We are reviewing whether to progress this for future budget consultations and have used the same approach to inform the 10-year plan. ➤ Statutory consultation also takes place in advance of all major traffic/highways schemes, changes to services and to support the Local Plan examination. ➤ Public consultation is undertaken on specific areas of service, or on matters that may have a substantive impact on residents, facilitated by our Communications and Consultation Teams. ➤ The Communications Team ensure that specific matters are promoted via the media and engage with the media over enquiries on specific matters. ➤ The complaints, comments, concerns, and compliments (the 4Cs) support customers, residents and service users to have a more flexible manner to share their comments, complaints, concerns, and compliments with us. This enables us to identify themes and lessons learned for service providers across the council. Individual members of the public can participate in the majority of meetings, 	

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		through the Council's Public Participation Protocol.	
In addition to the overarching requirements for acting in the public interest found in principles A and B, achieving good governance also requires a commitment to, and effective arrangements for:			
Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits	1. Defining outcomes	<ul style="list-style-type: none"> ➤ Following the 2023 local elections, the Council adopted a new 10-Year Plan, which was developed in partnership with city stakeholders and will respond to resident feedback. This was approved by Council on 21st September 2023. The Council Plan is informed by the 10-year plan and strategies and regularly reported on, including 6-month snapshots on the Council website. An annual review is reported to Executive. ➤ Resident feedback and stakeholder engagement is informing the outcomes which will be detailed in the economic development strategy, climate change strategy (and carbon reduction action plan) together with the Local Transport Strategy. ➤ Delivery of partnership priorities through partnership boards and strategies (for example Health and Well-being strategy, Children and Young People's Plan). ➤ The fourth Monitor report presented to Executive provides an annual report with evidence about the council plan achievements and progress made in delivering the priorities and demonstrating value for money. ➤ A more robust Medium Term Financial Plan (MTFP) which aligns available resources to the activities of the Council Plan and setting out the financial plans for the next 3-4 years is currently 	<ul style="list-style-type: none"> ➤ The Social Value outcome framework has been approved by Audit and Governance and is now a part of the council's procurement process as published on the website. It was developed in consultation with NHS Yorkshire and Humber Procurement Leads, together with input from the CVS. ➤ The city's growth ambitions, known as the York Prospectus, is the high-level delivery plan for the 10-year plan and was approved at Executive on 4th November 2025. The social, economic and environmental impact of the city's growth ambitions has been independently analysed by Sewells and was approved at a Leader EMDS on 3rd February 2026. This is used to prioritise schemes, working closely with the MCA to unlock funding to deliver priorities

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		being developed.	
	2. Sustainable economic, social and environmental benefits	<ul style="list-style-type: none"> ➤ Service plans have been agreed which include clear objectives, measures and risks that are actively managed during the year and inform the setting of individual objectives. ➤ Service plans feed into and align with both Directorate plans and in response to the Council Plan's priorities. 	
Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes	1. Determining interventions	<ul style="list-style-type: none"> ➤ Corporate Management Team (CMT) and Executive review the council's performance on a quarterly basis. ➤ Review and challenge through directorate management team (DMTs) led Improvement Boards in key areas and regularly reporting to Corporate Management Team in respect of the provision of children's and adults' services. Peer reviews are undertaken where necessary and appropriate to inform senior leaders. ➤ Creation of cross council performance groups (e.g., enhanced corporate support for Adult Social Care provision). ➤ Quality assurance - examples of good practice exist at service level e.g., Children's Services. ➤ Regular challenge from inspectorates such as Ofsted, Care Quality Commission (CQC) and Housing Regulator. Annual Conversations with Ofsted make sure that progress of our services is tracked and challenged in between inspections. Children's Services were inspected in March 2025 and achieved outstanding across all areas ➤ Sector Led Improvement (SLI) challenge from regional peers in Children's and Adults' services and Public Health. ➤ Overview and Scrutiny has a planned 	<ul style="list-style-type: none"> ➤ Following approval by full Council in March 2025, the Council implemented a new structure for overview and scrutiny, reducing from four committees to three, with the aim of improving focus and depth of the input scrutiny can have in policy development. ➤ Assisted technology projects are a key part of the reviewing the ways in which council officers work and customers and residents can access council services better, with greater efficiency and effectiveness. Changes and progress are monitored by Corporate Management Team as part of dedicated themed workstream updates taking place monthly.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		work programme that they scrutinise throughout the year. A review of Scrutiny was carried out by the Centre for Governance and Scrutiny in December 2024. This made recommendations for improving effectiveness. Consequent amendments have been made to the structure and supporting staff resource.	
	2. Planning interventions	<ul style="list-style-type: none"> ➤ Performance, audit, risk, and finance information is used to identify areas of concern and plan required interventions. ➤ There is an annual cycle of meetings that are planned through the municipal year, but internal procedures are flexible enough for Councillors to intervene, such as via call-in or the calling of extraordinary meetings, at any point in the year. 	<ul style="list-style-type: none"> ➤ The capital programme strategy has been approved at Capital Programme Delivery Board and CMT. It sets out how the capital programme responds to the Council Plan and is used to help determine capital schemes going forward.
	3. Optimising achievement of intended outcomes	<ul style="list-style-type: none"> ➤ Outcomes are monitored on a regular basis and open to scrutiny. Matters which are formally project managed are required to be reported upon via published highlight reports at regular intervals. The performance framework ensures capacity is considered in balancing priorities against affordability and social value. ➤ Service planning and objectives set for the year for services and individual members of staff and the outcomes of these are reviewed regularly as part of the performance review process. ➤ Major Projects Board to oversee major capital projects and seek assurances from project teams and advisors ➤ Capital Programme Delivery Board (CPDB) has been established to provide monthly review of programme assurance. ➤ Our Corporate Management Team has strategic oversight of major issues affecting the Council with a tightly managed forward plan. ➤ The establishment of Capital Programme 	<ul style="list-style-type: none"> ➤ Project oversight will be further enhanced by the development of a corporate Programme Management Office to support the delivery of the Council's Capital Programme. ➤ Permanent Head of Capital Programme Management Office and Head of Capital Delivery alongside Head of Corporate PMO, will continue to raise profile and strengthen governance ➤ A review of effectiveness will be undertaken after 6 months of the new CPDB assurance process ➤ The Capital Programme Assurance Framework will be presented to EMDS in September for approval

ANNUAL GOVERNANCE STATEMENT

Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>Management Office (CPMO), alongside the Corporate PMO is providing an assurance framework for the management and delivery of projects and programmes within the Council. This includes the identification and monitoring of outputs and outcomes.</p>	
<p>Principle E Developing its capacity, including the capability of its leadership and the individuals within it</p>	<p>1. Developing the entity's capacity</p>	<ul style="list-style-type: none"> ➤ The Head of Paid Service is responsible for the organisation of the staff. ➤ Leadership and Management is delivered through Corporate Management Team (meeting once a week) and Leading Together. ➤ The Council has a performance management framework for all of its staff. The process also involves appraisal by way of regular reviews of performance of those objectives including formal mid-year and end of year performance reviews which are formally recorded. 	
	<p>2. Developing the capability of the entity's leadership and other individuals</p>	<ul style="list-style-type: none"> ➤ We have a programme of training available for both Councillors, by way of the Induction Programme delivered after the May 2023 elections, and Officers (at all levels). ➤ All new starters are required to undertake an induction programme, which is available both virtually and face to face, together with an evaluation of the sessions after they have been delivered. Induction is also supported by starter checklists for managers and employees to ensure all mandatory training and key Corporate and local information is cascaded. ➤ There is mandatory training for all staff on key policies via the e-Learning system. ➤ Professional members of staff are required to undertake additional training requirements (continuing professional development) as set by their professional bodies. ➤ We support staff development using cost effective opportunities including funded apprenticeships. These have been 	<ul style="list-style-type: none"> ➤ Embedded into developing capacity, skills, talent and development of the workforce is initiatives such as apprentices, supported interns, internships, work experience, graduate recruitment and Tlevels. Within these there are different levels of supported leadership. From 2026 there is also a roll out of specific leadership and management training to enhance and develop the skills of our managers to embed the values, behaviours and standards of a high performing workforce with a positive leadership culture.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
		<p>successfully matched with career graded staff structures to support organic growth and retention.</p> <ul style="list-style-type: none"> ➤ We make use of peer support networks to share good practice and offer informal mentoring. 	
<p>Principle F Managing risks and performance through robust internal control and strong public financial management</p>	<p>1. Managing risk</p>	<ul style="list-style-type: none"> ➤ We have adopted a formal system of risk management overseen by the Corporate Finance Team. ➤ This ensures that the council's assets are adequately protected, losses resulting from hazards and claims against the council are mitigated through the effective use of control measures, and that our managers are adequately supported in their responsibilities in respect of risk management. ➤ Departments maintain risk registers which include corporate, operational, reputational, project and partnership risks in accordance with best practice. ➤ Key staff receive training on risk management principles. ➤ We maintain a Corporate Risk Register containing the council's key strategic risks and these are monitored by the Corporate Management Team, and by the Audit & Governance Committee. ➤ We conduct robust and quality risk assessments for data protection and privacy issues to ensure we comply with the fundamental principles and requirements of legislation. 	<ul style="list-style-type: none"> ➤ A capital programme risk management framework is being developed. It is designed to align with the corporate risk management framework and key corporate risks, whilst recognising the more technical delivery risks that can lead to greater financial and/or reputational risks. This will include introducing a greater severity of risk. ➤ Work is underway to ensure ongoing compliance with data protection legislation requirements, alongside ensuring opportunities from AI are compliant. Where breaches are identified, they are investigated and actioned in accordance with both the legislation and the ICO's guidance, to ensure that appropriate institutional learning is documented and implemented.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	2. Managing performance	<ul style="list-style-type: none"> ➤ Principal performance targets are captured within our Performance management system and are subject to review (including Council Delivery Plan, Council Scorecard, and Departmental business and service plans). ➤ Performance management is reported on a quarterly basis to the Executive, the Corporate Management Team, and the Corporate, People and Place Scrutiny Committees. Complaints, FOI/EIR, data protection and associated regulator feedback are included in these reports and are also reported to the Governance, Risk and Assurance Group, Corporate Management Team, and to Audit and Governance Committee ➤ . 	<ul style="list-style-type: none"> ➤ The capital programme delivery board provides governance controls across procurement, finance and legal on the whole capital programmes, including in education, housing, transport and regeneration. Risks from programmes are escalated to the Capital programme delivery board, which are then shared with CMT through a monthly deep dive, together with providing Executive members with oversight.
	3. Robust internal control	<ul style="list-style-type: none"> ➤ Preventative procedures are in place which include the segregation of duties, approval/authorisation process, security of assets and regular reconciliations. ➤ Assurance is gained through regular internal audits and reporting. ➤ Our Internal Audit Service has received an independent external review which demonstrates that the service conforms with the Public Sector Internal Audit Standards (PSIAS) (replaced by the Global Internal Audit Standards – UK Public Sector from 1 April 2025). The Head of Internal Audit also presents the results of the Quality Assurance and Improvement Programme as part of the annual report to the Audit and Governance Committee. 	

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	4. Managing data	<ul style="list-style-type: none"> ➤ We have in place a suite of Policies and Procedures covering information governance and information security that are managed and monitored by the Corporate Governance Team and ICT. ➤ We have senior officers who fulfil the roles of the Senior Information Risk Owner, Caldicott Guardians, and Information Asset Owners and Administrators. ➤ All officers and Councillors are required to undertake mandatory e-Learning training on data protection and information security. ➤ Regular council wide communications and targeted awareness sessions with teams are provided to ensure the need, and process, for reporting of all potential breaches of Data Protection legislation is clearly understood and also that lessons are learned and implemented from them. 	
	5. Strong public financial management	<ul style="list-style-type: none"> ➤ We have a budget setting process with the Budget and Medium Term Financial Plan decided annually by Council. ➤ Budget setting includes resident and business engagement. ➤ The Finance Strategy sets the overall direction for how we will fund our activities and invest in the future. ➤ We have in place a statutory Section 151 Officer with finance teams that support the budget holders. ➤ Financial Procedure Rules and Contract Procedure Rules are in place and are regularly updated. A major review of these has taken place to reflect changes brought into effect in February 2025 by the Procurement Act 2023. 	

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability	1. Implementing good practice in transparency	<ul style="list-style-type: none"> ➤ Agendas for all Council meetings are publicly available on the website. ➤ The Forward Plan for Executive ensures that, as required by the Local Authorities (Executive Arrangements) (Access to Information) (England) Regulations 2000, details about forthcoming Key Decisions are published not less than 28 days before the decision-making meeting. ➤ We comply with the local Government Transparency Code 2015, publishing required information at https://www.yorkopendata.org/ ➤ We comply with The Openness of Local Government Bodies Regulations 2014 and the Freedom of Information Act publication scheme. ➤ We have a Whistleblowing Policy in place which is actively publicised. 	<ul style="list-style-type: none"> ➤ To facilitate continued compliance with the principles, additional guidance has been provided in relation to the publication of Officer Decisions in accordance with the 2014 Regulations.
	2. Implementing good practices in reporting	<ul style="list-style-type: none"> ➤ We have in place comprehensive procedures for the making of decisions, either by Full Council, Committees, the Executive, or individual decisions made by Chief Officers or Executive Members. ➤ All reports are taken through Democratic Services and require clearance by legal and finance as a minimum. ➤ Reports for Council, Committees and Executive business and minutes of these meetings are available on our website, save for reports which contain information that is exempt from publication. 	<ul style="list-style-type: none"> ➤ A pilot scheme to utilise existing software capabilities to provide a centralised report-writing and departmental sign-off procedure was introduced to streamline report preparation and submission.

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Governance Principle	Sub-Principle	Assurance on Compliance	Further Development
	3. Assurance and effective accountability	<ul style="list-style-type: none"> ➤ The Constitution sets out the executive arrangements and the roles and responsibilities of the Leader of the Council, the Executive and each of the Cabinet Members and the roles and responsibilities of other Council Members. ➤ The Constitution sets out the functions of Council, Executive and the various committees. ➤ The principal roles and responsibilities of the Chief Executive and senior officers, including the Section 151 Officer and the Monitoring Officer, are also set out in the Constitution. 	<ul style="list-style-type: none"> ➤ Following the change to the Council's overview and scrutiny committee structure, it is notable that pre-decision scrutiny has increased, and continues to increase, whilst the introduction of Task and Finish Groups has allowed additional briefings to be undertaken without impact on the committees' work programmes.

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What specific assurances do we receive?

Whilst a number of assurances have been obtained to support this conclusion, it is important that we consider the following specific assurances to support this statement:

1. Chief Finance Officer (Section 151 Officer)

The CIPFA Statement on the Role of the Chief Finance Officer (CFO) in Local Government (2016) requires that assurance is provided on a number of governance arrangements relating to the organisation including financial control, reporting, the approach to decision making, compliance with relevant codes and the influence of the CFO within the organisation. These have been considered within the context of this Statement and it has been established that our arrangements conform to the CIPFA requirements and the Section 151 Officer has no significant concerns.

2. Monitoring Officer

The Monitoring Officer is required to report to the Council in any case where it appears that any proposal, decision, or omission by the authority has given rise to or is likely to or would give rise to any contravention of any enactment, rule of law or code of practice or maladministration or injustice in accordance with Sections 5 and 5A of the Local Government and Housing Act 1989; (LGHA 1989). These have been considered within the context of this statement and the Monitoring Officer has no significant concerns to report.

3. Head of Internal Audit

In accordance with the Accounts and Audit Regulations 2015 and the Global Internal Audit Standards in the UK Public Sector (GIAS UK Public Sector), the Head of Internal Audit provides an annual opinion on the overall adequacy and effectiveness of our risk management, internal control, and governance processes.

The Head of internal Audit is satisfied that sufficient work has been undertaken to allow him to draw an informed conclusion on the adequacy and effectiveness of our arrangements. Based on the work performed during 2025/26, the Head of Internal Audit has provided the following opinion on our risk management, internal control and governance processes, in operation during the year to 31 March 2026:

*The overall opinion of the Head of Internal Audit on the framework of governance, risk management and control operating at the council is that it provides **Reasonable Assurance**.*

The opinion given is based on work that has been undertaken directly by internal audit, and on the cumulative knowledge gained through our ongoing liaison and planning with officers. No reliance was placed on the work of other assurance providers in reaching this opinion.

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However, in giving his opinion, the Head of Internal Audit included one significant control weakness to be considered for inclusion in the annual governance statement. A summary of this is as follows:

Governance and management of major capital projects: in evaluating the council's arrangements for governing and managing its portfolio of major capital programmes and projects, several issues have been identified which, taken together, represent a significant control weakness.

Issues include a lack of oversight and critical appraisal in pre-delivery phases (which has led to consequences such as entering contracts at risk or of a form not optimised for the project, and incurring additional costs due to changes during delivery), inadequate financial profiling, under-developed governance and assurance arrangements, a lack of skills and support capacity, and an over-reliance on external expertise.

The Head of Internal Audit's opinion concludes by referring to the improvements made and planned but also emphasises the need for continued focus on arrangements for governing and managing major projects.

Full details on the assurance provided by the Head of Internal Audit are detailed within the Internal Audit Annual Report for 2025/26 which was presented to the Audit and Governance Committee on 6 May 2026.

Under the GIAS UK Public Sector (effective from 1 April 2025) and CIPFA's Code of Practice for the Governance of Internal Audit in UK Local Government, we are required to undertake a review of the effectiveness of our Internal Audit function and to report the results to the Audit and Governance Committee.

An independent assessment against the GIAS UK Public Sector must be carried out every five years as a minimum. The most recent independent assessment was undertaken against the Public Sector Internal Audit Standards (PSIAS). It was completed in September 2023 by the Chartered Institute of Internal Auditors. The assessment concluded that the Internal Audit function generally conforms to the PSIAS. This is the highest rating that could be awarded. Veritau will need to be externally assessed against the GIAS UK Public Sector before September 2028.

The Standards also require Veritau to perform a self-assessment each year. The outcome of the recently completed self-assessment, included in the Head of Internal Audit Annual Report for 2025/26, demonstrates that the service provided by Veritau generally conforms to the GIAS UK Public Sector. The Council can therefore continue to place reliance on the work of the Internal Audit function and the opinions it gives.

1. External Audit

External Audit of the Council is undertaken by Forvis Mazars LLP. They presented their Audit Completion Report for the year ending 31st March 2025 to Audit & Governance Committee on 28th January 2026. At the time of writing, their work on the 2024/25 accounts was substantially complete, awaiting assurance on one area. The 2025/26 audit will commence in September/ October 2026.

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Forvis Mazars also took the Auditor's Annual Report to Audit & Governance Committee on 11th March 2026 which provided conclusions on the value for money (VFM) arrangements for the Council in 2024/25. A significant weakness was identified in the 24/25 VFM arrangements relating to capital project management and governance. A review to capture lessons learnt around York Station Gateway was undertaken during the financial year and the findings were taken to Executive in July 2025. Work has begun to enhance governance arrangements for major capital project management and improve project assurance.

2. SIRO and Data Protection

The Director of Governance is the Council's Senior Information Risk Officer (SIRO) and Senior Responsible Officer (SRO) for surveillance systems such as public space CCTV and use of investigatory powers. The Information Governance Team (IGT) support these roles and is responsible for data protection, information governance, records management and oversight of the surveillance systems framework and use of investigatory powers policy and procedures.

There has been an increase in the number of reported potential and actual personal data breaches in 2025-26 financial year from the previous year. The reporting of potential as well as actual breaches indicates the ongoing awareness that timely reporting ensures the Council can take the necessary actions in a timely way, to safeguard information, inform individuals and regulators where it has been determined appropriate to do so, conduct robust investigations and make recommendations to reduce the risk of further breaches.

The council reported one significant breach to the Information Commissioners Office (ICO) in 2025-26. They concluded from their investigation that there were no further actions for the Council to take.

The Council maintains the required level of assurance on the annual NHS Digital data security and protection toolkit.

The Investigatory Powers Commissioner Office (IPCO) undertakes an inspection of the Council's use of its use of investigatory powers and covert surveillance every three years, and the last onsite inspection took place on 23 September 2024. The IPCO was satisfied that our ongoing compliance with RIPA and the Investigatory Powers Act 2016 will be maintained. Updates on the required work and ongoing actions from this inspection were reported in an exclusion of press and public session to Audit and Governance Committee and training was provided for the Committee to enable their oversight of the council's use of covert surveillance, acquisition of communications data and use of a Covert Human Intelligence Source (CHIS). The next inspection is due in 2027.

The Council continues to provide mandatory data protection and information security e-learning for all staff including agency staff and Elected Members. The requirement for this training to be completed annually is reinforced by regular all staff communications and targeted messages to senior managers. There is also ongoing targeted guidance and support provided for the roles of SIRO, information asset owners, Caldicott Guardians, and for investigatory powers/covert surveillance applying and authorising officers.

Ongoing work continues in the Council's ICT infrastructure to strengthen against Cyber-attacks, improve disaster recovery arrangements and record retention.

3. Senior Management Assurance Statements

Senior Management Assurance Statements were produced by all Directors for the financial year 2025-26. In the Assurance Statements, the Directors' self-assessed compliance and detailed the basis of Assurance and the frequency of testing and review. Most of these statements/assurances evidenced full compliance with the principles of good governance. Areas for development are detailed at the end of this statement.

Significant Governance Issues

The governance and internal control arrangements can provide a reasonable assurance but not an absolute assurance against material misstatement, safeguarding of assets or loss. This Statement is intended to provide reasonable assurance. In concluding this review of the Council's Governance Framework and Internal Control arrangements, no new issues have been identified for inclusion in the tables below, but the existing issues have been reviewed and additional actions identified (Equal pay and Yorhome have been included in Financial risk) to ensure progress continues to be made.

Of increasing concern, however, is the risk that, as the Council changes size in response to continuing financial pressures, it fails to adapt its operating model to ensure that it has sufficient resources to deal with the demands placed upon it. Failure to do so will likely result in new governance issues, which cannot currently be anticipated.

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CURRENT Governance issues arising from the previous 2024-25 Annual Governance Statement

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2025-26
<p>1 – Existing Issue, updated</p>	<p>Financial Risks</p> <p>(i) Pressures - Impact of funding reductions - The council continues to face significant funding pressures and changes to both national and regional funding regimes which naturally present a potential risk to the council's overall governance arrangements and financial resilience.</p> <p>There is currently uncertainty around any future government funding and the long-term impact on income streams, including business rates and council tax.</p> <p>The financial position of the health economy in York, and the impact that may bring for the Better Care Fund, and implications on the Adult Services budget.</p> <p>(ii) Major capital projects The council has a number of major capital projects at different stages, including York Central, York Outer Ring Road, and the Housing Delivery Programme. As outlined above, the economic conditions following the pandemic will have a significant, ongoing financial impact on the capital programme.</p>	<p>The outturn position for 2023/24 was an overspend position and there is again an overspend in 2024/25, therefore this remains a significant risk. A balanced budget was set for 2024/25 and 2025/26. Significant provisions for growth were made as well as allocations to support the increased cost from continued inflationary pressures.</p> <p>The Medium-Term Financial Strategy continues to be updated and presented to CMT and Executive. The uncertainty around central government funding remains an issue although the Spending Review announcements expected during the latter half of 2025 should begin to give some certainty to financial projections. Further development of the medium-term financial plan will be needed during the year to ensure continued financial</p> <p>The uncertainty around central government funding remains an issue as the 2025/26 settlement was again just for one year.</p> <p>New governance arrangements have been put in place to improve project assurance. Officers are developing a resource plan to ensure we have the right skills and capacity to deliver the capital programme.</p>	<p>The 2025/26 outturn was improved from the Q3 forecast in all areas of the Council other than Adult Social Care where cost pressures continue.</p> <p>The Council was able to set a balanced budget for 2026/27 and make proper provision for growth along with a small contingency budget.</p> <p>The MTFS continues to be updated and regularly discussed with CMT and Executive.</p> <p>Whilst the Fair Funding Review announcement has removed the uncertainty around the local government funding, it has had a significant and negative impact on the Council's medium-term finances.</p> <p>Significant work has been done with the Director of City Development in response to an internal audit report on the governance of major projects. An action plan has been developed and is being monitored through Audit & Governance Committee. Progress includes: Permanent appointment of a Head of Capital Programme Management Office.</p> <p>Monthly Capital Programme Delivery Boards have been introduced, chaired by the Director of City Development with</p>

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	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2025-26
	<p>(iii) Equal pay There is a need to address historic equal pay matters. Failure to address has both financial and equality impacts on the Council.</p> <p>(iv) Yorhome Issues in relation to the internal procedures utilised in letting arrangements delivered by Yorhome were identified.</p>	<p>Following identification of the issue, all new Yorhome activity was paused, and a comprehensive legal review of the existing arrangements was commenced. That review remains ongoing, given the complexity of the issue, however active steps are in place to resolve any outstanding legal and liability issues.</p>	<p>key internal stakeholders attending, key issues are escalated to CMT.</p> <p>Appointment of a Corporate Contracts Manager within Procurement to improve internal processes and embed through training across the Council.</p>
2 – Existing issue, updated	<p>Embedding Good Governance across the Council – To continue to promote a culture of good governance across the council by continuing to embed the revised constitution and ensure it remains fit for purpose; to embed member development following the whole-council elections in 2023, and to prepare for new Member induction and training in advance of the 2027 whole-council elections.</p>	<p>Work continues to ensure that the Constitution, and the Council’s democratic and governance mechanisms, remain up-to-date and fit for purpose. Where significant issues are identified, the Council’s Executive, its Audit & Governance Committee, and the appropriate Overview and Scrutiny Committee, have received detailed updates, and will continue to do so until the historical issues have been resolved.</p> <p>Following constitutional amendments throughout the year, the public participation protocol was identified as requiring further consideration, and work has taken place to prepare a revised version for consideration.</p>	<p>Training for Scrutiny Members has been delivered by the Centre for Governance and Scrutiny, to improve the operation of the Council’s scrutiny function. It has been agreed that similar training will be delivered to the Council’s Corporate Management Team, supported by the development of an online learning package and process to ensure early publication of information on the Forward Plan.</p> <p>Early preparatory work on a comprehensive new Member induction and training programme has commenced, following discussions with the Joint Standards Working Group.</p> <p>In addition, consideration of a revised public participation protocol will take place by the Constitution Working Group in due course.</p> <p>Finally, the review of the Council’s electoral arrangements by the Local Government Boundary Commission for England will conclude in mid-2026/27 and will require a number of amendments to current electoral arrangements, likely including Wards and Polling Places.</p>

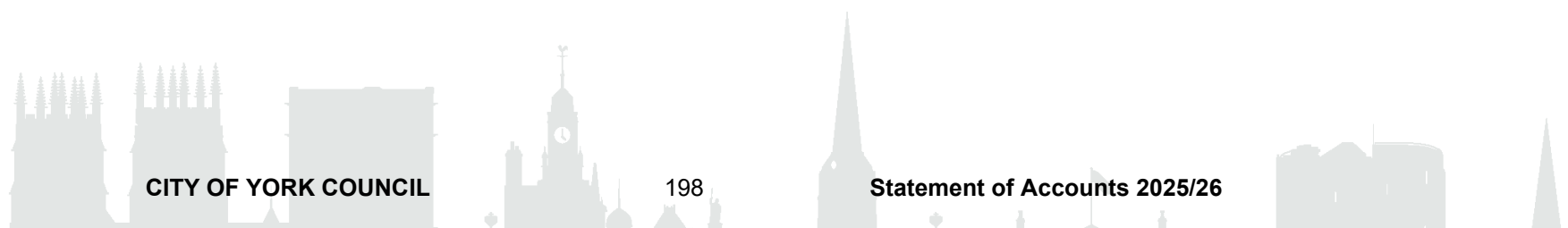
ANNUAL GOVERNANCE STATEMENT

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2025-26
3- Existing issue, updated	<p>Contract Management arrangements – To reestablish the correct contract management procedures for both officers and members ensuring there is clarity around any issues arising.</p> <p>(i) Building services Due to vacancies within the Repairs and Maintenance Team, it was difficult to check through the vast number of purchases made through the Jewson Contract and identify any anomalies.</p>	<p>Contract Management is one of the work streams in the Council’s transformation programme. A new (temporary) contract manager post has been created within the procurement team to support contract management on the key, high value council contracts.</p>	<p>Following several unsuccessful attempts to recruit, a permanent post has now been created and appointed to. The new person starts on 13th April 2026.</p> <p>We have recruited new team leaders that begin in April 2026 to help check material purchases from the Jewson Contract and address any anomalies.</p>
4- Existing issue, updated	<p>Resourcing and capacity – the Council has an ambitious set of major projects, as well as key developments in regional devolution alongside the provision of key services to residents. All are competing demands on the limited resources available which creates risk in achieving objectives. This is a cross cutting issue that impacts on the progress of all the governance issues identified.</p>	<p>As above under issue 1 (iii), officers are developing a resource plan to ensure we have the right skills and capacity to deliver the capital programme.</p> <p>Working on a One Council basis and the continued use of good governance structures that have been implemented ensures that capacity is drawn from all council services where needed and on a dynamic basis to maximise skills and capacity.</p> <p>Tools for this are embedded into the workforce strategy and action plan with greater emphasis and providing training both bespoke and management focused to ensure that managers and employees have the right skills. In terms of capacity, whilst cost control is embedded, balance of investment and cost saving approach is given, without the right skill sets projects will be impacted. Reviews of market supplements and other terms and conditions are also being undertaken to ensure that as an employer we are attractive in the market to be able to be competitive. Embedding good performance management, the values and behaviours as well as visible leadership across all</p>	<p>Discussions and exercises (functionality assessments) are ongoing regarding capacity within directorates. Where appropriate pooling and targeting key skills to meet the needs of key priorities.</p> <p>Cost control remains firmly in place for workforce metrics to challenge vacancies, overtime, additional hours, agency and absence. These are reviewed on an ongoing basis.</p> <p>Year 3 workforce strategy action plan has been devised and will be approved in April which includes new management and leadership development.</p> <p>The leadership and management program key objective is:</p> <ul style="list-style-type: none"> • Establish a consistent baseline of leadership capability across CYC • Strengthen managers’ confidence, skills and behaviours • Improve organisational culture, communication and accountability • Support workforce resilience and inclusion • Provide a structured development journey for all managers

ANNUAL GOVERNANCE STATEMENT

	Issue	Action taken to date / Planned	PROGRESS MADE DURING 2025-26
		<p>levels drives a positive culture to be reactionary and proactive to the competing demands.</p>	<p>Under the management of the new Chief Executive and the transformation programme which looks at invest and savings, there will be an opportunity to review the business operating model and future ways of working to meet priorities, this will include investment of the workforce, review of culture, ways of working and adaptive technology to assist and maximise opportunities.</p> <p>Terms and conditions and guidance for managers re PDR, competencies and behaviours, induction and polices have been reviewed (and will continue to be) to ensure that managers have the tools available to support good management and that CYC remains an attractive place to work.</p>

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What will our Key Governance Development Priorities be for 2026-27?

2026-27 Priority	Planned/Proposed Action	Responsible Officer(s)
Financial Risks/MTFS/Financial sustainability	<i>Existing priority</i> Further development and improvement of programme management arrangements across the Council to ensure delivery of the Capital Programme	Director of Finance (Section 151 Officer) Director of City Development
Embedding Good Governance across the Council	<i>Existing priority</i> To continue to promote a culture of good governance across the council by continuing to update the constitution and ensure it remains fit for purpose, and by reinforcing the need for compliance with both legislation and the constitution.	Head of Paid Service, Monitoring Officer, Section 151 Officer, Chief Officer HR & Support Services
Embedding good contract management across the authority	<i>Existing priority</i> Improve contract management across the Council through training, effective risk management and clear change control processes.	Head of Paid Service Monitoring Officer Section 151 Officer
Resourcing & Capacity	<i>Existing priority</i>	Head of Paid Service Chief Officer HR & Support Services
Preparation for the outcome of the LGBCE Review, and for the 2027 whole-council elections.	<i>New Priority</i>	Head of Paid Service (<i>as Electoral Registration Officer and Returning Officer</i>) Monitoring Officer (<i>as Deputy Electoral Registration Officer and Returning Officer</i>) Section 151 Officer (<i>as Deputy Returning Officer</i>)

Assurance Opinion of the Leader of the Council and the Chief Executive

We have been advised on the effectiveness of the governance framework by senior management. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

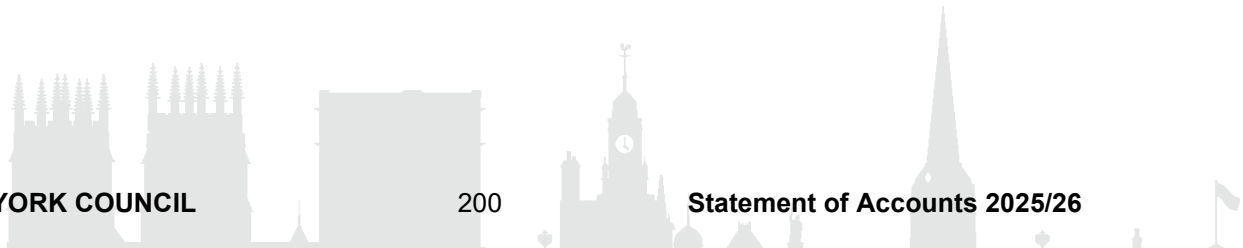
It is our opinion that the Council's governance arrangements in 2025/26 were sound and provide a robust platform for achieving the Council's priorities and challenges in 2026/27.

Having considered all the principles contained in the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption, we are also satisfied that the Council has adopted a response that is appropriate for its fraud and corruption risks and commits to maintain its vigilance to tackle fraud.

.....
Councillor C Douglas
Leader of the City of York Council

.....
Richard Webb
Chief Executive

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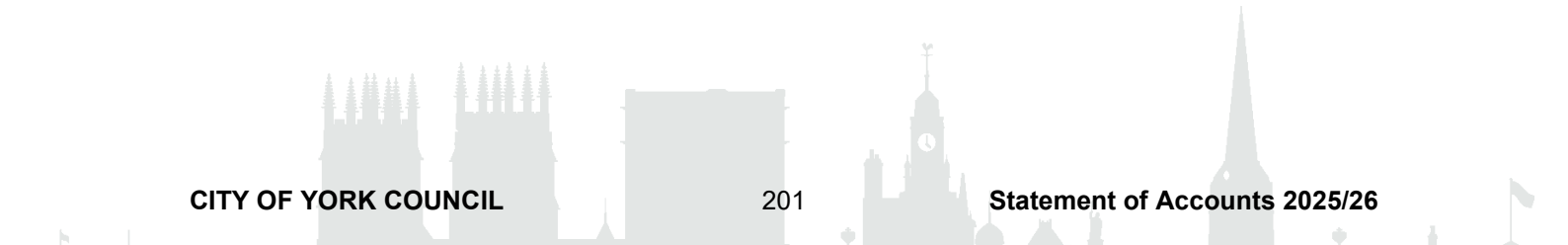
Annex A – About the Council of the City of York

City of York Council is a unitary Council with 47 councillors elected for a four-year term (2023-2027) to represent 21 local wards. All out elections were held in May 2023 and a change of political leadership led to the Labour Group forming an Executive. Since that time the make-up of the Council has been as follows:

- 24 Labour
- 19 Liberal Democrat
- 3 Conservatives
- 1 Independent

There are 31 Parish and Town Councils established within the boundary of City of York Council.

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GLOSSARY



Accounting Concepts

The fundamental accounting principles that are applied to ensure that the Statement of Accounts 'present fairly' the financial performance and position of the Council.

Accounting Period

The period covered by the accounts, normally a period of twelve months commencing on 1 April. The end of the accounting period is the balance sheet date, 31 March.

Accounting Policies

Accounting Policies and estimation techniques are the principles, bases, conventions, rules and practices applied by the Council that specify how the effects of transactions and other events are to be reflected in its financial statements. An accounting policy will, for example, specify the estimation basis for accruals where there is uncertainty over the amount.

Accruals

Sums included in the final accounts to cover income or expenditure, whether revenue or capital in nature, attributable to the accounting period but for which payment has not been made/received at the balance sheet date.

Accruals Basis

The accruals principle is that income is recorded when it is earned rather than when it is received, and expenses are recorded when goods or services are received rather than when the payment is made

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses which arise because either event have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses) or the actuarial assumptions have changed.

Agency

The provision of services by one body (the Agent) on behalf of, and generally reimbursed by, the responsible body.

Amortisation

The gradual elimination of a debt by periodic payments over a specified number of years.

Appropriation of Land or Buildings

The transfer of a holding of land or buildings from one service area to another, at current market value.

Asset

Something of worth which is measurable in monetary terms. These are normally divided into current assets and fixed assets.

Assets Under Construction

This is the value of work on uncompleted tangible fixed assets at the balance sheet date.

Authorised Limit

The level of external debt that the Council may have. This limit cannot be breached in any circumstances and is set annually by the Council.

Balance Sheet

A statement of the recorded assets, liabilities and other balances of the Council at the end of the accounting period.

CDS

Credit Default Swap

Capital Charge

A charge to service revenue accounts to reflect the cost of utilising fixed assets in the provision of services.

Capital Expenditure

Expenditure on the acquisition of fixed assets that will be of use or benefit to the Council in providing its services beyond the year of account or expenditure that adds to, and does not merely maintain, an existing fixed asset.

Capital Expenditure charged to Revenue Account (CERA)

A method of financing capital expenditure in the accounting period rather than over a number of years.

Capital Financing

The method by which money is raised to pay for capital expenditure. There are various methods of financing capital expenditure including borrowing, leasing, direct revenue financing (CERA), usable capital receipts, capital grants, capital contributions, revenue reserves and earmarked reserves.

Capital Adjustment Account

The balance on this account principally represents amounts set aside from revenue accounts, capital receipts used to finance capital expenditure and the excess of depreciation over the Minimum Revenue Provision.

Capital Programme

The capital schemes the Council intends to carry out over a specified time period.

Capital Receipts

Money received from the sale of fixed assets, or other money received towards capital expenditure. A specified proportion of this may be used to finance new capital expenditure.

Cash Flow Statement

A statement summarising the inflows and outflows of cash, arising from transactions between the Council and third parties, for revenue and capital purposes.

Charging Council

The Council responsible for administering the Collection Fund, including raising bills for and collecting the appropriate council tax and national non-domestic rates (NNDR).

CIPFA Accounting Code of Practice

Guidance issued by CIPFA to ensure Local Authorities comply with IFRS.

Collection Fund

A fund administered by the Charging Authorities into which is paid council tax and NNDR income and outstanding community charge income. Precepts are paid from the fund to Precepting Authorities, including the Charging Council, and the NNDR collected is paid to the Government.

Commutation Option

This is an option available from 6 April 2006 to members of the North Yorkshire Pension Fund to take a larger lump sum on retirement in exchange for a smaller future pension payment.

Community Assets

Assets that the Council intends to hold in perpetuity that have no determinable useful life, or that may have restrictions on their disposal. Examples of such items are parks, historic buildings and the bar walls.

Community Charge

A flat rate charge which was payable by all registered charge payers within the Council's area. The income from the charge was used to finance a proportion of the Council's expenditure.

Consistency

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

Contingent Asset

A possible asset arising from past events 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 possible liability that can be the result of either a possible obligation arising from past events whose existence will be confirmed only 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 a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core

The corporate and democratic core comprises all activities that the Council engages in specifically because it is an elected, multi-purpose Council. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. The code of practice, therefore, does not require these costs to be apportioned to services.

Council Tax

A charge on residential property within the Council's area to finance a proportion of the Council's expenditure.

Council Tax Requirement

This is the estimated revenue expenditure on General Fund services that needed to be financed from the Council Tax after deducting income from fees and charges, certain specific grants and any funding from reserves.

Creditors

Amounts owed by the Council for work done, goods received or services rendered within the accounting period but for which payment was not made at the balance sheet date.

Current Assets

Assets that can be expected to be consumed or realised (cease to have material value) during the next accounting period.

Current Liabilities

Amounts that will become due or could be called upon during the next accounting period.

Current Service Cost

The increase in the present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current period.

Curtailement

For a defined benefit pension scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments can include termination of employees' services earlier than expected (due to ceasing an activity) and termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Credit Default Swap (CDS)

A financial instrument used to transfer the risk of a borrower defaulting from one party to another. The buyer pays regular fees to the seller, who agrees to compensate them if a defined credit event, such as a default, occurs.

Debtors

Amounts due to the Council for goods or services provided within the accounting period but not received at the balance sheet date.

Deferred Consideration

Expenditure which is determined precisely at the time of the acquisition of an asset, but where the payment is delayed for a defined period.

Deferred Credits

Amounts due to the Council from the sale of fixed assets that are not receivable immediately on sale but will be received in instalments over agreed periods of time.

Deferred Debtors

Amounts due to the Council that are not expected to be repaid in full within the next accounting period.

Deferred Liabilities

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

Defined Benefit Pension 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 (including notionally funded).

Defined Contribution Pension Scheme

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed 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.

Depreciation

The measure of the cost or revalued amount of the benefits of the fixed asset that have been consumed during the period. Consumption includes the wearing-out, using up or other reduction in the useful life of a fixed asset. This can arise from use, passing of time or obsolescence through, for example, changes in technology or demand for the goods and services provided by the asset.

Earmarked Reserves

The Council holds a number of reserves earmarked to be used to meet specific, known or predicted future expenditure.

Economic Infrastructure Fund (EIF)

A fund set up to deliver economic benefits for the city.

Emoluments

These are all sums paid to, or receivable by, an employee and sums due by way of expenses allowances (as far as these sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either the employer or the employee are excluded.

Exceptional Items

Material items which derive from events or transactions which fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give fair presentation to the accounts.

Expected Rate of Return on Pension Assets

This applies to a funded defined benefit pension scheme and is the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary Items

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items nor do they include any prior period items merely because they relate to a prior period.

Fixed Asset Register (FAR)

A system that allows the council to measure and record assets in line with International Financial Reporting Standards and the IFRS-based code of practice on local authority accounting in the United Kingdom (the code).

Fees and Charges

Income arising from the provision of services.

Financial Instruments and the Financial Instruments Adjustment Account (FIAA)

Financial Instruments are contracts that give rise to a financial asset of one entity and a financial liability or equity instrument of another. They refer to both financial assets and financial liabilities and includes both the straightforward financial assets and liabilities such as trade receivables and trade payables and the most complex ones such as derivatives and embedded derivatives. The FIAA is a balancing account to allow for differences in statutory requirements and proper accounting practices for borrowings and investments.

Financial Regulations

These are the written code of procedures approved by the Council, intended to provide a framework for proper financial management. Financial regulations usually set out rules on accounting, audit, administrative and budgeting procedures.

Financial Year

Period of time to which a Statement of Accounts relates. The financial year of the Council runs from 1 April to 31 March.

Fixed Assets

Tangible and intangible assets that can be expected to be of use or benefit to the Council in providing its services for more than one accounting period.

General Fund

The main account of the Council that records the costs of service provision except those shown in the Housing Revenue Account and the Collection Fund.

Going Concern

The concept that the Council will remain in operational existence for the foreseeable future, in particular that the revenue accounts and balance sheet assume no intention to curtail significantly the scale of operations.

Government Grants

Payments by central government towards the cost of Local Council services either specifically (e.g. improvement grants) or generally (e.g. revenue support grant).

Gross Carrying Amount (GCA)

Amount at which fixed assets are included in the notes, prior to the provision for accumulated depreciation.

Heritage Asset

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)

A separate account to the General Fund recording all the transactions relating to the provision of council houses.

Impairment

A reduction in the value of a fixed asset below its current value on the Council's balance sheet.

Income and Expenditure Account

The Income and Expenditure Account combine the income and expenditure relating to all the Council's functions including the General Fund and the Housing Revenue Account.

Infrastructure Assets

These are fixed assets that are inalienable, i.e. expenditure on assets that cannot be sold, but where there is economic benefit over more than one year to the Council. Examples of infrastructure are highways and footpaths.

Intangible Fixed Asset

These are assets which do not have a physical substance, e.g. computer software, but which yield benefits to the Council, and the services it provides, for a period of more than one year.

Interest Cost

This relates to a defined benefit pension scheme. The expected increase during the period is the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Financial Reporting Standards (IFRS)

Accounting standards set by the International Accounting Standards Board. The standards provide guidance and advice for the preparation of financial statements.

Inventories

Amounts of unused or unconsumed stocks held in expectation of future use. Inventories are comprised of the following categories:

- Goods or other assets purchased for resale
- Consumable stores
- Raw materials and components
- Products and services in intermediate stages of completion
- Finished goods

Investment

An investment is considered to be long term if it is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified as such only where an intention to hold the

investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment. Investments that do not meet the above criteria should be classified as current assets.

Investment Properties

An interest in land and/or buildings where construction work and development has been completed and which is held for its investment potential, any rental income being negotiated at arms length.

Leasing

A method of financing capital expenditure where a rental charge is paid for the asset over a specified period of time.

Lenders Option Borrowers Option (LOBO)

A LOBO loan is a loan that permits the lender to nominate a revised interest rate payable on the debt at periodic dates and also gives the borrower the option as to whether to pay the revised rate or repay the debt in its entirety.

Liability

An account due to an individual or organisation that will be paid at some future date.

Liquid Resources

Current investments that are readily disposable by the Council without disrupting its business and are readily convertible to cash.

Materiality

An item would be considered material to the financial statements if, through its omission or non-disclosure, the financial statements would no longer show a true and fair view.

Minimum Revenue Provision (MRP)

The minimum amount which must be charged to the Council's revenue accounts each year and set aside as a provision to meet the Council's credit liabilities.

Monitoring Officer

Under the provisions of the Local Government and Housing Act 1989 Councils have a duty to appoint a Monitoring Officer to ensure the lawfulness and fairness of Council decision making. Councils may choose who to designate as Monitoring Officer except that it may not be the Head of Paid Service (Chief Operating Officer). In York the Monitoring Officer is Bryn Roberts, Director of Governance.

National Non-Domestic Rates (NNDR)

An NNDR poundage is set annually by central government and collected by Charging Authorities. The proceeds are redistributed by the government between Local Authorities.

Net Book Value (NBV)

Amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Non-Operational Assets

These are fixed assets owned by the Council, but not directly occupied, used or consumed in the delivery of Council services. Examples of non-operational assets are investment properties and assets that are surplus to requirements, awaiting sale or redevelopment.

Operational Assets

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

Operational Boundary

This is a measure of the most money the Council would normally borrow at any time during a financial year. It may be exceeded temporarily, but a regular pattern of borrowing above this level should be avoided.

PA92

These are tables of figures used by actuaries for standard mortality reflecting mortality experience in the period 1991-94, with assumptions for future rates of change. The 'mc' to 'medium cohort' which was introduced to reflect the increased life expectancy of a specific age group of retirees.

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.

Post Balance Sheet Events

Events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible finance officer.

Precept

The amount that a Precepting Council requires from a Charging Council to meet its expenditure requirements.

Precepting Council

Local Authorities, including parish councils and police authorities, which cannot levy a council tax directly on the public but have the power to precept Charging Authorities (District Councils).

Prior Year Adjustments (or Prior Period Adjustments)

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring conditions or adjustments of accounting estimates made in prior years.

Provisions

Amounts set aside in the accounts for future liabilities that are likely to be incurred, but which cannot accurately be quantified.

Prudence

The concept that revenue is not anticipated but is recognised only when realised in the form either of cash or of other assets, the ultimate cash realisation of which can be assessed with reasonable certainty.

Prudential Indicators

The Local Government Act 2003 specifies a number of prudential indicators covering both capital and treasury management activities which Councils must set as part of their budget process. They are designed to show the affordability of the capital programme and that the Council's borrowing is prudent and sustainable.

Public Works Loan Board (PWLB)

A government agency that lends money to public bodies for capital purposes. At present nearly all borrowers are local authorities. Monies are drawn from the National Loans Fund and rates of interest are determined by the Treasury. Councils are free to borrow as much as they like from the PWLB provided that it is prudent, affordable, sustainable and within the prudential indicators set at full council.

Realisable Value

The value of the asset at existing use, if sold between a willing buyer and a willing seller.

Related Party

Two or more parties are related where one party has control or is able to influence the financial or operational policies of another.

Reserves

Amounts set aside in the accounts for the purpose of defraying particular future expenditure. A distinction is drawn between reserves and provisions, which are set up to meet known liabilities.

Residual Value

The net realisable value of an asset at the end of its useful life. Residual values are based on current prices at the date of the acquisition (or revaluation) of the asset and do not take account of expected future price changes.

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 because 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 for services rendered by employees.

Revaluation Reserve

This account contains surpluses and losses arising from the periodic valuation of fixed assets.

Revenue Expenditure

Expenditure incurred on the day-to-day running of the Council. This mainly includes employee costs, general running expenses and capital financing costs.

Revenue Expenditure Funded from Capital Under Statute (REFCUS)

Expenditure which may be properly capitalised, but which does not result in, or remain matched with, tangible fixed assets.

Revenue Support Grant (RSG)

A general central government grant paid to the Income and Expenditure Account in support of the Charging Council's 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 reflect the benefits that the employer is committed to provide for service up to the valuation date.

Section 151 Officer (S151)

The Section 151 Officer is required by the Local Government Act 1972 and by the Accounts and Audit Regulations 2003 to ensure that the Council's budgeting, financial management, and accounting practices meet relevant statutory and professional requirements. Furthermore section 25 of the Local Government Act 2003 requires the Section 151 Officer to comment on the robustness of the budget estimates and the adequacy of reserves. In York the Section 151 Officer is Debbie Mitchell, Chief Finance Officer.

Service Reporting Code of Practice (SeRCOP)

Prepared and published by CIPFA, the Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). It is reviewed annually to ensure that it develops in line with the needs of modern Local Government, Transparency, Best Value and public services reform. SeRCOP establishes proper practices with regard to consistent financial reporting for services and in England and Wales, it is given legislative backing by regulations which identify the accounting practices it propounds as proper practices under the Local Government Act 2003.

Settlement

An irrevocable action that relieves the employer (or the defined benefit pension scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements can include: a lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits; the purchase of an irrevocable annuity contract sufficient to cover vested benefits; and the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Subsidiary

This is an entity over which the reporting Authority is able to exercise control over operating and financial policies and is able to gain benefits from the entity or is exposed to the risk of potential losses arising from this control.

Support Services

The costs of departments that provide professional and administrative assistance to services.

Tangible Fixed Assets

These are assets with a physical substance that yield benefits to the Council and the services it provides for a period of more than one year.

Temporary Borrowing/Investment

Money borrowed or invested for an initial period of less than one year.

Trading Services

These are activities of the Council where the workers are directly employed to carry out specified tasks. Such organisations were formerly known as Direct Service Organisations (DSO). In York the work is undertaken under the name of Neighbourhood Services.

Treasury Management

This is the process by which the Authority controls its cash flow and its borrowing and lending activities.

Trust Funds

Money owned by an individual or organisation that is administered by the Council.

Unapportionable Central Overheads

These are overheads from which no user benefits, therefore they cannot be allocated to a service area.

Useful Life

The period over which the Council will derive benefits from the use of an asset.

Vested Rights

In relation to a defined benefit pension scheme these are for active members, benefits to which they would unconditionally be entitled on leaving the scheme, for deferred pensioners, their preserved rights and for pensioners, pensions to which they are entitled.

Work in Progress

The value of work done on an uncompleted project that has not been recharged to the appropriate account at the balance sheet date.

Write Out (WO)

Removal of an Asset by charging to the CIES, or reversal of accumulated depreciation against a fixed asset on revaluation of that asset.

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