NEWCASTLE UNDER LYME BOROUGH COUNCIL

Statement of Accounts

2025/26

www.newcastle-staffs.gov.uk

Contents

Guide to the Statement of Accounts

The Statement of Accounts contains a number of different elements, which are shown in the following table, together with an explanation of the purpose of each item. Throughout the Statement, various unusual or technical terms are employed which may not be familiar to all readers. A Glossary (page 75) has therefore been provided which explains the meaning of such items.

Narrative Report

Commentary by the Service Director for Finance (Section 151 Officer)

a. Introduction

Welcome to Newcastle-under-Lyme Borough Council's Statement of Accounts for the financial year 2025/26. The accounts give a summary of the money that the Council has received, what it has been spent on during the year, and its financial position at 31 March 2026. This Narrative Report provides a context to the accounts by presenting a summary of the Council's financial activities and its prospects for future years.

Regulations Governing the Production of the Statement of Accounts

The continuation of service principle applies and the accounts have consequently been prepared on a going concern basis and in accordance with the Accounts and Audit Regulations 2015 and the requirements of the "Code of Practice on Local Authority Accounting in the United Kingdom" published by the Chartered Institute of Public Finance and Accountancy (CIPFA). Under the provisions of Sections 25/26 of the Local Audit and Accountability Act 2014 and the Accounts and Audit Regulations 2015 the accounts were made available for inspection between 30 June 2026 and 8 August 2026, as notified on the Council's website.

The accounts are scheduled to be approved by the Audit and Standards Committee on 16 November 2026 in accordance with the Accounts and Audit Regulations 2015. The signature of the Committee Chair (who presided over the meeting) will be included at the conclusion of this report in line with these regulations as evidence of approval of the 2025/26 Statement of Accounts.

General Accounting Policies

The accounting policies adopted by the Council comply with the relevant recommended accounting practice. The Council's service costs have been analysed in the Comprehensive Income and Expenditure Statement reflecting the Council's management reporting structure. Materiality considerations follow the policies set out in the CIPFA Code of Accounting Practice. In addition, the analysis of capital expenditure follows CIPFA's recommendations showing non-current and intangible assets separately. These recommended practices are all designed to meet the requirements of International Financial Reporting Standards (IFRS).

There have been no changes in the Council's statutory functions during the year.

Statement of Accounts

The information contained within these accounts is presented as simply and clearly as possible. However, the accounts of a local authority are both technical and complex, which does not always lead to a style which is easily understood. Accordingly, a Guide to the Statement of Accounts (page 4) has been provided.

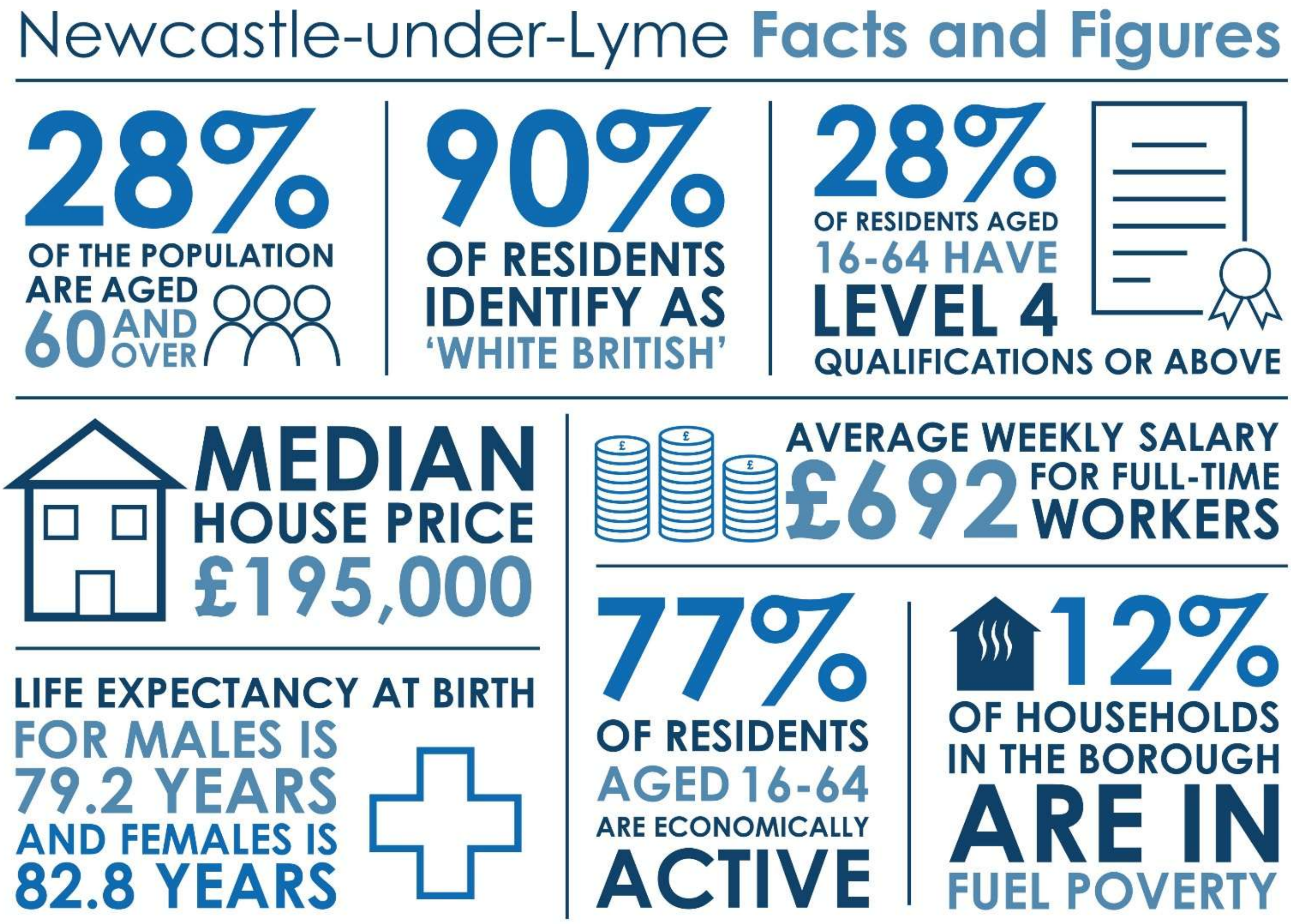
Accountability/Financial Reporting

Local authorities are governed by a rigorous structure of controls to provide stakeholders with confidence that public money has been properly accounted for. As part of the process of accountability, the Council is required to produce a Statement of Accounts, in order to inform stakeholders that it has properly accounted for all the public money received and spent, and that the financial standing of the Council is secure.

The Statement of Accounts concentrates on clear and accurate reporting of the financial position of the Council in relation to a particular year. It does not, however, aim to fulfil the role of an annual report of a company.

Newcastle-under-Lyme Borough Council

The Council is a lower tier district Council within the County of Staffordshire, covering 211 square kilometres with a population density of 585 residents per square kilometre, compared to 337 across the County. There are 58,500 dwellings, making up a population of approximately 127,700 that are spread across a mix of urban and rural areas. There are two town centres, Newcastle and Kidsgrove, and a number of rural and urban villages across the Borough containing nine parishes, each with a parish Council.



The Council has 44 Members representing residents in 21 wards following elections in May 2026. Full Council, consisting of all Members, is responsible for setting Council policy, whilst other decisions within the policy framework set by Full Council are determined by a Cabinet, currently consisting of 6 Members.

Operational management is carried out under the direction of the Chief Executive, the Deputy Chief Executive, and eight Service Directors who include the Section 151 Officer and the Monitoring Officer making up the Corporate Leadership Team (CLT). The Council employed 456 people (410 full time equivalents), at 31 March 2026.

The Council Plan 2022-2026, which can be found on the Council's website, details the Council's plans for the period incorporated in the Statement of Accounts. The plan sets out the Council's aspirations and priorities. It sets out the vision of the Council as, 'good local services, a prosperous Borough, and safe and welcoming places for all'.

The plan sets out how the Council will work to make the Borough an even better place for everyone who lives, works, studies or visits here. The Council's aims can only be achieved by taking advantage of every opportunity available and developing new ones through innovation and a more collaborative approach. The Council is committed to strong and sustainable economic growth for the Borough, focusing upon opportunities around Keele University, Newcastle town centre and Kidsgrove.

Our key achievements, summarised in the plan, provide an excellent foundation from which to respond to this issue and to shape future delivery and improvement.

Details of the services which the Council provides and their budgets are set out in budget books for each financial year which are available on the Council's website.

In December 2024, the Government set out plans for how they'd like to move powers from central to local government across England, they call this 'devolution'. In the context of devolution the Government have set out plans to move away from the current two-tier system of district and county councils. The Government has initially indicated that for most areas this will mean creating councils with a population of 500,000 or more, but there may be exceptions to ensure new structures make sense for an area, including for devolution, and decision will be made on a case by case basis.

Final, detailed plans of proposals for local government reorganisation were submitted by 28 November 2025. Once a preferred option is chosen (anticipated to be July 2026), the Government will begin the process of creating new unitary councils. The whole process is likely to take until 2028 to complete.

Financial Summary 2025/26

The financial activities of the Council can be categorised as either revenue or capital. Revenue spending represents the cost of providing services delivered by the Council in its day to day business during the year. Capital spending relates to items which will provide benefit to the Borough over a number of years such as buildings, plant and equipment.

Major Government investment into the Borough has been secured via the Future High Streets Fund and the Town Deals Fund for both Newcastle and Kidsgrove to ensure that exciting and unique projects to help future economic growth can be progressed during the medium term.

The Council was awarded Future High Streets Fund funding in June 2021 of £11.0m to progress projects to help future economic growth. The full £11.0m has been received, all of which had been spent at 31 March 2025.

£23.6m has been awarded via the Town Deals Fund for Newcastle to enable a vision to improve communications, infrastructure and connectivity in Newcastle-under-Lyme to become reality. The full £23.6m has been received, of which £15.4m has been spent to date. The three key objectives of the successful Town Investment Plan are:

- To open up growth opportunities through enhanced physical and digital connectivity aligned with clean and sustainable economic development,

- To diversify and enhance the town centre experience by encouraging new uses to increase demand, footfall and boost the dwell time of residents and visitors,

- To channel investment into regenerating communities, ensuring these areas are sustainable places to live and provide residents with the infrastructure needed to improve their quality of life.

£16.9m has been awarded via the Town Deals Fund for Kidsgrove to enable real and lasting economic benefits to be realised in Kidsgrove and the surrounding area. £15.7m to date has been received, of which £7.9m has been spent. Three objectives clearly stand out in the successful Town Investment Plan:

- To drive growth and opportunity through an enhanced enterprise infrastructure in Kidsgrove,

- To create a connected, accessible town centre. The Kidsgrove Town Deal Board has now agreed on project reallocation of funds away from the Shared Service Hub. The new scopes include a community learning hub on the Kings Academy site, some small-scale enterprise units on the Meadows, canal pathway together with access improvements and highway improvements at The Meadows / Station Road, and Market St / The Avenue / Heathcote St, along with public realm improvements by Kings Street parade. Submission of the change requests will be submitted to MHCLG for approval prior to works commencing on the revised scopes of works,

- To maximise the leisure and recreation opportunities available in Kidsgrove.

In addition, the Council has been awarded £4.8m, over a three-year period, of UK Shared Prosperity Funding as part of the governments mission to level up opportunity and prosperity and to overcome geographical inequalities. It also aims to level up people's pride in the places they love and seeing that reflected in empowered local leaders and communities, a stronger social fabric and better life chances. 33 projects have been identified for which spend has commenced. The 2022/23, 2023/24 and 2024/25 allocations totalling £4.8m have been received, and were fully spent at 31 March 2025.

A further £1.6m of Phase 2 UK Shared Prosperity Funding has been received in full by the Council for the financial year 2025/26. 27 projects have been identified for which this phase of funding, and £1.3m spend has either been incurred or committed. The remaining £0.3m will be spent by 30 September 2026.

Projects under the UK Shared Prosperity Funding include the setting up of a new Homeless Hub, Advanced Digital Innovation, and Community and Business Connects.

Revenue Expenditure and Income

Where does the money come from, and where is it spent?

Local authorities receive income from a variety of sources, from the Government in the form of grants, from households in the form of Council Tax (a property based charge payable by local residents dependent upon the Valuation Office's valuation band for their property), from consumers in respect of fees and charges and rents and from a share of business rates from occupiers of commercial premises within the Borough (based upon the rateable value set by the Valuation Office in respect of the properties concerned).

In accordance with the Business Rates Retention Scheme, the Council retains a share of the business rates collected after paying part over to the Government, Staffordshire County Council and the Staffordshire Fire and Rescue Service.

The gross income (£35.340m) and expenditure (£58.831m) attributable to management reporting areas is shown in the Comprehensive Income and Expenditure Statement (page 28), gross expenditure has increased significantly as a result of downwards revaluations relating to the Council's fixed assets.

General Fund Revenue Budget Outturn

The General Fund is the main revenue account of the Council and relates to all of those services which are funded by the Council Tax, Retained Business Rates and Government Grant.

The Council approved a General Fund Revenue Budget of £19.730m on 12 February 2025. The outturn for 2025/26 shows a favourable variance of £0.115m against this budget.

The positive variances that have occurred at the close of 2025/26 include:

a) Interest receivable on cash that the Council holds in terms of Town Deal funding totals £0.238m.

b) Interest payable on borrowing has been vastly reduced due to the cash that the Council holds in terms of Town Deal and funding, this has saved £0.555m.

c) Income from planning applications exceeded the budgeted amount by £0.542m.

These positive variances have been offset by the following adverse variances:

a) Income shortfalls relating to the closure of the main pool for maintenance and repairs at Jubilee 2 and the associated freeze in memberships amounts to (£0.349m), the main pool has now re-opened and income levels are starting to recover.

b) Income shortfalls relating to car parking amount to (£0.178m), income losses have reduced when compared to 2024/25 and a further allowance has been made to reduce the income budget in 2026/27.

c) Income shortfalls relating to Bereavement Services amount to (£0.284m), as with car parking a further allowance has been made to reduce the income budget in 2026/27 to reflect actual levels of income being received.

d) The recovery of Housing Benefits overpayments shows a shortfall of (£0.157m) at the close of the financial year. A number of new recovery methods, including the option for debtors to make payments by direct debit have recently been introduced.

A reconciliation of the Comprehensive Income and Expenditure Statement to the deficit declared above can be seen in the table below, further information can be obtained from the statements and notes referenced:

	£000
Service provision (per CIES-p28)	(16,428)
Adjustments between accounting basis and funding basis (Note 8-p48)	14,061
Movement in useable reserves (excluding transfer of surplus) (Note 9-p50)	2,252
(Surplus)/Deficit for 2025/26	**(115)**

Capital Expenditure

Capital expenditure includes expenditure such as the acquisition, construction, repair and maintenance of fixed assets. As capital spending contributes to the Council's priorities and vision over the short, medium and long term, the Council plans and budgets for expenditure by means of a rolling programme.

A mid-year review of the Capital Programme for 2025/26 was undertaken in order to identify any projects that may need to be re-profiled from 2025/26 into future years. The revised Capital Programme for 2025/26 totalling £35.635m was approved by Cabinet on 2 December 2025.

A further £0.606m of spend funded via the Shared Prosperity Fund and Section 106 agreements was also allowed for giving a total capital programme of £36.241m for 2025/26.

Actual capital expenditure for 2025/26 has amounted to £27.348m, £8.893m less than planned. £8.281m of this is to be carried forward to 2026/27 to reflect the profile of spends, largely relating to Town Deals and Regeneration projects. The remaining balance of £0.612m related to schemes that have been rescoped or removed from the programme.

Several regeneration projects emanating from the Town Deals and Future High Streets Fund (e.g. Ryecroft, Midway and Astley Place developments) require further funding in addition to the government grants, this will include the Council borrowing to fund these projects ahead of capital receipts (at the higher of cost, including interest costs, or market value) being received from the developer upon an stabilisation level.

Rigorous financial challenge and monitoring of each project's expenditure has and continues to be undertaken. Financial monitoring will continue to be reported as part of the scrutiny process and will also form part of the quarterly financial report to Cabinet.

The capital investment made during 2025/26 and the financing of this expenditure is shown in Note 27 (page 62).

Collection Fund

Local tax income (i.e. Business Rates and Council Tax) is collected by billing authorities and paid into local 'collection funds' (page 72) (the Council is a billing authority). Where there is a shortfall in tax receipts (compared to expected levels), this leads to a deficit on the collection fund for which the precepting authorities are liable. Billing and major precepting authorities are usually required to meet their share of any deficit during the following financial year.

The variance between the estimated business rates shared between Central Government, Staffordshire County Council, Staffordshire Fire and Rescue Service and Newcastle-under-Lyme Borough Council as per the NNDR1 return (£41.623m) and the actual business rates payable per the NNDR3 return (£40.514m) is £1.109m - a deficit to the collection fund for 2025/26, largely due to ongoing reliefs provided by Central Government for which Section 31 grant has been received, and paid into the Business Rates Reserve, as compensation.

In addition to the business rates shares payable for 2025/26, the estimated 2024/25 surplus declared in January 2025 regarding business rates of £4.113m was repaid from the collection fund to the Council, Central Government, Staffordshire County Council and Staffordshire Fire and Rescue Service.

The actual 2024/25 surplus was calculated to be £1.822m, therefore there remains a further £2.291m in the collection fund balance carried forward which is payable to the Collection Fund by the Council, Central Government, Staffordshire County Council and Staffordshire Fire and Rescue Service in relation to 2024/25.

Taking into account the remaining 2024/25 amount to be paid back to the collection fund and the 2025/26 deficit, the business rates collection fund has a deficit of £3.400m as at 31 March 2026.

The variance between the Council Tax shared between Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire, Staffordshire Fire and Rescue Service and Newcastle-under-Lyme Borough Council as per the precepts (£89.360m) and the actual Council Tax payable (£88.009m) is £1.351m – a deficit to the collection fund.

In addition to the Council Tax payable for 2025/26, the estimated 2024/25 surplus declared in January 2025 regarding Council Tax of £0.005m was repaid to preceptors (Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire, Staffordshire Fire and Rescue Service and Newcastle-under-Lyme Borough Council).

The actual 2024/25 outturn was calculated to be a deficit of £0.033m, therefore £0.038m is repayable to the Collection Fund by Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire, Staffordshire Fire and Rescue Service and Newcastle-under-Lyme Borough Council in relation to 2024/25.

Taking into account the remaining 2024/25 amount to be repaid and the 2025/26 deficit, the Council Tax collection fund has a deficit of £1.389m as at 31 March 2026.

Financial Prospects

Revenue

The Council is committed to the delivery of high quality services. Integral to this is the need to effectively target financial resources in line with stated aims and objectives working against the background of an adverse economic situation.

The Council closely manages all of its resources to ensure it delivers the services that local people need, and to prepare for future challenges. The priority actions under ‘One Council Delivering for Local People’ include workforce development, community engagement, partnership working, financial discipline, high quality value for money services and delivering the transformational One Council Programme, which made recurrent savings of £1.173m.

During the year the Council has again had to utilise resources (both financial and staff time) in dealing with an environmental crisis due to Hydrogen Sulphide (H^2S) escaping from a local landfill site. This problem, which has been debated in Parliament and which the national press have used to characterise the village of Silverdale as “Britain’s Smelliest Village”, has generated over 40,000 complaints to the Council. The scale of work undertaken by the Council on this issue has soaked up a huge amount of corporate resource but has resulted in a greatly improved situation for local residents and securing an Abatement Notice against the site operator – a rare achievement on an Environment Agency regulated site. After the abatement notice was issued the operators continued to breach the acceptable levels of Hydrogen Sulphide (H^2S) being omitted, which resulted in the Environment Agency ceasing the operators licence. As a result of this the operators, Walleys Quarry Limited have now gone into administration.

The Environment Agency are continuing to review and share data from mobile monitoring facilities and their contractors are carrying out maintenance, including in relation to temporary capping and landfill gas management.

Economic and Community Impact (provided by Arlingclose)

The financial year was largely dominated by two periods of significant uncertainty and volatility. The first being the US trade tariff ‘Liberation Day’ in April 2025 and the second was the US/Israel war with Iran at the end of February 2026.

After the initial fallout from US trade tariffs, the following months saw some improvements as equity markets made gains and bond yields eased modestly. However, in the UK this trend in bond yields reversed somewhat as an uncertain economic outlook together with concerns around the government’s fiscal position and autumn Budget saw investors demand a higher return for holding gilts.

The Budget itself was more muted than had been expected. Despite a weak economic outlook, this helped UK markets perform better with gilt yields trending downwards, inflation easing, and expectations for cuts in Bank of England (BoE) Bank Rate increasing.

The end of February 2026 saw the start of the war between US/Israel and Iran. The conflict caused oil and other commodity prices to rise sharply as the shipping lanes in the region became effectively closed, restricting global oil supply. At the end of the period, the economic outlook remained highly uncertain in terms of its impact on inflation as well as countries' fiscal and monetary policy conditions around the globe.

Prior to the start of the war, headline UK consumer price inflation (CPI) inflation had generally been trending downwards, albeit the 3% in February 2026 was unchanged from January. Core CPI also stayed put at 3.1%. Inflation was expected to fall further over the coming months to the BoE's 2% target, but the war changed this. Inflation is now expected to rise again, but how quickly and by how much depends on the duration of the war and how long commodity prices are elevated.

The Office for National Statistics (ONS) reported the UK economy expanded by 0.1% in Q4 2025. This followed previous modest gains of 0.2% in Q2 and by 0.1% in Q3. Of the subsequent monthly figures, the ONS estimated that GDP showed no growth in January 2026. As this is from before the war started the impact on growth will not be seen formally in the data for a couple more months.

While the most recent labour market figures were slightly better than expected, the general trend has been one of persistent weakness. In the three months to January 2026, the unemployment rate rose to 5.2% (from 5.1%), while the employment rate held at 75.1%. Despite inflation being expected to rise in the coming months, labour market conditions remain loose and so any upward pressure on wages from general inflation is likely to be tempered by the weaker labour market environment.

After cutting the Bank Rate to 3.75% in December 2025, the BoE's Monetary Policy Committee (MPC) voted 5-4 to hold rates in February 2026 and then unanimously to do so again in March. Until the war started, financial markets were expecting the Bank Rate to be cut to 3.5% at the March meeting. However, the conflict in the Middle East quickly changed this. The MPC noted the risks to both inflation and growth and indicated they could move rates either up or down depending on the conditions. Financial markets quickly responded to this by pricing in rate hikes.

Following the March MPC meeting, Arlingclose, the authority's treasury adviser, revised its central interest rate view and now predicts Bank Rate will be held at 3.75%. However, the conflict makes the outlook for rates highly uncertain. In the short-term the risks are to the upside with the chance of higher Bank Rate should the MPC decide it wishes to quickly quash potential second-round effects from higher inflation. Further out, if the Bank Rate is hiked quickly, the pace and magnitude of subsequent cuts could take it far lower than was previously anticipated as policymakers add significant stimulus to a much weaker economic growth outlook.

The US Federal Reserve had been cutting rates over the period, reducing Fed Funds Rate target range by 0.25% at its December meeting to 3.50%-3.75%. At the three subsequent meetings, the rate was held at the same range. Policymakers noted that while inflation was elevated, economic activity had been expanding but the war with Iran made the path of monetary policy highly uncertain. Despite this, the Fed still suggested that further rate cuts were likely in 2026 and 2027.

The European Central Bank (ECB) has kept its key interest rates on hold since June 2025, maintaining the deposit rate at 2.0% and main refinancing rate at 2.15%. At its March 2026 meeting, the ECB noted the war in the Middle East had significantly increased uncertainty, creating upside risks for inflation and downside risks for growth, leading it to revise up its forecasts accordingly.

Financial Planning

The Medium Term Financial Strategy (MTFS) sets out the Council's financial position over the next 5 years. This is aligned to the Council Plan and is the key vehicle for ensuring efficiency in service delivery and targeting resources to priority areas. The updated MTFS was approved by Full Council on 11 February 2026, and reflects the impact of the Local Government Finance Settlement. The MTFS provides for a gap in 2026/27 of £1.599m and a gap to reflect the 5 year period of the MTFS of £4.649m (inclusive of 2026/27).

A number of savings and funding strategies have been identified as being both feasible and sustainable, via a vigorous Financial Efficiency Board process, these savings have enabled the gap for 2026/27 to be fully closed and for significant progress to be made regarding future years. Once the saving proposals have been reviewed and challenged, the approved savings are put forward as part of the MTFS update and form part of the budget setting process. Savings proposals put forward can be revisited at any time.

The Council intends to consider ways it can facilitate and participate in the commercial and industrial development of the Borough and thereby gain access to income streams to contribute to a sustainable revenue budget. The basis for this is set out in the Commercial Strategy and the Investment Strategy.

Capital

The Capital Programme for 2026/27 to 2028/29 is based on new schemes which are vital to ensure continued service delivery and in assisting the Council to achieve its corporate and service objectives as set out in the Council Plan. These schemes total £110.010m, including major investment into the Borough via external funding (and elements of matched funding contributions from the Council) in terms of the Town Deals Fund for both Newcastle and Kidsgrove and Homes England grant.

The Capital Programme is produced in line with the Capital Strategy for 2026/27 to 2035/36, which was approved by Full Council on 11 February 2026. In addition to the Council's corporate and service objectives, as set out in the Council Plan, the Capital Programme is also influenced by a number of external parties and factors including Central Government and its agencies, legislation requiring capital works, partner organisations, businesses, developers and the needs and views of Borough residents.

Delivering the Capital Programme for 2026/27 will require prudential borrowing to be undertaken. The impact of borrowing is included in the MTFS pressures for 2026/27 and future years.

At 31 March 2026 borrowing amounting to £8.0m was held. At 31 March 2026 the Council had a Capital Financing Requirement of £21.807m, the majority of which is being met from internal borrowing (i.e. utilisation of balances held in reserve and cash flow – such as grants received in advance of spend), this helps to reduce external borrowing requirements and the associated interest cost.

Although not utilised in recent years, the Council has previously considered the option of long-term borrowing from the PWLB. After the utilisation of capital receipts and internal borrowing, the Council will look to borrow short term from other local authorities in the first instance and will then review any other sources of funding if required.

Advice from the Council's Treasury Management Advisors, Arlingclose, is to continue to utilise internal funding whilst it is available as opposed to external borrowing. This approach also reduces the need to place funding in long term deposits, whilst minimising any potential investment risks.

Strategic Risks

Major strategic risks affecting the Council which could impact on future service provision are currently as set out in the table below, which shows for each risk its potential impact and measures to mitigate the risk:

Risk	Impact	Mitigation
Failure to realise potential for land sales to provide funding for capital investment	Insufficient resources to fund capital investment needed to maintain service provision or to achieve objectives	Asset Management Plan, Cabinet decisions to sell, planning approvals
Failure to recruit and retain staff with required experience and skills	Reduced amount and quality of service provision. Inability to provide services	Workforce development plan, business continuity planning
Major incident	Unable to provide services during and for some time after the incident	Major incident and emergency response plans in place, incident response guide, business continuity planning
Long term decline in income including reduction in government funding and failure to provide funding for new initiatives	Pressure on revenue budget	Included in calculation of prudent minimum balances
Pay and price increases	Pressure on revenue budget	Included in calculation of prudent minimum balances
ICT - system/software failure or malicious software incursion	Unable to provide services during and after the failure. Loss of data, corruption of data, ransom demands, unable to provide service after incursion	Business continuity planning, back up servers
Failure to comply with legislation including data protection breaches	Legal action, compensation claims, fines, reputational damage	Standing orders and financial regulation, training, internal audit, monitoring officer
Overall budget realisation fails	Reduction in reserves, unplanned cuts to services, impact on future budgets	Budget monitoring, adequate reserves levels
Business rates retention	If overall funding reduces, there will be pressure on the revenue budget	Medium term financial strategy, modelling, business rates reserve
Failure of major contractor	Unable to provide services, additional unbudgeted costs	Market intelligence, credit checks, procurement rules and procedures

Reserves

The Council holds a number of reserves the majority of which are earmarked to meet specific categories or items of expenditure. Levels of reserves are reviewed to determine their adequacy to meet the Council's commitments and future plans and are an important consideration when preparing the budget.

The Council's Section 151 Officer recommended that a minimum level of un-earmarked reserves and contingencies of £2.007m be held during 2025/26 to reflect the Council's levels of revenue risk.

The General Fund balance can be used to contribute to the revenue account. The required level is determined by a risk assessment of factors which might adversely impact upon the revenue budget on a worst case basis, the increased level of un-earmarked reserves and contingencies held reflects a strategic decision to increase the Council's financial resilience.

Partnerships

The Council participates in a wide range of partnership arrangements. Some are formal partnerships regulated by an agreement between the partners and some are informal in nature, many of them designed to facilitate community cohesion or to ensure awareness of community needs or to enable more efficient working practices. Examples of formal partnerships are a shared apprenticeship scheme in conjunction with Newcastle College and the administration of the Business Improvement District (BID) scheme for Newcastle town centre. Businesses within the BID area pay a supplementary business rate, collected by the Council and used by the BID Board to promote the economic wellbeing and development of the town centre.

The Council continues to work closely with other public sector organisations to obtain value for money in relation to supplies and services and to provide the public with easy access to all of the partners' services from its facilities. An example of this is the Newcastle Partnership Funding Commissioning Group which co-ordinates contributions to third sector organisations.

There are also reciprocal arrangements between neighbouring authorities for providing assistance, such as the secondment of staff, to provide continuity of service. The Council's offices at Castle House are shared with Staffordshire County Council, Staffordshire Police and Aspire Housing.

Economy, Efficiency and Effectiveness in the Use of Resources

Local authorities are obliged to achieve economy, efficiency and effectiveness in their use of resources. Arrangements are in place to ensure that value for money is obtained when Council resources are expended, that there is proper stewardship and governance in relation to these matters and the arrangements are kept under review to ensure they are adequate and effective.

Financial Regulations, Contract Procedural Rules, Standing Orders and the Council's Constitution set out the basic framework and internal controls by which Council business and administration must be conducted and are binding on all employees and Members of the Council. Financial Regulations and the Contract Procedural Rules lay down procedures which must be followed when obtaining supplies and services for use by the Council to ensure that transparent and effective processes are in place. The arrangements and their effectiveness are continually kept under review as part of the ongoing management of the Council's services, medium term financial planning, continuous budgetary control procedures and regular internal audit reviews and reports.

The Corporate Leadership Team receive and review monthly budget monitoring reports and initiate action to deal with any significant variances revealed. Members are kept up to date regarding the budgetary position via quarterly performance monitoring reports to Cabinet, which also include non-financial performance indicators showing how services are delivering on their key targets. The quarterly reports are available on the Council's website. There is also a formal Member led scrutiny process, with key priority focused Scrutiny Committees enabling service delivery to be monitored.

Formal review takes place via the Annual Governance Statement considered and approved by Council Members, which is published within the Statement of Accounts (page 17). This is informed by the Corporate Leadership Team and Business Managers to provide assurance that governance arrangements are in place and to identify required improvements.

The Capital Strategy, Investment Strategy and Asset Management Strategy set out the framework within which the capital programme is managed and resources made available to finance the programme. Approval to proceed with capital investment is only given provided the necessary resources are available to finance it. An important element providing assurance regarding resource availability is an approved realistic programme of asset disposals. Capital investment and resources are assessed and monitored by the Capital, Assets and Commercial Investment Review Group which is chaired by the Cabinet Portfolio Holder for Finance, Town Centres and Growth. The group aims to ensure that the capital investment programme meets the Council's priorities, is affordable and that projects are carried out on time and within budget.

Pension Scheme Liability

The Council's assets within the Staffordshire Pension Scheme are greater than funded obligations (an accounting surplus). Accounting Standards (IAS19, IFRIC Interpretation 14) limit the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling, recognising the inability of the Council to obtain full economic benefit of the calculated surplus by way of either a refund or reduced future pension contributions.

In the absence of the asset ceiling adjustment, the Pension Fund would be recognised as a £51.313m asset at 31 March 2026, the adjustment reflects the present value of the Council's agreed past service contributions continuing throughout the remaining period of the funding time horizon (i.e. until 31 March 2042). A liability of £18.183m is recognised when taking account of the asset ceiling adjustment. This accounting adjustment reflects the fact that the Council is unable to realise the surplus through refunds or reduced future contributions.

Formal actuarial valuations are carried out every three years, where each employer's assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes. The accounting balance sheet position as at 31 March 2026 (and the projected charge to the profit and loss for 2026/27), are now based on a new roll forward from the 2025 funding valuation. This differs to the positions at the previous year-end which were based on a roll forward from the 2022 funding valuation. This 'step change' can lead to sizeable asset and obligations 'remeasurement experience' items in the reconciliation of the balance sheet from the previous year-end to the Accounting Date. A reconciliation of the balance sheet from 31 March 2025 to 31 March 2026 can be seen in the 'Transactions relating to post-employment benefits' table in

Note 30 (page 63), in the Comprehensive Income and Expenditure Statement (re-measurement of the defined benefit liability/asset, (page 28) and in the Balance Sheet (pension liability and pension reserve, page 30).

Audit of the Accounts

The Council's appointed auditors, KPMG LLP, currently undertake the annual audit of the accounts. Their contact details are:

Richard Lee, KPMG LLP, 1 St Peters Square, Manchester, M2 3AE.

Further Information

Further information about the accounts is available from:

Craig Turner, Service Director for Finance (Section 151 Officer), Castle House, Barracks Road, Newcastle, Staffordshire, ST5 1BL

Comments

If you have any comments about the way that the information is presented in this Statement of Accounts, or about possible alternative ways of making the information available, we would be pleased to receive them, at the above address.

Approval of Statement of Accounts

The Accounts and Audit Regulations 2015 require the Statement of Accounts to be considered by and approved by a Council Committee or the Full Council and for the Statement to be signed at the meeting by the person presiding. This statement has been approved by the Audit and Standards Committee and this is evidenced by the signature of that Committee's Chair.

Signed: Dated:

Cllr Glenn Tift

Chair of the Audit and Standards Committee

Statement of Responsibilities

The Authority's Responsibilities

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its Officers has the responsibility for the administration of those affairs. In this authority, that Officer is the Service Director for Finance (Section 151 Officer),

- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets,

- To approve the Statement of Accounts.

The Service Director for Finance (Section 151 Officer) - Responsibilities

The Service Director for Finance (Section 151 Officer) is the Council's statutory Section 151 Officer and as such is responsible for the preparation of the authority's Statement of Accounts which, in terms of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code) are required to present a true and fair view of the financial position of the authority at the accounting date and its income and expenditure for the year ended 31 March 2026.

In preparing the statement of accounts the Service Director for Finance (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,

- Kept proper accounting records which were up-to-date,

- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

The Service Director for Finance (Section 151 Officer) Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Council as at 31 March 2026 and its income and expenditure for the year ended 31 March 2026.

Craig Turner Dated:

Service Director for Finance (Section 151 Officer)

Annual Governance Statement

Introduction and Scope of Responsibility

Newcastle-under-Lyme Borough Council is responsible for ensuring that;

- business is conducted in accordance with the law and proper standards,
- public money is safeguarded and properly accounted for, and used economically, efficiently and effectively,
- risk is properly managed as part of the governance arrangements.

Newcastle-under-Lyme Borough Council also 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.

In discharging this overall responsibility, Newcastle-under-Lyme Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

Newcastle-under-Lyme Borough Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the Code is available on the Council's website or can be obtained from:

Service Director for Finance (Section 151 Officer), Castle House, Barracks Road, Newcastle, Staffordshire, ST5 1BL

The Governance Statement

The Governance Statement explains how Newcastle-under-Lyme Borough Council complies with the Code and also meets the requirements of the Accounts and Audit Regulations 2015, Regulation 6(1), which requires all relevant bodies to prepare an Annual Governance Statement.

In this document the Council:

- acknowledges its responsibility for ensuring that there is a sound system of governance;
- summarises the key elements of the governance framework and the roles of those responsibilities for the development and maintenance of the governance environment;
- describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
- provides details of how the Council has responded to any issue(s) identified in last year's governance statement; and
- reports on any key governance matters identified from this review and provides a commitment to addressing them.

The Annual Governance Statement reports on the governance framework that has been in place for the year ended 31 March 2026 and up to the date of approval on the Statement of Accounts.

The Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services. To demonstrate compliance with the principles of good corporate governance, the Council must ensure that it does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner.

Good governance is crucial as it leads to good management, good performance, good stewardship of public money, good public engagement and ultimately good outcomes for residents and service users. Further, good governance enables an authority to pursue its aims effectively whilst controlling and managing risk.

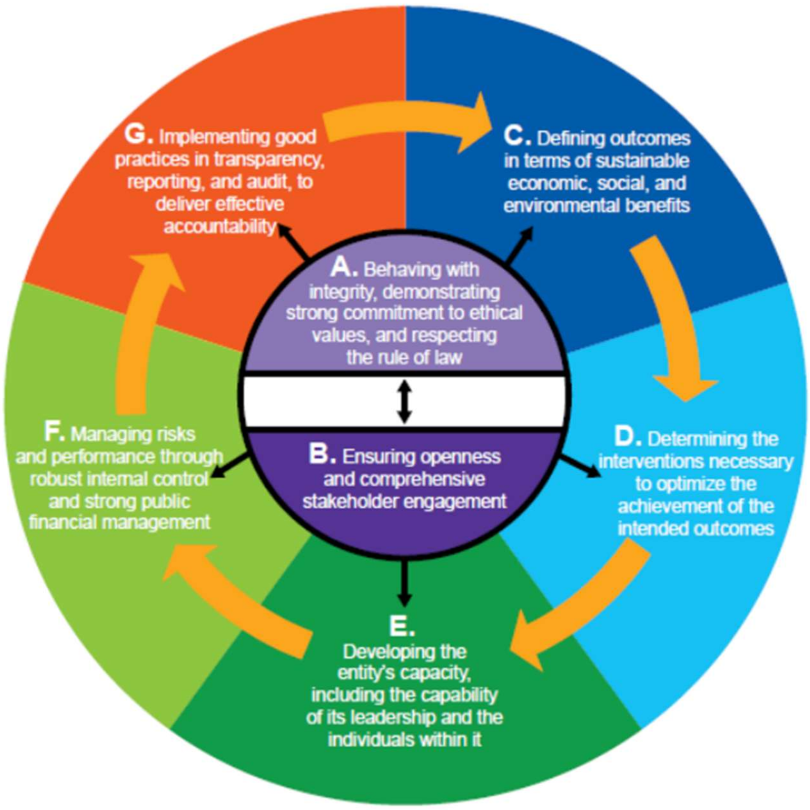
The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on an ongoing and embedded process designed to identify and prioritise the risks to the achievement of Newcastle-under-Lyme Borough Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Newcastle-under-Lyme Borough Council for the year ended 31 March 2026 and up to the date of approval of the Statement of Accounts.

The Principles of Good Governance

The Council aims to achieve good standards of governance by adhering to the seven core principles in the diagram below, which form the basis of the Council's Code of Corporate Governance:



The fundamental function of good governance is to ensure that the Council achieves its intended outcomes while acting in the public interest at all times.

The following core, high level, principles in Sections A to G reflect the 7 core principles of good governance in the public sector which are derived from the 'Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016)'.

The Council operates a number of systems, policies and procedures that constitute or contribute to the operation of the internal control environment and support the principles set out in the Code of Corporate Governance as detailed in the tables below:

Core Principle A	Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law

- **Behaving with integrity:**
  - The Council has in place Codes of Conduct for both Members and Officers which set out requirements that support the need to behave with integrity,
  - The Council has a set of values which are underpinned by a set of expected behaviours,
  - All new Members and Officers are made aware of the Code of Conduct when they join the Council,
  - The Council's Constitution sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient, transparent and accountable to local people. Some of these processes are required by the law, while others are a matter for the Council to choose.
  - The Constitution is divided into 6 sections which set out the basic rules governing the Council's business. The Constitution is published on the Council's website.
  - The Monitoring Officer provides advice and can refer complaints to the relevant Committee (Audit and Standards Hearing Panel, Employment Committee).

- **Demonstrating strong commitment to ethical values:**
  - The Council has a framework of policies that incorporate Anti-Fraud & Corruption, Anti-Money Laundering and a Whistleblowing Policy all of which are designed to in the first instance discourage inappropriate behaviour and then secondly encourage both Members and Officers to voice any concerns they have and report any instances found,
  - Members are required to renew their declaration of interests annually and also declare any relevant interests at meetings. There is also a register of gifts and hospitality,
  - Employees are required to notify their Service Director about any potential conflict of interest,
  - A register of gifts and hospitality is maintained by the Corporate Leadership Secretarial Team.
  - A Corporate complaints procedure exists to receive and respond to any complaints received.
  - The Council is committed to equality of opportunity for all citizens, in line with the Public Sector Duty as set out in the Equality Act 2010.

- **Respecting the rule of law:**
  - The Council has in place a Monitoring Officer who works with Members and Officers to ensure that the law is adhered to,
  - The constitution sets out; the responsibilities of the Council, the Cabinet, and Scrutiny Committees; the roles, duties and delegated powers of key officers.
  - The Council has a duty to appoint staff to three specific roles; The Head of Paid Service (Chief Executive) who has overall accountability for the governance arrangements operating within the Council; The Chief Finance Officer who is responsible for the proper administration of the Council's financial affairs and internal controls; The Monitoring Officer who has a role in ensuring decisions are taken lawfully and that the Council complies with the Constitution.

Core Principle B	Ensuring openness and comprehensive stakeholder engagement

- **Openness:**
  - All meetings of the Council are held in public unless the Part II requirements of the local authorities (Executive Arrangements) (Access to Information) Regulations 2000, are met in terms of confidentiality,
  - Copies of all minutes and agendas are available on the Councils website. All reports contain details of options considered and the advice provided by Officers regarding legal and financial implications. The minutes include the reasons behind the decisions made,
  - The Council has a Freedom of Information Scheme in place and seeks to publish information openly on its website wherever possible and practicable to do so.
  - The Council complies with the code of recommended practice for local authorities on data transparency which acts as a starting point for the information made available.

- **Engaging comprehensively with institutional stakeholders:**
  - The Council has in place a Communications Strategy which sets out how we will communicate with our residents, service users and stakeholders,
  - Since 2019/20, and up to and including 2025/26, the Council has been part of the Staffordshire and Stoke-on-Trent Business Rate Pool,
  - The Council is committed to working collaboratively with a range of other partners including the County Council, education, health, housing, business, police, fire and the voluntary and community sector to achieve what is needed for the Borough.

- **Engaging with stakeholders effectively, including individual citizens and service users:**
  - Elected Members are democratically accountable to their local area and provide a clear leadership role in building sustainable communities.
  - The Council has a consultation framework and toolkit in place and provides details of all on-going consultation exercises/surveys on its website,
  - Whenever we seek the views from the community we provide feedback on the information received and let our residents know how it has or will be used to help shape Council decisions,
  - Where appropriate, public consultation is used to seek the views of residents and stakeholders. For example, a public engagement exercise was undertaken with residents and stakeholders on the draft budget proposals. The aim of this engagement exercise was to:
    - Communicate clearly to residents and stakeholders the budget proposals for 2025/26,
    - Ensure any resident, business or stakeholder who wished to comment on the proposals had the opportunity to do so, enabling them to raise any impacts the proposals may have,
  - Allow participants to propose alternative suggestions for consideration which they feel could achieve the objectives in a different way.

Core Principle C	Defining outcomes in terms of sustainable economic, social and environmental benefits

- **Defining outcomes:**
  - The Council has a clear vision of what it wants to achieve, which is set out in its Council Plan and is supported by the Medium Term Financial Strategy. The vision and priorities have been informed by an analysis of needs for the Borough and also via consultation with key stakeholders and the public,
  - Each service has a Priority Delivery Plan that outlines outcomes to be achieved and how they link to the Council Plan.
  - The Council priorities are;
    - One Council Delivering for Local People,
    - A Successful and Sustainable Growing Borough,
    - Healthy, Active and Safe Communities,
    - Town Centres for All.
  - Performance Monitoring takes place monthly and is reported to Cabinet and Scrutiny on a quarterly basis.
  - The Finance, Assets and Performance Scrutiny Committee has an important role in helping to define and monitor outcomes.

Core Principle C	Defining outcomes in terms of sustainable economic, social and environmental benefits

- The Local Government Association Peer Review was used in 2023/24 to provide a 'health check' on core components including financial planning and partnership working.

- **Sustainable economic, social and environmental benefits:**
  - A Sustainable Community Strategy is in place which aims to create an environment where local people can articulate their priorities, needs and aspirations,
  - In addition the Capital Strategy sets out the principles and objectives which the Council has identified for its capital investment and how its capital plans link to other strategies and areas of activity of the Council and its partners and covers a 10 year period,
  - The Council's day to day services support the delivery of the Council Plan, performance in delivering the objectives are monitored by the Corporate Leadership Team (Officers), the Cabinet and Scrutiny Committees (Members). The Council Plan can be viewed on the Council website at https://www.newcastle-staffs.gov.uk/policies-1/Council-plan-2022-2026/6
  - The Council is currently working on the Local Plan which is being designed to encourage sustainable development, including sustainable communities, economic development and homes for the future.
  - The Council's Procurement Strategy includes social value principles (social, economic and environmental) in procurement and contract management.

Core Principle D	Determining the interventions necessary to optimise the achievement of the intended outcomes

- **Determining and Planning Interventions:**
  - The principles of decision making are detailed in the Council's Constitution, however the Council has in place a robust decision-making process with all Cabinet reports being considered by the Corporate Leadership Team to give a view on the strategic implications. Additionally, report authors should seek clearance from all corporate services, including legal and finance, for reports prior to publication. All reports follow a standard template which identifies the decision maker, the decision or action required, why the report is recommended and alternative options considered.
  - A calendar of meetings is approved and agreed by Full Council covering the period of the Council Plan 2022-2026.
  - The Council's Forward Plan details all the reports relating to key decisions and the timescales within which they will be presented,
  - Priority Delivery Plans are produced annually which set out the planned activities for each service area for that year.
  - Performance monitoring is undertaken to understand if and how the priorities identified within the Council Plan are being achieved. This is undertaken through service planning and identification of key performance indicators to show how services help to achieve the priorities of the Council. A number of corporate Indicators have been identified and are reported quarterly to the Corporate Leadership Team, Cabinet Members and Scrutiny Committee.

- **Optimising the achievement of intended outcomes:**
  - The Medium Term Financial Strategy considers any changes that are required to be made to the base budget to ensure that service priorities are affordable and achievable,
  - The budget process takes account of the full cost of service delivery over the medium and longer terms,
  - The budget setting process ensures that a robust and balanced budget is approved,
  - The budget setting process allows for investment which is intended to bring future efficiencies.

Core Principle E	Developing capacity, including the capability of leadership and the individuals within it

- **Developing the Councils capacity:**
  - The Council regularly reviews its activities to ensure continuous improvement of service delivery,
  - The Council works closely with its partners to ensure the delivery of agreed outcomes to the community.
  - The Council has a Workforce Development Plan which is currently being updated in order to capture the Council's capacity needs.

- **Developing the capability of the entity's leadership and other individuals:**
  - The roles of Members, Committees, Officers and Statutory Officers are set out in the Council's Constitution, which is available on the Council's website,
  - The Council has a scheme of delegation in place which forms part of the Constitution, this sets out the types of decision made by the Council and who can make these,
  - The Constitution also contains Financial Regulations and Contract Procedural Rules which provide a framework for Officers to follow when running their services and making decisions,
  - An induction programme is in place to provide training and support for all new Members and Officers,
  - All Officers have an annual appraisal to review performance and identify any training and development needs,
  - A Member development programme is in place in respect of Members to identify all their training needs,
  - The Council is committed to supporting the health and well-being of the workforce through appropriate Human Resource policies, working practices and access to an occupational health service.

Core Principle F	Managing risks, performance and data through robust internal control and strong public financial management

- **Managing Risk:**
  - The Council has a risk management policy and strategy in place, which is reviewed and approved annually,
  - A strategic risk register is maintained by the Corporate Leadership Team, progress is monitored on a quarterly basis by the Audit and Standards Committee,
  - Operational risks are identified and managed by Service Directors; these are reviewed and monitored quarterly.
  - The Council's Audit and Standards Committee has responsibility to provide independent assurance on the adequacy of the risk management framework and the internal control and reporting environment and the integrity of the financial reporting and annual governance statement process. This committee receives periodic reports regarding risk management and approves the risk management policy. This committee undertakes the core functions of an audit committee and operates in accordance with CIPFA guidance.
  - The Financial Procedure Rules form part of the Constitution and set out the financial management framework for ensuring the best use of resources. It outlines the financial roles and responsibilities for staff and Members and provides a framework for financial decision making. The procedure rules ensure statutory powers and duties are complied with and reflect best practice.
  - The Council has reviewed and revised its Contract Procedure Rules.
  - The Chief Finance Officer provides effective financial management in accordance with the financial procedures and rules set out in the Constitution.

- **Managing Performance:**
  - Service Directors and Business Managers are responsible operationally for the performance in delivering day to day services. This in turn is monitored by the Corporate Leadership Team,
  - The performance of delivering the Council's priorities is monitored by Cabinet,
  - The Council Plan is monitored by the Council's Scrutiny Committee which reviews performance and financial monitoring information to support the delivery of the Council Plan and budget strategy. The Annual Report contains a review of key achievements and performance made against the Council Plan.

- **Robust internal control:**
  - The internal control framework comprises a range of policies and procedures to ensure sound management of the Council's operation and delivery of services,

Core Principle F	Managing risks, performance and data through robust internal control and strong public financial management

- Internal Audit undertakes reviews of systems that comprise the internal control and governance framework, it provides assurance and where necessary makes recommendations for improvement,
- The Audit and Standards Committee receives reports with regards to the internal control framework. In addition quarterly reports are presented in respect of the progress and completion of the audit plan and the implementation of outstanding recommendations.
- Fraud is taken very seriously, and the Council has an anti-fraud and corruption policy, money laundering and a whistleblowing policy which is reviewed annually and approved by the Audit and Standards Committee.

- **Managing Data:**
  - The Council has a suite of Information Security Policies to ensure and maintain the integrity of the data that it holds,
  - The Council is committed to complying with the General Data Protection Regulations (GDPR) which introduced a requirement for accountability and governance in discharging the Council's obligations as data controller. The Council has established an Information Governance Group. The role of this group is to oversee the effectiveness, compliance and governance of information practice across the Council. The group is led by the Service Director for IT, as the senior responsible Officer, with Officers from all service areas across the Council. The group usually meets bi-monthly and reports once a month to the Council's Corporate Leadership Team to monitor compliance,
  - Data protection training is mandatory for all employees of the Council and temporary members of staff and an online training module is available for elected Council Members,
  - The Council recognises that Cyber Security is a persistent and growing threat to the systems and data that the Council holds and uses. It therefore recognised that reviews of Cyber Security and the associated awareness for Officers and Members is not a one-off exercise. The Council will keep technology, threats and education under constant review to ensure it is meeting with its obligations for all systems regardless of setting.

- **Strong public financial management:**
  - The Service Director for Finance and the Council's Section 151 Officer is appropriately qualified and complies with the CIPFA statement on the Role of the Chief Finance Officer. In April 2016, CIPFA/SOLACE issued an updated application note on the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. The Council complies with these requirements. The Chief Financial Officer is:
    - A key member of the Corporate Leadership Team,
    - Actively involved in, and able to bring influence to bear on, all material business decisions to ensure alignment with the Council's financial strategy,
    - The lead for the promotion and delivery, by the whole Council, of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively,
    - Professionally qualified and suitably experienced,
    - Able to lead and direct a finance function that is resourced to be fit for purpose.
  - The Service Director for Finance (Section 151 Officer) prepares and advises the Council on its Medium Term Financial Strategy and the Budget,
  - Regular budget monitoring reports are provided to Members and Officers,
  - Financial Regulations and Contract Procedural Rules provide a framework for the day-to-day management of the Council's financial transactions,
  - The CIPFA Financial Management Code has been adopted and is complied with.
  - The Council maintains an internal audit function which operates to the standards set out in the 'Public Sector Internal Audit Standards'. An assessment against the standard is carried out each year with the outcome being reported to the Audit and Standards Committee as part of the Chief Internal Auditor's Annual Report. A Chief Internal Auditor protocol, to ensure that arrangements operated by the Council meet the requirements of the CIPFA Statement on the Role of the Head of Internal Audit in Public Sector Organisations, has been included in the constitution.

Core Principle G	Implementing good practices in transparency, reporting and assurance (including audit) to deliver effective accountability

- **Implementing good practice in transparency and reporting:**
  - The Council is committed to openness and transparency and publishing as much Council data as it can in order to increase accountability.
  - The following information is reported annually to Members and is available on the Council's website:
    - Performance in delivering the Council's priorities,
    - Statement of Accounts,
    - Annual Governance Statement,
    - Annual Internal Audit Report,
    - Annual External Audit Letter,
  - In addition to the above, the Council has a transparency page on the website which provides public access to information in accordance with the Local Government Transparency Code.
  - The Council's Constitution sets out how decisions are made and specific reference to decision making by Council, Cabinet, committees and subcommittees established by the Council and scrutinised by the Scrutiny Committees. The Constitution includes the Officer Scheme of Delegation which sets out the powers and functions that are delegated to named Council Officers. The compilation of a Register of Delegated powers is a statutory requirement and is maintained by the Service Director for Legal and Governance.

- **Assurance and effective accountability**
  - Internal Audit provides assurance throughout the year on the key systems of internal control,
  - The External Auditor provides assurance on the Council's financial statement,
  - The Council's governance arrangements are reviewed on an annual basis,
  - There is a Corporate Complaints, Compliments and Comments Policy in place,
  - Independent reviews of Council services are undertaken from time to time, any feedback in respect of such reviews are noted and acted upon accordingly,
  - The Statutory Officers Group review all corporate complaints, compliments and comments.

A key element of the Council's governance arrangements concerns safeguarding. Newcastle-under-Lyme Borough Council has both a moral and legal obligation to ensure a duty of care for children and vulnerable adults across all its services. As a Council we are committed to ensuring that all children and vulnerable adults are protected and kept safe from harm whilst engaged in services organised and provided by us. We ensure this by;

- Having a Safeguarding Policy in place,
- Mandatory training in place for all Members and Officers,
- Carrying out the appropriate level of Disclosure and Barring Service (DBS) checks for employees,
- Working closely with the Staffordshire Safeguarding Children Partnership and Staffordshire and Stoke-on-Trent Adult Safeguarding Partnership.

Annual Review of the Effectiveness of the Governance Framework

Newcastle-under-Lyme Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the Corporate Leadership Team within the authority who have responsibility for the development and maintenance of the governance and internal control environment and also by comments made by the external auditors and other review agencies and inspectorates.

The Code of Corporate Governance adopted by Newcastle-under-Lyme Borough Council demonstrates the Council is committed to ensuring that the principles of good governance flow from a shared ethos or culture, as well as from sound management systems, structures, and processes that are transparent to all its stakeholders. By making explicit the high standards of self-governance the Council aims to provide a lead to potential partners, to the public, private or voluntary sectors and to all residents.

The Audit and Standards Committee monitors effectively the system of internal control, this has been demonstrated through the completion of a self-assessment against CIPFA's checklist on 'Measuring the effectiveness of the Audit Committee'. The Committee receives regular reports on both the Audit and Risk issues and has demonstrated effective challenge to senior Officers in instances of non-compliance; it can therefore be relied upon when considering the Annual Governance Statement for 2025/26.

The Scrutiny function continues to ensure effective monitoring and challenge. There are Scrutiny Committees that reflect each of the Council's Corporate Priorities. The terms of reference for each of these committees ensure that performance is effectively monitored and challenged.

Internal Audit is responsible for monitoring the quality and effectiveness of the systems of internal control. A risk model is used to formulate a twelve month plan which is approved by the Audit and Standards Committee, and from which the annual workload is identified. The reporting process for Internal Audit requires a report of each audit to be submitted to the relevant Service Director. The report includes recommendations for improvements that are included within an action plan and require agreement, or challenge, by Service Directors. The process includes follow ups on a monthly basis, the results of which are reported quarterly to the Audit and Standards Committee in terms of fundamental recommendations and the level of assurance that can be given for that directorate based on the implementation of their recommendations. Internal Audit has continued to receive positive feedback from External Audit with regards to the coverage of their work and high professional standards.

Internal Audit can provide a level of assurance that the Council's systems of internal control are operating adequately, from their work in 2025/26.

An assessment of the role of the Chief Finance Officer (CFO) has been completed by the External Auditors in accordance with the 'CIPFA Statement on the role of the Chief Financial Officer in public service organisations'. The statement produced by CIPFA seeks to strengthen governance and financial management throughout the public sector, in addition it sets out the core responsibilities, personal skills and professional standards that are crucial to the role. It requires that the CFO is professionally qualified, reports directly to the Chief Executive and is a member of the Leadership Team. Having undertaken the assessment of the role of the CFO within the Council it can be confirmed that the Authority complies with this statement.

The role of the Head of Internal Audit has been reviewed in accordance with 'CIPFA Statement on the role of the Head of Internal Audit'. The role of the Head of Internal Audit occupies a critical position within any organisation helping it to achieve its objectives by giving assurance on its internal control arrangements and playing a key role on promoting good corporate governance. The main aim of the CIPFA statement is to promote and raise the profile of the Head of Internal Audit within public service organisations. The Council's arrangements during 2025/26 for the provision of Internal Audit were in partnership with Staffordshire County Council, and ensured that the objectives of this role were achieved.

The Monitoring Officer has a duty to monitor and review the operation of the Constitution to ensure its aims and principles are given full effect. The Council keeps the Constitution under review throughout the year, with a report setting out changes to be consolidated to Council on an annual basis.

Managers Assurance Statements are produced annually by Service Directors. These statements provide a level of assurance with regards to the adequacy of internal controls within their own Service Areas.

There are various specialist working groups, i.e. Statutory Officers' Group, Capital, Assets and Commercial Investment Review Group, Corporate Governance, Information Governance, Procurement, and Corporate Health and Safety, that agree, oversee and review the various disciplines giving assurance that the Council complies with statute, identifies and manages its risks.

The External Auditors, KPMG gave an unqualified opinion on the 2024/25 Accounts, in their Annual Report. In addition their review of the Council's governance arrangements advised that no evidence or indication of significant risks were found.

The Council has a zero tolerance to Fraud and Corruption, the Anti-Fraud and Corruption Framework, Fraud Response Plan and Whistleblowing Policy are in place to help deliver our commitment to protecting public funds and ensuring that all Council activities are carried out in accordance with the principles of openness, honesty and integrity. The commitment to deterring fraud and corruption is actively promoted throughout the organisation. Anyone who has any concerns about any aspect of the Council's work is actively encouraged to come forward and voice those concerns.

How has the Council addressed the Governance Improvement Actions from 2024/25?

The following matters were identified as improvement areas that need to be addressed in order to further improve the Council's overall governance arrangements;

- To continue to raise the profile and status of information security and governance throughout the Council. Work to ensure that information security and data protection requirements and legislation are complied with, is to be continued. A review will be completed on data retention/storage/disposal to ensure continued compliance.

  A review has been undertaken on data retention/storage/disposal and continues to be updated.

- To develop the commercial skill sets of Officers and the Council's investment capacity in order to support the Council's long term financial sustainability. Whilst it is recognised that the Council has strong financial management, it is important to continue to promote joint responsibility and accountability for the financial health of the organisation.

  Joint responsibility and accountability for the Council's financial health has been promoted within the Council and this has been acknowledged by the Corporate Peer Review follow up visit in January 2024.

- To continue to improve practical guidance on governance in order to provide clearer understanding of processes to be followed throughout the organisation, starting with a review of the Scheme of Delegation within the Constitution.

  The Scheme of Delegation and Constitution are currently being reviewed following the election of a new administration.

Looking ahead

In 2025/26 no significant weaknesses in Governance/Internal Control were highlighted in the feedback received from senior officers.

We propose over the coming year to further enhance our governance arrangements in order to continually improve our processes and policies in place.

Conclusion

We consider the Governance Framework and Internal Control environment operating during 2025/26 to provide reasonable and objective assurance that any significant risks impacting on the achievement of the Councils objectives will be identified and actions taken to avoid or mitigate their impact.

The system of Governance (including the system of Internal Control) can provide only reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, that value for money is being secured and that significant risks impacting on the achievement of our objectives have been mitigated.

Signed: ________________________________ Date: ________________

Gordon Mole

Chief Executive

Signed: ________________________________ Date: ________________

Cllr Jonathan Gullis

Leader of the Council

Financial Statements

Comprehensive Income and Expenditure Statement

This statement shows the accounting cost of providing services in accordance with accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in both the Movement in Reserves Statement (page 29) and the Expenditure and Funding Analysis (page 45).

2024/25				2025/26		
Gross expenditure £000	Gross income £000	Net expenditure £000		Gross expenditure £000	Gross income £000	Net expenditure £000
8,982	1,612	7,370	Chief Executive	8,277	970	7,307
17,895	7,445	10,450	Growth and Development	14,209	7,859	6,350
49,395	28,891	20,504	Sustainable Environment/Operations	36,345	26,511	9,834
76,272	**37,948**	**38,324**	**Cost of services**	**58,831**	**35,340**	**23,491**
1,331	1,412	(81)	Other operating expenditure (Note 10-p50)	1,361	816	545
10,654	10,108	546	Financing & investment income/expenditure (Note 11-p50)	11,534	11,447	87
11,815	44,447	(32,632)	Taxation & non-specific grant income/expenditure (Note 12-p50)	11,957	52,508	(40,551)
		6,157	**(Surplus)/deficit on service provision**			**(16,428)**
		(1,848)	(Surplus)/deficit on revaluation of assets (Note 26-p59)			(3,659)
		(634)	Remeasurement of the defined benefit liability/asset (Note 30-p63)			(817)
		(2,482)	**Other income & expenditure**			**(4,476)**
		3,675	**Total income & expenditure**			**(20,904)**

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 unusable reserves. The movements in the year are broken down between gains and losses incurred in accordance with accounting practices and statutory adjustments required to return to the amounts chargeable to Council Tax for the year. The net increase/decrease line shows the statutory General Fund balance movements in the year following those adjustments.

2025/26	General Fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000	Total usable reserves £000	Unusable reserves £000	Total Council reserves £000
Balance at 31 March 2025 b/fwd	**(5,524)**	**-**	**(4,048)**	**(9,572)**	**(37,000)**	**(46,572)**
Movement in Reserves 2025/26						
Total comprehensive income & expenditure	(16,428)	-	-	(16,428)	(4,476)	(20,904)
Adjustments between accounting & funding basis (Note 8-p48)	14,061	-	(98)	13,963	(13,963)	-
(Increase)/decrease in year	**(2,367)**	**-**	**(98)**	**(2,465)**	**(18,439)**	**(20,904)**
Balance at 31 March 2026 c/fwd	**(7,891)**	**-**	**(4,146)**	**(12,037)**	**(55,439)**	**(67,476)**
2024/25						
Balance at 31 March 2024 b/fwd	**(5,208)**	**-**	**(4,359)**	**(9,567)**	**(40,680)**	**(50,247)**
Movement in Reserves 2024/25						
Total comprehensive income & expenditure	6,157	-	-	6,157	(2,482)	3,675
Adjustments between accounting & funding basis (Note 8-p48)	(6,473)	-	311	(6,162)	6,162	-
(Increase)/decrease in year	**(316)**	**-**	**311**	**(5)**	**3,680**	**3,675**
Balance at 31 March 2025 c/fwd	**(5,524)**	**-**	**(4,048)**	**(9,572)**	**(37,000)**	**(46,572)**

- The General Fund balance includes £5.884m of earmarked reserves, leaving a general balance of £2.007m.

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. The first category of reserves are usable reserves, i.e. those reserves that the Council may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Council is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting and funding basis' (page 29).

31/03/2025 £000		31/03/2026 £000
56,662	Property, plant & equipment (Note 19-p54)	80,373
3,021	Surplus assets (Note 19-p54)	2,369
15,349	Investment property (Note 20-p56)	12,544
1,218	Heritage assets (Note 21-p57)	1,218
654	Intangible assets	206
301	Long term debtors (Note 23-p58)	284
77,205	**Long term assets**	**96,994**
-	Short term investments (Note 32-p668	-
-	Assets held for sale (Note 22-p58)	-
252	Inventories	316
16,158	Short term debtors (Note 23-p58)	22,337
3,067	Cash/cash equivalents (Note 32-p68)	4,060
19,477	**Current assets**	**26,713**
(11,587)	Short term creditors (Note 24-p58)	(9,530)
(45)	Short term borrowing (Note 32-p68)	(8,061)
(655)	Revenue grants receipts in advance (Note 18-p53)	(692)
(441)	Provisions (Note 25-p58)	(553)
(12,728)	**Current liabilities**	**(18,836)**
(425)	Provisions (Note 25-p58)	(202)
(20,976)	Net pensions liability (Note 30-p63)	(18,183)
(15,980)	Capital grants receipts in advance (Note 18-p53)	(19,003)
(37,381)	**Long term liabilities**	**(37,388)**
46,573	**Net assets**	**67,483**
9,572	**Total usable reserves** (MIRS-p29)	**12,037**
37,000	**Total unusable reserves** (Note 26-p59)	**55,446**
46,572	**Total reserves**	**67,483**

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Council during the reporting period. It shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Council are funded by way of taxation and grant income or from the recipients of services provided by the Council. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Council's future service delivery. Cash flows from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

2024/25 £000		2025/26 £000
6,157	**Net (surplus)/deficit on the provision of services** (CIES-p28)	**(16,428)**
(1,000)	(Increase)/decrease In creditors	73
1,116	Increase/(decrease) in debtors	2,684
1	Increase/(decrease) in inventories	64
1,280	(Increase)/decrease in provisions	111
(2,839)	Charges for depreciation/impairment of non-current assets	(3,422)
(13,125)	Revaluation losses on property, plant & equipment	1,050
(211)	Movements in fair value of investment properties	474
(327)	Amortisation of intangible assets	(741)
1,159	Movement in pension liability	1,976
(559)	Non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income & Expenditure Statement	(534)
(14,505)	**Adjustments for non-cash movements**	**1,735**
15,104	Capital grants & contributions credited to Comprehensive Income & Expenditure Statement	24,531
(311)	Capital grants unapplied transferred to Comprehensive Income & Expenditure Statement	
1,410	Transfer of cash sales proceeds credited as part of the gain/loss on disposal to Comprehensive Income & Expenditure Statement	814
16,203	**Adjustments for items that are investing/financing activities**	**25,345**
7,855	**Net cash flows from operating activities**	**10,652**
18,187	Purchase of property, plant & equipment, investment property & intangible assets	19,321
-	Purchase of short & long term investments	
(17,500)	Proceeds from short & long term investments	-
(1,425)	Proceeds from sale of property, plant & equipment, investment property & intangible assets	(826)
(10,690)	Other receipts from investing activities	(27,562)
(11,428)	**Net cash flows from investing activities**	**(9,067)**
9	Repayments of borrowing	(8,016)
1,090	Council Tax and NNDR Adjustments	5,438
1,099	**Net cash flows from financing activities**	**(2,578)**
(2,474)	**Net increase or decrease in cash & equivalents**	**(993)**
(593)	Cash & equivalents brought forward	(3,067)
(3,067)	**Cash & equivalents carried forward**	**(4,060)**

The cash flows for operating activities include the following items:

2024/25 £000		2025/26 £000
(831)	Interest received	(254)
-	Interest paid	62

Notes to the Financial Statements

1. Accounting Policies

i. General Principles

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 is required to be prepared in accordance with accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom, published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and supported by International Financial Reporting Standards (IFRS).

The continuation of service principle applies and the accounts have consequently been prepared on a going concern basis. 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.

Materiality levels throughout the accounts are based upon the relevance to the users of the accounts and notes and the amounts advised to the Council by its external auditors.

ii. Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract,

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and used, 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 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.

iii. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with the financial institutions repayable without penalty on notice of not more than 90 days. In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

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

Prior period adjustments may arise from changes 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 made when required by 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.

v. 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 fixed 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 fixed assets attributable to the service.

The Council is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisation. These are therefore reversed out by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement.

vi. Council Tax and Non Domestic Rates

Billing authorities act as agents, collecting Council Tax and non domestic rates (NDR) on behalf of the major preceptors (including government for NDR) and, as principal for themselves. Billing authorities are required by statute to maintain a separate fund (i.e. the Collection Fund) for the collection and distribution of amounts due in respect of Council Tax and NDR. 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 NDR collected could be less or more than predicted.

Accounting for Council Tax and NDR

The Council Tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the Council's share of accrued income for the year. However, regulations determine the amount of Council Tax and NDR that must be included in the Council's General Fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the Council's share of the end of year balances in respect of Council Tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

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 benefits such as wages and salaries, annual leave and sick leave and non-monetary benefits for current employees that 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 other form of leave, e.g. time off in lieu 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 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 at the earlier of when the Council can no longer withdraw the offer of those benefits or costs for a restructuring are recognised.

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 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 (unless they chose to opt out) are members of the Local Government Pensions Scheme, administered by Staffordshire County Council. The scheme provides defined benefits to members (retirement lump sums and pensions), earned as employees working for the Council.

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

- The liabilities of the Staffordshire Pension Fund attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and forecasts of projected earnings for current employees,
- Liabilities are discounted to their value at current prices, using a discount rate of 6.2%,
- The assets of Staffordshire Pension Fund attributable to the Council are included in the Balance Sheet at their 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's liability is analysed into the following components:

- Service Cost comprising:
    - Current service cost – the increase in liabilities as a result of years of service earned this year - allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked,
    - Past service cost - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non Distributed Costs,
    - Net interest on the net defined benefit liability/asset, i.e. net interest expense for the Council - the change during the period in the net defined benefit liability/asset that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement. This is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability/asset at the beginning of the period, taking into account any changes in the net defined benefit liability/asset during the period as a result of contribution and benefit payments,

- Remeasurements comprising:
    - The return on plan assets, excluding amounts included in net interest on the net defined benefit liability/asset, charged to the Pensions Reserve as Other Comprehensive Income and Expenditure,
    - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure,
- Contributions paid to the Staffordshire Pension Fund - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Council 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 are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

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 are 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. Financial Instruments

Financial Liabilities

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

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

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. The financial assets that the Council holds are measured at amortised cost.

Financial Assets Measured at Amortised Cost

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

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

Short-Term Investments

The Council recognises expected credit losses on all of its financial assets held at amortised cost, either on a 12 month or lifetime basis. Lifetime losses are recognised for trade debtors held by the Council.

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

Instruments Entered into Before 1 April 2006

The Council has entered into a financial guarantee (Housing Stock Transfer Warranty) that is not required to be accounted for as a financial instrument. This guarantee is reflected in the Statement of Accounts to the extent that a contingent liability note is needed under the policies set out in the section on provisions, contingent liabilities and contingent assets.

x. Foreign Currency Translation

Where the Council has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

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,
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement (CIES) 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 CIES.

Where capital grants are credited to the CIES, 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 either held in its Museum or consist of outdoor structures of various kinds. All of these assets are tangible. 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 as detailed below:

Museum Collection

These items are reported in the Balance Sheet at insurance valuation, which is based on market values as assessed by an external valuer. These valuations are updated where necessary by the museum curator in respect of significant items and changes. New items are added at cost, if purchased and at valuation, if donated, where they are significant. No depreciation is charged since the items in the collection are deemed to have indeterminate lives.

Outdoor Structures

There is no reliable cost or valuation information available to enable these items to be valued. Consequently, they are not recognised on the Balance Sheet.

General

The carrying amounts of heritage assets are reviewed where there is evidence of impairment for heritage assets, e.g. where an item has suffered physical deterioration or breakage or where doubts arise as to its authenticity. Any impairment is recognised and measured in accordance with the Council's general policies on impairment. Heritage assets may occasionally be disposed of which have a doubtful provenance or are unsuitable for public display. The proceeds of such items are accounted for in accordance with the Council's general provisions relating to the disposal of property, plant and equipment. Disposal proceeds are disclosed separately in the notes to the financial statements and are accounted for in accordance with statutory accounting requirements relating to capital expenditure and capital receipts (see note 'xviii').

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.

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 (CIES). 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 CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

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. Inventories

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

xv. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated, however their values are considered each year according to market conditions at the year-end (i.e. if any properties or classes of properties, following consideration are thought likely to be subject to a valuation change, they are revalued). In any case every property is revalued once every five years according to a rolling programme of revaluations. 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.

xvi. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

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

The Council as Lessee

Property, plant and equipment held under leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset.

Lease payments are apportioned between a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability; and a finance charge (debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

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

The Council is not required to raise Council Tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment. Depreciation and revaluation and impairment losses are therefore substituted by a revenue 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.

The Council as Lessor

Where the Council grants a 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 fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

Operating Leases

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

xvii. Overheads and Support Services

The costs of overheads and support services are charged to service segments in accordance with the Council's arrangements for accountability and financial performance.

xviii. 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. No de-minimis level, below which expenditure is not capitalised, applies. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price,
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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 a 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:

- Infrastructure and assets under construction – depreciated historical cost. Where the historical cost is unknown, a nominal value of £1 is attributed to the asset concerned,
- Community assets - depreciated historical cost, or the valuation option as per section 4.10 of the Code of Practice on Local Government Accounting (this permits valuations by any method that is appropriate and relevant),
- All other assets – 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 have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year-end, but as a minimum every five years. Assets within each asset class are revalued together to ensure consistency of valuation within class. Increases in valuations are matched by credits to the revaluation reserve to recognise unrealised gains.

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.

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, including the year of acquisition. 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,

- Vehicles, plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified Officer,

- Infrastructure - straight-line allocation over estimated life of asset.

Where an item of property, plant and equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the revaluation reserve to the capital adjustment account.

Disposals and 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 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. These are 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 fixed 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.

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

Contingent Liabilities

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

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.

xx. 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. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund balance so that there is no net charge against Council Tax for the expenditure.

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

xxi. 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 (less any grant or contribution received towards it) 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.

xxii. VAT

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

xxiii. Fair Value Measurement

Some non-financial assets such as surplus assets and investment properties are measured 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 takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market. Measurement uses the assumptions that market participants would use when pricing an asset or liability, assuming they are acting in their best economic interest and takes account of their 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.

Valuation techniques appropriate in the circumstances are used 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 financial statements are categorised within the fair value hierarchy as follows:

Level 1 – quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date,

Level 2 – inputs other than quoted prices that are observable for the asset, either directly or indirectly,

Level 3 – unobservable inputs for the asset or liability.

2. Accounting Standards That Have Been Issued but Have Not Yet Been Adopted

At the balance sheet there were no amendments to existing standards that are deemed to have material significance to the Council that have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom.

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. These are not defined as critical judgements for the purposes of the Statement of Accounts.

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

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The significant items in the Council's Balance Sheet at 31 March 2026 for which there is a risk of material adjustment in the forthcoming financial year are as follows:

- Principal actuarial assumptions used at the balance sheet date in respect of the defined benefit pension scheme. The effects on the net pension liability of changes in the real discount rate, salary increase rate and pension increase rate are shown below:
  - 0.1% decrease in real discount rate gives an increase in liability of £1.856m,

    - 0.1% increase in the salary increase rate gives an increase in liability of £0.081m,

    - 0.1% increase in the pension increase rate gives an increase in liability of £1.774m.

- As at 31 March 2026 the Council had £50.795m of operational land and buildings and £12.544m of investment property on its Balance Sheet that has been valued by the Council's qualified valuer. The Council's Property, Plant and Equipment have been valued on one of the following three bases under IFRS:

    - Fair Value (Existing Use Value (EUV)) – method used to value operational property assets other than specialised property assets,

    - Depreciated Replacement Cost (DRC) - method used to value operational property assets of a specialised nature,

    - Fair Value (Market Value) – method used to value property assets held as investments, surplus or for sale.

Note 20 (page 56) details the valuation techniques utilised for investment property assets.

A 1% movement in values since the last valuation date would change the reported value of operational land and buildings assets by £0.508m (£0.454m in 2024/25) and investment property assets by £0.125m (£0.153m in 2024/25). Buildings are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance of those buildings.

It should be noted that neither movements in valuations or depreciation would have an impact on the funds held by the Council.

5. Events After the Reporting Period

The Statement of Accounts was authorised for issue by the Service Director for Finance (Section 151 Officer) on 19 June 2026.

There were no material events taking place before this date about conditions existing at 31 March 2026, which required the amendment of figures in the financial statements or notes to the financial statements.

6. Expenditure and Funding Analysis

This analysis shows how expenditure is used and funded from resources (government grants, Council Tax and business rates) by the Council compared to resources consumed or earned in accordance with accounting practices. It also shows how expenditure is allocated for decision making purposes between the Council's Directorates. Income and expenditure accounted for under accounting practice is presented fully in the Comprehensive Income and Expenditure Statement (page 28).

2024/25				2025/26		
Net expenditure chargeable to the General Fund £000	Adjustments between funding & accounting basis £000	Net Expenditure - Comprehensive Inc & Exp Statement £000		Net expenditure chargeable to the General Fund £000	Adjustments between funding & accounting basis £000	Net expenditure - Comprehensive Inc & Exp Statement £000
7,860	(490)	7,370	Chief Executive	7,358	(51)	7,307
534	9,916	10,450	Growth and Development	(1,895)	8,245	6,350
9,624	10,880	20,504	Sustainable Environment & Operations	12,156	(2,322)	9,834
18,018	**20,306**	**38,324**	**Net cost of services**	**17,619**	**5,872**	**23,491**
(18,328)	**(13,839)**	**(32,167)**	**Other income and expenditure**	**(19,986)**	**(19,933)**	**(39,919)**
(310)	**6,467**	**6,157**	**(Surplus) or deficit**	**(2,367)**	**(14,061)**	**(16,428)**
5,208			**Opening General Fund/other useable reserves balance** (MIRS-p29)	**5,524**		
310			**(Less)/plus movement on General Fund balance in year**	**2,367**		
5,518			**Closing General Fund/other useable reserves balance** (MIRS-p29)	**7,891**		

- The General Fund balance includes £5.884m of earmarked reserves, leaving a general balance of £2.007m.

6a. Note to the Expenditure and Funding Analysis

This note provides a reconciliation of the main adjustments to net expenditure chargeable to the General Fund to arrive at the amounts in the Comprehensive Income and Expenditure Statement.

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts 2025/26	Adjustments for capital purposes (Note 1) £000	Net change for the pensions adjustments (Note 2) £000	Other differences (Note 3) £000	Total adjustments £000
Chief Executive	815	(872)	6	(51)
Growth and Development	8,781	(540)	4	8,245
Sustainable Environment & Operations	(662)	(1,649)	(11)	(2,322)
Net cost of services	**8,934**	**(3,061)**	**(1)**	**5,872**
Other income and expenditure	**(23,254)**	**1,085**	**2,236**	**(19,933)**
Difference between General Fund surplus / deficit & Comprehensive Income & Expenditure Statement surplus or deficit on the provision of services	**(14,320)**	**(1,976)**	**2,235**	**(14,061)**

Adjustments from General Fund to arrive at the Comprehensive Income & Expenditure Statement amounts 2024/25	Adjustments for capital purposes (Note 1) £000	Net change for the pensions adjustments (Note 2) £000	Other differences (Note 3) £000	Total adjustments £000
Chief Executive	430	(920)	-	(490)
Growth and Development	10,384	(468)	-	9,916
Sustainable Environment & Operations	11,671	(800)	9	10,880
Net cost of services	**22,485**	**(2,188)**	**9**	**20,306**
Other income and expenditure	**(13,649)**	**1,024**	**(1,214)**	**(13,839)**
Difference between General Fund surplus / deficit & Comprehensive Income & Expenditure Statement surplus or deficit on the provision of services	**8,836**	**(1,164)**	**(1,205)**	**6,467**

Notes

1. 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 disposals with a transfer of income on disposal of assets and the amounts written off for those assets,
- **Financing and investment income and expenditure** – the statutory charges for capital financing i.e. minimum revenue provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under accounting practices,
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without

conditions or for which conditions were satisfied. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable without conditions or for which conditions were satisfied.

2. Net Change for the Pensions Adjustments

This column shows the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits 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,

- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

3. Other Differences

This column shows other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and amounts payable/receivable recognised under statute. The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and Business Rates that was projected to be received at the start of the year and the income recognised under 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.

7. Segmental Income and Expenditure

The Code of Practice on Local Authority Accounting in the United Kingdom requires that where certain items of significant income and expenditure are included in the 'net expenditure chargeable to the general fund' as shown in the Expenditure and Funding Analysis, these must be disclosed in a separate note as shown below:

2024/25 £000	Segment	2025/26 £000
	Depreciation & amortisation	
770	Chief Executive	935
817	Growth and Development	1,008
1,579	Sustainable Environment & Operations	2,221
3,166	**Total**	**4,164**
	Impairment	
-	Chief Executive	-
-	Growth and Development	-
-	Sustainable Environment & Operations	-
-	**Total**	**-**
	External Income	
1,178	Chief Executive	711
5,158	Growth and Development	6,119
7,417	Sustainable Environment & Operations	7,921
13,753	**Total**	**14,751**

8. Adjustments Between Accounting Basis and Funding Basis

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 accounting practice to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

2025/26	General Fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000	Unusable reserves £000
Adjustments primarily involving - capital adjustment account				
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement				
Charges for depreciation of non-current assets	(3,422)	-	-	3,422
Revaluation losses on property, plant & equipment	1,050	-	-	(1,050)
Movements in fair value of investment properties	474	-	-	(474)
Amortisation of intangible assets	(741)	-	-	741
Reversal of REFCUS expenditure	(8,027)	-	-	8,027
Reversal of REFCUS income	7,936	-	-	(7,936)
Non-current assets written-off on disposal or sale as part of the gain/(loss) on disposal	(534)	-	-	534
Capital element of finance leases where Council is the lessor	(11)	-	-	11
Application of capital grants received	16,498	-	-	(16,498)
Statutory provision for the financing of capital investment	185	-	-	(185)
Adjustments primarily involving - capital grants unapplied account				
Transfer of grant to/from revenue to the capital grants unapplied account	98	-	(98)	-
Adjustments primarily involving - capital receipts reserve				
Transfer of sales proceeds from revenue to the capital receipts reserve	814	(814)	-	-
Use of the capital receipts reserve to finance capital	-	814	-	(814)
Adjustments primarily involving - pensions reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(3,296)	-	-	3,296
Employers pension contributions and direct payments to pensioners payable in the year	5,272	-	-	(5,272)
Adjustments primarily involving - collection fund adjustment account				
Amount that Council Tax & Non-Domestic Rating income credited to the Comprehensive Income & Expenditure Statement differs from Council Tax & Non-Domestic Rating income calculated for the year	(2,235)	-	-	2,235
Adjustments primarily involving - accumulated absences account				
Amount by which Officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis differs from remuneration chargeable calculated for the year	-	-	-	-
Total adjustments	**14,061**	**-**	**(98)**	**(13,963)**

2024/25	General Fund balance £000	Capital receipts reserve £000	Capital grants unapplied £000	Unusable reserves £000
Adjustments primarily involving - capital adjustment account				
Reversal of items debited or credited to the Comprehensive Income & Expenditure Statement				
Charges for depreciation & impairment of non-current assets	(2,839)	-	-	2,839
Revaluation gains on property, plant & equipment	(13,125)	-	-	13,125
Movements in fair value of investment properties	(211)	-	-	211
Amortisation of intangible assets	(327)	-	-	327
Reversal of REFCUS expenditure	(8,049)	-	-	8,049
Reversal of REFCUS income	8,024	-	-	(8,024)
Non-current assets written-off on disposal or sale as part of the gain/(loss) on disposal	(559)	-	-	559
Capital element of finance leases where Council is the lessor	(21)	-	-	21
Application of capital grants received in advance	7,080	-	-	(7,080)
Revenue contributions to capital financing	-			-
Statutory provision for the financing of capital investment	91	-	-	(91)
Adjustments primarily involving - capital grants unapplied account				
Transfer of grant from revenue to the capital grants unapplied account	(311)	-	311	-
Adjustments primarily involving - capital receipts reserve				
Transfer of sales proceeds from revenue to the capital receipts reserve	1,410	(1,410)	-	-
Use of the capital receipts reserve to finance capital	-	1,410	-	(1,410)
Adjustments primarily involving - pensions reserve				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income & Expenditure Statement	(3,782)	-	-	3,782
Employers pension contributions and direct payments to pensioners payable in the year	4,941	-	-	(4,941)
Adjustments primarily involving - collection fund adjustment account				
Amount that Council Tax & Non-Domestic Rating income credited to the Comprehensive Income & Expenditure Statement differs from Council Tax & Non-Domestic Rating income calculated for the year	1,214	-	-	(1,214)
Adjustments primarily involving - accumulated absences account				
Amount by which Officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis differs from remuneration chargeable calculated for the year	(9)	-	-	9
Total adjustments	**(6,473)**	**-**	**311**	**6,162**

9. Movements in Earmarked Reserves

2024/25				2025/26		
Transfers out £000	Transfers in £000	Net movement £000		Transfers out £000	Transfers in £000	Net movement £000
(250)	100	(150)	General Fund	-	-	-
(409)	800	391	Walleys Quarry reserve	(206)	-	(206)
(63)	9	(54)	Equipment replacement fund	-	-	-
(568)	698	130	Budget support fund	(449)	765	316
(9)	10	1	Conservation and heritage fund	(14)	-	(14)
(12)	-	(12)	Museum purchases fund	-	26	26
(23)	-	(23)	Mayors charities reserve	-	6	6
(16)	5	(11)	Clayton Community Centre fund	-	5	5
(311)	250	(61)	Civic growth fund	(183)	250	67
-	79	79	Elections reserve	-	50	50
(10)	38	28	Small repairs reserve	(28)	-	(28)
-	283	283	Maintenance contributions	(13)	5	(8)
-	-	-	Waste and recycling reserve	(45)	472	427
-	-	-	Local government re-organisation fund	(186)	235	49
-	-	-	Planning appeals reserve	-	100	100
(292)	-	(292)	Business Rates reserve	(833)	2,410	1,577

10. Other Operating Expenditure

2024/25 £000		2025/26 £000
771	Parish precepts	827
(852)	(Gains)/losses on disposal of non-current assets	(282)
(81)	**Total**	**545**

11. Financing and Investment Income and Expenditure

2024/25 £000		2025/26 £000
9,295	Pension interest cost	11,272
(8,253)	Return on pension assets	(10,147)
(831)	Interest receivable	(254)
-	Interest payable	62
(1,024)	Investment properties - income	(1,047)
242	Investment properties - revaluations	(704)
1,117	Investment properties - expenses	905
546	**Total**	**87**

12. Taxation and Non-Specific Grant Income and Expenditure

2024/25 £000		2025/26 £000
(9,253)	Council Tax income	(9,560)
11,815	Non Domestic Rates expenditure	11,957
(20,570)	Non Domestic Rates income	(19,840)
(1,343)	Non-ringfenced Government grants	(1,111)
(13,281)	Capital grants & contributions	(21,997)
(32,632)	**Total**	**(40,551)**

13. Expenditure and Income Analysed by Nature

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

2024/25 £000		2025/26 £000
	Expenditure	
19,827	Employees	20,039
2,230	Premises	2,384
1,107	Transport	1,189
14,650	Supplies and services	13,138
1,892	Grants and contributions	2,401
498	Agency and contracted services	469
20,610	Housing Benefits payments	16,539
17,062	Capital charges	3,234
314	Recharges to Investment Properties	235
12,587	Sources of finance expenditure	12,783
9,295	Pensions interest cost	11,272
100,072	**Total expenditure**	**83,683**
	Income	
1,411	Gains/(losses) on disposal of non current assets	816
25,772	Sources of finance income (inc. CTAX and NNDR)	25,765
41,675	Government grants	46,472
140	Transfer from Collection Fund	140
2,989	Other grants and contributions	3,064
1,523	Reimbursements	1,528
9,896	Customer receipts	10,463
1,070	Rents	1,189
834	Interest and investment income	254
8,253	Pensions return on assets	10,147
352	Other income	273
93,915	**Total income**	**100,111**
6,157	**(Surplus) or deficit on provision of services**	**(16,428)**

14. External Audit Costs

The Council has incurred the following costs in relation to the audit of the Statement of Accounts and certification of grant claims by the Council's external auditors (KPMG):

2024/25 £000		2025/26 £000
192	External audit services carried out	180
20	Certification of grant claims and returns	20
212		**200**

*Note the 2024/25 fee includes a £20,287 fee variation relating to the audit of the 2023/24 Statement of Accounts.

15. Members' Allowances

In 2025/26 a total of £281,035 was paid to Members (including the Mayor and Deputy Mayor) in respect of allowances (£268,571 in 2024/25). There were no expenses paid to Members during 2025/26 (nil in 2024/25).

16. Termination Benefits

No employees' contracts were terminated in 2025/26. In 2024/25 termination benefits totalling £77,039 were incurred, these related to the mutually agreed resignation scheme.

17. Officers' Remuneration

Remuneration between £50,000 and £150,000 per annum was paid to the Council's senior employees as follows:

2025/26	Salary (£)	Benefits in kind (£)	Total exc. employer pension (£)	Employer pension (£)	Total inc. employer pension (£)
Chief Executive *	131,240	-	131,240	28,756	159,996
Deputy Chief Executive	106,712	-	106,712	21,324	128,036
Service Directors					
Commercial Delivery	63,062	-	63,062	13,874	76,935
Finance **	82,392	-	82,392	15,919	98,312
IT & Digital	76,556	-	76,556	14,518	91,074
Legal and Governance	89,435	-	89,435	19,542	108,977
Neighbourhood Delivery	79,248	-	79,248	17,342	96,590
Planning	78,827	-	78,827	17,342	96,169
Regulatory Services	81,460	-	81,460	15,425	96,884
Strategy, People & Performance	78,827	-	78,827	17,342	96,169
Sustainable Environment	78,827	-	78,827	17,342	96,169

2024/25	Salary (£)	Benefits in kind (£)	Total exc. employer pension (£)	Employer pension (£)	Total inc. employer pension (£)
Chief Executive ***	87,650	-	87,650	19,283	106,933
Deputy Chief Executive	107,340	-	107,340	21,489	128,829
Service Directors					
Commercial Delivery	61,106	-	61,106	13,443	74,549
Finance	86,642	-	86,642	16,877	103,519
IT & Digital	70,018	-	70,018	14,663	84,681
Legal and Governance	86,383	-	86,383	19,004	105,387
Neighbourhood Delivery	76,836	-	76,836	16,904	93,740
Planning	76,383	-	76,383	16,804	93,187
Regulatory Services ****	78,131	-	78,131	16,789	94,920
Regulatory Services (Interim) ****	71,004	-	71,004	15,621	86,625
Strategy, People & Performance	76,383	-	76,383	16,804	93,187
Sustainable Environment	76,383	-	76,383	16,804	93,187

* The officers salary includes payments in relation to Deputy Returning Officer duties.

** The post has been held by two officers in 2025/26, their full-time equivalent salary would exceed £50,000 per annum.

*** The post holder commenced during the year, their full-time equivalent salary would exceed £50,000 per annum.

**** Due to the resource implications relating to Walleys Quarry, two officers undertook Service Director for Regulatory Services, one of which was interim.

Fifteen further employees received remuneration from salary more than £50,000, seven of which are within the banding £50,000 to £54,999. The remaining eight employees are within the banding £55,000 to £59,999.

18. Grant Income

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

2024/25 £000		2025/26 £000
	Credited to taxation/non specific grant	
13,281	Capital grants	21,997
45	Other Government grants	37
533	Funding Guarantee	86
26	Services grant	-
4,051	Section 31/Business Rates Relief grant	3,634
	National Insurance Reimbursement	170
-	Recovery Grant	398
506	New Homes Bonus scheme	165
232	Revenue Support grant	255
18,674	**Total**	**26,742**
	Credited to services	
19,656	Housing Benefits subsidy/grants	15,689
274	Housing Benefit/Council Tax Benefit admin	281
1,823	Disabled Facilities grant	2,438
285	Town Deals	496
95	Contributions towards Community Safety	88
991	Homelessness	997
1,823	UK Shared Prosperity fund	978
-	Extended Producer Responsibility	1,206
379	Health Inequalities grant	-
841	Other grants and contributions	621
26,167	**Total**	**22,794**

The Council recognised the following as revenue grants received in advance:

31/03/2025 £000		31/03/2026 £000
	Revenue grants received in advance	
50	Heritage Lottery Fund	10
605	Town Deals	369
-	UK Shared Prosperity Fund	313
655	**Total**	**692**

The Council recognised the following as capital grants received in advance:

31/03/2025 £000		31/03/2026 £000
	Capital grants received in advance	
12,637	Town Deals	15,269
3,343	Section 106 Agreements	3,734
15,980	**Total**	**19,003**

19. Property, Plant and Equipment

Movements on Balances

2025/26	Land & buildings £000	Infrastructure assets £000	Vehicles, plant, furniture & equipment £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
Cost or valuation							
At 1 April 2025	**45,356**	**1,378**	**13,544**	**6,371**	**3,021**	**710**	**70,380**
Additions	1,159	-	3,383	243	-	13,878	18,663
Accumulated depreciation/impairment written out	(1,535)	-	-	-	(1)	-	(1,536)
Revaluation increases/(decreases) - revaluation reserve	2,790	-	-	-	868	-	3,658
Revaluation increases/(decreases) - surplus/deficit on provision of services	1,050	-	-	-	-	-	1,050
Asset reclassifications	1,997	-	-	-	(1,519)	3,141	3,619
Derecognition - disposals	(22)	-	(2,317)	-	-	-	(2,339)
At 31 March 2026	**50,795**	**1,378**	**14,610**	**6,614**	**2,369**	**17,729**	**93,495**
Accumulated depreciation & impairment							
At 1 April 2025	**-**	**(686)**	**(8,131)**	**(1,880)**	**-**	**-**	**(10,697)**
Depreciation charge	(1,535)	(20)	(1,660)	(206)	(1)	-	(3,422)
Derecognition - disposals	-	-	1,830	-	-	-	1,830
Accumulated depreciation/impairment written out	1,535	-	-	-	1	-	1,536
At 31 March 2026	**-**	**(706)**	**(7,961)**	**(2,086)**	**-**	**-**	**(10,753)**
Net book value							
As at 31 March 2025	45,356	692	5,413	4,491	3,021	710	59,683
As at 31 March 2026	50,795	672	6,649	4,528	2,369	17,729	82,742

2024/25	Land & buildings £000	Infrastructure assets £000	Vehicles, plant, furniture & equipment £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
Cost or valuation							
At 1 April 2024	**43,244**	**1,375**	**12,916**	**6,237**	**1,816**	**3,128**	**68,716**
Additions	3,241	3	1,293	134	1,004	10,470	16,145
Accumulated depreciation/impairment written out	(1,496)	-	-	-	(39)	-	(1,535)
Revaluation increases/(decreases) - revaluation reserve	1,612	-	-	-	235	-	1,847
Revaluation increases/(decreases) - surplus/deficit on provision of services	(8,091)	-	-	-	(5,034)	-	(13,125)
Asset reclassifications	6,846	-	-	-	5,459	(12,888)	(583)
Derecognition - disposals	-	-	(665)	-	(420)	-	(1,085)
At 31 March 2025	**45,356**	**1,378**	**13,544**	**6,371**	**3,021**	**710**	**70,380**
Accumulated depreciation & impairment							
At 1 April 2024	**-**	**(665)**	**(7,589)**	**(1,673)**	**-**	**-**	**(9,927)**
Depreciation charge	(1,540)	(21)	(1,067)	(207)	(4)	-	(2,839)
Derecognition - disposals	-	-	525	-	-	-	525
Accumulated depreciation/impairment written out	1,540	-	-	-	4	-	1,544
At 31 March 2025	**-**	**(686)**	**(8,131)**	**(1,880)**	**-**	**-**	**(10,697)**
Net book value							
As at 31 March 2024	43,244	710	5,327	4,564	1,816	3,128	58,789
As at 31 March 2025	45,356	692	5,413	4,491	3,021	710	59,683

Depreciation

Depreciation is applied on a straight line basis. No depreciation is applied to land. Where an asset includes land, the value of this element is excluded before applying depreciation. A 10% residual value is assumed in most cases, which is deducted from the depreciable amount before applying depreciation.

The following useful lives have been used:

- Buildings – 60 years, unless the valuation basis is depreciated replacement cost, where individual lives apply to each asset,
- Vehicles, plant, furniture and equipment – between 5 and 15 years dependent upon an assessment of the asset,
- Infrastructure – no specific life. Depreciation is based on a historical composite calculation,
- Community assets – 20 years, which may vary dependent upon an assessment of the individual asset.

Asset Classes

For the purposes of valuation assets are grouped into classes. Assets within a class are all valued at the same time. The table below shows the different classes with the total valuation of assets within each as at 31 March 2026 and for the prior period.

31/03/2025 £000		31/03/2026 £000
710	Assets under construction	17,729
3,021	Surplus assets	2,369
	Land and buildings	
4,012	Community Centres	4,507
4,655	Car Parks	6,713
3,091	Depot	3,456
5,363	Offices	7,813
236	Bus Station	259
1,304	Cemeteries	1,333
915	Crematorium	890
18,620	Leisure Centres	18,614
5,369	Parks and Sports grounds	5,304
864	Museum	909
18	Public toilets	52
909	Other land and buildings	945
1,378	Infrastructure assets	1,378
13,544	Vehicles, plant, furniture, equipment	14,610
6,371	Community assets	6,614
70,380	**Total**	**93,495**

Revaluations

The Council carries out a rolling programme that ensures that all property, plant and equipment required to be measured at fair value is re-valued at least every five years, the vast majority of these assets have been revalued during the financial year 2025/26. All valuations are carried out internally. Valuations of land and buildings are carried out in accordance with the professional standards of the Royal Institution of Chartered Surveyors using the BCIS indices. Valuations of vehicles, plant, and equipment are based on historic cost. The significant assumptions applied in estimating the fair values are, whether a property asset is a specialised asset, which governs its valuation treatment, whether an asset is being used for operational purposes and whether there is any impairment applicable to the asset.

Valuations over the rolling period were as follows:

	Land & buildings £000	Infrastructure assets £000	Vehicles, plant, furniture & equipment £000	Community assets £000	Surplus assets £000	Assets under construction £000	Total £000
Carried at historical cost	-	1,378	14,610	6,614	-	17,729	40,331
Valued at fair value at:							
31 March 2026	50,795	-	-	-	2,369	-	53,164
31 March 2025	-	-	-	-	-	-	-
31 March 2024	-	-	-	-	-	-	-
Total cost or valuation	**50,795**	**1,378**	**14,610**	**6,614**	**2,369**	**17,729**	**93,495**

Fair Value Measurement of Surplus Assets

Surplus assets are measured at fair value. Level 3 of the fair value hierarchy applies in estimating the fair values and the valuation technique employed is the investment basis, using the rental value and yield as unobservable inputs. Significant changes in any of these inputs will result in a lower or higher fair value. There have been no changes in any of the valuation techniques employed during the year.

20. Investment Properties

There are no restrictions on the Council's ability to realise the value of its investment property or on the Council's right to the receipt 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:

2024/25 £000		2025/26 £000
13,505	**Balance at 1 April**	**15,349**
1,480	Additions - subsequent expenditure	365
-	Disposals	(25)
575	Transfers (to)/from Plant, Property & Equipment	(3,619)
(211)	Net gains/(losses) - fair value adjustments	474
15,349	**Balance at 31 March**	**12,544**

Valuation Techniques Used to Determine Level 3 Fair Values for Investment Properties

The fair value for development sites is based on the market approach using current market conditions, sales prices and other relevant information for similar assets in the area. Local market conditions are such that similar land is not extensively purchased and sold and the level of observable inputs are not significant leading to categorisation at level 3 in the fair value hierarchy.

Other investment properties are valued using the investment approach, whereby actual or estimated rental income is capitalised to provide a capital value. The rental income is calculated by reference to actual or estimated values having regard to market evidence. The yield multiplier is based on comparable evidence. These properties are, therefore, categorised as level 3 in the fair value hierarchy as the measurement technique uses significant unobservable inputs to determine the fair value measurements. The following table shows quantitative information relating to fair value measurement of investment properties using significant unobservable inputs.

Investment property type	31/03/2025 £000	31/03/2026 £000	Valuation technique used to measure fair value	Unobservable Inputs	Sensitivity
Shops	1,914	1,974	Investment method	Rental values yield	(a)
Offices	1,130	1,002	Investment method	Rental values yield	(a)
Industrial units	5,125	5,905	Investment method	Rental values yield	(a)
Other	3,564	3,663	Investment method	Rental values yield	(a)
	11,733	**12,544**			

(a) Significant changes in rental value, yield or capital value will result in a varied fair value

In estimating the fair value of investment properties, the highest and best use of the properties is their current use.

The fair value of investment property is measured annually at each reporting date. All valuations are carried out internally, in accordance with the professional standards of the Royal Institution of Chartered Surveyors.

21. Heritage Assets

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

The Council's collection of museum artefacts is reported in the Balance Sheet (page 30) at an insurance valuation of £1.218m, which is based on market values as assessed by an external valuer.

New items are added at cost, if purchased and at valuation, if donated, where they are significant. Other Heritage assets, i.e. outdoor structures, are not recognised on the Balance Sheet because there is no reliable cost or valuation information to enable them to be valued.

Museum Exhibits

The museum holds a collection of around 20,000 objects, falling into the following categories:

Subject	Description	%
Social history	Domestic and working life, childhood, civic regalia, industry, crafts in the Borough	28%
Decorative art	Ceramics, glass, costume and textiles, furniture, furnishings	8%
Militaria	Costume, medals, weapons, ephemera	3%
Fine art	Oils, watercolours, prints, drawings, sketches of local scenes, local artists	3%
Archives	Documents, ephemera, prints, negatives, lantern slides, cine film, video, audio tapes connected to the local area	55%
Archaeology	Local excavated finds, chance finds	2%
Numismatics	A collection of local coinage/tokens, bank notes, commemorative medals	1%

In addition, the civic regalia and mayoral robes are kept in a secure location for use on ceremonial occasions.

Outdoor Structures

This category of heritage assets comprises of the Queen Victoria Statue and Sergeant Fred Kite Memorial, Queens Gardens; Fountains, Nelson Place; Castle Motte, Queen Elizabeth Park; Silverdale Cemetery Gazebo; Ice House, Chesterton Memorial Park; Mining Memorials at Bateswood and Silverdale; Lyme Valley Canal Basin.

22. Assets Held for Sale

2024/25 £000		2025/26 £000
-	**Balance at 1 April (current assets)**	**-**
	Assets newly classifed as held for sale:	
-	- Disposals	-
-	**Balance at 31 March (current assets)**	**-**

23. Debtors

31/03/2025 £000	Short term	31/03/2026 £000
2,133	Trade receivables	2,348
5,606	Collection Fund receivables	9,100
8,419	Other receivable amounts	10,889
16,158	**Total**	**22,337**

31/03/2025 £000	Long term	31/03/2026 £000
73	Finance lease balances outstanding	61
228	Kickstart loans (re. home improvements)	223
301	**Total**	**284**

24. Creditors

31/03/2025 £000		31/03/2026 £000
4,293	Trade payables	1,282
1,817	Collection Fund payables	-
5,477	Other payables	8,248
11,587	**Total**	**9,530**

25. Provisions

	Short term	Long term			Total long term
	NNDR appeals £000	Insurance claims £000	MMI £000	NNDR appeals £000	£000
Balance at 1 April 2024	**1,923**	**177**	**2**	**45**	**224**
Additional provisions made	-	-	-	203	203
Amounts used	(1,482)	-	(2)	-	(2)
Balance at 1 April 2025	**441**	**177**	**-**	**248**	**425**
Additional provisions made	112	38	-	-	38
Amounts used	-	(40)	-	(221)	(261)
Balance at 31 March 2026	**553**	**175**	**-**	**27**	**202**

The NDR appeals provision provides for the Council's element of refunds payable following successful appeals in relation to the rateable value of business rates payer's properties.

The insurance claims provision has been created to meet the costs of claims that are likely to be settled but the actual settlement date is uncertain.

The MMI provision has been created to provide for possible claw-back (levy) of sums paid out by the administrator of Municipal Mutual Insurance (MMI), in the event of MMI becoming insolvent.

26. Unusable Reserves

Balances in relation to the Council's unusable reserves are shown below:

31/03/2025 £000		31/03/2026 £000
	Capital:	
17,878	Revaluation reserve	20,807
39,187	Capital adjustment account	54,151
347	Deferred capital receipts reserve	336
	Revenue:	
(20,982)	Pensions reserve	(18,183)
725	Collection fund adjustment account	(1,510)
(155)	Accumulated absences account	(155)
37,000	**Total unusable reserves**	**55,446**

Revaluation Reserve

The revaluation reserve records unrealised gains in the value of property, plant and equipment. The reserve increases when assets are revalued upwards, and decreases as assets are depreciated or assets are revalued downwards or disposed of. 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.

2024/25 £000		2025/26 £000
16,740	**Balance at 1 April**	**17,878**
-	Adjustment re. Asset Held for Sale	
2,143	Upward revaluation of assets not charged to the surplus/deficit on the provision of services	4,225
(295)	Downward revaluation of assets & impairment losses not charged to the surplus/deficit on the provision of services	(566)
(689)	Difference between fair value depreciation and historical cost depreciation	(695)
(21)	Accumulated gains on assets sold or scrapped	(35)
17,878	**Balance at 31 March**	**20,807**

Capital Adjustment Account

The capital adjustment account is used to reconcile the different rates at which assets are depreciated under proper accounting practice and are financed through the capital controls system. Statute requires that the charge to the General Fund is determined by the capital controls system. 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.

The following table shows the disclosure to the revaluation reserve regarding the amendment between the revaluation reserve and the capital adjustment account.

2024/25 £000		2025/26 £000
46,982	**Balance at 1 April**	**39,187**
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income & Expenditure Statement:	
(2,839)	Charges for depreciation/impairment of non-current assets	(3,422)
(327)	Amortisation of intangible Assets	(741)
(8,049)	REFCUS expenditure	(8,027)
8,024	REFCUS income	7,936
(559)	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal	(534)
(211)	Movements in the market value of investment properties debited or credited to the Comprehensive Income & Expenditure Statement	474
(13,125)	Revaluation losses on property, plant and equipment	1,050
7,080	Application of capital grants to capital financing	16,498
-	Capital element of finance leases where Council is the lessor	(11)
91	Minimum revenue provision contribution	185
(9,915)		**13,408**
	Capital financing applied in the year:	
1,410	Use of the capital receipts reserve to finance new capital expenditure	815
-	Capital element of finance leases where Council is the lessor	11
	Adjusting amounts written out of revaluation reserve	
-	Adjustment re. Asset Held for Sale	-
689	Difference between fair value depreciation/historical cost depreciation	695
21	Accumulated gains on assets sold or scrapped	35
(7,795)		**14,964**
39,187	**Balance at 31 March**	**54,151**

Deferred Capital Receipts Reserve

The deferred capital receipts reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Statute requires that the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement takes place, amounts are transferred to the capital receipts reserve.

2024/25 £000		2025/26 £000
368	**Balance at 1 April**	**347**
(10)	Removal of capital element of finance leases re. asset no longer held	-
(11)	Capital element of finance leases where Council is the lessor	(11)
347	**Balance at 31 March**	**336**

Pension Reserve

The pension reserve is used to reconcile payments made for the year to statutory pension schemes in accordance with the schemes requirements, and the net change in the Council's recognised liability under the Code's adoption of IAS19 – *Employee Benefits*. A transfer is made to or from the pensions reserve to ensure that the charge to the General Fund reflects the amount required to be raised in taxation. For example, the debit balance on the reserve shows that the Council has made commitments to fund pensions that the Government has permitted it to fund from contributions to be made in future years.

2024/25 £000		2025/26 £000
(22,775)	**Balance at 1 April**	**(20,982)**
-	Correction re. opening balance	6
634	Remeasurements of the net defined benefit liability/(asset)	817
(3,782)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services	(3,296)
4,941	Employers pensions contributions and direct payments to pensioners payable in the year	5,272
(20,982)	**Balance at 31 March**	**(18,183)**

Collection Fund Adjustment Account

The collection fund adjustment account is used to reconcile differences arising from the recognition of Council Tax and non domestic rates income in the Comprehensive Income and Expenditure Statement to those amounts required to be charged by statute to the General Fund. For example, the debit balance on the Account shows that less tax has been collected on behalf of the Council and the precepting bodies (and central government in England for non domestic rates income) than an authority is permitted to transfer out of the Collection Fund by 31 March.

2024/25 £000		2025/26 £000
(489)	**Balance at 1 April**	**725**
3	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year	(146)
1,211	Amount by which non domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non domestic rates income calculated for the year	(2,089)
725	**Balance at 31 March**	**(1,510)**

Accumulated Absences Account

The accumulated absences account absorbs the differences that would arise on the General Fund balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March.

2024/25 £000		2025/26 £000
(146)	**Balance at 1 April**	**(155)**
146	Settlement or cancellation of accrual made at the end of the preceding year	155
(155)	Amounts accrued at the end of the current year	(155)
(155)	**Balance at 31 March**	**(155)**

27. Capital Expenditure and Capital Financing

The total amount of capital expenditure incurred in the year is shown in the table below (including the value of assets acquired under finance leases), 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 table below.

2024/25 £000		2025/26 £000
10,262	**Opening capital financing requirement**	**19,893**
	Capital investment	
16,145	Property, plant & equipment	18,663
1,480	Investment properties	365
562	Intangible assets	293
8,049	REFCUS	8,027
	Sources of finance	
(1,410)	Capital receipts	(815)
(15,104)	Government grants & other contributions	(24,434)
(91)	Minimum revenue provision	(185)
19,893	***Closing capital financing requirement***	**21,807**
	Explanation of movements in year	
9,722	Capital expenditure financed from capital receipts and internal borrowing	2,099
9,631	**Increase/(decrease) in capital financing requirement**	**1,914**

28. Impairment Losses

The Council has undertaken an impairment review of its non-current assets at 31 March 2026, no impairment was chargeable.

29. Related Parties

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

Central Government

The UK government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides funding in the form of grants and prescribes the terms of many of the transactions that the Council has (e.g. Council Tax bills, housing benefits).

Members

Members of the Council have direct control over the Council's financial and operating policies, a number of Members are also Members of Staffordshire County Council. The total of Members' allowances paid is shown in Note 15 (page 51).

During 2025/26 one Member declared involvement with the New Victoria Theatre, that received £27,526 from the Council, of which £25,000 related to an annual cultural grant. This grant was in line with the budget approved by Full Council for 2025/26.

Another member was appointed in February 2025 to the board of Newcastle-under-Lyme Business Improvement District (BID), as the Council's representative. The Council administers the collection of the levy due from businesses before passing this on to the BID. Payments were made to the BID totalling £289,966.

Five members did not reply to requests to provide details of their related party transactions, despite attempts to obtain details from them. All five members were not re-elected in May 2026. Both previous returns and searches on Companies House for these members did not identify that there were any related parties.

Officers

A Council Officer has declared that their spouse is a director of the Philip Astley Project CIC that received £18,320 from the Council. The Officer is involved with the Kidsgrove Town Deal, and not the Newcastle Town Deal, and therefore has no direct influence over the project. No further payments have been made to any entities that have a relationship with Council Officers during 2025/26.

30. Defined Benefit Pension Schemes

Participation in 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 will not actually be payable until employees retire, the Council has a commitment to disclose the payments at the time that employees earn their future entitlement.

The Council participates in:

- The Local Government Pension Scheme (LGPS), administered locally by Staffordshire County Council - this has a career average revalue earnings (CARE) benefit design, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets,

- Arrangements for the award of discretionary post-retirement benefits upon early retirement - this is an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. However, there are no investment assets built up to meet these pensions liabilities, and cash has to be generated to meet actual pensions payments as they fall due,

- The Staffordshire Pension Scheme is operated under the regulatory framework for the LGPS and the governance of the scheme is the responsibility of the Pensions Committee of Staffordshire County Council. Policy is determined in accordance with the Pension Fund Regulations,

- The principal risks to the Council of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (i.e. large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts as described in the accounting policies note.

Formal actuarial valuations are carried out every three years, where each employer’s assets and liabilities are calculated on a detailed basis, using individual member data, for cash contribution setting purposes. The accounting balance sheet position as at 31 March 2026 (and the projected charge to the profit and loss for 2026/27), are now based on a new roll forward from the 2025 funding valuation. This differs to the positions at the previous year-end which were based on a roll forward from the 2022 funding valuation. This ‘step change’ can lead to sizeable asset and obligations ‘remeasurement experience’ items in the reconciliation of the balance sheet from the previous year-end to the Accounting Date.

The reconciliation of the balance sheet from 31 March 2025 to 31 March 2026 can be seen in the ‘Transactions relating to post-employment benefits’ table below, in the Comprehensive Income and Expenditure Statement (re-measurement of the defined benefit liability/asset) and in the Balance Sheet (pension liability and pension reserve).

The Council’s assets within the Staffordshire Pension Scheme are greater than funded obligations (an accounting surplus). Accounting Standards Accounting Standards (IAS19, IFRIC Interpretation 14) limit the measurement of a net defined benefit asset to the lower of the surplus in the defined benefit plan and the asset ceiling, recognising the inability of the Council to obtain full economic benefit of the calculated surplus by way of either a refund or reduced future pension contributions.

In the absence of the asset ceiling adjustment, the Pension Fund would be recognised as a £51.313m asset at 31 March 2025, the adjustment reflects the present value of the Council’s agreed past service contributions continuing throughout the remaining period of the funding time horizon (i.e. until 31 March 2042). A liability of £18.183m is recognised when taking account of the asset ceiling adjustment.

As part of our commitment to addressing the funding deficit identified in the 2025 triennial funding valuation, NULBC has pledged to pay secondary past service contributions. These contributions are clearly specified in the rates and adjustments certificate until 31 March 2026. The present value of agreed past service contributions has been calculated to be £14.534m.

Annual payments of £1.190m required over the remaining period of the 20 year funding time horizon are not detailed in the fund documentation, Accordingly, Hymans have valued the minimum funding obligation on the basis that the contributions made in 2026/27 will continue at the same level without adjustment for the remaining period of the funding time horizon.

On 25 July 2024, the Court of Appeal dismissed the appeal in Virgin Media Limited v NTL Pension Trustees II Limited and others, confirming that historic pension amendments made without the required actuarial confirmation were void. This created potential issues for many UK defined benefit schemes, including the LGPS. No additional allowance within the accounting balance sheet for this June 2023 legal judgement.

This approach has been taken because at the time of writing:

- the ruling only applies to the above-named private sector pension scheme
- the legal judgement was appealed (however the Court of Appeal dismissed this in August 2024 and the original ruling stands)
- it is unknown whether Section 37 certificates exist for all prior amendments made to the public service schemes (including the LGPS)
- it is unknown whether there would be any potential remedy required to the public service schemes (including the LGPS)

The introduction of the Pension Schemes Act 2026 on 29 April 026 has now resolved this, allowing scheme actuaries to provide retrospective confirmation for affected amendments made between 1997 and 2016. This enables trustees to treat those amendments as valid and avoids unintended increases in scheme liabilities.

In December 2024, the UK Government published the English Devolution White Paper, outlining significant proposals aimed at expanding the powers of regional mayors, reorganising local government structures, and providing financial incentives to support local economies. No allowance has been made for the potential impact to the Council of these proposals. Any implications will be assessed and incorporated in future valuations and financial statements as more details become available.

Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are paid as pensions. However, the charge that is required to be made against Council Tax is based on the cash payable in the year, so the real cost of post-employment benefits is reversed out of the General Fund via the Movement in Reserves Statement (page 29). The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

2024/25			2025/26	
LGPS £000	Unfunded benefits £000		LGPS £000	Unfunded benefits £000
		Comprehensive Income & Expenditure Statement		
		Cost of services:		
2,734		Current service cost	2,171	
	(434)	Unfunded benefit contributions		(434)
		Financing and investment income & expenditure		
1,048	-	Net interest expense	1,125	-
3,782	**(434)**	**Total pension benefit charged to the surplus/deficit on provision of services**	**3,296**	**(434)**
		Remeasurement of the net defined benefit liability comprising:		
2,740	-	(Return)/loss on plan assets	(5,470)	-
(276)	-	Changes in demographic assumptions	(2,798)	-
(22,483)	-	Changes in financial assumptions	(3,869)	-
(1,727)	-	Other experience	4,734	-
21,112		Asset Ceiling Adjustment	6,586	
(634)	**-**	**Total pension benefit charged to Comprehensive Income & Expenditure Statement**	**(817)**	**-**
		Movement in Reserves Statement		
(3,782)	434	Reversal of net charges made to the surplus/deficit on provision of services for pension benefits	(3,296)	434
		Actual amount charged against the General Fund balance for pensions		
4,941	-	Employers' contributions payable to scheme	5,272	
-	(434)	Retirement benefits payable to pensioners		(434)
1,159	**-**		**1,976**	**-**

Pensions Assets and Liabilities Recognised in the Balance Sheet

2024/25 £000		2025/26 £000
(133,818)	Present value of defined benefit obligation-funded	(136,292)
(3,822)	Present value of defined benefit obligation-unfunded	(3,649)
176,128	Fair value of plan assets	191,254
(59,464)	Effect of the Asset Ceiling on net asset/liability	(69,496)
(20,976)	**Net liability arising from defined benefit obligation**	**(18,183)**

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

2024/25 £000		2025/26 £000
155,293	Present value of funded liabilities	133,818
4,373	Present value of unfunded liabilities	3,822
159,666	**Opening position as at 1 April**	**137,640**
2,734	Current service cost	2,171
7,538	Interest cost	7,826
879	Contributions by scheme participants	932
	Remeasurements:	
(22,483)	Changes in financial assumptions	(3,869)
(276)	Changes in demographic assumptions	(2,798)
(1,727)	Other experience	6,638
(8,257)	Benefits paid	(8,165)
(434)	Unfunded benefits paid	(434)
137,640	**Closing balance as at 31 March**	**139,941**
133,818	Present value of funded liabilities	136,292
3,822	Present value of unfunded liabilities	3,649

Local Government Pensions Scheme Assets Comprised

2024/25			2025/26	
Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000		Quoted Prices in Active Markets £000	Quoted Prices not in Active Markets £000
		Equities:		
2,537	-	Consumer	-	-
-	-	Manufacturing	-	-
-	-	Energy & utilities	-	-
2,442	-	Financial	-	-
1,470	-	Health & care	-	-
1,497	-	Information technology	-	-
7,946	-		-	-
		Bonds		
13,288	-	Corporate (investment)	7,803	-
13,288	-		7,803	-
		Property		
-	14,719	UK	-	17,006
-	14,719		-	17,006
		Investment funds		
86,697	-	Equities	103,171	-
13,443	-	Bonds	17,328	-
-	10,494	Infrastructure		12,809
8,805	7,528	Other	10,218	8,525
108,945	18,022		130,717	21,334
-	9,199	Private equity	-	10,786
4,009	-	Cash/cash equivalents	3,608	-
134,188	**41,940**	**Total assets**	**142,128**	**49,126**

Reconciliation of the Movements in the Fair Value of the Scheme Assets

2024/25 £000		2025/26 £000
173,486	**Opening value of scheme assets**	176,128
	Remeasurement gain/(loss):	
8,253	Interest Income on plan assets	10,147
-	Other experience	1,904
(2,740)	Return on assets excluding net interest	5,470
	Actuarial gains/(losses)	
4,507	Employer contributions	5,272
879	Contributions by scheme participants	932
(8,257)	Benefits paid	(8,599)
176,128	**Subtotal Prior to Asset Ceiling Adjustment**	**191,254**
	Asset Ceiling Adjustment	
(36,595)	Opening Effect of Asset Ceiling at 1 April	(59,464)
(21,112)	Asset Ceiling Adjustment	(6,586)
(1,757)	Interest on Effect of Asset Ceiling	(3,446)
(59,464)	**Subtotal Closing Effect of Asset Ceiling**	**(69,496)**
116,664	**Closing Fair Value of Plan Assets at 31 March**	**121,758**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years, salary levels, etc. Both the Local Government Pension Scheme and Discretionary Benefits liabilities have been assessed by Hymans Robertson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest valuation of the scheme as at 31 March 2026. The principal assumptions used by the actuary have been:

2024/25 LGPS		2025/26 LGPS
	Longevity at 65 - current pensioners (years):	
20.5	Men	21.3
23.5	Women	24.2
	Longevity at 65 - future pensioners (years):	
21.2	Men	21.6
25.3	Women	25.9
3.30%	Rate of increase in salaries	3.50%
2.80%	Rate of increase in pensions (CPI)	3.00%
5.80%	Rate for discounting scheme liabilities	6.20%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below is based on possible changes of the assumptions occurring and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme.

	Increase in defined benefit obligation £000
0.1% decrease in real discount rate	1,856
1 year increase in member life expectancy	5,598
0.1% increase in the salary increase rate	81
0.1% increase in the pension increase rate (CPI)	1,774

Impact on the Council's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. Staffordshire County Council has agreed a strategy with the scheme's actuary to achieve a funding strategy to recoup the past deficit over the next 20 years. Funding levels are monitored on an annual basis.

The total contribution estimated to be made to the Local Government Pension Scheme by the Council in the year to 31 March 2027 is £4.035m.

31. Contingent Assets and Liabilities

The Council has not recognised any contingent assets.

Contingent liabilities as at 31 March 2026 are:

(a) Municipal Mutual Insurance

In 1992/93 the Council's insurers, Municipal Mutual Insurance, ceased accepting business. The Scheme of Arrangement that was established to ensure an orderly wind up of the company determined that a levy could be made on the Council. The exact amount cannot be quantified, although the maximum is £783,193, of which £183,299 has been paid to the administrator. This leaves a maximum contingent liability of £599,894.

(b) Housing Stock Transfer Warranty

Liabilities in relation to a 40 year warranty given by the Council in respect of the transfer of its housing stock to a registered social landlord in February 2000 could arise. The amount of the potential liability cannot be quantified but could amount to several million pounds.

32. Financial Instruments

Categories and Fair Values of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet at amortised cost (page 30); the table below also shows the fair values of these financial instruments:

2024/25		Measured at amortised cost	2025/26	
Carrying amount £000	Fair value £000		Carrying amount £000	Fair value £000
		Financial Liabilities		
7,120	7,120	Creditors	1,413	1,413
45	45	Borrowings	8,061	8,061
		Financial Assets		
-	-	Short term investments	-	-
4,739	4,739	Debtors	9,849	9,849
3,067	3,067	Cash/cash equivalents	4,060	4,060

Debtors/Creditors vary from the balance sheet as statutory debtors and payments in advance (£11.419m in 2024/25 and £12.488m in 2025/26) and statutory creditors and receipts in advance (£4.467m in 2024/25 and £8.118m in 2025/26) are excluded from the classification of financial instruments.

Income, Expenses, Gains and Losses

2024/25				2025/26		
Expenses & losses £000	Income & gains £000	Total £000		Expenses & losses £000	Income & gains £000	Total £000
-	(831)	(831)	Interest income on financial assets measured at amortised cost	-	(254)	(254)
-	**(831)**	**(831)**	**Total income in provision of services**	**-**	**(254)**	**(254)**

33. Nature and Extent of Risks Arising from Financial Instruments

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

- Credit risk - the possibility that other parties might fail to pay amounts due to the Council,
- Liquidity risk - the possibility that the Council might not have funds available to meet its commitments to make payments,
- Market risk - the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements.

The Council's overall risk management programme focuses on the unpredictability of financial markets and aims to minimise adverse effects on the resources available. Risk management is carried out under policies approved by the Council in the annual Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Credit Risk

Credit risks arise from deposits with banks and financial institutions, as well as credit exposures to the Council's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria.

The credit criteria in respect of financial assets held by the Council are as summarised below:

- Investment counterparties are assessed as to their suitability in relation to credit ratings supplied by the main ratings agencies, with the additional consideration of credit default swap data. A limit is placed on the amount which can in total be placed with individual counterparties and categories of counterparties,
- Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set where considered necessary. Credit references are obtained where contracts are entered into,
- The Council's policy regarding the write off of debtors is that all possible recovery procedures must have been exhausted, significant resources are committed to the recovery of debtors by the Finance service. Indicators that are considered when write offs are recommended include insolvency or other legal proceedings being commenced and the death of the debtor.

The following significant inputs, assumptions and estimation techniques have been used in calculating the Council's approach to impairment loss allowances:

- Debtors relating to public sector organisations are not impaired,
- A provision matrix is utilised to estimate expected credit losses based on the 'age' of debtors. The matrix identifies the relationship between the age of the Council's debtors and the risk of non-payment based on historical losses,
- Any reasonable and supportable information relating to individual debtors in terms of past events, current conditions and forecasts of future economic conditions that is available without undue cost or effort.

The changes in the lifetime expected credit loss allowance for debtors measured at amortised costs are as follows:

2024/25 £000		2025/26 £000
197	**Balance at 1 April**	**179**
(119)	Amounts written (off)/on	(96)
101	Changes in models/risk parameters	128
179	**Balance at 31 March**	**211**

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has access to borrowing from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments. The maturity analysis of borrowing is as follows:

31/03/2025 £000		31/03/2026 £000
45	Less than one year	8,061
45		**8,061**

All trade creditors are due to be paid in less than one year.

Interest Rate Risk

The Council is exposed to risk in terms of its exposure to interest rate movements on its investments (no long term money market borrowing at present). Movements in interest rates have a complex impact on the Council. For instance, a rise in interest rates would increase interest income.

The Council does not have any investment in equity shares, joint ventures or local industry. Consequently, it is not exposed to losses arising from movements in share prices. The Council has no financial assets or a liability denominated in foreign currencies and has no exposure to loss arising from movements in exchange rates.

34. Leases

Council as Lessee

Finance Leases

As at 31 March 2026 the Council has no requirement to commit to making minimum payments under finance leases.

Council as Lessor

Finance Leases

The Council has leased out 3 properties on a finance lease basis, with terms remaining ranging from 25 to 75 years.

The Council has a gross investment in these leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for properties when the leases come to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the properties acquired by the lessee and finance income that will be earned by the Council whilst the debtor remains outstanding. The gross investment is made up of:

31/03/2025 £000		31/03/2026 £000
11	Current	11
73	Non-current	61
119	Unearned finance income	103
203	**Gross investment in the lease**	**175**

The gross investment in the lease and the minimum lease payments will be received over the following periods:

31/03/2025			31/03/2026	
Minimum lease payments £000	**Finance lease liabilities £000**		**Minimum lease payments £000**	**Finance lease liabilities £000**
28	16	Not later than one year	28	16
110	65	Later than one year, less than five years	110	65
65	38	Later than five years	37	38
203	**119**		**175**	**119**

Collection Fund

The Collection Fund reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the government of Council Tax and non domestic rates.

2024/25 Council Tax £000	2024/25 Business Rates £000	2024/25 Total £000		2025/26 Council Tax £000	2025/26 Business Rates £000	2025/26 Total £000
			Income			
(83,466)		(83,466)	Council Tax Payers	(88,144)		(88,144)
	(37,746)	(37,746)	Business Rates Payers		(40,439)	(40,439)
	(562)	(562)	Transitional Protection		(158)	(158)
			Transfer of previous years deficit			
	(359)	(359)	- Newcastle-under-Lyme Borough Council			-
	(81)	(81)	- Staffordshire County Council			-
		-	- Office of Police & Crime Commissioner			-
	(9)	(9)	- Staffordshire Fire and Rescue Authority			-
	(448)	(448)	- Central Government			-
(83,466)	**(39,205)**	**(122,671)**	**Total income**	**(88,144)**	**(40,597)**	**(128,741)**
			Expenditure			
			Council Tax precepts			
9,244		9,244	- Newcastle-under-Lyme Borough Council	9,705		9,705
59,836		59,836	- Staffordshire County Council	64,555		64,555
10,598		10,598	- Office of Police & Crime Commissioner	11,447		11,447
3,361		3,361	- Staffordshire Fire and Rescue Authority	3,653		3,653
			Business Rates apportionment			
	15,665	15,665	- Newcastle-under-Lyme Borough Council		16,649	16,649
	3,525	3,525	- Staffordshire County Council		3,746	3,746
	392	392	- Staffordshire Fire and Rescue Authority		416	416
	19,582	19,582	- Central Government		20,812	20,812
			Other expenditure			
	140	140	Cost of Collection		140	140
347	69	416	Provision for Bad Debts	135	216	351
	(3,197)	(3,197)	Provision for Appeals		(273)	(273)
			Transfer of previous years surplus			
7		7	- Newcastle-under-Lyme Borough Council	-	1,645	1,645
41		41	- Staffordshire County Council	3	370	373
7		7	- Office of Police & Crime Commissioner	1		1
2		2	- Staffordshire Fire and Rescue Authority	1	41	42
		-	- Central Government		2,057	2,057
83,443	**36,176**	**119,619**	**Total expenditure**	**89,500**	**45,819**	**135,319**
(23)	**(3,029)**	**(3,052)**	**Deficit/(surplus) for the year**	**1,356**	**5,222**	**6,578**
56	**1,207**	**1,263**	**Balance brought forward at 1 April**	**33**	**(1,822)**	**(1,789)**
(23)	**(3,029)**	**(3,052)**	**Deficit/(surplus) for the year**	**1,356**	**5,222**	**6,578**
33	**(1,822)**	**(1,789)**	**Balance carried forward at 31 March**	**1,389**	**3,400**	**4,789**
			Allocation of Collection Fund balance			
4	(729)	(725)	- Newcastle-under-Lyme Borough Council	149	1,360	1,509
24	(164)	(140)	- Staffordshire County Council	1,004	306	1,310
4		4	- Office of Police & Crime Commissioner	179		179
1	(18)	(17)	- Staffordshire Fire and Rescue Authority	57	34	91
	(911)	(911)	- Central Government		1,700	1,700
33	**(1,822)**	**(1,789)**		**1,389**	**3,400**	**4,789**

Notes

1. Business Rates

The Council collects business rates within its area based on non-domestic rateable values (£119.865m at 31 March 2026 and £102.912m at 31 March 2025), multiplied by the uniform business rate set by the Government. For 2025/26, the standard multiplier was 48.0p. Reduced rates applied for certain sectors: 43.0p for retail, hospitality and leisure; 43.2p for small businesses; and 38.2p for small retail, hospitality and leisure properties. A higher multiplier of 50.8p applied to properties with a rateable value above £500k.

The administration of business rates aims to give Councils a greater incentive to grow businesses but also results in financial risks relating to volatility in appeals and non-collection of rates. Local authorities retain a proportion of the total collectable rates due, in the case of Newcastle-under-Lyme the local share is 40%. The remainder is distributed to preceptors, these are Central Government (50%), Staffordshire County Council (9%) and Staffordshire Fire and Rescue Service (1% share).

The business rates shares payable for 2025/26 were estimated, via the NNDR1 return, before the start of the financial year as £20.812m to Central Government, £3.746m to Staffordshire County Council, £0.416m to Staffordshire Fire and Rescue Service and £16.649m to Newcastle-under-Lyme Borough Council.

The total of these sums (£41.623m) has been paid in 2025/26 and charged to the collection fund in year.

The actual business rates payable for 2025/26, as per the NNDR3 return, when taking into account the cost of collection, provisions for appeals and bad debts and transitional protection was calculated to be £40.514m.

The variance between the estimated business rates shared between Central Government, Staffordshire County Council, Staffordshire Fire and Rescue Service and Newcastle-under-Lyme Borough Council as per the NNDR1 return (£41.623m) and the actual business rates payable per the NNDR3 return (£40.514m) is £1.109m - a deficit to the collection fund for 2025/26, largely due to ongoing reliefs provided by Central Government for which Section 31 grant has been received, and paid into the Business Rates Reserve, as compensation.

In addition to the business rates shares payable for 2025/26, the estimated 2024/25 surplus declared in January 2025 regarding business rates of £4.113m was repaid from the collection fund to the Council, Central Government, Staffordshire County Council and Staffordshire Fire and Rescue Service.

The actual 2024/25 surplus was calculated to be £1.822m, therefore there remains a further £2.291m in the collection fund balance carried forward which is payable to the Collection Fund by the Council, Central Government, Staffordshire County Council and Staffordshire Fire and Rescue Service in relation to 2024/25.

Taking into account the remaining 2024/25 amount to be paid back to the collection fund and the 2025/26 deficit, the business rates collection fund has a deficit of £3.400m as at 31 March 2026.

Of the deficit, the Council's share amounts to £1.360m.

When the scheme was introduced, Central Government set a baseline level for each authority identifying the expected level of retained business rates and a top up or tariff amount to ensure that all authorities receive their baseline amount. Tariffs due from authorities payable to Central Government are used to finance the top ups to those authorities who do not achieve their targeted baseline funding. In this respect Newcastle-under-Lyme Borough Council paid a tariff in 2025/26 to the value of £11.308m.

2. Council Tax

Council Tax Income is derived from charges raised, in eight valuation bands, according to the value of residential properties. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire, Staffordshire Fire and Rescue Service and Newcastle-under-Lyme Borough Council for the forthcoming year and dividing this by the Council Tax base. The average Band D tax in 2025/26 of £2,224.09 compared with £2,123.67 in 2024/25. Multiplication of this amount by the proportions set out in the Council Tax Base table below gives the amount due for a property in each band.

The Council Tax base for 2025/26 was 39,807 (38,738 in 2024/25), this was derived as follows:

Band & value range	Number of dwellings	After discounts/ exemptions	Ratio to band D	Band D equivalents
Band A-	-	51	5/9	28
Band A (Up to £40,000)	24,982	17,294	6/9	11,529
Band B (£40,001 - £52,000)	10,900	9,087	7/9	7,068
Band C (£52,001 - £ 68,000)	11,754	10,383	8/9	9,230
Band D (£68,001 - £88,000)	5,655	5,261	9/9	5,261
Band E (£88,001 - £120,000)	2,908	2,672	11/9	3,266
Band F (£120,001 - £160,000)	1,863	1,743	13/9	2,518
Band G (£160,001 - £320,000)	1,019	986	15/9	1,643
Band H (Over £320,000)	52	38	18/9	76
				40,619
Less non collection rate (2%)				(812)
Borough Council Tax base				**39,807**

The Council Tax precepts payable for 2025/26 were £64.555m to Staffordshire County Council, £11.447m to Office of the Police and Crime Commissioner Staffordshire, £3.653m to Staffordshire Fire and Rescue Service and £9.705m to Newcastle-under-Lyme Borough Council.

The total of these sums (£89.360m) has been paid in 2025/26 and charged to the collection fund in year.

The actual Council Tax payable for 2025/26, when taking into account bad debts was calculated to be £88.009m.

The variance between the Council Tax shared between Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire, Staffordshire Fire and Rescue Service and Newcastle-under-Lyme Borough Council as per the precepts (£89.360m) and the actual Council Tax payable (£88.009m) is £1.351m – a deficit to the collection fund.

In addition to the Council Tax payable for 2025/26, the estimated 2024/25 surplus declared in January 2025 regarding Council Tax of £0.005m was repaid to preceptors (Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire, Staffordshire Fire and Rescue Service and Newcastle-under-Lyme Borough Council).

The actual 2024/25 outturn was calculated to be a deficit of £0.033m, therefore £0.038m is repayable to the Collection Fund by Staffordshire County Council, Office of the Police and Crime Commissioner Staffordshire, Staffordshire Fire and Rescue Service and Newcastle-under-Lyme Borough Council in relation to 2024/25.

Taking into account the remaining 2024/25 amount to be repaid and the 2025/26 deficit, the Council Tax collection fund has a deficit of £1.389m as at 31 March 2026.

Glossary

To assist readers of the Statement of Accounts to understand its contents the following definitions are provided of terms used in the text.

Accounting Policies

Accounting policies 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 through recognising, selecting measurement bases for and presenting assets, liabilities, gains, losses, and changes to reserves.

Accruals

The concept that items of income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses),
- The actuarial assumptions have changed.

Amortisation

An annual charge to a revenue account to reduce the value of an asset to zero over a period of years.

Assets Register

A register of the Council's fixed assets which records their essential details, including their description and location, valuation, basis of valuation, life and service chargeable for their use.

Balance Sheet

This shows a summary of the overall financial position of the Council at the end of the financial year.

Business Improvement District (BID)

A BID is a defined area within which businesses are required to pay an additional business rates levy (a business rates supplement) in order to fund projects within the BID's boundaries. A completely separate body from the Council is responsible for operating the BID scheme. The BID is often funded primarily through the levy but can also draw on other public and private funding streams. The Council as billing authority collects the supplement and pays it over to the BID body, whose income it is, charging the body for the costs of collection.

Capital Expenditure

Expenditure on the acquisition of fixed assets or expenditure, which adds to and does not merely maintain existing assets.

Capital Grants Receipts in Advance Account

An account which holds the balances of capital grants received where conditions apply and have not been satisfied meaning that the grants are not yet available for use to finance expenditure.

Capital Grants Unapplied Account

A usable reserve holding the balances of capital grants received or due to the Council at the year-end where conditions do not apply to those grants or conditions have been satisfied meaning that the grant is available for use to finance expenditure.

Capital Receipts

Income received from the sale of capital assets which may be used to finance new capital expenditure.

CIPFA

The Chartered Institute of Public Finance and Accountancy (CIPFA) is one of the leading accountancy bodies in the United Kingdom and specialises in public services.

Collection Fund

A fund accounting for Council Tax and non domestic rates received by the Council and the payments which are made from the fund including precepts to other authorities, the Council's own demand and shares of business rates receipts.

Community Assets

Assets which the Council intends to hold in perpetuity, that have no determinable useful life and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

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 contingent asset is 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 contingent liability is 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,
- 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.

Creditors

Amounts owed by the Council for goods and services, where payments have not been made at the end of the financial year.

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.

Curtailment

For a defined benefit 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 include termination of employees' services earlier than expected, for example as a result of discontinuing a segment of the business 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.

Debtors

Amounts owed to the Council for goods and services, where the income has not been received at the end of the financial year.

Deferred Liabilities

These are liabilities which by arrangement are payable beyond the next year at some point in the future or are paid off by an annual sum over a period of time, specifically for this Council amounts outstanding in respect of finance leases.

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).

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 wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, the passing of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual, or constructive obligation to award and are awarded under the Council's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996.

Expected Rate of Return on Pension Assets

For a funded defined benefit pension scheme, 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.

Experience Gains and Losses

See actuarial gains and losses.

Fair Value

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 takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market.

Fair Value Hierarchy

A three level classification of techniques used in order to measure the fair value of financial assets and liabilities. The highest level (level 1) uses quoted prices in active markets for identical assets or liabilities that can be accessed at the measurement date, level 2 uses inputs other than quoted prices that are observable for the asset, either directly or indirectly and level 3 uses unobservable inputs for the asset or liability. Techniques employed should aim to maximise the use of observable inputs and minimise the use of unobservable inputs.

Financial Instrument

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. Typical financial instruments are: liabilities - trade creditors, borrowings, financial guarantees; assets - bank deposits, trade debtors, investments; derivatives - forward investment deals.

Financial Reporting Standards (FRSs)

Statements prepared by the Accounting Standards Committee. Many of the Financial Reporting Standards (FRSs) and the earlier Statements of Standard Accounting Practice (SSAPs) apply to local authorities and any departure from these must be disclosed in the published accounts.

Financial Year

The period of time to which the Statement of Accounts relates. The financial year of the Council runs from 1 April to 31 March.

Fixed Assets

Tangible assets that yield benefits to the Council and the services it provides for a period of more than one year.

The classes of fixed assets required to be included in the accounting statements are:

Operational assets:

- Other land and buildings (excluding Council Dwellings),
- Vehicles, plant, furniture and equipment,
- Infrastructure assets,
- Community assets.

Non-operational assets:

- Investment Properties,
- Assets Held for Sale.

Assets under construction are not shown separately. They are included in the balance relating to the category of operational asset where they will be included when completed.

Formula Grant

A formula grant is paid by central government to local authorities. Formula grant is largely funded by local business rates income (which is ultimately collected for central government). Revenue Support Grant and business rates are added together to make up the formula grant, which is then distributed to local authorities using a complex formula.

General Fund Revenue Account

This account records the expenditure and income incurred by the Council in operating its services during the year. It does not record any capital expenditure or income but does include the costs associated with capital expenditure in the form of capital financing costs (mostly related to interest, capital charges for the use of assets by services and depreciation charges).

Government Grants

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfer of assets to an authority in return for past or future compliance with certain conditions relating to the activities of the Council.

Heritage Assets

Tangible assets with historical, artistic, scientific, technological, geophysical or environmental qualities which are held and maintained primarily for their contribution to knowledge and culture.

Historical Cost

Actual cost of acquiring or constructing an asset.

Impairment

A reduction in the value of a fixed asset below its carrying amount on the balance sheet.

Infrastructure Assets

Fixed assets that are not able to be taken away, expenditure on which is recoverable only by continued use of the asset created. Examples of infrastructure are highways and sewers.

Interest Cost

For a defined benefit pension scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Insurance Value

The value placed upon an asset for insurance purposes.

Intangible Assets

Non-financial fixed assets that do not have physical substance but are identifiable and are controlled by the Council through custody or legal rights. Specifically purchased software licenses are included in this category of asset.

Inventories

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises. Inventories comprise the following categories:

- Finished goods and goods or other assets purchased for resale,
- Consumable stores,
- Raw materials and components purchased for incorporation into products for sale,
- Products and services in intermediate stages of completion,
- Long-term contract balances.

Investments

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified 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 which do not meet the above criteria should be qualified as current assets.

Investment Properties

Interest in land and/or buildings:

- In respect of which construction work and development have been completed,
- Which is held for its investment potential, any rental income being negotiated at arm's length,
- Which do not support the service or strategic objectives of the Council.

Leasing

Method of financing the provision of capital assets which does not provide for the title to the asset to pass to the authority. In return for the use of the asset the Council pays rental charges over a specified period of time. There are two basic types of leasing arrangement:

- Finance leases which transfer the risks and rewards of ownership of an asset to the lessee (the Council) and such assets are included within the fixed assets in the Balance Sheet,
- Operating leases where the ownership of the asset remains with the lessor and annual rental is charged direct to the revenue account.

Liquid Resources

Current asset investments that are readily disposable by the Council without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or are traded in an active market.

Long Term Debtors

Comprises amounts which are owed to the Council which are not investments and which are not expected to be realised within the next financial year. The main items included in this heading are outstanding loans from the Council to other bodies and outstanding amounts in respect of finance leases of Council properties to other bodies.

Material Items

An item is material if its omission, non-disclosure or misstatement could be expected to lead to a distortion of the view given by the financial statements.

National Non Domestic Rate (NDR)

Amounts payable to local authorities from non domestic properties. The rate poundage is set nationally. The amount collected is distributed via the business rates retention scheme to Central Government, Staffordshire County Council and Staffordshire Fire and Rescue Service. The remainder is retained by the Council but is subject to a tariff payment and pool levy.

Non-Distributed Costs

Overheads from which no user now benefits and which are not apportioned to services.

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.

Precept

Demands made upon the Collection Fund by other authorities (Staffordshire County Council, Office of the Police and Fire Commissioner Staffordshire and Staffordshire Fire and Rescue Service and Parish Councils) for the services that they provide.

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 to meet liabilities or losses which are likely to be incurred but where the amount remains uncertain.

Quoted Securities

Assets such as shares that are traded on financial exchanges.

Realisable Value

Open market value of the asset in its existing use (or open market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Related Parties

Two or more parties are related when at any time during the financial period:

- One party has direct or indirect control over the other party,
- The parties are subject to common control from the same source,
- One party has influence over the financial and operational policies of the other party to the extent that the other party might be inhibited from pursuing at all times its own separate interests,
- The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

For individuals identified as related parties, the following are also presumed to be related parties:

- Members of the close family or the same household,
- Partnerships, companies, trusts or other entities in which the individual, or a member of their close family or same household, has a controlling interest.

Related Party Transaction

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

Reserves

Reserves fall into two different categories:

- Usable Reserves representing sums set aside to meet future expenditure for specific purposes and which the Council is able to utilise to provide services.
- Unusable Reserves which the Council is not able to utilise to provide services. This category of reserves includes reserves which hold unrealisable gains and losses, such as the Revaluation Reserve and reserves which are adjustment accounts which deal with situations where income and expenditure are recognised statutorily against the General Fund balance on a different basis from that expected by accounting standards, for example the capital adjustment account.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date or (ii) 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.

Revenue Expenditure

Expenditure on day-to-day running of the Council, including employee costs, running expenses and capital financing costs.

Revenue Expenditure Funded From Capital Under Statute (REFCUS)

Expenditure which does not result in the creation of a fixed asset and which is classified as capital for funding purposes but is chargeable to the Comprehensive Income and Expenditure Account (revenue account) as revenue expenditure. Any grants or contributions towards such expenditure are also chargeable to the revenue account. An appropriation is made to the revenue account from the capital adjustment account of the amount of expenditure financed from capital resources. Such expenditure was formerly referred to as deferred charges.

Revenue Support Grant (RSG)

Grant paid to local authorities by Central Government to help finance its general expenditure.

Scheme Liabilities

The liabilities of a defined benefit pension scheme for outgoings due after the valuation date. Scheme liabilities are measured using the projected unit method. Reflect the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

An irrevocable action that relieves the employer (or the defined benefit 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 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.

Useful Life

Period over which the local authority will derive benefits from the use of a fixed asset.