Subject to Audit

North Tyneside Council

ANNUAL FINANCIAL REPORT 2023/24

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1.0 Preface

1.1 Message from the Director of Resources

My role as the Director of Resources and Section 151 Officer is to ensure that the Authority's financial affairs are properly administered, and its financial position remains sustainable. This is essential, to ensure that the Authority can provide good quality services to all the residents of North Tyneside and to continue the development and regeneration of the Borough.

2023/24 involved a continuation of the challenges we have seen in recent years, which have had a significant impact on North Tyneside, our residents and the whole country. As an Authority, we are continually have to find ways to deliver more with less and during the year we have again showed our ability to make difficult decisions to ensure our resources are prioritised effectively to meet the needs of our residents and businesses.

The Authority has had to manage the continuing increased demand for services, especially in Adult's and Children's Social Care where the needs of our residents are also becoming increasingly complex. Taken together with the significant increase in inflation influencing general prices for goods, materials and energy purchased by the Authority, this has resulted in an overspend position of £7.229m.

The financial monitoring position reported to Members during the financial year initially projected a higher overspend, but this improved over the year due to management actions and the planned use of grants and reserves.

During the year we have also experienced unexpected challenges relating to a hitherto safe construction and concrete method in three of our maintained older schools within the Borough. This has resulted in an urgent need to provide alternative accommodation to ensure the continuity of education provision and pupil safety, and we remain in dialogue with the Department for Education to develop a long-term solution.

On a more positive note, responding to the ever-changing economic position impacting North Tyneside residents during 2023/24, the Authority continued to offer a range of packages of support for residents to help with the ongoing cost-of-living crisis.

The Statement of Accounts gives an overview of the Authority's finances for 2023/24, but the Narrative Report also outlines some of our key initiatives and how these influence the financial position of the Authority. Although the outturn shows an overspend, I am pleased to report that the Authority still has adequate reserves and balances and that the financial position remains strong.

A key objective of the finance team is to prepare the Statement of Accounts to the highest standards and in accordance with the guidance for Local Authorities in the UK. The Statement of Accounts provides information so that members of the public, including electors and residents of North Tyneside, Council Members, partners, stakeholders and other interested parties can have:

- A full and understandable explanation of the overarching financial position of the Authority and the outturn for 2023/24;
- Confidence that the public money with which the Authority has been entrusted has been used and accounted for in an appropriate manner; and
- Assurance that the financial position of the Authority is sound and secure.

At the time of issuing the 2023/24 draft Accounts, the Authority's 2022/23 audit is still to be completed. The Authority's External Auditor for 2022/23 (Ernst & Young LLP) has issued their value for money opinion covering the period to 2023/24, but we are waiting for the outcome of the Government consultation to understand how our previous financial statements will be audited to provide the continued assurance that we welcome. I can reassure readers of these accounts that the delay in the audit opinion is not a reflection of any local issues or governance concerns.

I am proud to say that the finance team provides the Authority with a high-quality financial management service, giving financial advice and support on all major projects and initiatives that the Authority is engaged with. In addition to the preparation of the Statement of Accounts, a key task is our financial planning. Alongside budget preparation, performance management and reporting, the ability to look strategically beyond the current budget period is essential to supporting the Authority's financial resilience and long-term financial sustainability. The continuing short-term nature of Government funding announcements means it is more important than ever that the finance team has a thorough understanding of the Authority's financial outlook and can support Members and Officers in planning the effective use of available capital and revenue resources over the short, medium and long-term.

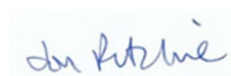
The Authority prepares a Medium-Term Financial Plan (MTFP) on an annual basis, which supports the balancing of the Budget for the next financial year but also sets out a financial projection for future years. This MTFP brings together all known factors affecting the Authority's financial position and its financial sustainability. It is as wide ranging as possible and includes estimates of future income and expenditure, anticipated pressures and new developments. It allows the Authority to balance the financial implications of the Authority's Our North Tyneside Plan, service objectives and policies with the expected constraints in resources. This forms the basis for decision making and the production of the revenue budget and the Investment Plan.

Work to revise the current MTFP took place throughout 2023/24. The work focussed on presenting a balanced budget for 2024/25 and an indicative budget for 2025/26, together with forecast funding gaps up to 2027/28. As part of our MTFP, we have developed thirteen specific projects that provide a clear framework to review our key areas of pressure and to consider the way we deliver our services, helping to identify opportunities to deliver savings.

I am also excited by the opportunities that devolution will bring and we remain well placed to ensure that the Authority continues to build on its strengths, as we continue to work well and plan jointly as a region.

The Budget for 2024/25 was prepared taking into account the issues impacting in 2023/24. Additional resources were allocated to support both Adults and Children's Social Care, as well as contractual inflation and pay award estimates. The Revenue Budget 2024/25 and Medium-Term Financial Plan 2024/25 to 2027/28 was approved at the Full Council meeting on 15 February 2024.

The following Narrative Report is an important part of the accounts and provides information about North Tyneside, including the key issues affecting the Authority and its accounts. It also provides a summary of the financial position as at 31 March 2024.



Jon Ritchie
Director of Resources
Date: 31 May 2024

1.2 Narrative Statement

Introduction

The purpose of the Annual Financial Report is to give members of the public, electors, those subject to locally levied taxes and charges, elected members, employees and other interested parties clear information about the Authority's finances. This will allow readers to:

- Understand the financial position of the Authority and the outturn position for 2023/24; and
- Have confidence in the Authority's stewardship of public money and that it has been used and accounted for in an appropriate manner.

This Statement of Accounts details the Authority's financial position for the financial year 1 April 2023 to 31 March 2024. It has been prepared in accordance with the 'Code of Practice on Local Authority Accounting in the United Kingdom' (the Code). The Code of Practice constitutes "proper accounting practice" under the terms of the Accounts and Audit Regulations 2015, the Local Government and Housing Act 1989 and, for audit, the Local Audit and Accountability Act 2014.

Governance

The Authority has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Delivering Good Governance in Local Government Framework. Further information is available in the Annual Governance Statement which was reviewed by the Audit Committee on 29 May 2024. The Statement explains how the Authority has complied with the Code and meets the requirements of the Accounts and Audit Regulations 2015.

The purpose of this Annual Financial Report is to provide a summary of the financial position of the Authority as at 31 March 2024 together with details of the non-financial performance of the Authority during 2023/24. The report enables readers to focus on the key elements of the Statement of Accounts. The report contains the following sections:

- About North Tyneside;
- Key Facts about North Tyneside Governance;
- Financial Performance of the Authority 2023/24;
- Non-Financial Performance of the Authority 2023/24;
- Significant Issues for 2024/25 and beyond; and
- Explanation of the key Financial Statements.

About North Tyneside

Geography and Place

North Tyneside on the North-East coast of England is bounded by Newcastle upon Tyne, the North Sea, the River Tyne to the south, and Northumberland to the north.

Across North Tyneside there are 100,611 homes; of these; 63,633 are owner occupied; 20,916 are social rent (including council and housing association) and 16,062 are privately rented.

Economy

North Tyneside has a proud industrial heritage and, like many parts of the North East, was a centre of heavy industry. This included the Swan Hunter shipyard in Wallsend and the exporting of coal. Today most of the heavy industry has ceased but the borough has seen, through a strong approach to regeneration, a diverse economy develops comprising of traditional manufacturing and engineering industries as well as a mix of exciting new sectors including digital, health and life sciences and renewable energy. As an example, North Tyneside is home to two significant business parks, with Cobalt Business Park being one of the UK's largest business parks.

There are 5,360 enterprises that operate within the borough, which has grown every year since 2011. This has been supported by the Council's award winning Business Factory which helps start-up businesses in the borough. Small and Medium Sized Enterprises with high growth potential are supported by the Business Factory's Aspire Programme.

These businesses are delivering good job opportunities for residents in North Tyneside and the region. In the 12 months to June 2023, 96,000[1] North Tyneside residents (73.4%) were estimated to be in employment, broadly consistent with the same period last year at 96,300 in June 2022. The proportion of residents in employment is higher than the North East (71.2%), but lower than the UK (75.6%).

Population

North Tyneside has a population of 209,151[2] and the population is projected to grow by 4.4% overall by 2030. The proportion residents of over the age of 65 is projected to increase by over 20%, over 75's by 29%, and over 85's by 14% and fewer children.

Working Age Groups	Female	Male	Total Population
0-15 (Children)	17,982	19,353	37,335
16-64 (Working Age Population)	66,027	62,576	128,603
65+ (Retired)	23,699	19,514	43,213
Total	107,708	101,443	209,151

North Tyneside has a relatively small black, Asian and other ethnic minority community population, which accounts for 5.1%[3] of the overall population. A further 2.4% of residents are from white minority backgrounds.

A great place to live, work and visit

The most recent annual residents survey from 2021 showed that overall, 4 in 5 residents believe North Tyneside to be a good place to live. Whitley Bay[4] has been named as the best place to live in the North East and one of the best places to live in Britain after Tynemouth was named the previous year. The reasons were the beautiful coastline and thoughtful approach to regeneration.

1 Nomis – North Tyneside Labour Market Profile
2 ONS 2021 mid-year population estimate
3 ONS 2021 mid-year population estimate
4 Sunday Times 2023

Around 9 in 10 young people attend a school that is ranked as Good or Outstanding by Ofsted. The rate of young people who are in Employment, Education or Training is high and continues to improve.

The quality of the local environment is a clear driver of local area satisfaction and a priority for many residents in making somewhere a good place to live. Three beaches in North Tyneside are among a group of only 57 beaches across the country to win both a Blue Flag and Seaside Award. King Edwards Bay, Tynemouth Longsands and Whitley Bay have achieved the Blue Flag standard every year since 1994. Eight of the warden managed parks in North Tyneside have retained their Green Flag Awards, international benchmark of quality.

In the 2021 annual residents survey, the issues residents have identified as most needing to be improved and of high importance were road and pavement repairs, the level of anti-social behaviour and clean streets. Road and pavement repairs are the issue perceived to be most in need of improvement. Over the last four years, residents have expressed increasing concern around anti-social behaviour and crime across the borough. The Authority is committed to tackling anti-social behaviour and has invested in a number of initiatives such as Coast Watch to help reduce incidences of this within the borough.

Key Facts about North Tyneside Governance

North Tyneside Council is a multifunctional and complex organisation. Its policies are directed by the political leadership and implemented by the Senior Leadership Team (SLT) and officers of the Council.

Political structure

North Tyneside has 20 wards, and the Authority consists of 60 Councillors and an Elected Mayor. Following the most recent election in May 2024 the political make-up of the Authority was:

- Labour Party - 51 Councillors plus a Labour Elected Mayor
- Conservative Party - 8 Councillors
- Independent - 1 Councillor

The Mayor has responsibility for the appointment of the Cabinet, allocations of portfolios and the delegation of Executive function. Cabinet Members are held to account by a system of scrutiny which is set out in the Constitution. Scrutiny of executive decisions for 2023/24, including the setting of the 2023/24 budget has been undertaken by the Overview Scrutiny Co-ordination and Finance Committee and the Budget Study Group.

Management Structure

Leading the implementation of the Authority's Priorities is the organisational structure headed by the Senior Leadership Team (SLT), led by the Chief Executive, Paul Hanson.

During 2023/24 the SLT consisted of the Chief Executive, Assistant Chief Executive and 7 Directors of Service. The Director of Resources attends SLT not only as a senior officer of the Authority but also in his role as the Authority's Chief Finance Officer (the officer responsible under statute for the administration of the Authority's financial affairs).

The SLT works together to achieve the most effective services possible for the borough. It also ensures that North Tyneside plays a full part in national, regional and sub-regional activities.

Financial Performance of the Authority 2023/24

The Authority incurs both revenue and capital expenditure each year. Revenue expenditure is usually used to purchase goods and services that are consumed within one year; these are financed from Council Tax, Government Grants, and Non-Domestic Rates under the rates retention scheme and other income such as fees and charges. Capital expenditure is money spent on assets which have a useful life in excess of one year; these are financed by capital receipts, borrowing, and grants and contributions. The Authority has well established and robust financial management procedures in place to monitor budgets and mitigate any emerging pressures. Revenue and capital budget monitoring information is reported to Cabinet throughout the year as part of our Performance and Financial Management reports.

Revenue Expenditure

The Budget for 2023/24 was approved by Full Council at its meeting of 16 February 2023. The net General Fund revenue budget was set at £182.459m. The following table summarises the financial position of the Authority as at 31 March 2024. Accounting adjustments relate mainly to capital accounting entries which are made to enable a clearer understanding of each service's final position.

Table 1 – Financial Position of Authority for year ended 31 March 2024

Services	Budget	Actual Outturn	Variance	Accounting Adjustments	Adjusted Variance
	£m	£m	£m	£m	£m
Adult Social Care	65.810	68.225	2.415	0.000	2.415
Children's Services	43.936	57.400	13.464	(0.660)	12.804
Public Health	1.602	1.296	(0.306)	0.000	(0.306)
Environment	44.245	38.925	(5.320)	4.377	(0.943)
Regeneration and Economic Development	11.686	11.060	(0.626)	0.137	(0.489)
Corporate Strategy	2.505	2.650	0.145	0.000	0.145
Chief Executive's Office	(0.108)	(0.150)	(0.042)	0.000	(0.042)
Resources	7.798	7.989	0.191	2.523	2.714
General Fund Housing	2.495	2.379	(0.116)	0.000	(0.116)
Central Items	(17.615)	(20.191)	(2.576)	(6.377)	(8.953)
Support Services	20.105	20.105	0.000	0.000	0.000
Total Authority	**182.459**	**189.688**	**7.229**	**0.000**	**7.229**

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As detailed in the Outturn Report that will be taken to Cabinet on 24 June 2024 the Authority has used reserve balances to meet the overspend of £7.229m shown in the above table, including £0.387m from the Strategic Reserve. After the final transfers, the Strategic Reserve has a balance of £5.958m which will be replenished to £10m as part of the MTFP and the General Fund balance is unchanged at £7.000m.

The table below shows the split of the Authority's budget by funding type:

	Budget £000s	Final Outturn £000s	Variance £000s
Funded By:			
Council Tax Receipts	(116,052)	(116,052)	0
Business Rates	(51,885)	(51,885)	0
Revenue Support Grant	(13,284)	(13,284)	0
Collection Fund Adjustments	(1,238)	(1,238)	0
Total Funding	**(182,459)**	**(182,459)**	**0**

The final outturn figures shown in the above table include capital and other internal accounting adjustments. The adjusted variance column is explained in more detail within the Outturn Report which will be taken to Cabinet on 24 June 2024.

Housing Revenue Account (HRA)

For 2023/24 the HRA outturn was £0.133m better than budget, with a net expenditure of £0.250m compared to the budgeted net expenditure of £0.383m. In common with the General Fund, a number of areas of the Budget experienced significant pressures during the year, primarily linked to the continued inflationary pressures.

Our repairs budgets continued to face increased cost pressures as a result of a higher than expected pay award, heightened materials costs and shortages, which led to an overspend of £0.343m against budget.

Housing management costs continued to represent a pressure, with an overspend of £0.325m compared to the budget, primarily driven by increased utility costs on our sheltered schemes and communal areas and through the higher than expected pay award.

Our rent and service charge income performed better than budget by £0.535m, with the level of empty homes remaining well below 1% and reductions to the level of Right to Buy disposals.

In addition, the HRA benefitted from an increased level of interest on balances (£0.235m) due to sustained increases in the Bank of England base rates.

Full details of the HRA position are set out in the Outturn Report which will be taken to Cabinet on 24 June 2024.

Capital Expenditure

The initial 2023/24 Investment Plan Budget was £95.762m. Further variations to the Plan and reprogramming were agreed by Cabinet during the year as part of the Financial Monitoring process, with a revised budget of £91.600m approved by Cabinet in March 2024.

The actual capital expenditure in 2023/24 (excluding PFI schemes) totalled £85.953m (£77.442m in 2022/23), comprising General Fund expenditure of £54.300m and £31.653m on Housing schemes. The table below summarises the changes during the year.

	£000s
Approved Investment Plan (Council Feb 2023)	95.762
Reprogramming from 2022/23	17.845
Reprogramming to 2023/24 and future years	(33.200)
Other variations (net)	5.546
Actual Investment Plan Expenditure	**85.953**

The following table compares the actual capital expenditure with the revised budget for the year:

	Revised Capital Budget 2023/24 £000s	**Actual Capital Expenditure 2023/24 £000s**	**Variation from budget over/ (under) £000s**
General Fund	59.180	54.300	(4.880)
Housing	32.420	31.653	(0.767)
Total	**91.600**	**85.953**	**(5.647)**

Main areas of capital investment during 2023/24

- £25m Decent Homes Improvements
- £13m Transport and Highway Works, including the Local Transport Plan ahd sustainable transport improvements
- £8m Regeneration Initiatives, including the continuation of significant investment in North Shields
- £8m Improvements to the Council's Operational Assets, including buildings, vehicles and ICT infrastructure
- £3m Energy Efficiency and Sustainability Works, including Green Homes works and Street Lighting LED upgrades
- £11m School Improvement Works

Major Projects Underway within the Investment Plan

- Increasing Affordable Housing Provision within the Borough, including HRA new build schemes
- Regeneration Schemes, including the continued delivery of Our Ambition
- Transport Improvements, including the Seafront Cycleway
- Sports and play facilities, including the completion of a Regional Sports Hub
- Continued investment in Schools, including expanding high needs provision

Borrowing Facilities

Section 3 of the Local Government Act 2003 requires the Authority to determine its own affordable borrowing requirement necessary to fund capital expenditure. The key objectives of the Prudential Code are to ensure that capital investment plans are affordable, prudent and sustainable and that treasury management decisions are taken in accordance with good professional practice.

The Authority set its Authorised Limit for external debt for 2023/24 at £1,235m (£1,255m in 2022/23) and its Operational Boundary for external debt at £735m (£695m in 2022/23). All transactions were carried out within the Authorised Limit boundaries during 2023/24. As shown in the Balance Sheet, the total liabilities for borrowing, finance lease balances (including Private Finance Initiative (PFI)) and other liabilities are £600.429m (£598.864m in 2022/23).

Main points from Financial Statements

Comprehensive Income & Expenditure Statement

The Cost of Services line in the Comprehensive Income & Expenditure Statement represents the net expenditure incurred by the Authority in the direct provision of Services (page 21). The net expenditure of £167.181m, £180.071m in 2022/23 is a decrease of £12.890m on the previous year. The variations relate in the main to capital accounting adjustments particularly within the Housing Revenue Account and pension accounting adjustments.

In terms of income, Taxation and Non-specific Grant Income, there has been an increase in income of £12.802m from £202.951m in 2022/23 to £215.753m in 2023/24. This mainly relates to an increase in council tax income and retained business rates income and capital grants.

The Group position shows North Tyneside Trading Company net Income of £0.267m compared to £0.285m in 2022/23 (page 22).

Balance Sheet

The Balance Sheet is set out on pages 25 to 26. Overall, the Authority has net assets of £790.164m which is an increase of £104.170m from the 2022/23 figure of £685.994m. The following paragraphs provide additional detail in relation to this increase.

Long term assets have increased by £97.380m to £1,298.932m. The increase relates to Property, Plant and Equipment and also the Pensions moving from a liability of £23.670m to an asset of £24.250m.

Current Assets are £89.276m in 2023/24 compared to £122.282m in 2022/23. In the main the decrease of £33.173m relates to a decrease in short term investments of £15.000m along with a reduction in cash and cash equivalents of £22.834m, as we continue to manage our cash and borrowing position minimising external interest expense in the current high interest environment, in accordance with our approved Treasury Management Strategy, together with an increase in short term debtors of £4,228m.

Current liabilities have increased by £2.489m to £101.815m in 2023/24 due to a decrease in short term borrowing of £3.002m, together with an increase in short term creditors of £4.984m.

Long Term Liabilities have reduced by £42.285m to £496.229m in 2023/24. In the main this is due to a movement in the Pension Liability as well as a decrease in long term borrowing.

Overall Useable Reserves have seen a decrease of £10.011m and stand at £114.857m, (Note 31 provides more details on these reserves), and Unuseable Reserves have increased by £114.181m (Note 33 provides more details on these reserves).

Non-Financial Performance of the Authority

The Our North Tyneside Plan 2021-2025 was refreshed in 2021 following the Mayoral Elections on 6 May 2021 to reflect the Authority's policy priorities. Following consultation with residents and key stakeholders, Council agreed the refreshed Our North Tyneside Plan 2021-2025 on 23 September 2021.

The Our North Tyneside Plan 2021-2025 has five theme priorities:-

A thriving North Tyneside
A family-friendly North Tyneside
A secure North Tyneside
A caring North Tyneside
A green North Tyneside

This is a summary of progress and performance against the Our North Tyneside Plan:-

- Delivery of the Affordable Homes Programme is progressing well, with 2,247 homes delivered at the end of 2023/24. The level of our empty homes and average relet times continues to perform well compared to both regional and national comparators.

- The Authority has continued to deliver measures from the approved Carbon Net-Zero 2030 Action Plan and by the end of 2023/24 the Authority had achieved a Carbon reduction of 61% against the 2010/11 baseline year. Our recycling performance has also continued to improve.

- The Ambition for North Tyneside Programme is progressing, with regeneration projects in all four areas of the Borough. In North Shields this included the completion of the externally funded transport hub and new town square and work is ongoing to deliver the Riverside Embankment Walkway to connect the town centre and Fish Quay. There are a range of sustainable transport improvements in progress, including the installation of a continuous segregated walking and cycling route between St Mary's Lighthouse and Tynemouth, as well as ongoing investment in improving our cultural and creative spaces.

- Within our social care services, the Authority continues to experience higher than expected levels of demand and many of our residents require increasingly complex support. The number of children in our care remains higher than budgeted for, and with a heightened level of external care provision. Within Adults services, the focus remains on the Home first approach, helping to support our residents to remain independent and with significant improvements to the number of home care hours provided and reductions in waiting lists for homecare services to their lowest level in three years.

- The education offer in the borough is strong compared to national and regional comparators, however an area of focus remains to close the gap between disadvantaged and non-disadvantaged pupils, which has widened in North Tyneside, as it has regionally and nationally, following the COVID-19 pandemic.

- Our beaches and warden managed parks continue to be recognised nationally for their high standards. Three beaches have retained their Blue Flags and Seaside Awards and eight parks were awarded Green Flag Awards.

- In response to residents feeling increasingly concerned about community safety issues, a multi-agency North Tyneside Anti-Social Behaviour Task Force has been established to develop and deliver a shared plan to tackle anti-social behaviour as a partnership making a difference for residents, communities, visitors and businesses. The rate of crime and anti-social behaviour remains significantly lower than the rate across the Northumbria Police area.

- We have continued to deliver support to low-income households across the borough through the Council Tax Support Scheme and Hardship Support Scheme. In addition, we have also provided a number of initiatives including the Holiday Activities and Food Programme, Household Support Fund and Poverty Intervention Fund to address health and socio-economic inequalities.

Significant issues relating to 2024/25 and beyond

It has been highlighted previously by the Chief Finance Officer that, whilst the Authority has a sustainable financial outlook, it has a relatively low but adequate level of reserves. The level of uncertainty for funding Local Government Finance beyond 2024/25 alongside the continued cost of living pressures and uncertainty linked to national and global issues presents a significant challenge when considering the long-term financial sustainability of the Authority, particularly when taken in the context of funding reductions the Authority has managed since 2007/08.

Our MTFP estimates that the Authority will need to close a financial gap of £33m over the next four years, providing the context to frame decisions around how we continue to prioritise our resources to meet the needs of our residents. As part of the MTFP, we have identified thirteen specific projects to provide a framework for developing options around service delivery, including identifying opportunities to deliver savings, and helping to prioritise our resources effectively. These projects focus on significant areas of our expenditure, demand and pressures, including projects such as Handling Children's Finance, Inclusive Education and Health and Social Care.

An area of significant ongoing risk is around inflation and the impact that the significant price increases will continue to have on the majority of goods and services that the Authority requires within the General Fund and HRA, including key expenditure on utilities, waste disposal and the cost of care, as well as the impact it will have on the supply chain and costs and availability of materials for Capital projects. Whilst inflation has started to fall, prices still remain significantly higher than originally expected and the impact of this continues to be felt throughout the supply chain.

The ringfenced Dedicated Schools Grant (DSG) is received from the Government and administered by the Authority and is the main source of income for the schools' budget. The High Needs block of the DSG first fell into deficit during 2017/18 and it is an important element of the financial management of the Authority that the DSG is not in a deficit position. As a result, there has been continued action to address the deficit working collaboratively with Schools Forum and other SEND partners, especially to address the increasing numbers of children with special needs entering the education system.

These deficits have come under increasing scrutiny from the Department for Education (DfE) and in July 2022, the Authority was invited to take part in the Safety Valve Intervention Programme. The Authority's DSG Management Plan, agreed in advance with parents and carers, children and young people, and partners from across education, health, and care, was submitted in February 2023. Without further action, the High Needs block cumulative deficit was forecast to be in the region of £19.5m by 2027/28. The Authority's submission was successful and the DfE agreed financial support to the Authority of £19.5m over a 5-year period, subject to compliance with the conditions set in the agreement. At the end of the first year of the agreed plan, the Authority confirmed that we remain on track to deliver the DSG Management Plan, however this position remains extremely challenging.

Our School Balances have continued to reflect similar pressures to those that the Authority are facing and show a further decrease during the year of £2.548m, to leave a closing deficit of £2.930m. As at 31 March 2024, the DSG account is showing a net deficit balance of £8.341m.

The Authority remains in discussions with the Department for Education relating to construction issues that have emerged within three of our maintained schools to develop a long-term solution. Whilst the Authority has reacted to the situation to implement a number of interim solutions to ensure the safety and continuity of education provision it is clear that a long term solution is required which exceeds the resources the Authority currently receives towards the maintenance and improvement of our schools, therefore requiring additional government support.

There are continued risks linked to the ongoing cost of living crisis and the impact that this has on the Authority's most vulnerable residents. The Authority continues to review our approach towards providing appropriate support measures within the resources we have available.

Inflation and interest rate risk remain a key consideration of the capital Investment Plan and our approach towards treasury management. The high inflation and interest environment continues to impact on the Investment Plan from the perspective of increasing costs in goods supply and labour costs. As well as maintaining pressure on interest rates which have a bearing on the cost of borrowing for the Authority going forward.

The Strategic Reserve (£5.958m) represents 3.27% of the General Fund 2023/24 net Budget, with the General Fund balances (£7.000m) added, these represent 7.10% of the 2023/24 net General Fund Budget. There is no prescribed level of reserves advice by finance bodies with the level being considered in light of risks the Authority faces not just in the current year but looking ahead.

In recognition of the use of the Strategic Reserve to balance both the 2023/24 and 2022/23 financial years, the current MTFP includes the planned replenishment of the Strategic Reserve by £9m over the next 4 years.

The North East Combined Authority was formed on 7 May 2024 which provides the Authority the opportunity to collaborate regionally, helping to create opportunities by connecting communities, increasing skills and improving wellbeing across the region. This will deliver a range of exciting opportunities and funding to help deliver on regional and our own priorities. Through our earlier involvement in the North of Tyne Combined Authority, the Authority is well placed to understand and maximise the benefit that the devolution deal will bring and has already commenced work on the development of specific projects.

Annual Governance Statement

The Annual Governance Statement (AGS) sets out very clearly those significant areas of risk that the Authority continues to take action to monitor and control. The Senior Leadership Team and Cabinet take regular review and challenge of risks identified, verifying assumptions and controls with regard to those risks, ensuring that clear links are then made through to the review and refresh of the Financial Strategy. The AGS was approved by the Audit Committee on 29 May 2024.

Explanation of the Key Financial Statements

The Accounts and Audit Regulations 2015 require the Authority to produce a Statement of Accounts for each financial year. These statements contain a number of different elements which are explained below:

Core Financial Statements

The Comprehensive Income & Expenditure Statement (CIES) shows the cost of providing services in the year in accordance with International Financial Reporting Standards (IFRS), rather than the amount funded from Council Tax and other Government Grants. The amount funded from Council Tax and Government Grants differs from this by a series of adjustments made in accordance with regulations. These adjustments are made in the Movement in Reserves Statement. The CIES is shown on page 21. The group position is presented separately on page 22.

The Movement in Reserves Statement (MIRS) shows the movement from the start of the year to the end on the different reserves held by the Authority and the wider group, analysed into ‘useable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other ‘unuseable reserves’.

The Statement shows how the movements in year of the Authority’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line show the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments. The MIRS is shown on pages 23 and 24 and includes the group position.

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority and the group. The net assets of the Authority are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the Authority 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 may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line ‘Adjustments between accounting basis and funding basis under regulations’. The Balance Sheet is shown on pages 25 to 26.

The Cash Flow Statement shows the changes in cash and cash equivalents of the Authority during the reporting period. The Statement shows how the Authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Authority are funded by way of taxation and grant income or from the recipients of services provided by the Authority.

Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Authority’s future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Authority. The Cash Flow for the Authority and Group is shown on page 27.

Notes to the Accounts

The notes aim to assist in the understanding of the Statement of the Accounts. They are fundamentally important in the presentation of a true and fair view. They provide information on the basis of the preparation of the financial statements and disclose information not presented directly in the key financial statements which is relevant to the understanding of the information contained elsewhere within the Statement of Accounts. Where group transactions are significant, these are disclosed separately.

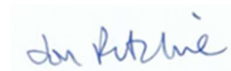
Housing Revenue Accounts (HRA)

The Housing Revenue Account (HRA) Income & Expenditure Statement shows the economic cost in the year of providing housing services in accordance with generally accepted accounting practices, rather than the amount to be funded from rents and government grants. Authorities charge rents to cover expenditure in accordance with regulations; this may be different from the accounting cost. The increase or decrease in the year, on the basis of which rents are raised, is shown in the Movement on the HRA Statement. The HRA is shown on page 150.

Collection Fund

The Collection Fund is a statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of Council Tax and Non-Domestic Rates. The Collection Fund is shown on page 159.

If you would like further information about these accounts, please contact Jon Ritchie, Director of Resources, North Tyneside Council, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY



Jon Ritchie
Director of Resources
Date: 31 May 2024

2.0 Independent Auditor's Report to the Members of North Tyneside Council

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3.0 Statements to the Accounts

3.1 Statement of Responsibilities for the Statement of Accounts

The Authority's and the Group's Responsibilities

The Authority and the Group are required:

i. 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, the officer is the Director of Resources;

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

iii. To approve the Statement of Accounts.

The Director of Resources Responsibilities

The Director of Resources is responsible for the preparation of the Authority's and the Group's Statement of Accounts in accordance with proper practice as set out in the 2023/24 CIPFA/Local Authority (Scotland) Accounts Advisory Committee (LASAAC) Code of Practice on Local Authority Accounting in the United Kingdom ('The Code').

In preparing this Statement of Accounts the Director of Resources has:

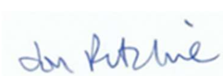
i. Selected suitable accounting policies and then applied them consistently;
ii. Made judgements and estimates that were reasonable and prudent; and
iii. Complied with the Code of Practice on Local Authority Accounting.

The Director of Resources has also:

i. Kept proper accounting records which were up to date; and
ii. Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts for the year ended 31 March 2024, required by the Accounts and Audit Regulations 2015 are set out in the following pages and that they give a true and fair view of the financial position of the Authority including the Group and its income and expenditure for the year ended 31 March 2024.

Signed:



Jon Ritchie, Director of Resources
Date: 31 May 2024

3.2 Comprehensive Income and Expenditure Statement for the year ended 31 March 2024

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

*** Restated see Note A for further details**

Council position:

2022/23 *				2023/24		
Gross Exp £000s	Gross Inc £000s	Net Exp £000s		Gross Exp £000s	Gross Inc £000s	Net Exp £000s
129,204	(70,095)	59,109	Adults	149,437	(79,186)	70,251
64	(157)	(93)	Chief Executive Office	17	(158)	(141)
273,409	(203,800)	69,609	Childrens	295,134	(232,561)	62,574
7,354	(4,219)	3,135	Corporate Strategy	8,044	(4,667)	3,377
60,973	(17,771)	43,202	Environment	62,226	(16,957)	45,269
6,158	(3,336)	2,822	General Fund Housing	5,566	(6,486)	(920)
47,825	(73,240)	(25,415)	Housing Revenue Account	36,133	(78,218)	(42,085)
15,643	(18,127)	(2,484)	Public Health	14,380	(16,406)	(2,026)
21,450	(9,858)	11,592	Regeneration & Economic Development	23,282	(12,167)	11,115
88,031	(65,281)	22,750	Resources	99,331	(69,083)	30,248
33,024	(37,180)	(4,156)	Central Costs (including Support Services)	28,544	(39,023)	(10,479)
683,135	**(503,064)**	**180,071**	**Cost of Services**	**722,094**	**(554,913)**	**167,181**
11,314	0	11,314	Other Operating Expenditure (Note 10)	16,610	0	16,610
35,017	(1,061)	33,956	Financing and Investment Income and Expenditure (Note 11)	25,979	(1,960)	24,019
0	(202,951)	(202,951)	Taxation and Non-Specific Grant Income (Note 12)	0	(215,753)	(215,753)
729,466	**707,076**	**22,390**	**Deficit/(Surplus) on Provision of Services**	**764,683**	**(772,626)**	**(7,943)**
		(9,794)	Surplus on Revaluation of Non-Current Assets (Note 33a)			(47,937)
		(410,900)	Remeasurement of the net defined benefit liability (Note 33d)			(48,290)
		0	(Surplus)/Deficit on Financial Instruments measured at fair value through OCI&E (Note 33h)			0
		(420,694)	**Other Comprehensive Income and Expenditure (OCI&E)**			**(96,227)**
		(398,304)	**Total Comprehensive Income and Expenditure**			**(104,170)**

Comprehensive Income and Expenditure Statement for the year ended 31 March 2024

*** Restated see Note A for further details**

Group position:

2022/23 * Gross Exp £000s	2022/23 * Gross Inc £000s	2022/23 * Net Exp £000s		2023/24 Gross Exp £000s	2023/24 Gross Inc £000s	2023/24 Net Exp £000s
129,204	(70,095)	59,109	Adults	149,437	(79,186)	70,251
64	(157)	(93)	Chief Executive Office	17	(158)	(141)
273,409	(203,800)	69,609	Childrens	295,134	(232,561)	62,574
7,354	(4,219)	3,135	Corporate Strategy	8,044	(4,667)	3,377
60,973	(17,771)	43,202	Environment	62,226	(16,957)	45,269
6,158	(3,336)	2,822	General Fund Housing	5,566	(6,486)	(920)
47,825	(73,240)	(25,415)	Housing Revenue Account	36,133	(78,218)	(42,085)
15,643	(18,127)	(2,484)	Public Health	14,380	(16,406)	(2,026)
21,450	(9,858)	11,592	Regeneration & Economic Development	23,282	(12,167)	11,115
88,031	(65,179)	22,852	Resources	99,331	(68,969)	30,362
33,024	(36,950)	(3,926)	Central Costs (including Support Services)	28,544	(38,846)	(10,302)
1,006	(1,291)	(285)	North Tyneside Trading Company (NTTC)	526	(793)	(267)
684,141	**(504,023)**	**180,118**	**Cost of Services**	**722,620**	**(555,415)**	**167,205**
11,314	0	11,314	Other Operating Expenditure (Note 10)	16,610	0	16,610
35,017	(1,061)	33,956	Financing and Investment Income and Expenditure (Note 11)	25,979	(1,960)	24,019
0	(202,951)	(202,951)	Taxation and Non-Specific Grant Income (Note 12)	0	(215,753)	(215,753)
730,472	**(708,035)**	**22,437**	**Deficit/(Surplus) on Provision of Services**	**765,209**	**(773,128)**	**(7,919)**
		(9,794)	Surplus on Revaluation of Non-Current Assets (Note 33a)			(47,937)
		(410,900)	Remeasurement of the net defined benefit liability (Note 33d)			(48,290)
		0	Deficit/(Surplus) on Financial Instruments measured at fair value through OCI&E (Note 33h)			0
		(420,694)	**Other Comprehensive Income and Expenditure (OCI&E)**			**(96,227)**
		(398,257)	**Total Comprehensive Income and Expenditure**			**(104,146)**

3.3 Movement in Reserves Statement for the year ended 31 March 2024 – Authority and Group

This Statement shows the movement from the start of the year to the end on the different reserves held by the Authority and the Group, analysed into ‘useable reserves’ (i.e. those that can be applied to fund expenditure or reduce local taxation) and other ‘unuseable reserves’. The Statement shows how the movements in year of the Authority’s reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax (or rents) for the year. The net increase/decrease line shows the statutory General Fund Balance and Housing Revenue Account Balance movements in the year following those adjustments.

	General Fund Balances £000s	Housing Revenue Account Balances £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	Total Council Useable Reserves £000s	Useable Reserves of NTTC £000s	Total Group Useable Reserves £000s	Council Unuseable Reserves Note 33 £000s	Total Group Reserves £000s
Balance at 31 March 2023	**(59,694)**	**(27,462)**	**(16,192)**	**(7,185)**	**(14,335)**	**(124,868)**	**(129)**	**(124,997)**	**(561,126)**	**(686,123)**
Movement in Reserves during 2023/24										
Total Comprehensive Income & Expenditure	20,920	(28,863)	0	0	0	(7,943)	24	(7,919)	(96,227)	(104,146)
Adjustments between accounting basis & funding basis under regulations (Note 3)	(2,222)	28,039	(8,193)	1,444	(1,114)	17,954	0	17,954	(17,954)	0
Decrease/(Increase) in 2023/24	18,698	(824)	(8,193)	1,444	(1,114)	10,011	24	10,035	(114,181)	(104,146)
Balance at 31 March 2024	**(40,997)**	**(28,285)**	**(24,385)**	**(5,741)**	**(15,449)**	**(114,857)**	**(105)**	**(114,962)**	**(675,307)**	**(790,269)**

	General Fund Balances £000s	Housing Revenue Account Balances £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	Total Council Useable Reserves £000s	Useable Reserves of NTTC £000s	Total Group Useable Reserves £000s	Council Unuseable Reserves Note 33 £000s	Total Group Reserves £000s
Balance at 31 March 2022	**(87,610)**	**(24,803)**	**(13,167)**	**(8,227)**	**(18,002)**	**(151,809)**	**(176)**	**(151,985)**	**(135,881)**	**(287,866)**
Movement in Reserves during 2022/23										
Total Comprehensive Income & Expenditure	33,828	(11,438)	0	0	0	22,390	47	22,437	(420,694)	(398,257)
Adjustments between accounting basis & funding basis under regulations (Note 3)	(5,912)	8,779	(3,025)	1,042	3,667	4,551	0	4,551	(4,551)	0
Decrease/(Increase) in 2022/23	27,916	(2,659)	(3,025)	1,042	3,667	26,941	47	26,988	(425,245)	(398,257)
Balance at 31 March 2023	**(59,694)**	**(27,462)**	**(16,192)**	**(7,185)**	**(14,335)**	**(124,868)**	**(129)**	**(124,997)**	**(561,126)**	**(686,123)**

3.4 Balance Sheet as at 31 March 2024

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Authority and the Group. The net assets of the Authority are matched by the reserves held by the Authority. Reserves are reported in two categories. The first category of reserves are useable reserves, i.e. those reserves that the Authority 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 may only be used to fund capital expenditure or repay debt).

The second category of reserves is those that the Authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Group 31 March 2023 £000s	Council 31 March 2023 £000s		Notes	Group 31 March 2024 £000s	Council 31 March 2024 £000s
1,180,872	1,170,246	Property, Plant & Equipment	19	1,255,896	1,243,304
2,621	2,621	Heritage Assets		2,863	2,863
1,313	1,313	Investment Property		1,241	1,241
2,377	2,377	Intangible Assets		3,163	3,163
9,825	22,249	Long Term Investments	23 & 37	9,825	21,577
2,746	2,746	Long Term Debtors		2,034	2,533
0	0	Pension Asset	9	24,250	24,250
1,199,754	**1,201,552**	**Long Term Assets**		**1,299,273**	**1,298,932**
15,336	15,336	Short Term Investments		336	336
335	335	Assets Held for Sale	20	1,165	1,165
1,578	1,456	Inventories	41	1,226	1,226
82,359	82,321	Short Term Debtors	24	86,382	86,549
24,847	22,834	Cash & Cash Equivalents	25	0	0
124,455	**122,282**	**Current Assets**		**89,109**	**89,276**
0	0	Bank Overdraft	25	(2,135)	(2,373)
(32,106)	(32,106)	Short Term Borrowing	26	(29,104)	(29,104)
(55,381)	(55,135)	Short Term Creditors	27	(60,426)	(60,119)
(4,919)	(4,919)	Finance Lease & PFI Creditors	18	(5,102)	(5,102)

Group 31 March 2023 £000s	Council 31 March 2023 £000s	Balance Sheet as at 31 March 2024	Notes	Group 31 March 2024 £000s	Council 31 March 2024 £000s
(7,100)	(7,100)	Provisions	28	(4,983)	(4,983)
(66)	(66)	Other Short-Term Liabilities		(135)	(135)
(99,572)	**(99,326)**	**Current Liabilities**		**(101,884)**	**(101,815)**
(97,970)	(97,970)	Finance Lease & PFI Creditors	18	(95,870)	(95,870)
(3,150)	(3,150)	Provisions	28	(3,150)	(3,150)
(398,443)	(398,443)	Long Term Borrowing	29	(383,443)	(383,443)
(2,083)	(2,083)	Other Long-Term Liabilities		(1,995)	(1,995)
(1,727)	(1,727)	Other Long-Term Creditors	30	(1,735)	(1,735)
(23,670)	(23,670)	Pension Liability	9	0	0
(11,471)	(11,471)	Receipts in Advance	13	(10,037)	(10,037)
(538,514)	**(538,514)**	**Long Term Liabilities**		**(496,229)**	**(496,229)**
686,123	**685,994**	**Net Assets**		**790,269**	**790,164**
		Financed By:			
(124,868)	(124,868)	Useable Reserves	31	(114,857)	(114,857)
(129)	0	Useable Reserves of Group Entity	31	(105)	0
(561,126)	(561,126)	Unuseable Reserves	33	(675,307)	(675,307)
(686,123)	**(685,994)**	**Total Reserves**		**(790,269)**	**(790,164)**

I certify that the Statement of Accounts for the year ended 31 March 2024, required by the Accounts and Audit Regulations 2015 are set out in pages 21 to 27 and that they give a true and fair view of the financial position of the Authority including the Group and its income and expenditure for the year ended 31 March 2024.

Signed:

Jon Ritchie

Jon Ritchie
Director of Resources
Date: 31 May 2024

3.5 Cash Flow Statement for year ended 31 March 2024

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

Group 2022/23 £000s	Council 2022/23 £000s		Notes	Group 2023/24 £000s	Council 2023/24 £000s
(22,437)	(22,390)	Net (deficit)/surplus on the provision of services		7,919	7,943
44,592	43,759	Adjustments to net surplus/(deficit) on the provision of services for non-cash movements	38	44,792	44,403
(29,941)	(29,941)	Adjustments for items included in the net surplus/(deficit) on the provision of services that are investing and financing activities	38	(38,963)	(38,963)
(7,786)	**(8,572)**	**Net cash flows from operating activities**		**13,748**	**13,383**
(25,296)	(25,296)	Net Cash flow from Investing Activities	39	(20,906)	(18,783)
25,274	25,738	Net Cash flow from Financing Activities	40	19,824	(19,805)
(7,808)	**(8,130)**	**Net increase/(decrease) in cash and cash equivalents**		**(26,982)**	**(25,205)**
32,655	30,964	Cash and cash equivalents at the beginning of the reporting period	25	24,847	22,833
24,847	**22,834**	**Cash and cash equivalents at the end of the reporting period**		**(2,135)**	**(2,373)**

4.0 Index to the Notes to the Financial Statements

The values within the financial statements are disclosed with roundings which are appropriate to their individual presentation. Consequently, the tables in the Statement of Accounts may contain rounding differences.

A Prior Period Adjustment

There has been a requirement to restate the Authority's previously published accounts in respect of the presentation of the Comprehensive Income & Expenditure Statement (CI&ES) as service reporting has changed in 2023/24 due to a restructure of the Senior Leadership Team compared to that disclosed in 2022/23. The restatement is in relation to the Authority's position and not the Group position.
The table below summarises the adjustments that have been made; it should be noted that this change has no impact on the available resources of the Authority. The Expenditure & Funding Analysis has not been restated to ensure that the position aligns with the published outturn reports. The tables below only show the lines that have been amended not the complete Statement or Note.

Statement/Note	Original 2022/23 Published Figure £000s	Restated 2022/23 Figure £000s	Movement £000s
Comprehensive Income & Expenditure Statement			
Adults	0	59,109	59,109
Childrens	0	69,609	69,609
Commissioning & Asset Management	41,609	0	(41,609)
Health, Education, Care & Safeguarding	98,670	0	(98,670)
Public Health	(2,464)	(2,484)	(20)
Regeneration & Economic Development	11,602	11,592	(10)
Resources	11,159	22,750	11,591
Total	160,576	160,576	0
Segmental Income			
Adults	0	(15,353)	(15,353)
Childrens	0	(5,248)	(5,248)
Commissioning & Asset Management	(7,557)	0	7,557
Health, Education, Care & Safeguarding	(20,256)	0	20,256
Public Health	(1,093)	(955)	138
Resources	(1,082)	(8,432)	(7,350)
Total	(29,988)	(29,988)	0

4.1 Explanatory Notes to the Core Financial Statements

1 Accounting Policies

General Principles

Accounting Policies explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts. They are the principles, bases, conventions, rules and practices applied by the Authority that specify how the effects of transactions and other events are to be reflected in the financial statements through recognising, selecting measurement bases for and presenting assets, liabilities, gains, losses and changes in reserves. The Accounting Policies cover material transactions within the Statement of Accounts.

The Statement of Accounts summarises the Authority's transactions for the 2023/24 financial year and its position at the year-end of 31 March 2024. The Authority is required to prepare an annual Statement of Accounts in accordance with proper accounting practices by the Accounts and Audit Regulations 2015.

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 7 of the 2015 Regulations.

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.

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Authority'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. Generally, the majority of prior period items arise from corrections and adjustments that are the natural result of estimates inherent in the accounting process. Such adjustments constitute normal transactions in the year in which they are identified and are accounted for accordingly.

Accruals of Income and Expenditure (Authority & Group)

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 their consumption, they are carried as inventories on the Balance Sheet;

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made;

- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract unless the difference is immaterial;

- 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; and
- The Authority has an accruals de minimis level of £10,000, this does not apply to grant funded schemes.

Overheads and Support Services

The costs of overheads and support services are shown within the Central Costs line on the Comprehensive Income and Expenditure Statement in accordance with the Authority's arrangements for accountability and financial performance.

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 Authority when there is reasonable assurance that:

- The Authority will comply with the conditions attached to the payments; and

- The grants or contributions will be received.

Amounts recognised as due to the Authority are not credited to the Comprehensive Income and Expenditure Statement until there is reasonable assurance that the conditions attached to the grant or contribution will be 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 or for which there is not reasonable assurance that they will be satisfied are carried in the Balance Sheet as creditors (revenue grants) or capital grants receipts in advance (capital grants). When conditions are satisfied or reasonable assurance is achieved, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

Community Infrastructure Levy

The Authority has elected to charge a community infrastructure levy (CIL). The levy is charged on new builds (chargeable developments for the authority) with appropriate planning consent. The Authority charges for and collects the levy, which is a planning charge. The income from the levy will be used to fund a number of infrastructure projects (secondary education, health facilities, green spaces, community facilities and walking and cycling connections) to support the development of the area.

The CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the Comprehensive Income and Expenditure Statement in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a proportion of the charges may be used to fund revenue expenditure.

Charges to Revenue for Non-Current Assets

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

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

The Authority is not required to raise Council Tax to fund depreciation, revaluation and impairment losses or amortisations to General Fund assets. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance, the Minimum Revenue Provision (MRP). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by

MRP 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 Minimum Revenue Provision policy is approved annually by Council as part of the budget setting process. Under the Item 8 debit and credit determination from April 2017 depreciation for Housing Revenue Accounts assets is calculated in accordance with proper accounting practice and charged to the Housing Revenue Account. Impairment and revaluation adjustments are reversed out of the Housing Revenue Account and will not impact on housing rents.

Depreciation for NTTC is a charge against revenue and cannot be reversed. The charge records the cost of holding the non-current asset during the year.

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.

<u>The Authority as Lessee</u>

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

<u>The Authority as Lessor</u>

Operating Leases
Where the Authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the relevant service (Other Operating Expenditure) line in the Comprehensive Income and Expenditure Statement. Rental income is recognised on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Authority is continuing its preparations for the proposed implementation n of IFRS16 on 1 April 2024 which will change the approach towards accounting for lease arrangements.

Employee Benefits

<u>Benefits Payable during Employment</u>
Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and

are recognised as an expense for services in the year in which employees render service to the Authority. An accrual is made for the cost of holiday entitlements (or any form of leave e.g. time off in lieu, flexi balances) earned by employees but not taken before the year-end which employees can carry forward into the next financial year.

The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Authority 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 or where applicable, to the Central costs line in the Comprehensive Income and Expenditure Statement at the earlier of when the Authority can no longer withdraw the offer of those benefits or when the Authority recognises the costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Authority to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits (Retirement Benefits)

Employees of the Authority are primarily members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE); and

- The Local Government Pensions Scheme (Tyne and Wear Pension Fund), administered by South Tyneside Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees of the Authority/Schools.

However, the arrangements for the teachers' scheme mean that liabilities for these benefits cannot ordinarily be identified specifically to the Authority. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments of benefits is recognised in the Balance Sheet. The Childrens line in the Comprehensive Income and Expenditure Statement is charged with the employer's contributions payable to Teachers' Pensions in the year.

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

- The liabilities of the Tyne and Wear Pension Fund attributable to the Authority 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, etc, and projections of projected earnings for current employees; and

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.

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

- Quoted securities – current bid price;
- Unquoted securities – professional estimate;
- Unitised securities – current bid price; and
- Property – market value.

The change in the net pension's liability is analysed into the following components:

Service cost

- 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 as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement; and

- Net Interest on the net defined benefit liability (asset) i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the 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; and

- Contributions paid to the Tyne and Wear 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 Authority to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are 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.

The notes to the Core Financial Statements provide further details on contributions made.

Discretionary Benefits

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

Revenue Expenditure Funded from Capital under Statute (REFCUS)

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

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.

The freehold and leasehold properties which comprise the Council's portfolio are valued by Capita acting as the Authority's internal Chartered Surveyors.

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 Authority and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- The purchase price; and
- 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 Authority does not capitalise borrowing costs incurred whilst assets are under construction. The cost of assets acquired other than by purchase is deemed to be its fair value unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Authority). 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 Authority.

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

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

- Infrastructure and community assets– depreciated historical cost;
- Dwellings – current value, determined using the basis of existing use value for social housing (EUV-SH);
- Council offices – current value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV);
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value;
- Surplus assets – the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective; and,
- 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 that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets under the course of construction are recorded at cost during the construction period. Once the asset becomes operational a valuation is undertaken as relevant to the asset's type.

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. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. However, where the increase reverses a revaluation decrease on the same asset that was previously charged to the Surplus or Deficit on Provision of Services, all or part of the revaluation gain is credited to the Surplus or Deficit on Provision of Services up to the amount of the previously recognised loss, net of depreciation that would have been charged had the loss not been recognised.

Where decreases in value are identified, they are accounted for as follows:

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

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.

De-Minimis Levels

The Authority has set a de-minimis level for the recognition of capital assets of £0.010m for land, buildings and infrastructure and £0.006m for equipment.

Assets below the de-minimis level are charged to the revenue account i.e. the asset is not included in the balance sheet unless it is part of an overall project costing more than the de-minimis level.

The Authority may capitalise particular items of expenditure that are below its de-minimis limit (e.g. because the terms of a grant require it to be applied to capital expenditure), as this brings the Authority back in line with proper practices for the particular item. The treatment of items below the limit in this way has no material impact on the accounts.

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 in the following ways:

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

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

Depreciation

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

Deprecation is calculated on the following bases:

- Council Dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer (generally 30-60 years);
- Vehicles, plant, furniture and equipment – straight-line allocation over the useful life of the asset (generally 3-10 years); and
- Infrastructure – straight-line allocation over the useful life of the asset (generally 10-120 years).

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. For buildings valued over £0.500m consideration will be given as to whether there is any significant part which requires a separate component, such as the roof or any specialist item of plant or equipment.

The land element will continue to be considered as a separate asset with its own valuation which, except in very unusual circumstances, will not be subject to depreciation.

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

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this

amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses 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 Assets 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 £0.010m are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment or set aside to reduce the Authority’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. Capital Receipts may also be used under the Flexible Use of Capital Receipts which allows local authorities to fund revenue expenditure incurred to generate ongoing savings.

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.

Highways infrastructure assets

The temporary relief introduced by the update to the Code specifies that disclosures of gross historical cost and accumulated depreciation are not required for infrastructure assets.

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

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

Measurement
Highways infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost – opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1 April 1994 which was deemed at that time to be historical cost. Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

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

Annual depreciation is the depreciation amount allocated each year.

Useful lives of the various parts of the highways network are assessed by the Chief Highways Engineer using industry standards where applicable as follows:

Part of the highways network	Useful life
Carriageways	40 years
Footways and cycle tracks	40 years
Coastal protection	40 – 50 years
Flood defences	40 years
Bridges	40 years
Street lighting	30 years
Street furniture	15 years
Traffic management systems	15 years

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

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

Heritage Assets

Heritage Assets are those assets that are intended to be preserved in trust for future generations because of their cultural, environmental or historical associations.

Recognition and Measurement

Assets have been valued at cost or insurance valuation if this information is readily available. Where neither is obtainable at a cost commensurate with the benefits of doing so the assets are not recognised on the Balance Sheet.

Impairment

The carrying amounts of heritage assets are reviewed where there is evidence of impairment. Any impairment is recognised and measured in accordance with the Authority's general policy on impairment.

Disposals

Disposal proceeds are disclosed separately and accounted for in accordance with the statutory accounting requirements relating to capital receipts.

The Authority's museums are included and accounted for as operational assets within Property, Plant and Equipment.

Investment Property

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

Investment Properties are measured initially at cost and subsequently at fair value, based on the price that would be received from the sale of the property in an orderly transaction between market participants at the measurement date. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

The same treatment is applied to gains and losses on disposal. 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 £0.010m) the Capital Receipts Reserve.

Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Authority 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 Authority.

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Authority can be determined by reference to an active market. In practice, no intangible asset held by the Authority 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 services in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the relevant services in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £0.010m) the Capital Receipts Reserve.

Interests in Companies and Other Entities

The Authority has a material interest in the North Tyneside Trading Company Limited and its subsidiary companies. As a result of this, the financial statements of the group will be consolidated with the Authority’s accounts and group accounts will be prepared for 2023/24.

The Authority does not have any other material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities that require consolidation within the group accounts and so these are recorded as financial assets at cost, less any provision for losses.

Cash and Cash Equivalents

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

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

Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Authority is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will normally pass to the Authority at the end of the contracts, the Authority carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment (See Note 19).

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

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

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

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease);and
- Lifecycle replacement costs – proportion of the amount's payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment or revenue expenditure in the relevant service line of the Comprehensive Income and Expenditure Statement when the relevant works are eventually carried out.

Financial Instruments

Financial Liabilities

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

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

Where premiums and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. The Authority has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable (maximum 10 years) when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

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

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

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the 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.
Any gains and losses that arise on the derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Authority recognises expected credit losses on all of its financial assets held at amortised cost or where relevant FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables and contract assets. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority.

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

Financial Assets Measured at Fair Value through Profit of Loss (FVPL)

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

The fair value measurements of the financial assets are based on the following techniques:

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

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

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

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

The Authority has designated its investments in equity instruments to FVOCI for shares held in Newcastle International Airport Limited and North Tyneside Trading Company. This designation once made is irrevocable. The treatment of equity instruments measured at FVOCI is in line with that described in the accounting policy for FVPL.

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

Financial assets that are measured at FVOCI are recognised on the balance sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in other comprehensive income.

Provisions and Contingent Liabilities

Provisions

Provisions are made where an event has taken place that gives the Authority 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 Authority 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 Authority 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 Authority settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Authority 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 Authority. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

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

Reserves

The Authority sets aside specific amounts as reserves for future policy purposes or to cover contingencies. The nature of the Authority's main reserves and balances are shown in Note 32 to the Core Financial Statements. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement.

When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service within the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against Council Tax for the expenditure.

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

Estimation Techniques

Estimation techniques are the methods adopted to arrive at estimated monetary amounts for the values of assets, liabilities, gains and losses and changes in reserves in situations where there is uncertainty as to their exact value. Estimation techniques have been used to determine provisions (including redundancy payments and equal pay), reserves, pension liabilities and Business Rate Appeals, as there is uncertainty over the monetary amounts. Except where specified in the CIPFA Code, the Authority has determined the estimation techniques that most closely reflect the economic reality of the transactions.

Collection Fund Statement

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

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

Events after the Reporting Period

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

- Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events; and
- Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

Joint Arrangements

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. The activities undertaken by the Authority in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the Authority as a joint operator recognises:

- Its assets, including its share of any assets held jointly;
- Its liabilities, including its share of any liabilities incurred jointly;
- Its revenue from the sale of its share of the output arising from the joint operation;
- Its share of the revenue from the sale of the output by the joint operation; and

- Its expenses, including its share of any expenses incurred jointly.

Where the Authority has entered into a pooled budget arrangement under Section 75 of the National Health Service Act 2006, the Authority accounts for its share of the assets, liabilities, income and expenditure arising from the activities of the pooled budget, identified in accordance with the pooled budget agreement. The Authority only accounts for its share of the assets, liabilities, revenue and expenses of the arrangement.

Value Added Tax (VAT) (Authority & Group)

Income and Expenditure excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

Fair Value measurement

The Authority measures some of its non-financial assets such as surplus assets, assets held for sale and investment properties and some of its financial instruments such as equity shareholdings at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

Schools

The Code of Practice on Local Authority Accounting in the United Kingdom confirms that the balance of control for local authority-maintained schools (i.e. those categories of school identified in the School Standards and Framework Act 1998, as amended) lies with the local authority. The Code also stipulates that those schools' assets, liabilities, reserves and cash flows are recognised in the local authority financial statements. Therefore, schools' transactions, cash flows and balances are recognised in each of the financial statements of the Authority as if they were the transactions, cash flows and balances of the Authority.

Trust Schools
In accordance with accounting guidance land and buildings leased to the foundation trust are not included on the Authority's Balance Sheet.

Voluntary Aided Schools
Land and buildings owned by diocesan authorities are not included on the Authority's Balance Sheet.

Academy Schools
Land and buildings transferred to an Academy are removed from the Authority's Balance Sheet in the year that the transfer takes place.

2 Accounting Standards that have been issued but not yet adopted

The Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 has introduced changes in accounting policy which will be required from 1 April 2024 and may require retrospective application. The accounting policies have been reviewed and it has been concluded that the changes will not have a material impact on the Statement of Accounts.

The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code are:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020.
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022.
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022.
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023.
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023

It is not envisaged that the above changes will have a significant effect on local authority financial statements.

IFRS 16 Implementation

The Code of Practice on Local Authority Accounting mandates the adoption of IFRS 16 from 1 April 2024.

The adoption of IFRS 16 will be a change in accounting policy for the 2024/25 financial statements. The previous accounting standard was IAS 17.

IFRS 16 removes the distinction between operating and finance leases. The main impact of the new requirements is that, for arrangements previously accounted for as operating leases (i.e. recognising leased vehicles, plant, equipment, property and land off-balance sheet), a right-of-use asset and a lease liability will now be reported on the balance sheet from 1 April 2024 as follows.

- The lease liability is the present value of lease payments unpaid at the commencement of the lease.

- The right-of-use asset is considered the right to use an underlying asset for the term of the lease, and calculated using the lease liability, adjusted for initial direct costs, costs associated with dismantling and removal, and any pre-payments and lease incentive payments.

Leases for individual items when new, of low value (less than £0.010m) and leases that expire on or before 31 March 2025 are exempt and have been excluded from the impact assessment for the new arrangements.

As part of the Authority’s preparations for the IFRS 16 changes it is estimated that the application of the Code’s adaptation of IFRS16 will result in the following additions to the Authority’s balance sheet:

	£m
Anticipated Lease Liability increase relating to IFRS16	
- Land and Buildings	64.5
- Vehicles, Plant, Furniture & Equipment	0
Anticipated Right of Use asset	
- Land and Buildings	65.9
- Vehicles, Plant, Furniture & Equipment	0

3 Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the Total Comprehensive Income & Expenditure figure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure together with movements in reserves under statute.

	Useable Reserves					
2023/24	**General Fund Balances £000s**	**Housing Revenue Account £000s**	**Capital Receipts Reserve £000s**	**Major Repairs Reserve £000s**	**Capital Grants Unapplied £000s**	**Movement in Unuseable Reserves £000s**
Adjustments to the Revenue Resources Amounts by which income and expenditure included in the Comprehensive Income & Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
• Pensions Costs (transferred to (or from) the Pensions Reserve) - Note 33(d)	40	(410)	0	0	0	370
• Financial Instruments (transferred to the Financial Instruments Adjustment Account) Note 33(c)	33	0	0	0	0	(33)
• Council Tax and NDR (transfers to or from the Collection Fund) - Note 33(f)	(2,079)	0	0	0	0	2,079
• Holiday Pay (transferred to the Accumulated Absences Reserve) - Note 33(g)	(920)	217	0	0	0	703
• Postings between the General Fund and the Dedicated Schools Grant Adjustment Account – Note 33(i)	(4,511)		0	0	0	4,511
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	(15,309)	(7,082)	0	0	(11,840)	34,231
Total Adjustments to Revenue Resources	**(22,746)**	**(7,275)**	**0**	**0**	**(11,840)**	**41,861**

2023/24	Useable Reserves					
	General Fund Balances £000s	**Housing Revenue Account £000s**	**Capital Receipts Reserve £000s**	**Major Repairs Reserve £000s**	**Capital Grants Unapplied £000s**	**Movement in Unuseable Reserves £000s**
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	9,063	4,491	(13,554)	0	0	0
Posting of Housing Revenue Account resources from revenue to the Major Repairs Reserve - Note 48	0	14,247	0	(14,247)	0	0
Statutory/Voluntary provision for the repayment of debt (transfer from the Capital Adjustment Account) – Note 33(b)	11,342	4,015	0	0	0	(15,357)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) – Note 33(b)	119	12,561	0	0	0	(12,680)
Total Adjustments between Revenue and Capital Resources	**20,524**	**35,314**	**(13,554)**	**(14,247)**	**0**	**(28,037)**

2023/24	Useable Reserves					
	General Fund Balances £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	Movement in Unuseable Reserves £000s
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure – Note 33(b)	0	0	5,361	0	0	(5,361)
Use of the Major Repairs Reserve to finance capital expenditure – Note 48	0	0	0	15,691	0	(15,691)
Application of capital grants to finance capital expenditure – Note 33(b)	0	0	0	0	10,726	(10,726)
Total Adjustments to Capital Resources	**0**	**0**	**5,361**	**15,691**	**10,726**	**(31,778)**
TOTAL ADJUSTMENTS	**(2,222)**	**28,039**	**(8,193)**	**1,444**	**(1,114)**	**(17,954)**

2022/23	Useable Reserves					
	General Fund Balances £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	Movement in Unuseable Reserves £000s
Adjustments to the Revenue Resources Amounts by which income and expenditure included in the Comprehensive Income & Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:						
• Pensions Costs transferred to or from the Pensions Reserve) – Note 33(d)	(34,254)	(5,516)	0	0	0	39,770
• Financial Instruments (transferred to the Financial Instruments Adjustment Account) – Note 33(c)	33	0	0	0	0	(33)
• Council Tax and NDR (transfers to or from the Collection Fund) – Note 33(f)	5,654	0	0	0	0	(5,654)
• Holiday Pay (transferred to the Accumulated Absences Reserve) – Note 33(g)	(101)	(82)	0	0	0	183
• Postings between the General Fund and the Dedicated Schools Grant Adjustment Account – Note 33(i)	4,506	0	0	0	0	(4,506)
• Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure	2,393	(19,848)	0	0	(9,706)	27,161
Total Adjustments to Revenue Resources	**(21,769)**	**(25,446)**	**0**	**0**	**(9,706)**	**56,921**

2022/23	Useable Reserves General Fund Balances £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	Movement in Unuseable Reserves £000s
Adjustments between Revenue and Capital Resources						
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	158	6,341	(6,499)	0	0	0
Posting of Housing Revenue Account resources from revenue to the Major Repairs Reserve – Note 48	0	14,621	0	(14,621)	0	0
Statutory/Voluntary provision for the repayment of debt (transfer from the Capital Adjustment Account) – Note 33(b)	13,801	3,318	3,031	0	0	(20,150)
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account) – Note 33(b)	1,898	9,945	0	0	0	(11,843)
Total Adjustments between Revenue and Capital Resources	**15,857**	**34,225**	**(3,468)**	**(14,621)**	**0**	**(31,993)**

2022/23	Useable Reserves General Fund Balances £000s	Housing Revenue Account £000s	Capital Receipts Reserve £000s	Major Repairs Reserve £000s	Capital Grants Unapplied £000s	Movement in Unuseable Reserves £000s
Adjustments to Capital Resources						
Use of the Capital Receipts Reserve to finance capital expenditure – Note 33(b)	0	0	443	0	0	(443)
Use of the Major Repairs Reserve to finance capital expenditure – Note 48	0	0	0	15,663	0	(15,663)
Application of capital grants to finance capital expenditure – Note 33(b)	0	0	0	0	13,373	(13,373)
Total Adjustments to Capital Resources	**0**	**0**	**443**	**15,663**	**13,373**	**(29,479)**
TOTAL ADJUSTMENTS	**(5,912)**	**8,779**	**(3,025)**	**1,042**	**3,667**	**(4,551)**

4(a) Expenditure and Funding Analysis

The Expenditure and Funding Analysis is in relation to the Council only as the objective of the statement is to demonstrate to council tax (and rent) payers how the funding available to the Authority (i.e. government grants, rents, council tax and business rates) for the year has been used in providing services in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the Authority's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Adjustments to remove the internal charging within services have been made to the net expenditure chargeable to the General Fund and HRA balances. This is to ensure that the true expenditure and income figures to the Authority are used within the statutory accounts. Therefore, there is a difference between the figures shown in the first column below for each service and those shown in Table 1 on page 8 within the Narrative Statement.

2023/24	Net Expenditure Chargeable to the GF and HRA Balances (After adjustments for Internal Charging) £000s	Adjustments between Funding and Accounting Basis £000s	Net Expenditure in Comprehensive Income & Expenditure Statement £000s
Adults	69,126	1,125	70,251
Chief Executive Office	(151)	10	(141)
Childrens	50,966	11,608	62,574
Corporate Strategy	3,189	187	3,377
Environment	39,323	5,946	45,269
General Fund Housing	(1,115)	194	(920)
Housing Revenue Account	(10,220)	(31,865)	(42,085)
Public Health	(2,310)	285	(2,026)
Regeneration & Economic Development	3,246	7,868	11,115
Resources	14,825	15,423	30,248
Central Costs (including support services)	12,285	(22,764)	(10,479)
Net Cost of Services	**179,163**	**(11,982)**	**167,181**
Other Income & Expenditure	(159,289)	(15,835)	(175,124)
Deficit on Provision of Service	**19,874**	**(27,817)**	**(7,943)**

Opening General Fund & HRA Balance	(9,933)
Deficit on General Fund & HRA Balance in Year	19,874
Transfers from Earmarked Reserves	(4,674)
Closing General Fund and HRA Balance	**(5,267)**

Adjustments to the General Fund and HRA Balances to arrive at the Comprehensive Income & Expenditure Statement Amounts

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 & Expenditure – the statutory charges for capital i.e. Minimum Revenue Provision and other revenue contributions are deducted from other income and expenditure as these are not chargeable under generally accepted accounting practices; and

- Taxation and non-specific grant income and expenditure – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

Net Change for Pension Adjustments – net change for the removal of pension contributions and the addition of IAS19 Employee Benefit pension related expenditure and income:

- For Services this represents the removal of the employer pension contributions made by the Authority as allowed by statute and the replacement with current service costs and past service costs; and

- For Financing and Investment Income & Expenditure the net interest on the defined benefit liability is charged to the CIES.

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

- For services this includes adjustments made from accruing compensated absences earned but not taken in the year;

- For Financing and Investment Income & Expenditure the adjustments relate to the timing differences for premiums and discounts; and

- The charge under Taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for Council Tax and NDR that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

2023/24	Adjs for Capital Purposes £000s	Pension Adjs £000s	Other Adjs £000s	Total Adjs £000s
Adults	150	517	458	1,125
Chief Executive Office	0	9	1	10
Childrens	8,231	(512)	3,889	11,608
Corporate Strategy	10	97	80	187
Environment	5,094	649	203	5,946
General Fund Housing	0	62	132	194
Housing Revenue Account	(32,294)	646	(217)	(31,865)
Public Health	0	92	193	285
Regeneration & Economic Development	7,717	65	388	15,423
Resources	14,388	647	388	15,423
Central Costs (including support services)	(20,330)	(2,402)	(33)	(22,764)
Net Cost of Services	**(17,033)**	**(130)**	**5,181**	**(11,982)**
Other Operating Expenditure	15,137	0	0	15,137
Financing & Investment Income & Expenditure	0	500	0	500
Taxation & Non-Specific Grant Income	(33,552)	0	2,079	(31,473)
Difference between General Fund and HRA (surplus)/deficit and Comprehensive Income & Expenditure Statement (surplus)/deficit	**(35,447)**	**370**	**7,260**	**(27,817)**

2022/23	Net Expenditure Chargeable to the GF and HRA Balances (After adjustments for Internal Charging) £000s	Adjustments between Funding and Accounting Basis £000s	Net Expenditure in Comprehensive Income & Expenditure Statement £000s
Chief Executive Office	(159)	66	(93)
Commissioning & Asset Management	21,118	20,491	41,609
Corporate Strategy	2,603	532	3,135
Environment & Leisure	35,229	7,973	43,202
General Fund Housing	2,537	285	2,822
Health, Education, Care & Safeguarding	87,908	10,761	98,669
Housing Revenue Account	(10,027)	(15,388)	(25,415)
Public Health	(5,007)	2,543	(2,464)
Regeneration & Economic Development	3,545	8,057	11,602
Resources	7,952	3,208	11,160
Central Costs (including support services)	17,035	(21,191)	(4,156)
Net Cost of Services	**162,734**	**17,337**	**180,071**
Other Income & Expenditure	(137,477)	(20,204)	(157,681)
Deficit on Provision of Service	**25,257**	**(2,867)**	**22,390**

Opening General Fund & HRA Balance	(13,899)
Deficit on General Fund & HRA Balance in Year	25,257
Transfers to Earmarked Reserves	(21,291)
Closing General Fund and HRA Balance	**(9,933)**

Adjustments to the General Fund and HRA Balances to arrive at the Comprehensive Income & Expenditure Statement Amounts

2022/23	Adjs for Capital Purposes £000s	Pension Adjs £000s	Other Adjs £000s	Total Adjs £000s
Chief Executive Office	0	67	(1)	66
Commissioning & Asset Management	16,391	8,739	(4,640)	20,490
Corporate Strategy	(93)	629	(3)	533
Environment & Leisure	3,560	4,436	(23)	7,973
General Fund Housing	0	275	9	284
Health, Education, Care & Safeguarding	1,165	9,371	224	10,760
Housing Revenue Account	(19,855)	4,385	82	(15,388)
Public Health	1,869	645	29	2,543
Regeneration & Economic Development	7,654	403	0	8,057
Resources	1,297	1,912	(1)	3,208
Central Costs (including support services)	(19,764)	(1,393)	(33)	(21,190)
Net Cost of Services	**(7,776)**	**29,469**	**(4,357)**	**17,336**
Other Operating Expenditure	5,572	0	0	5,572
Financing & Investment Income & Expenditure	0	10,300	0	10,300
Taxation & Non-Specific Grant Income	(30,421)	0	(5,654)	(36,075)
Difference between General Fund and HRA (surplus)/deficit and Comprehensive Income & Expenditure Statement (surplus)/deficit	**(32,625)**	**39,769**	**(10,011)**	**(2,867)**

4(b) Segmental Income

This note contains revenue received from external customers in relation to front line services such as car parking, leisure, catering and housing rents and is analysed on a segmental basis below:

2022/23 £000s		2023/24 £000s
(15,353)	Adults	(17,802)
(0)	Chief Executive Office	(0)
(5,248)	Childrens	(5,307)
(156)	Corporate Strategy	(298)
(9,655)	Environment	(9,324)
(838)	General Fund Housing	(838)
(65,738)	Housing Revenue Account	(70,543)
(955)	Public Health	(546)
(6,457)	Regeneration and Economic Development	(6,473)
(8,432)	Resources	(9,963)
(951)	Central Costs (including support services)	(1,372)
(113,783)	**Total - Authority**	**(122,466)**
(404)	North Tyneside Trading Company	(560)
(114,187)	**Total - Group**	**(123,026)**

The 2022/23 comparator has been restated to reflect the service reporting structure in place for the 2023/24 financial year. Please see Note A for further details.

5 Nature of Expenses

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is on the basis of budget reports analysed by Cabinet. The following analysis provides a breakdown of the figures in the Comprehensive Income and Expenditure Statement by subjective category.

2023/24

	Cost of Services £000s	Other Income & Expenditure £000s	Total £000s
Fees and Charges	(184,116)	0	(184,116)
Government Grants & Contributions	(358,884)	(48,841)	(407,725)
Support Services & Recharges	(11,913)	0	(11,913)
Interest and Investment Income	0	(1,963)	(1,963)
Income in relation to investment properties	0	3	3
Income from Council Tax/ Business Rates	0	(166,912)	(166,912)
Total Income	**(554,913)**	**(217,713)**	**(772,626)**
Employee Expenses	253,070	500	253,570
Other Service Expenses	400,033	0	400,033
Support Services Recharges	23,376	0	23,376
Depreciation, amortisation, impairment and other capital charges	45,615	0	45,615
Interest Payments	0	25,479	25,479
Precepts & Levies	0	13,027	13,027
Gain on Disposal of Fixed Assets	0	3,583	3,583
Total Operating Expenses	**722,094**	**42,589**	**764,683**
Deficit on Provision of Services	**167,181**	**(175,124)**	**(7,943)**

2022/23

	Cost of Services £000s	Other Income & Expenditure £000s	Total £000s
Fees and Charges	(140,302)	0	(140,302)
Government Grants & Contributions	(348,021)	(45,582)	(393,603)
Support Services & Recharges	(14,741)	0	(14,741)
Interest and Investment Income	0	(969)	(969)
Income in relation to investment properties	0	(92)	(92)
Income from Council Tax/ Business Rates	0	(157,369)	(157,369)
Total Income	**(503,064)**	**(204,012)**	**(707,076)**
Employee Expenses	279,432	10,300	289,732
Other Service Expenses	332,692	0	332,692
Support Services Recharges	22,889	0	22,889
Depreciation, amortisation, impairment and other capital charges	48,122	0	48,122
Interest Payments	0	24,717	24,717
Precepts & Levies	0	12,296	12,296
Gain on Disposal of Fixed Assets	0	(982)	(982)
Total Operating Expenses	**683,135**	**46,331**	**729,466**
Deficit on Provision of Services	**180,071**	**(157,681)**	**22,390**

6 Critical Judgements in Applying Accounting Policies

In applying the Accounting Policies set out in pages 36 to 56, the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

Service Concessions

An examination of the Authority's contracts has resulted in the assets associated with Private Finance Initiative (PFI) schemes for Schools, Street Lighting, Housing, Dudley/Shiremoor Joint Service Centres and Whitley Bay Joint Service Centre being recorded on the Authority's Balance Sheet.

The contract for Waste Management does not meet the criteria under International Financial Reporting Interpretations Committee (IFRIC) 12 and therefore is not included on the Balance Sheet.

Pension Fund Guarantors

The Authority, together with the other Tyne & Wear Councils, is guarantor to the Tyne & Wear Pension Fund in respect of employees of the North East Regional Assembly and the Association of North East Councils. The Tyne & Wear authorities also act collectively as guarantors for the pension liabilities of the North East Regional Employers Organisation (NEREO), Disability North and Percy Hedley.

The authorities involved have agreed with the Pension Fund administrators that if any of the above bodies should cease operating then any pension deficit would be repaid over an agreed repayment period. In the unlikely event of any of these bodies failing, the Authority's share of the potential pension deficit (18%) would need to be considered as part of the overall financial position of that body.

Management have considered the requirements under IAS39 (Financial Instruments: Recognition and Measurement) in respect of these arrangements and it is not felt that they meet the criteria to be included on the Authority's Balance Sheet on the grounds of materiality and unlikely event of the bodies ceasing to exist.

The Authority also acts as guarantor for the following organisations where TUPE (Transfer of Undertakings, Protection of Employment) arrangements of staff have taken place:

- Capita;
- EQUANS; and
- Lovell Partnership Limited (now Morgan Sindall).

Each of these organisations have acquired a bond to protect the Pension Fund against costs that might arise should their contract with the Authority cease prematurely.

The Authority would be liable for any liability in excess of the level of the bond. Management have considered the requirements under IAS39 in respect of these arrangements, and it is not felt that they meet the criteria to be included on the Authority's Balance Sheet on the grounds of materiality and unlikely event of the bodies ceasing to exist.

7 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 Authority about the future, or which are otherwise inherently uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Authority's Balance Sheet at 31 March 2024, for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties
Property, Plant & Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. Assets are valued, in accordance with Royal Institute of Chartered Surveyors (RICS) valuation standards, involving the use of a number of estimation techniques including various property indices. These can be volatile at times and may result in valuation changes from year to year. The gross book value (GBV) of the Authority's portfolio is £1,091m as at 31 March 2024. A 1% change in asset valuation would equate to a £10.911m change in the GBV. Any change in valuation would also result in a change in depreciation charges. A 1% change in depreciation charges would equate to a £0.262m movement. See Note 19 for more details on PPE.
Fair Value measurement	When the fair values of financial assets and financial liabilities cannot be measured based on quoted prices in active markets (i.e. Level 1 inputs), their fair value is measured using valuation techniques (e.g. quoted prices for similar assets or liabilities in active markets or the discounted cash flow (DCF) model). Where possible, the inputs to these valuation techniques are based on observable data, but where this is not possible judgement is required in establishing fair values. These judgements typically include considerations such as uncertainty and risk. However, changes in the assumptions used could affect the fair value of the authority's assets and liabilities. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels (for investment properties) and discount rates – adjusted for regional factors.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Pension Fund engages a firm of specialist actuaries to provide the Authority with expert advice about the assumptions to be applied. See Note 9 page 74 for details of sensitivity analysis of the estimations.

Provisions	The Authority has made a number of provisions, in line with the Code, totalling £8.133m. The provisions include estimated insurance liabilities, equal pay, redundancies, and business rates. Since the introduction of the Business Rates Retention Scheme effective from 1 April 2013, Local Authorities are liable for successful appeals against business rates charged to businesses in 2023/24 and earlier financial years in their proportionate share. Therefore, a provision has been recognised for the best estimate of the amount that businesses have been overcharged up to 31 March 2024. The estimate has been calculated using the latest Valuation Office (VAO) ratings list of appeals and the analysis of successful appeals to date when providing the estimate of the total provision up to and including 31 March 2024. A provision of £3.861m has been set up in recognition of this. See Note 28.

8 Leasing

Operating leases – Authority as Lessee

The Authority leases a number of buildings on short-term leases which are classified as operating leases. The total rentals payable in 2023/24 were £3.711m (£3.532m in 2022/23).

Undischarged operating lease rentals at 31 March 2024 amounted to £67.329m (£69.576m in 2022/23), comprising the following elements:

31 March 2023 £000s		31 March 2024 £000s
3,555	Due Year 1	3,770
14,530	Due Years 2-5	15,398
51,491	Due after Year 5	48,161
69,576	**Total**	**67,329**

Schools within the Borough use plant and equipment which are financed under the terms of operating leases. These are not included in the above figures on the grounds of materiality.

Operating leases – Authority as Lessor

The Authority has granted a number of leases to organisations (commercial and community) for the use of Council-owned buildings and land. These leases have been accounted for in 2023/24 as being operating leases and the total rental income was £2.703m (£2.467m in 2022/23). The future minimum lease payments expected to be received are:

31 March 2023 £000s		31 March 2024 £000s
2,400	Due Year 1	2,628
3,662	Due Years 2-5	4,036
24,683	Due after Year 5	25,796
30,745	**Total**	**32,460**

9 Pension Schemes

Pension schemes accounted for as defined contribution schemes

Teachers employed by the Authority are members of the Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE). The Scheme provides teachers with specified benefits upon their retirement, and the Authority contributes towards the costs by making contributions based on a percentage of members' pensionable salaries.

The Scheme is a multi-employer defined benefit scheme. The scheme is unfunded and the DfE uses a notional fund as the basis for calculating the employers' contribution rate paid by local authorities.

The Scheme has in excess of 3,700 participating employers and consequently the Authority is not able to identify its share of the underlying financial position and performance of the scheme with sufficient reliability for accounting purposes. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

In 2023/24, the Authority paid £15.955m (£15.375m 2022/23) to Teachers' Pensions in respect of teachers' retirement benefits, representing 23.68% of pensionable pay (23.68% 2022/23). The contributions due to be paid in the next financial year are estimated to be £19.500m (average).

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers' scheme. These costs are accounted for on a defined basis and are detailed later in this note.

Participation in pension schemes

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

The Authority participates in two post-employment schemes:

- The Tyne & Wear Pension Fund (TWPF), administered locally by South Tyneside Council – this is a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Revalued Earnings scheme.

  Details of the benefits earned over the period covered by this note are set out in 'The Government Pension Scheme (LGPS) Regulations 2013' and 'The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014'. The funded nature of the LGPS requires the employer and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension liabilities with investment assets.

  The last actuarial valuation was at 31 March 2022 and the contributions to be paid until 31 March 2024 resulting from that valuation are set out in the Fund's Rates and Adjustment Certificate;

- 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 is no investment assets built up to meet these pension liabilities and cash has to be generated to meet actual pension payments as they eventually fall due.

The TWPF pension scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pension committee of South Tyneside Council. Policy is determined in accordance with the Pensions Fund Regulations.

Risks associated with the Fund in relation to accounting

Asset volatility – the liabilities used for accounting purposes are calculated using a discount rate set with reference to corporate bond yields. If assets underperform this yield will create a deficit in the accounts. The Fund holds a significant proportion of growth assets which while expected to outperform corporate bonds in the long term creates volatility and risk in the short term in relation to the accounting figures.

Changes in bond yield – a decrease in corporate bond yields will increase the value placed on the liabilities for accounting purposes although this will be marginally offset by the increase in the assets as a result.

Inflation risk – the majority of the pension liabilities are linked to either pay or price inflation. Higher inflation expectations will lead to a higher liability value. The assets are either unaffected or loosely correlated with inflation meaning that an increase in inflation will increase the deficit.

Life expectancy – the majority of the Fund's obligations are to provide benefits for the life of the member following retirement, so increases in life expectancy will result in an increase in the liabilities.

Discretionary post-retirement benefits

Discretionary post-retirement benefits on early retirement are an unfunded defined benefit arrangement, under which liabilities are recognised when awards are made. There are no plan assets built up to meet these pension liabilities.

Transactions relating to post-employment benefits

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

The following transactions have been charged to the Comprehensive Income and Expenditure Statement (CIES) during the year:

Pension Revenue Summary	2022/23 £000s				2023/24 £000s			
	TWPF		TPS*	Total	TWPF		TPS*	Total
	Funded	Unfunded			Funded	Unfunded		
Comprehensive Income & Expenditure Statement								
Cost of Services								
Current Service Costs	56,230	0	0	56,230	29,280	0	0	29,280
Past Service Costs	80	0	0	80	110	0	0	110
Gain (loss) from Settlement	0	0	0	0	(890)	0	0	(890)
Financing and Investment Income and Expenditure								
Net Interest Expense	8,680	500	1,120	10,300	(1,860)	730	1,630	500
Total Post Employment Benefit Charged to the Surplus/Deficit on the Provision of Services	64,990	500	1,120	66,610	26,640	730	1,630	29,000
Other Post Employment Benefit charged to CIES								
Remeasurement of the net defined benefit liability comprising:								
Return on plan assets (excluding the amount included in the net interest expense)	41,800	0	0	41,800	(3,870)	0	0	(3,870)
Actuarial (gains)/losses arising on changes in demographic assumptions	0	(60)	(520)	(580)	(17,990)	(420)	(840)	(19,250)
Actuarial (gains)/ losses arising on changes in financial assumptions	(558,960)	(3,260)	(8,540)	(570,760)	(37,540)	(180)	(500)	(38,220)
Actuarial (gains)/losses due to liability experience	113,220	1,650	3,770	118,640	12,690	(140)	(1,050)	11,500
Net Increase in assets / liabilities from disposals/acquisitions	0	0	0	0	1,550	0	0	1,550
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	(403,940)	(1,670)	(5,290)	(410,900)	(45,160)	(740)	(2,390)	(48,290)

*This is an unfunded scheme as detailed on page 74.

Pension Revenue Summary	2022/23 £000s				2023/24 £000s			
	TWPF		TPS*	Total	TWPF		TPS*	Total
	Funded	Unfunded			Funded	Unfunded		
Movement in Reserves Statement								
Reversal of net charges made to the surplus/deficit for the Provision of Services for post-employment benefits	(64,990)	(500)	(1,120)	(66,610)	(26,640)	(730)	(1,630)	(29,000)
Actual amount charged against the General Fund Balance for pensions in the year								
Employers contributions payable to the scheme	22,580	1,580	2,680	26,840	24,190	1,650	2,790	28,630
Retirement benefits payable to pensioners	(42,410)	1,080	1,560	(39,770)	(2,450)	920	1,160	(370)

*This is an unfunded scheme as detailed on page 74.

Pension assets and liabilities recognised in the balance sheet

The amount included in the Balance Sheet arising from the Authority's obligation in respect of its defined benefit plans is as follows:

	2022/23 £000s				2023/24 £000s			
	TWPF		TPS	Total	TWPF		TPS	Total
	Funded	Unfunded			Funded	Unfunded		
Present value of the defined benefit obligation	(1,136,990)	(16,390)	(36,040)	(1,189,420)	(1,148,100)	(14,730)	(32,490)	(1,195,320)
Fair Value of plan assets	1,165,750	0	0	1,165,750	1,219,570	0	0	1,219,570
Net (liability) or Asset arising from defined benefit obligation	28,760	(16,390)	(36,040)	(23,670)	71,470	(14,730)	(32,490)	24,250

Reconciliation of the movements in the fair value of scheme (plan) assets

	2022/23 £000s				2023/24 £000s			
	TWPF		TPS	Total	TWPF		TPS	Total
	Funded	Unfunded			Funded	Unfunded		
Opening fair value of scheme assets	1,187,650	0	0	1,187,650	1,165,750	0	0	1,165,750
Interest Income	31,910	0	0	31,910	55,050	0	0	55,050
Remeasurement gain/(loss):								
• The return on plan assets, excluding the amount included in the net interest expense	(41,800)	0	0	(41,800)	3,870	0	0	3,870
Contributions from employer	22,580	1,580	2,680	26,840	24,190	1,650	2,790	28,630
Contributions from employees into the scheme	7,230	0	0	7,230	8,300	0	0	8,300
Benefits paid	(41,820)	(1,580)	(2,680)	(46,080)	(47,550)	(1,650)	(2,790)	(51,940)
Net increase in assets from disposals/ acquisitions	0	0	0	0	15,750	0	0	15,750
Settlements	0	0	0	0	(5,790)	0	0	(5,790)
Closing fair value of scheme assets	1,165,750	0	0	1,165,750	1,219,570	0	0	1,219,570

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

Active members	36%
Deferred Pensioners	14%
Pensioners	50%

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

	2022/23				2023/24			
	TWPF		TPS	Total	TWPF		TPS	Total
	Funded £000s	Unfunded £000s	£000s	£000s	Funded £000s	Unfunded £000s	£000s	£000s
Opening balance at 1 April	(1,520,420)	(19,140)	(42,890)	(1,582,450)	(1,136,990)	(16,390)	(36,040)	(1,189,420)
Current Service Cost	(56,230)	0	0	(56,230)	(29,280)	0	0	(29,280)
Interest Cost	(40,590)	(500)	(1,120)	(42,210)	(53,190)	(730)	(1,630)	(55,550)
Contributions by participants	(7,230)	0	0	(7,230)	(8,300)	0	0	(8,300)
Remeasurement (gains) and losses:								
• Actuarial (gains)/losses arising from changes in experience assumptions	(113,220)	(1,650)	(3,770)	(118,640)	(12,690)	140	1,050	(11,050)
• Actuarial (gains)/losses arising from changes in demographic assumptions	0	60	520	580	17,990	420	840	19,160
• Actuarial (gains)/losses arising from changes in financial assumptions	558,960	3,260	8,540	570,760	37,540	180	500	38,220
Past Service Cost	(80)	0	0	(80)	(110)	0	0	(110)
Net increase in liabilities from disposals/acquisitions	0	0	0	0	(17,300)	0	0	(17,300)
Settlements	0	0	0	0	6,680	0	0	6,680
Net Benefits paid	41,820	1,580	2,680	46,080	47,550	1,650	2,790	51,940
Closing balance at 31 March	**(1,136,990)**	**(16,390)**	**(36,040)**	**(1,189,420)**	**(1,148,100)**	**(14,730)**	**(32,490)**	**(1,195,320)**

Local Government Pension Scheme assets comprised

The assets allocated to the employer in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence, there will be no significant restriction on realising assets if a large payment is required to be paid from the Fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole (based on data supplied by the Administering Authority) is shown in the disclosures split by quoted and unquoted investments.

The Administering Authority may invest a small proportion of the Fund's investments in the assets of some of the employers participating in the Fund if it forms part of their balanced investment strategy.

	Asset Split 31 March 2023 %	Asset Split 31 March 2024 %		
	Total	**Quoted**	**Unquoted**	**Total**
Equities	51.2	39.5	11.1	50.6
Property	10.5	0	10.4	10.4
Government Bonds	1.3	1.3	0	1.3
Corporate Bonds	19.5	19.5	0	19.5
Multi Asset Credit	4.5	4.6	0	4.6
Cash	1.8	0.7	0	0.7
Other*	11.2	0	12.9	12.9
Total Assets	**100.0**	**65.6**	**34.4**	**100**

*Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities.

Basis for estimating assets and liabilities

Both the Local Government Pension Scheme and discretionary benefits liabilities have been estimated by Aon Hewitt, an independent firm of actuaries. The latest actuarial valuation of the Authority's liabilities (in respect of the LGPS) took place as at 31 March 2022, whilst the latest actuarial valuation of the discretionary benefits took place as at 31 March 2024. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected unit credit method. The principal assumptions used by the actuary in updating the latest valuation of the Fund for IAS19 purposes were:

	TWPF		TPS	
	2022/23	2023/24	2022/23	2023/24
Mortality assumptions				
Longevity at 65 for current pensioners:				
• Men	21.6	21.0	21.6	21.0
• Women	24.6	24.2	24.6	24.2
Longevity at 65 for future pensioners:				
• Men	22.9	22.3	n/a	n/a
• Women	26.1	25.6	n/a	n/a

	TWPF Funded		TPS/TWPF Unfunded	
	2022/23	2023/24	2022/23	2023/24
Rate of Inflation (CPI)	2.7%	2.6%	2.7%	2.6%
Pensions accounts revaluation rate	2.7%	2.6%	n/a	n/a
Rate of increase in salaries	4.2%	4.1%	n/a	n/a
Rate of increase in pensions	2.7%	2.6%	2.7%	2.6%
Rate for discounting scheme liabilities	4.7%	4.8%	4.7%	4.8%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the tables above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption 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, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period. Sensitivity of unfunded benefits has not been included on materiality grounds. The impact on the Defined Benefit Obligation in the scheme is shown below:

	Increase in Assumption £000s	Decrease in Assumption £000s
Longevity (increase/decrease in 1 year)	(18,370)	18,370
Rate of increase in salaries (increase/decrease by 0.1%)	2,300	(2,300)
Rate of increase in pensions (increase/decrease by 0.1%)	16,070	(16,070)
Rate for discounting scheme liabilities (increase/decrease by 0.1%)	28,700	(28,700)

Commutation
Each member was assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre-2008 service) is 75% of the permitted maximum.

Asset and Liability Matching (ALM) strategy
The pensions committee of South Tyneside Council has agreed to an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The fund has matched assets to the pensions' obligations by investing in long-term fixed interest securities and index linked gilt edge investment with maturities that match the benefits payments as they fall due. This is balanced with a need to maintain the liquidity of the fund to ensure that it is able to make current payments. As is required by the pensions and (where relevant) investment regulations the suitability of various types of investment have been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (51.2% of scheme assets) and bonds (20.8%). The scheme also invests in properties as part of the diversification of the scheme's investments (10.5%). The ALM strategy is monitored annually or more frequently if necessary.

Impact on the Authority's cash flows
The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Authority has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the next 20 years. Funding levels are monitored on an annual basis. The most recent triennial valuation of the fund was carried out as at 31 March 2022.

The Authority anticipates to pay £24.04m expected contributions to the scheme in respect of LGPS in 2024/25, £0.067m in respect of unfunded benefits and also £1.49m for enhanced teachers' benefits. The weighted average duration of the defined benefit obligation for the LGPS scheme members is 16.2 years in 2023/24 (16.6 years 2022/23).

10 Other Operating Expenditure

The other operating expenditure shown in the Comprehensive Income & Expenditure Statement consists of:

2022/23 £000s		2023/24 £000s
12,296	Levies	13,027
(982)	(Gains)/Loss on the disposal of non-current assets	3,583
11,314	**Total**	**16,610**

11 Financing and Investment Income and Expenditure

The financing and investment income & expenditure shown in the Comprehensive Income & Expenditure Statement consists of:

2022/23 £000s		2023/24 £000s
24,717	Interest payable and similar charges	25,479
10,300	Net Interest Expense Pensions	500
(969)	Interest receivable and similar income	(1,963)
(92)	Income & expenditure in relation to Investment Properties and changes in their fair value	3
33,956	**Total**	**24,019**
0	Intra-group transactions to be excluded	0
33,956		**24,019**

12 Taxation and Non-Specific Grant Income

The taxation and non-specific grant income shown in the Comprehensive Income & Expenditure Statement consists of:

2022/23 £000s		2023/24 £000s
(110,828)	Council Tax Income	(116,783)
(26,036)	Retained Business Rates	(29,437)
(20,505)	Business Rates Top Up	(20,692)
(15,160)	Non-Ringfenced Government Grants	(15,289)
(30,422)	Capital Grants, Contributions & Donated Assets	(33,552)
(202,951)	**Total**	**(215,753)**

13 Grants and Contributions Income

The Authority credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24.

2022/23 £000s		2023/24 £000s
	Non-Ringfenced Government Grants	
(11,797)	Revenue Support Grant	(13,284)
(3,363)	Local Services Support Grant	(2,005)
(15,160)		(15,289)
	Capital Grants and Receipts in Advance	
(5,114)	Department for Education	(8,609)
(882)	North East Local Enterprise Partnership (NELEP) – Local Growth Fund	0
(3,219)	Local Transport Plan	(1,268)
(17)	English Heritage	0
(856)	Environment Agency	(4,728)
(105)	Department for Business, energy & Industrial Strategy	0
(9,937)	Transforming Cities Fund	(11,023)
(341)	Brownfield Housing Fund	(1,772)
(890)	Department for Levelling Up, Housing & Communities	(2,763)
(1,404)	Active Travel Fund	(240)
(1,022)	European Regional Development Fund	(62)
(5,330)	Section 106 Contributions	(484)
0	Arts Council Libraries Improvement Fund	(254)
(1,305)	Other Grants and Contributions (individually under £1.000m)	(2,349)
(30,422)		(33,552)

The Authority has received a number of grants, contributions and donations that have yet to be recognised as income as they have conditions attached to them that would require the monies to be returned to the provider if they are not met. The balances at the year-end are as follows:

31 March 2023 £000s		31 March 2024 £000s
	Contributions and Donations in advance	
(11,423)	Section 106 Agreements	(10,037)
(48)	Other Grants & Contributions (individually under £1.000m)	0
(11,471)	**Total**	**(10,037)**

31 March 2023 £000s		31 March 2024 £000s
	Revenue Grants & Contributions Receipt in Advance	
(169)	Other Grants & Contributions (individually under £1.000m)	(176)
(169)	**Total**	**(176)**

The following grants and contributions were credited to the Comprehensive Income and Expenditure Statement within the Cost of Services in 2023/24.

2022/23 £000s		2023/24 £000s
	Credited to Services	
(167,211)	Dedicated Schools Grant	(167,088)
(24,313)	Mandatory Rent Allowances Benefit	(25,176)
(19,691)	Rent Rebates Benefit	(20,305)
(13,372)	Private Finance Initiative	(13,372)
(12,970)	Public Health Grant	(13,393)
(11,902)	Continuing Health Care Contributions	(12,041)
(9,546)	Pupil Premium Grant	(9,841)
(7,898)	Post 16 Education Grant	(8,397)
(9,579)	Improved Better Care Fund Grant	(9,579)
(1,700)	New Homes Bonus	(625)
(594)	Section 31 Children's Grant	(742)
(852)	Teachers' Pension Grant	(450)
(1,413)	Department for Education	(1,790)
(19,151)	Small Business Rate Relief Grant	(16,199)
(6,217)	Contributions	(5,317)
(1,538)	Physical Education (PE) & Sport	(1,935)
(1,066)	Assessed & Supported Year in Employment	(381)
(10,480)	Adult Social Care Support Grant	(17,005)
(811)	Housing Benefit Administration Grant	(673)

2022/23 £000s		2023/24 £000s
	Credited to Services	
(215)	Teachers Pay Grant	(1,621)
(1,344)	Adoption Reform Grant	(1,425)
(794)	Tackling Troubled Families Grant	(838)
(3,390)	Schools Block Supplementary Grant	(4,073)
0	Support for Schools in Financial Difficulty	(1,868)
0	Market Sustainability & Fair Cost of Care	(2,983)
0	Gateway Team, Welfare Assistance & Contact Centre	(1,398)
0	Poverty Intervention Fund (PIF)	(1,966)
0	Unaccompanied Asylum Seeking Children (UASC)	(1,295)
(1,811)	COVID-19 Recovery Premium Schools Grant	(3,458)
(3,220)	Household Support Grant	(3,220)
0	Ukrainian Refugee Support	(2,948)
(16,943)	Other Grants & Contributions (Individually Under £1.000m)	(17,053)
(348,021)	**Total**	(368,455)

14 Officers' Remuneration

This disclosure note is split into two categories: employees and Senior Officers. Table 1 shows employees whose remuneration, excluding employer's pension contributions, was £50,000 or more. Table 2 sets out details of Senior Officers (by post title) whose salary is between £50,000 and £170,000.

A Senior Officer is defined as any person having responsibility for the management of the Authority, to the extent that the person has power to direct or control the major activities of the Authority, in particular activities involving the expenditure of money, whether solely or collectively with other persons. In North Tyneside Council this is deemed to be the Senior Leadership Team.

Table 3 provides details of exit packages. The packages included within each band are those that have been agreed by the Authority. The agreement may be legal, contractual or constructive at the end of the financial year. The costs include all relevant redundancy costs including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.

Table 1

2022/23				2023/24		
APT&C	**LEA Teachers**	**Total**	**Remuneration Band**	**APT&C**	**LEA Teachers**	**Total**
85	12	**97**	£50,000 - £54,999	119	24	**143**
36	11	**47**	£55,000 - £59,999	50	15	**65**
26	6	**32**	£60,000 - £64,999	42	7	**49**
26	4	**30**	£65,000 - £69,999	22	6	**28**
5	3	**8**	£70,000 - £74,999	17	5	**22**
6	4	**10**	£75,000 - £79,999	7	1	**8**
2	4	**6**	£80,000 - £84,999	6	5	**11**
0	1	**1**	£85,000 - £89,999	3	3	**6**
0	0	**0**	£90,000 - £94,999	2	0	**2**
3	0	**3**	£95,000 - £99,999	3	1	**4**
1	0	**1**	£100,000 - £104,999	1	0	**1**
0	2	**2**	£105,000 - £109,999	0	0	**0**
0	0	**0**	£110,000 - £114,999	0	1	**1**
0	0	**0**	£115,000 - £119,999	0	1	**1**
190	**47**	**237**	**Total**	**272**	**69**	**341**

The above figures include any payments made to individuals in respect of redundancy payments. These payments are included as per the Code's definition of remuneration. This table does not include those senior officers detailed in Table 2 below.

Key
APT&C – Administrative, Professional, Technical & Clerical
LEA – Local Education Authority

Table 2

This table sets out the remuneration disclosures for Senior Officers.

2023/24

Post Holder Information (2023/24)	**Salary (including Fees & Allowances) £**	**Bonuses £**	**Expense Allowances £**	**Benefits in Kind (e.g. Car Allowance) £**	**Total Remuneration excluding Pension Contributions £**	**Pension Contributions £**	**Total Remuneration including Pension Contributions £**
Chief Executive (Paul Hanson)	168,104	0	0	0	168,104	30,763	**198,867**
Assistant Chief Executive	107,757	0	0	0	103,969	19,720	**127,477**
Director of Children's Services [1]	116,799	0	0	0	57,386	20,529	**137,328**
Director of Adult Services [1]	116,799	0	0	0	116,799	21,374	**138,173**
Director of Housing	107,274	0	0	0	107,274	19,631	**126,905**
Director of Environment	102,894	0	0	0	102,894	18,830	**121,724**
Director of Commissioning and Asset Management[2]	77,171	0	0	0	77,171	14,122	**91,293**
Director of Resources	116,799	0	0	0	116,799	21,374	**138,173**
Director of Regeneration and Economic Development	102,894	0	0	0	102,894	18,830	**121,724**
Director of Public Health	102.894	0	0	0	102,894	14,796	**117,690**
Total	**1,119,385**	0	0	0	**1,119,385**	**119,968**	**1,319,353**

[1] Interim roles for Director of Children's Services and Director of Adults Services made permanent in July 2023.
[2] Director of Commissioning & Asset Management left the Authority on 31/12/23.

2022/23

Post Holder Information (2022/23)	Salary (including Fees & Allowances) £	Bonuses £	Expense Allowances £	Benefits in Kind (e.g. Car Allowance) £	Total Remuneration excluding Pension Contributions £	Pension Contributions £	Total Remuneration including Pension Contributions £
Chief Executive (Paul Hanson)	162,419	0	0	0	162,419	32,159	**194,578**
Assistant Chief Executive	103,969	0	0	0	103,969	20,586	**124,555**
Director of Health, Education, Care and Safeguarding	80,756	0	0	0	80,756	12,367	**93,123**
Interim Director of Children's Services [1]	57,386	0	0	0	57,386	11,363	**68,749**
Interim Director of Adults Services [1]	57,386	0	0	0	57,386	11,363	**68,749**
Director of Housing	103,646	0	0	0	103,646	20,522	**124,168**
Director of Environment	99,414	0	0	0	99,414	19,684	**119,098**
Director of Commissioning and Asset Management	99,414	0	0	0	99,414	19,684	**119,098**
Director of Resources [2]	25,997	0	0	0	25,997	5,147	**31,144**
Director of Resources [2]	73,109	0	0	0	73,109	14,475	**87,584**
Director of Regeneration and Economic Development	99,414	0	0	0	99,414	19,684	**119,098**
Director of Public Health	99,414	0	0	0	99,414	14,296	**113,710**
Total	**1,062,324**	0	0	0	**1,062,324**	**201,330**	**1,263,654**

[1] In 2022/23 the Director of Health, Education, Care and Safeguarding left the Authority on 30/09/2022. This role has been split into two posts; the Interim Director of Children's Services and the Interim Director of Adults Services, with both appointments starting on 01/10/2022.
[2] In 2022/23 the Director of Resources left the Authority on 31/07/2022 and a new Director of Resources started on 08/08/2022.

Table 3
The number of exit packages with total cost per band and total cost of the compulsory and other redundancies are set out in the table below.

Exit package cost band (including special payments) (a)	Number of compulsory redundancies (b)		Number of other departures agreed (c)		Total number of exit packages by cost band (b) + (c)		Total cost of exit packages in each band £000s	
£	**2022/23**	**2023/24**	**2022/23**	**2023/24**	**2022/23**	**2023/24**	**2022/23**	**2023/24**
£0 - £20,000	0	6	4	4	4	10	27	58
£20,001 - £40,000	0	1	5	2	5	3	141	77
£40,001 - £60,000	0	0	0	1	0	1	0	42
£60,001 - £80,000	0	1	0	1	0	2	0	135
£80,001 - £100,000	1	0	0	0	1	0	95	0
£100,001 - £150,000	0	0	0	0	0	0	0	0
Total	**1**	**8**	**9**	**8**	**10**	**16**	**263**	**312**

There is a reserve for redundancy payments of £1.318m (£1.485m 2022/23) (see Note 32) which is not included in the table above.

15 Members' Allowances and Expenses

Total allowances paid to Members during the year were as follows:

2022/23 £000s		2023/24 £000s
668	Basic Allowances	651
172	Special Responsibility Allowances	151
3	Expenses	2
843	**Total**	**804**

16 Related Party Transactions

The Authority is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority 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 Authority.

Central Government has effective control over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax bills, housing benefits). Grants received from government departments are set out in Note 5 Nature of Expenses and in Note 13 Grants and Contributions Income.

Members of the Council have direct control over the Authority's financial and operating policies. The total of Members' allowances paid in 2023/24 is shown in Note 15. During 2023/24, the Authority had no material dealings with companies in which one or more Members have an interest. However, the Authority paid grants and other sums totalling £15.406m to voluntary and other statutory bodies in which 32 Member interests have been declared (£8.357m in 2022/23). The grants were made with proper consideration of declarations of interest. The relevant Members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interest open to public inspection at Law and Governance Services, Quadrant, The Silverlink North, Cobalt Business Park, North Tyneside, NE27 0BY.

2 Members of the Council declared an interest in relation to Northumberland Healthcare NHS Trust, 2023/24 payments totalled £4.814m (2022/23 £3.965m).

1 Member of the Council declared an interest in relation to North Tyneside Carers' Centre, 2023/24 payments of £0.431m (2022/23 £0.310m).

1 Member of the Council declared an interest in relation to North Tyneside Citizens Advice Bureau, 2023/24 payments totalled £0.418m (2022/23 £0.565m).

1 Member of the Council declared an interest in relation to Northumberland Inshore Fisheries and Conservative Authority, 2023/24 payments totalled £0.157m (2022/23 £0.154m)

2 Members of the Council declared an interest in relation to North East Regional Employers Organisation Executive Committee, 2023/24 payments totalled £0.216m (2022/23 £0.249m)

1 Member of the Council declared an interest in relation to Cumbria, Northumberland, Tyne and Wear NHS Foundation Trust Council of Governors, 2023/24 payments totalled £2.653m (2022/23 £2.778m)

1 Member of the Council declared an interest in relation to Benton Dene Primary School, 2023/24 payments totalled £0.076m (2022/23 £0.000m)

1 Member of the Council declared an interest in relation to Greenfield Community Primary School, 2023/24 payments totalled £0.074m (2022/23 £0.000m)

2 Members of the Council declared an interest in relation to Tyne & Wear Fire and Rescue Authority, 2023/24 payments totalled £6.488m

Officers – no related party transactions were declared in 2023/24, (no related party transactions in 2022/23).
Other public bodies – The Authority has a pooled budget arrangement with North Tyneside Clinical Commissioning Group. Details are outlined in Note 37.

Entities controlled or significantly influenced by the Authority – Details of where the Authority has an interest in active companies are shown in Note 23.

North of Tyne Combined Authority (NoTCA) – 19 Members of the Authority serve as members of NoTCA boards. During 2023/24 the Authority paid a transport levy of £12.597m (£11.881m in 2021/22).

North Tyneside Trading Company (NTTC) is materially significant to the overall financial position of the Authority and has therefore been consolidated into the Group Accounts.

17 Audit Costs

In 2023/24 the Authority incurred the following fees relating to external audit:

2022/23 £000s		2023/24 £000s
250	Fees payable to the appointed auditor under the Local Audit and Accountability Act 2014	256
9	Fees payable for the certification of grant claims and returns	39
0	Additional Fee Work	0
259	Total Authority fees payable	**295**
18	Fees payable to external audit with regard to audit services for North Tyneside Trading Company Group	24
277	Total Group costs	**319**

18 Long Term Contracts – Service Concessions

The Service Concessions entered into by the Authority are three Private Finance Initiative (PFI) Schemes – Schools for the Future, Street Lighting (joint with Newcastle City Council) and North Tyneside Living, and two Local Improvement Finance Trusts (LIFT) to provide Joint Service Centres at Dudley and Whitley Bay.

Schools PFI Scheme
2023/24 was the twenty first year of a thirty year PFI contract for the construction, maintenance, and operation of four schools in the Borough. The contract specifies minimum standards for the services to be provided, with deductions from the fee payable made if facilities are unavailable or performance is below minimum standards. The contractor, Kajima North Tyneside Limited, took on the obligation to construct and maintain the plant and equipment required to operate the schools. The buildings and any plant and equipment installed in them will transfer to the Authority for nil consideration at the end of the contract.

The schools involved in the scheme are Burnside Community High School, Coquet Park First School, Marine Park First School and Western Community Primary School.

Street Lighting PFI Scheme
2023/24 was the twentieth year of a twenty five year PFI contract for the replacement, maintenance, and operation of street lighting provision in the Borough. The contract specifies minimum standards for the services to be provided, with deductions from the fee payable made if facilities are unavailable or performance is below minimum standards. The contractor took on the obligation to replace and maintain the assets required to operate the street lighting across the Borough. The assets will transfer to the Authority for nil consideration at the end of the contract. The operator is Scottish and Southern Electric Contracting.

North Tyneside Living – Housing PFI Scheme
2023/24 was the eleventh year of a twenty eight year PFI contract for the construction/ refurbishment, maintenance, and operation of twenty six sheltered accommodation schemes in the Borough. The contract specifies minimum standards for the services to be provided, with deductions from the fee payable made if facilities are unavailable or performance is below minimum standards. The contractor, Solutions for North Tyneside, took on the obligation to construct and maintain the building, plant and equipment required to operate the schemes. The assets will transfer back to the Authority for nil consideration at the end of the contract.

Dudley Joint Service Centre (LIFT)
2023/24 was the seventeenth year of a twenty five year Local Improvement Finance Trust (LIFT) contract for the construction, maintenance, and operation of a joint service centre at Dudley. The contract specifies minimum standards for the services to be provided, with deductions from the fee payable made if facilities are unavailable or performance is below minimum standards. The contractor, Newcastle & North Tyneside LIFTCo, took on the obligation to construct and maintain the building, plant and equipment required to operate the joint service centre. At the end of the twenty five year contract, the Authority has the right to purchase the building, plant, and equipment from the operator.

Whitley Bay Joint Service Centre (LIFT)
2023/24 was the twelfth year of a twenty five year Local Improvement Finance Trust (LIFT) contract for the construction, maintenance, and operation of a joint service centre at Whitley Bay. The contract specifies minimum standards for the services to be provided, with deductions from the fee payable made if facilities are unavailable or performance is below minimum standards. The contractor, Newcastle & North Tyneside LIFTCo, took on the obligation to construct and maintain the building, plant and equipment required to operate the joint service centre. At the end of the twenty five year contract, the Authority has the right to purchase the building, plant, and equipment from the operator.

Property, Plant and Equipment
The assets used to provide the services listed above are recognised on the Authority's Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, Plant and Equipment balance in Note 19.

Payments
The Authority makes an agreed payment under each contract each year, all of which increase each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but which is otherwise fixed. Payments remaining to be made under the contracts at 31 March 2024 (excluding any estimation of inflation and availability/performance deductions) are on the following page:

2022/23 Total £000s		Payment for Services £000s	Reimbursement of Capital Expenditure £000s	Interest £000s	Lifecycle £000s	2023/24 Total £000s
19,523	Payable in one year	12,420	5,101	7,187	1,297	26,005
81,802	Payable within 2-5 yrs	52,427	24,130	25,117	5,191	106,865
78,413	Payable within 6-10 yrs	33,574	29,976	22,353	6,417	92,320
50,491	Payable within 11-15 yrs	17,726	25,577	12,251	4,512	60,066
31,942	Payable within 16-20 yrs	8,570	17,842	2,679	2,560	31,651
262,171	**Total**	**124,717**	**102,626**	**69,587**	**19,977**	**316,907**

Although the payments made to the various contractors are described as unitary payments, they have been calculated to compensate the contractors for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The total of the liabilities outstanding to the contractors for the capital expenditure is as follows:

2022/23 £000s		2023/24 £000s
105,361	Balance outstanding at start of year	102,889
(3,946)	Payments made during the year	(4,919)
1,474	Additional liabilities incurred in the year	3,002
102,889	**Balance outstanding at year-end**	**100,972**

The overall balance of £100.972m is split long term £95.871m and short term £5.101m. The £4.919m in the above table relates to debt repayment, paying off the debt on the assets.

There have been no renewals or terminations of the above schemes during 2023/24. There have been no material changes in the arrangements with operators of any of the existing schemes during the year.

19 Property, Plant and Equipment
Council Position

2023/24	Council Dwellings £000s	Other Land & Buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant & Equipment £000s	PFI Assets included in Property, Plant & Equipment £000s
Cost or Valuation								
1 April 2023	**690,606**	**258,063**	**35,747**	**8,457**	**3,790**	**25,198**	**1,021,861**	**126,911**
Additions	28,714	5,393	3,842	0	246	21,943	60,138	676
Revaluation increases/(decreases) recognised in the Revaluation Reserve	13,741	21,997	0	0	216	0	35,954	252
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	7,197	(11,501)	0	0	(285)	0	(4,589)	(1,776)
Derecognition - Disposals	(4,167)	(5,228)	(2,963)	0	(1,620)	0	(13,978)	0
Derecognition - Other	0	(4,111)	0	0	0	0	(4,111)	(947)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0
Other movements in Cost or Valuation	0	17,328	0	0	(1,095)	(20,410)	(4,177)	0
At 31 March 2024	**736,091**	**281,941**	**36,626**	**8,457**	**1,252**	**26,731**	**1,091,098**	**125,116**

	Council Dwellings £000s	Other Land & Buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant & Equipment £000s	PFI Assets included in Property, Plant & Equipment £000s
Accumulated Depreciation & Impairments								
1 April 2023	**(68)**	**(13,360)**	**(22,290)**	**(761)**	**(414)**	**0**	**(36,893)**	**(2,741)**
Depreciation charge	(14,247)	(8,346)	(3,609)	(15)	(17)	0	(26,234)	(3,269)
Depreciation written out to the Revaluation Reserve	9,025	2,751	0	0	45	0	11,821	540
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	5,164	1,554	0	0	0	0	6,718	1,298
Impairment (losses)/ reversals recognised in the Revaluation Reserve	0	82	0	0	35	0	117	0
Impairment (losses)/ reversals recognised in the (Surplus)/Deficit on the Provision of Services	0	(127)	0	0	350	0	223	0
Derecognition – Disposals	126	0	2,950	0	0	0	3,076	947
Derecognition - Other	0	152	13	0	0	0	165	0
Other movements in Depreciation & Impairment	0	0	0	0	0	0	0	0
At 31 March 2024	**(0)**	**(17,294)**	**(22,936)**	**(776)**	**(1)**	**0**	**(41,007)**	**(3,225)**
Net Book Value								
At 31 March 2024	736,091	264,647	13,690	7,696	1,251	26,731	1,050,091	121,891
At 31 March 2023	690,538	244,703	13,457	7,696	3,376	25,198	984,968	124,170

2022/23	Council Dwellings £000s	Other Land & Buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant & Equipment £000s	PFI Assets included in Property, Plant & Equipment £000s
Cost or Valuation								
1 April 2022	**675,219**	**246,293**	**34,393**	**8,439**	**3,493**	**14,253**	**982,090**	**124,684**
Additions	24,969	6,292	2,904	18	387	21,004	55,574	1,217
Revaluation increases/(decreases) recognised in the Revaluation Reserve	(5,350)	1,764	0	0	0	0	(3,586)	161
Revaluation increases/(decreases) recognised in the (Surplus)/Deficit on the Provision of Services	(80)	29	0	0	0	0	(51)	955
Derecognition - Disposals	(5,643)	0	0	0	(90)	0	(5,733)	0
Derecognition - Other	0	0	(1,550)	0	0	0	(1,550)	(106)
Assets reclassified (to)/from Held for Sale	0	0	0	0	0	0	0	0
Other movements in Cost or Valuation	1,491	3,685	0	0	0	(10,059)	(4,883)	0
At 31 March 2023	**690,606**	**258,063**	**35,747**	**8,457**	**3,790**	**25,198**	**1,021,861**	**126,911**

	Council Dwellings £000s	Other Land & Buildings £000s	Vehicles, Plant, Furniture & Equipment £000s	Community Assets £000s	Surplus Assets £000s	Assets Under Construction £000s	Total Property, Plant & Equipment £000s	PFI Assets included in Property, Plant & Equipment £000s
Accumulated Depreciation & Impairments								
1 April 2022	**0**	**(4,802)**	**(19,717)**	**(746)**	**(12)**	**0**	**(25,277)**	**(1,134)**
Depreciation charge	(14,621)	(7,328)	(4,123)	(15)	(17)	0	(26,104)	(3,519)
Depreciation written out to the Revaluation Reserve	12,998	344	0	0	0	0	13,342	422
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	1,384	221	0	0	0	0	1,605	1,384
Impairment (losses)/ reversals recognised in the Revaluation Reserve	0	38	0	0	0	0	38	0
Impairment (losses)/ reversals recognised in the (Surplus)/Deficit on the Provision of Services	0	(1,833)	0	0	(385)	0	(2,218)	0
Derecognition – Disposals	171	0	0	0	0	0	171	0
Derecognition - Other	0	0	1,550	0	0	0	1,550	106
Other movements in Depreciation & Impairment	0	0	0	0	0	0	0	0
At 31 March 2023	**(68)**	**(13,360)**	**(22,290)**	**(761)**	**(414)**	**0**	**(36,893)**	**(2,741)**
Net Book Value								
At 31 March 2023	690,538	244,703	13,457	7,696	3,376	25,198	984,968	124,170
At 31 March 2022	675,219	241,491	14,676	7,693	3,481	14,253	956,813	123,550

Infrastructure Assets

Movements on balances

In accordance with the temporary relief offered by the Update to the Code on infrastructure assets this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements. The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2022/23		2023/24	
	Infrastructure Assets	**PFI Included in Infrastructure Assets**	**Infrastructure Assets**	**PFI Included in Infrastructure Assets**
	£000	£000	£000	£000
Net Book Value at 1 April	178,609	15,289	185,278	17,028
Additions	9,146	2,692	12,534	5,048
Derecognition	0	0	0	0
Depreciation	(7,360)	(953)	(7,682)	(237)
Impairment	0	0	0	0
Other movements in cost	4,883	0	3,083	0
Net Book Value at 31 March	**185,278**	**17,028**	**193,213**	**21,839**

	31-Mar-23	**31-Mar-24**
	£000	£000
Infrastructure Assets	185,278	193,213
Other PPE Assets	984,968	1,050,091
Total PPE Assets	**1,170,246**	**1,243,304**

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

The following statement shows progress of the Authority's rolling programme for the revaluation of Property, Plant & Equipment. The basis for valuation is set out in the Statement of Accounting Policies (page 37).

	Council Dwellings £000s	Other Land & Buildings £000s	Surplus Assets £000s	Total £000s
Valued at current value as at:				
2020/21	0	10,195	0	10,195
2021/22	0	118,602	515	119,117
2022/23	0	59,679	0	59,679
2023/24	736,090	93,451	736	830,277
Gross Book Value	**736,090**	**281,927**	**1,251**	**1,019,268**

<u>Split of Council Dwellings</u>

Sheltered Housing Accommodation	72,587
Housing with Multiple Occupants	2,509
Homeless Units	928
General Housing Stock	660,066
Total	**736,090**

(i) General Housing Stock within Council Dwellings are valued at current cost less a reduction of 44% for Social Housing use:

	£000s
Vacant Possession Value (General Housing Stock only) at 31 March 2024	1,500,149
Social Housing Adjustment	(840,084)
Net Book Value after Adjustment for Social Housing	**660,066**

Note 44 provides more details of the housing stock.

Property, Plant and Equipment – Group Position

2022/23	Total Property, Plant and Equipment £000s
Net Book Value	
Authority - Total Property, Plant and Equipment	1,170,246
North Tyneside Trading Company (NTTC)	10,626
At 31 March 2023	**1,180,872**

2023/24	Total Property, Plant and Equipment £000s
Net Book Value	
Authority - Total Property, Plant and Equipment	1,243,304
North Tyneside Trading Company (NTTC)	12,592
At 31 March 2024	**1,255,896**

The 2023/24 NTTC values consists of property £12.569m and land £0.023m (2022/23 property £10.603m, land £0.023m).

20 Assets Held for Sale

31 March 2023 £000s		31 March 2024 £000s
335	Balance at 1 April	**335**
0	Assets newly classified as Held for Sale	1,095
0	Assets Sold	(265)
335	Balance at 31 March	**1,165**

The above assets have been measured on the Balance sheet at fair value using the following valuation techniques:

Input Level in Fair Value Hierarchy	Valuation Technique used to measure Fair Value	31 March 2023 Fair Value £000s	31 March 2024 Fair Value £000s
Level 3	Measurement technique uses significant unobservable inputs to determine the fair value measurements.	335	1,165

21 Summary of Capital Expenditure and Sources of Finance

2022/23 £000s		2023/24 £000s
606,746	**Opening Capital Financing Requirement**	**598,863**
	Capital Investment	
64,719	Property, Plant & Equipment	72,673
1,916	Share Capital	1,328
293	Intangible Assets	1,605
265	Heritage Assets	243
0	Capital Loans	500
12,918	Revenue Expenditure Funded from Capital Under Statute	13,193
80,111		**89,542**
	Sources of Finance	
(443)	Capital Receipts	(2,734)
(3,031)	Capital Receipts Set Aside	(2,627)
(39,896)	Government Grants and Other Contributions	(39,298)
(15,663)	Major Repairs Reserve	(15,691)
(11,842)	Direct Revenue Contributions	(12,680)
(17,119)	Minimum Revenue Provision	(15,357)
(87,994)		**(88,387)**
598,863	**Closing Capital Financing Requirement**	**600,017**
	Explanation of Movements in Year	
(3,104)	(Decrease)/Increase in underlying need to borrow (supported by Government financial assistance)	(3,104)
(378)	(Decrease)/Increase in underlying need to borrow (unsupported by Government financial assistance)	6,176
(4,401)	Movement in Assets acquired under PFI or similar Contracts	(1,918)
(7,883)	**(Decrease)/ Increase in Capital Financing Requirement**	**1,154**

22 Capital Commitments

Council approved the General Fund Investment Plan and the Housing Investment Plan for 2024-2029 on 15 February 2024. The current contractually committed schemes contained within the approved Plan comprise of:

31 March 2023 £000s		31 March 2024 £000s
768	Central Services	526
441	Children's & Education Services	677
1,165	Leisure Services	694
4,663	Environment & Regulatory Services	1,848
10,834	Highways & Transport	8,445
433	Housing Services	1,604
101	Planning	153
18,405		**13,947**

Major schemes within the above totals include:

	£000s
Street Lighting PFI	1,194
HRA Housing Services	1,268
Active Travel Seafront Scheme	2,905
Transforming Cities – Embankment Walkway	2,641

23 Long Term Investments

31 March 2023 £000s		31 March 2024 £000s
9,825	£1 Ordinary shares in Newcastle Airport Local Authority Holding Company Ltd	9,825
12,424	£1 Ordinary shares in North Tyneside Trading Company	11,752
0	Kier North Tyneside Limited – 200 £1 “A” ordinary shares	0
22,249	**Long Term Investments - Authority**	**21,577**
(12,424)	Intra group investments excluded	**(11,752)**
9,825	**Long Term Investments - Group**	**9,825**

Newcastle Airport Local Authority Holding Company Ltd

The Council redesignated its Newcastle Airport equity instrument, previously held as available for sale assets under IAS39, as fair value through other comprehensive income under IFRS9 classifications in 2018/19. This decision protects Council taxpayers from any future movements in the value of these shareholdings until such time as the shares are sold or released. In the Balance Sheet the £10.784m previously held in the available for sale reserve, in respect of Newcastle Airport, was released and taken to the Financial Instruments Revaluation Reserve.

Under the Airport Act 1986, Newcastle International Airport Limited (NIAL) was formed and seven local authorities were allocated shares in consideration for all the property, rights and liabilities that were transferred into the new company. In consideration of this transfer the Authority received shares in NIAL.

On 4 May 2001, the seven local authority shareholders of NIAL (the 'LA7') created NIAL Holdings Ltd which is 51% owned by the LA7 and 49% owned by InfraBridge Investors(UK) Ltd following their purchase on 16 November 2012. The 51% holding is held in the Newcastle Airport Local Authority Holding Company Ltd, a company wholly owned by the seven authorities. The Newcastle Airport Local Authority Holding Company Ltd has a called-up share capital of 10,000 shares with a nominal value of £1 each. North Tyneside Council holds a 12.41% interest in the company valued at £9.825m (£9.825m in 2022/23). The shares are not held for trading outside of the LA7.

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

Through its shares in Newcastle Airport Local Authority Holding Company Limited the Authority has an effective shareholding of 6.33% in Newcastle International Airport Limited (and the group companies of NIAL Group Limited and NIAL Holdings Limited). The principal activity of Newcastle International Airport Ltd (Registered No 2077766) is the provision of landing services for both commercial and freight operators.

No dividend was received for the year ended 31 December 2023 (£0.000 was received for the year ended 31 December 2022).

Members of the LA7, excluding North Tyneside Council, entered into a loan agreement with NIAL Group Limited in 2012/13, issuing £67.665m shareholder loan notes.

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

Significant Observable Inputs – Level 3

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

Trading of shares only takes place when one or more of the LA7 or InfraBridge Investors (UK) Ltd wishes to sell their shareholding.

A request for a copy of NIAL Group Limited accounts should be made in writing to the following address:
Head of Finance, South Tyneside Council, Town Hall and Civic Offices, Westoe Road, South Shields, Tyne and Wear, NE33 2RL.

Kier North Tyneside Limited

A contract with Kier North Tyneside Limited was established in September 2009, to deliver the housing and public building maintenance, housing programmed works and general capital works for North Tyneside Council. The Authority has a 20% holding in Kier North Tyneside Limited as a long-term investment (200 £1 "A" ordinary shares).

Kier North Tyneside Limited was incorporated on 8 June 2009 and started a contract with the Authority on 6 September 2009 which ran to 31 March 2019. The Authority decided not to grant the optional 5 year contract extension and the services transferred back to the Authority on 1 April 2019.

The Authority received a dividend of £0.000m during 2023/24 (£0.000m in 2022/23) from Kier North Tyneside Limited.

North Tyneside Trading Company (NTTC) & Subsidiaries

The Authority has three live and two dormant trading companies at present:

• North Tyneside Trading Company Limited is the parent company for Aurora Affordable Homes and Aurora Properties (Sale) Limited.

• North Tyneside Trading Company (Development) Limited (no. 09651100) was incorporated in 2015 in order to deliver part of the Authority's affordable homes programme. The company constructed 13 properties in 2016/17 and has since purchased a further 98 properties on the open market in line with its purchasing strategy. All the homes are rented out at affordable rents. The company is now trading as Aurora Affordable Homes.

• Aurora Properties (Sale) Limited (no. 10690739) was incorporated in 2017 with the aim of providing homes for sale on the open market. It completed its first project in 2018/19 at Wallington Court with its second project at the Avenue site (Empress Point) in Whitley Bay now complete and its third project at Northumberland Square in 2020/21. All properties have been sold. The Company does not have any further development projects planned at present.

• North Tyneside Trading Company (Consulting) Limited (no. 08326801) was incorporated in 2012 with the objective to provide services to other public bodies, and any other customers (whether public bodies or not) as considered appropriate; it is currently dormant.

• Aurora Properties (Rental) Limited (no. 10645895) was incorporated in 2017 with the aim of providing homes to be let at a market rent; it is currently dormant.

Funding for the purchase and construction of homes is provided by the Authority in the form of equity, which NTTC then passes on as equity funding to its subsidiaries. In addition, Aurora Properties (Sale) Limited also receives loan funding directly from the Authority during the construction period of projects: these loans were fully repaid by January 2022.

In 2023/24, 1,328,000 £1 ordinary shares were purchased in NTTC by the Authority which in turn purchased £1,328,000 of equity in North Tyneside Trading Company (Development) Limited. In addition, 2,000,000 shares in NTTC were cancelled, as were 2,000,000 shares in Aurora Properties (Sale) Limited; the £2,000,000 represented by these shares was repaid by Aurora Properties (Sale) Limited to NTTC, and then in turn by NTTC to the Authority.

A dividend of £0.000m was received for the year ended 31 March 2024 (£0.000m was received for the year ended 31 March 2023).

The Code of Practice requires local authorities with interests in subsidiaries, associates and joint ventures to produce group accounts in addition to their single entity financial statements where their interest is considered material. NTTC is materially significant to the overall financial position of the Authority and has therefore been consolidated into the group accounts.

Audited financial statements for the North Tyneside Trading Company and subsidiaries for their accounting period ending 31 March 2024 will be freely available from the Companies House website in due course; previous years audited financial statements are already available.

24 Short Term Debtors

This table shows the amounts owed to the Authority for which payments have not been received by 31 March 2024, but which should be repaid within one year. The figures below are net of impairment allowances set aside.

31 March 2023 £000s		31 March 2024 £000s
14,954	Central Government Bodies	10,544
6,275	Other Local Authorities	8,979
9,624	NHS Bodies	10,306
51,468	Other Entities and Individuals	56,720
82,321	**Total Authority Debtors**	**86,549**
38	Debtors – North Tyneside Trading Company	17
0	Intra-group debtors to be excluded	(184)
82,359	**Total Group Debtors**	**86,382**

This year the Authority set aside a sum of £25.753m (£24.816m 2022/23) to cover bad and doubtful debts. Of this £6.834m (£6.798m 2022/23) relates to the General Fund, £5.633m (£5.207m 2022/23) relates to the Housing Revenue Account and £13.286m (£12.811m 2022/23) relates to the Collection Fund.

25 Cash and Cash Equivalents

31 March 2023 £000s		31 March 2024 £000s
67	Cash held by the Authority	83
15,738	Schools Cash at Bank	13,011
(15,471)	Bank Current Accounts	(19,467)
22,500	Short term deposits	4,000
22,834	**Total Authority Cash and Cash Equivalents**	**(2,373)**
2,013	Cash & Cash Equivalents – North Tyneside Trading Company	238
24,847	**Total Group Cash and Cash Equivalents**	**(2,135)**

26 Short Term Borrowing

31 March 2023 £000s		31 March 2024 £000s
(6,850)	Public Works Loans Board (PWLB)	(5,000)
(25,097)	Market Loans (including other local authorities)	(14,104)
(159)	Lender's Option Borrower's Option (LOBO)	(10,000)
(32,106)	**Total**	**(29,104)**

27 Short Term Creditors

The table below shows an analysis of the Authority's creditors as at the 31 March 2024.

31 March 2023 £000s		31 March 2024 £000s
(12,393)	Central Government Bodies	(7,344)
(346)	Other Local Authorities	(1,267)
(2,933)	NHS Bodies	(2,777)
(39,463)	Other Entities and Individuals	(48,731)
(55,135)	**Total Authority Creditors**	**(60,119)**
(246)	Creditors – North Tyneside Trading Company	(491)
0	Intra group creditors to exclude	184
(55,381)	**Total Group Creditors**	**(60,426)**

28 Provisions

Provisions have been made for known liabilities uncertain as to the amount or timing, in compliance with IAS37.

	Long Term	Short Term	
	Estimated Insurance Liabilities (a) £000s	General Provisions (b) £000s	Total £000s
Balance at 1 April 2022	**(3,698)**	**(9,527)**	**(13,225)**
Additional provisions made	0	0	0
Amounts written off	0	28	28
Amounts used	548	2,399	2,947
Balance at 31 March 2023	**(3,150)**	**(7,100)**	**(10,250)**

	Long Term	Short Term	
	Estimated Insurance Liabilities (a) £000s	General Provisions (b) £000s	Total £000s
Balance at 1 April 2023	**(3,150)**	**(7,100)**	**(10.250)**
Additional provisions made	0	(713)	(713)
Amounts written back	0	0	0
Amounts used	0	2,830	2,830
Balance at 31 March 2024	**(3,150)**	**(4,983)**	**(8,133)**

(a) Provision for Estimated Insurance Liabilities

The provision includes estimated figures for known claims against the Insurance Reserve. Due to the varied nature of these claims it is not practicable to set out expected timings of individual claims.

(b) General Provisions

The main element of the general provision relates to Business Rates Appeals of £3.864m.

The provision in relation to Business Rates arises from the localisation of Business Rates which became effective from the 1st April 2013. The Authority has set aside a provision for any potential liabilities as a result of business rate payers' appeals against rateable valuations.

Long term provisions have not been discounted as this adjustment is not expected to have a material impact on the Accounts.

29 Long Term Borrowing

The Authority's total outstanding debt repayable over 12 months as at 31 March 2024 is a principal of £383.443m. The following table analyses the debt by lender and maturity:

31 March 2023 £000s		31 March 2024 £000s
	(a) by lender category	
(378,443)	Public Works Loan Board (PWLB)	(373,443)
0	Market Loans (including other local authorities)	0
(20,000)	Lender's Option Borrower's Option (LOBO) – Commerzbank	(10,000)
(398,443)		**(383,443)**
	(b) by maturity	
(10,000)	Maturing between 1 and 2 years	(5,000)
(23,575)	Maturing between 2 and 5 years	(29,575)
(44,900)	Maturing between 5 and 10 years	(40,000)
(319,968)	Maturing more than 10 years	(308,868)
(398,443)		**(383,443)**

30 Long Term Creditors

The table below shows an analysis of the Authority's creditors as at 31 March 2024.

31 March 2023 £000s		31 March 2024 £000s
0	Central Government Bodies	0
(1,727)	Other Entities and Individuals	(1,735)
(1,727)	**Total**	**(1,735)**

31 Useable Reserves

31 March 2023 £000s		31 March 2024 £000s
(59,694)	General Fund Balances and Reserves (See Note 32)	(40,997)
(27,462)	Housing Revenue Account Balance and Reserves (See Note 32)	(28,285)
(16,192)	Capital Receipts Reserve	(24,385)
(7,185)	Major Repairs Reserve	(5,741)
(14,335)	Capital Grants Unapplied	(15,449)
(124,868)	**Total Authority Useable Reserves**	**(114,857)**
(12,553)	Useable Reserves – North Tyneside Trading Company	(11,857)
12,424	Intra group transactions	11,752
(124,997)	**Total Group Useable Reserves**	**(114,962)**

31 (a) General Fund Balance including Earmarked Reserves Balances

The General Fund is the statutory fund into which all the receipts of the Authority are required to be paid and out of which all liabilities of the Authority are met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payment should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice.

The General Fund Balance therefore summarises the resources that the Authority is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Authority is required to recover) at the end of the financial year. Note 32 provides more details on the Authority's reserves and balances position.

31 (b) Housing Revenue Account Balance including Reserves

The Housing Revenue Account balance reflects the statutory obligation to maintain a revenue account for local authority housing provision in accordance with Part VI of the Local Government and Housing Act 1989. It contains the balance of income and expenditure as defined by the 1989 Act that is available to fund future expenditure in connection with the Council's landlord function or (where in deficit) that is required to be recovered from tenants in future years. The Housing Revenue Account Income and Expenditure Statement is shown on pages 151 to 152.

31 (c) Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. There is also an option to use these receipts to finance certain revenue expenditure under the flexible use of capital receipts guidance. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

31 (d) Major Repairs Reserve (MRR)

The Authority is required to maintain the Major Repairs Reserve, which controls an element of the capital resources limited to being used on capital expenditure on HRA assets or the financing of historical capital expenditure by the HRA. The balance shows the capital resources that have yet to be applied at the year-end. See page 156 for details of the reserve.

31 (e) Capital Grants Unapplied

The Capital Grants Unapplied Account holds the grants and contributions received towards capital projects for which the Authority has met the conditions that would otherwise require repayment of the monies, but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

32 Reserves & Balances

2023/24

	Balance 1 April 2023 £000s	Transfers out 2023/24 £000s	Transfers in 2023/24 £000s	Balance 31 March 2024 £000s
General Fund Balances				
School Balances (Net deficit)	382	4,416	0	4,798
General Fund	(7,000)	0	0	(7,000)
Total General Fund Balances	(6,618)	4,416	0	(2,202)
General Fund Reserves				
Strategic Reserve	(6,345)	387	0	(5,958)
Insurance Reserve	(7,398)	2,212	0	(5,186)
General Fund PFI Reserve	(5,308)	1,655	(397)	(4,051)
Support Change Fund Programme	(2,447)	1,303	0	(1,144)
Redundancy & Remuneration Reserve	(1,485)	167	0	(1,318)
Schools PFI Lifecycle costs (capital)	(1,652)	0	(312)	(1,964)
Public Health Grant	(1,464)	1,464	(621)	(621)
Business Rates; NoTCA Growth	(1,841)	1,841	0	0
Education Change Reserve	(1,094)	66	0	(1,028)
Section31 - Covid-19 Business Rates Relief Additional Grant	(3,972)	3,972	0	0
Business Rates Volatility Fund	(1,113)	1,113	0	0
MRP Reserve	(5,893)	5,893	0	0
Ukraine Refugee Grant	0	0	(2,189)	(2,189)
Waste Procurement Reserve	(987)	34	(170)	(1,123)
Dedicated Schools Grant	0	0	(4,511)	(4,511)
General Fund Reserves (individually under £1.000m)	(7,065)	1,864	(744)	(5,945)
General Fund Other Grants (individually under £1.000m)	(5,011)	3,439	(2,180)	(3,752)
Total General Fund Reserves	(53,075)	25,410	(11,124)	(38,789)
Total General Fund Balances & Reserves	**(59,693)**	**29,826**	**(11,124)**	**(40,991)**

	Balance 1 April 2023 £000s	Transfers out 2023/24 £000s	Transfers in 2023/24 £000s	Balance 31 March 2024 £000s
HRA Balances & Reserves				
HRA Balances	(3,315)	250	0	(3,065)
North Tyneside Living PFI Reserve	(15,141)	588	(353)	(14,906)
Housing PFI Lifecycle Costs	(6,520)	585	(805)	(6,740)
Vehicle Replacement Reserve	(900)	0	(388)	(1,288)
HRA Reserves (individually under £1.000m)	(1,586)	866	(1,565)	(2,285)
Total HRA Balances & Reserves	(27,462)	1,165	(3,111)	(28,284)
Total Balances & Reserves	**(87,155)**	**30,992**	**(14,240)**	**(69,275)**

2022/23	Balance 1 April 2022 £000s	Transfers out 2022/23 £000s	Transfers in 2022/23 £000s	Balance 31 March 2023 £000s
General Fund Balances				
School Balances	(3,398)	3,780	0	382
General Fund	(7,000)	0	0	(7,000)
Total General Fund Balances	(10,398)	3,780	0	(6,618)
General Fund Reserves				
Strategic Reserve	(14,426)	8,081	0	(6,345)
Insurance Reserve	(8,328)	930	0	(7,398)
Covid 19 Local Authority Support Grant	(1,384)	1,384	0	0
Support Change Fund Programme	(4,497)	2,050	0	(2,447)
Street Lights PFI Reserve	(4,467)	3,000	(141)	(1,608)
Redundancy & Remuneration Reserve	(1,525)	40	0	(1,485)
Schools PFI Lifecycle costs (capital)	(2,232)	876	(296)	(1,652)
Education PFI Reserve	(3,747)	3,212	0	(535)
Dudley & Shiremoor Joint Service Centres	(1,967)	367	(238)	(1,838)
Whitley Bay CFC PFI Reserve	(1,433)	230	(129)	(1,332)
Public Health Grant	(957)	992	(1,499)	(1,464)
Education Funding Agency	(1,094)	1,095	(168)	(167)
Business Rates Support Top Up	(3,118)	3,118	0	0
Local Restriction Support Grant	(2,684)	2,684	0	0
Additional Restrictions Grant	(202)	202	0	0
Contain Outbreak Management	(1,578)	1,578	(127)	(127)
Business Rates; NoTCA Growth	(1,841)	0	0	(1,841)
Education Change Reserve	(1,094)	0	0	(1,094)
Section 31 COVID 19 Business Rates Relief Grant	(1,074)	0	(2,898)	(3,972)
Business Rates Volatility Fund	(1,113)	0	0	(1,113)
Minimum Revenue Provision Reserve	(5,893)	0	0	(5,893)
General Fund Reserves (individually under £1.000m)	(7,685)	2,356	(1,736)	(7,065)
Other Grants (individually under £1.000m)	(4,873)	2,160	(2,986)	(5,699)
Total General Fund Reserves	(77,212)	34,355	(10,218)	(53,075)
Total General Fund Balances & Reserves	(87,610)	38,135	(10,218)	(59,693)

	Balance 1 April 2022 £000s	Transfers out 2022/23 £000s	Transfers in 2022/23 £000s	Balance 31 March 2023 £000s
HRA Balances & Reserves				
HRA Balances	(3,501)	186	0	(3,315)
North Tyneside Living PFI Reserve	(13,117)	363	(2,387)	(15,141)
Housing PFI Lifecycle Costs	(5,889)	174	(805)	(6,520)
HRA Reserves (individually under £1.000m)	(2,296)	442	(632)	(2,486)
Total HRA Balances & Reserves	(24,727)	1,739	(1,815)	(24,803)
Total Balances & Reserves	(112,413)	39,300	(14,042)	(87,155)

Purpose of main General Reserves

Reserve	Purpose
General Fund PFI Reserve	Provides a mechanism which takes account of projected cash-flows in the PFI contract to smooth the impact of unitary charge increases on the revenue budget.
Insurance Reserve	Risks covered by the reserve are fire, employer and third-party liability, contract guarantee bonds, motor cars, personal accident.
North Tyneside Living PFI	Set up to smooth the impact of unitary charge increases on the revenue budget.
Redundancy & Remuneration Reserve	Reserve to meet the potential cost of redundancies arising from the Change Programme.
Schools PFI Lifecycle Costs	Provides a mechanism to reflect the costs of replacing items of equipment over the life of the contract. It doesn't represent additional cash available and lifecycle costs are paid for through the payment to the PFI contractor.
Strategic Reserve	Established to address future potential significant external pressures on the Authority's budget.
Support for Change Fund Programme	Reserve to support the implementation of the Change Programme.
Section 31 Business Rates Relief	S31 grant provided by Government to cover losses local authorities faced as a result of the additional Business Rates reliefs offered to businesses during the pandemic.
Housing PFI Lifecycle Costs	Established to provide a mechanism to reflect the costs of replacing items of equipment over the life of the contract. It doesn't represent additional cash available and lifecycle costs are paid for through the payment to the PFI contractor.
Waste Procurement Reserve	Reserve to support the costs associated with the Authority's waste management contracts.

33 Unuseable Reserves

31 March 2023 £000s		31 March 2024 £000s
(165,175)	Revaluation Reserve	(201,124)
(425,782)	Capital Adjustment Account	(463,355)
1,102	Financial Instruments Adjustment Account	1,067
23,670	Pensions Reserve	(24,250)
(407)	Deferred Capital Receipts Reserve	(403)
(1,866)	Collection Fund Adjustment Account	213
8,582	Accumulated Absences Account	9,284
(9,591)	Financial Instruments Revaluation Reserve	(9,591)
8,341	Dedicated Schools Adjustment Account	12,851
(561,126)	**Total Unuseable Reserves**	**(675,307)**

33(a) Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

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

2022/23 £000s		2023/24 £000s	
(159,111)	**Balance at 1 April**		**(165,175)**
(30,348)	Upward revaluation of assets	(58,937)	
20,554	Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	11,000	
(9,794)	Surplus on revaluation of non-current assets not posted to the Surplus on the Provision of Services		(47,937)
3,640	Difference between fair value depreciation and historical cost depreciation	4,002	
90	Accumulated gains on assets sold or scrapped	7,986	11,988
3,730	Amount written off to the Capital Adjustment Account		
(165,175)	**Balance at 31 March**		**(201,124)**

33(b) Capital Adjustment Account

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

The Account is credited with the amounts set aside by the Authority as finance for the costs of acquisition, construction and enhancement. 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 Adjustments between Accounting Basis and Funding Basis under Regulations Statement (Note 3) provides details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

2022/23 £000s		2023/24 £000s	
(387,742)	**Balance at 1 April**		**(425,782)**
	Reversal of items relating to capital expenditure debited or credited to the CIES		
36,297	Charges for depreciation & impairment of non-current assets	35,296	
(2,168)	Revaluation losses/(gains) on Property, Plant & Equipment	(3,691)	
1,076	Amortisation of intangible assets	818	
12,918	Revenue expenditure funded from capital under statute	13,193	
(5,806)	Revenue expenditure funded from capital under statute (Grant Funded)	(6,862)	
5,562	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	17,113	
47,879			53,866
(3,730)	Adjusting amounts written out of the Revaluation Reserve		(11,988)
44,149	**Net written out amount of the cost of non-current assets consumed in the year**		**41,878**
	Capital financing applied in the year:		
(443)	Use of the Capital Receipts Reserve to finance new capital expenditure	(5,361)	
(15,663)	Use of the Major Repairs Reserve to finance new capital expenditure	(15,691)	
(20,716)	Capital grants & contributions credited to the CIES that have been applied to capital financing	(21,712)	
(13,372)	Application of grants to capital financing from the Capital Grants Unapplied Account	(10,726)	
(20,150)	Statutory and voluntary provision for the financing of capital investment charged against the General Fund and HRA balances	(15,357)	
(11,843)	Capital expenditure charged against the General Fund & HRA balances	(12,680)	(81,527)
(2)	Movements in the market value of investment Property debited or credited to the CIES		72
(425,782)	**Balance at 31 March**		**(463,360)**

33(c) Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the account to manage premiums and discounts paid or received on the early redemption of loans. Premiums are debited to the Comprehensive Income and Expenditure Statement when they are incurred but reversed out of the General Fund Balances to the account in the Movement in Reserves Statement.

Over time, the expense is posted back to the General Fund Balance in accordance with statutory arrangements for spreading the burden on Council Tax. In the Authority's case, this period is the unexpired term of the replacement loan. Discounts are credited to the Comprehensive Income and Expenditure Statement when they are received but reversed out of the General Fund Balances to the account in the Movement in Reserves Statement. Income is posted back to the General Fund Balance in accordance with statutory arrangements over the lesser of the unexpired period of the loan or 10 years.

2022/23 £000s		2023/24 £000s	2023/24 £000s
1,135	**Balance at 1 April**		1,102
(33)	Proportion of premiums incurred in previous financial years to be charged in accordance with statutory requirements	(33)	
0	Proportion of discounts received in previous financial years to be credited in accordance with statutory requirements	0	
(33)	Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements		(33)
1,102	**Balance at 31 March**		**1,069**

33(d) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Authority accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

However, statutory arrangements require benefits earned to be financed as the Authority makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. These statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

2022/23 £000s		2023/24 £000s
394,800	**Balance at 1 April**	23,670
(410,900)	Remeasurement of the net defined benefit liability	(48,290)
66,610	Reversal of net charges made to the surplus/deficit for the Provision of Services for post-employment benefits	29,000
(26,840)	Employer's pensions contributions and direct payments to pensioners payable in the year included in the Provision of Services	(28,630)
23,670	**Balance at 31 March**	**(24,250)**

33(e) <u>Deferred Capital Receipts Reserve</u>

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. Under statutory arrangements, the Authority does not treat these gains as useable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2022/23 £000s		2023/24 £000s
(410)	**Balance at 1 April**	(407)
3	Transfer to the Capital Receipts Reserve upon receipt of cash	4
(407)	**Balance at 31 March**	**(403)**

33(f) Collection Fund Adjustment Account

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

2022/23 £000s		2023/24 £000s
3,788	**Balance at 1 April**	(1,866)
(5,654)	Amount by which council tax income and non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from council tax income and non-domestic rates income calculated for the year in accordance with statutory requirements	2,079
(1,866)	**Balance at 31 March**	**213**

33(g) Accumulated Absences Account

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

2022/23 £000s		2023/24 £000s	2023/24 £000s
8,399	**Balance at 1 April**		8,582
463	Adjustment to the accrual required	2,075	
(280)	Adjustment to the debtor in respect of leave & flexi taken in advance	(1,372)	
183	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		703
8,582	**Balance at 31 March**		**9,285**

33(h) Financial Instruments Revaluation Reserve

The Financial Instrument Revaluation Reserve contains the gains and/ or losses made by the Authority arising from increases or decreases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

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

2022/23 £000s		2023/24 £000s
(9,591)	**Balance at 1 April**	**(9,591)**
0	Transfer from Available for Sale Reserve	0
0	Gain on revaluation of Financial Instrument	0
(9,591)	**Balance at 31 March**	**(9,591)**

33(i) Dedicated Schools Grant Adjustment Account

The Authority's expenditure on schools is funded by grant monies (the Dedicated Schools Grant (DSG)) which is provided by the Education Skills & Funding Agency (ESFA). The DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2018. The Schools Budget includes elements for a restricted range of educational services provided on an Authority wide basis and for the Individual Schools Budget (ISB), which is divided into a budget share for each school.

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

	Central Expenditure £000s	Individual Schools budget £000s	Total £000s
Final DSG for 2023/24 before Academy recoupment			(198,179)
High Needs direct funding deduction			0
Academy figure recouped for 2022/23			33,295
Total DSG after Academy recoupment for 2022/23			(164,884)
Brought forward from 2022/23			(4,511)
Agreed initial budgeted distribution in 2023/24	(39,042)	(130,353)	(169,395)
In year adjustments	(3,714)	0	(3,714)
Final budgeted distribution for 2022/23	(42,756)	(130,353)	(173,109)
Less actual central expenditure	30,714	0	30,714
Less actual ISB deployed to schools	0	137,885	137,885
In Year Carry forward to 2023/24	**(6,790)**	**2,280**	**(4,510)**
DSG unuseable reserve at the end of 2022/23			12,851
Addition to DSG reserve at the end of 2023/24			0
Total of DSG reserve at the end of 2023/24			**12,851**
Net DSG position at the end of 2023/24			**8,341**

Dedicated Schools Grant Management Plan

The ringfenced Dedicated Schools Grant (DSG) is received from the Government and administered by the Authority and is the main source of income for the schools budget. The DSG first fell into deficit during 2017/18 and it is an important element of the financial management of the Authority that the DSG is not in a deficit position. As a result, there has been action to address the deficit working collaboratively with Schools Forum although increasing numbers of children with special needs entering the education system has offset some of the progress.

These deficits have come under increasing scrutiny from the Department for Education (DfE) and in July 2022, the Authority was invited to apply to join the Safety Valve Intervention Programme. The programme required the Authority to submit a DSG Management Plan, describing what our forecasted cumulative deficit would be by 2027/28 and how we would achieve an in year balanced budget within that same five-year period. Where the DfE has confidence in the DSG Management Plan submitted, they will agree the additional funding necessary to remove the forecasted cumulative deficit at the end of the plan.

The Authority's DSG Management Plan, co-created with parents and carers, children and young people, and partners from across education, health, and care, was submitted in February 2023. This forecast a cumulative deficit in 2027/28 of £19.5m. The Authority's application was successful and on 15th March 2023, the DfE recorded in our Safety Valve Agreement that they would pay to the Authority £19.5m, subject to compliance with the conditions set in the agreement, namely that the Authority's cumulative deficit is in line with the forecast described.

Scheduled Safety Valve Payments

Year	Additional DfE payments
2022/23	£7.80m
2023/24	£1.95m
2024/25	£1.95m
2025/26	£1.95m
2026/27	£1.95m
2027/28	£3.90m

To support the implementation of the DSG Management Plan, the Authority also submitted a capital build proposal. The Authority has received £4.6m in June 2023 to support our capital investment programme. The Authority is required to submit a report three times per year, describing the progress that the Authority has made on delivery the DGS Management Plan and these reports currently confirm that the Authority remains on-track to deliver against the agreed plan.

34 Contingent Liabilities

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

Housing Revenue Account (HRA) Water Rates Collection

For well over 20 years the Authority has acted as a collection agent on behalf of Northumbrian Water Limited in respect of HRA tenants' water and sewerage charges. In return for this service the Authority has received an annual commission which has been treated as an income stream to the HRA. The treatment of this arrangement has been called into question due to a High Court ruling during 2015/16 (Jones v London Borough of Southwark) which ruled that Local Authorities collecting water rates via the HRA were doing so as a water supplier and not as an agent of the water supplier. This has potentially significant financial implications for those affected, both in terms of the agency fee and where action has been taken against rent arrears that could be deemed to include water rates. The Court of Appeal has subsequently concluded that local authorities were a water reseller rather than an agency, meaning that discounts to tenants should have been passed on. The Authority continues to assess and monitor the implications of any potential actions under this ruling and has put in place agreed contractual changes with Northumbrian Water Limited to clarify its role as a collection agent rather than a water supplier under current arrangements.

Capita NTC Technical Partnership

The Capita NTC Technical Partnership has been in place since 2012 and in each financial year prior to 2022/23 the Partnership managed all financial pressures in-year producing a nil variance outturn. In recent years the pressures on the contract have increased, requiring formal commercial discussions to take please to reach a settlement to balance the in-year position. Correspondence from Capita gave rise to significant concern from the Authority that there was a desire to deviate from prior precedents set, as such adding material risk to the outturn position of the Partnership in 2022/23. Further discussions took place and resulted in settlement of the 2022/23 position and the clearing of the 2022/23 debtor. The Authority and Capital are engaged in similar discussions in 2023/24. The Authority has included a debtor in its accounts of around £1.1m, which balances the Technical Partnership in the same manner as we have done collectively since

2017/18 but the same risk as in 2022/23 remains until the wider commercial discussions are completed.

Pension Fund Guarantors

The Authority, together with the other Tyne & Wear Councils, is guarantor to the Tyne & Wear Pension Fund in respect of employees of the North East Regional Assembly and the Association of North East Councils. The Tyne & Wear authorities also act collectively as guarantors for the pension liabilities of the North East Regional Employers Organisation (NEREO), Disability North and Percy Hedley.

The authorities involved have agreed with the Pension Fund administrators that if any of the above bodies should cease operating then any pension deficit would be repaid over an agreed repayment period. In the unlikely event of any of these bodies failing, the Authority's share of the potential pension deficit (18%) would need to be considered as part of the overall financial position of that body.

Management have considered the requirements under IAS39 (Financial Instruments: Recognition and Measurement) in respect of these arrangements and it is not felt that they meet the criteria to be included on the Authority's Balance Sheet on the grounds of materiality and unlikely event of the bodies ceasing to exist.

The Authority also acts as guarantor for the following organisations where TUPE (Transfer of Undertakings, Protection of Employment) arrangements of staff have taken place:

- Capita;
- ENGIE; and
- Lovell Partnership Limited (now Morgan Sindall).

Each of these organisations have acquired a bond to protect the Pension Fund against costs that might arise should their contract with the Authority cease prematurely. The Authority would be liable for any liability in excess of the level of the bond. Management have considered the requirements under IAS39 in respect of these arrangements, and it is not felt that they meet the criteria to be included on the Authority's Balance Sheet on the grounds of materiality and unlikely event of the bodies ceasing to exist.

School Construction Issues

During the year the Authority experienced unexpected challenges relating to a hitherto safe construction and concrete method in three of our maintained schools within the Borough. This has resulted in an urgent need to provide alternative accommodation to ensure the continuity of education provision and pupil safety. The Authority is arranging structural tests to understand the extent of the issue and we remain in dialogue with the Department for Education to develop a long-term solution, which is likely to require government support should the solution involve the need for significant remediation works or indeed a full rebuild of the affected schools.

35 School Balances

	Schools with Surpluses £000s	Schools with Deficits £000s	Net Surplus £000s
Balance at 1 April 2023	**(12,947)**	**13,329**	**382**
Net overspend/(underspend) during year	2,815	(268)	2,548
Balance at 31 March 2024	**(10,132)**	**13,061**	**2,930**

The above balances are committed to be spent solely on the Education Service of the Authority.

36 National Health Services Act 2006 Pooled Funds and similar arrangements

The Better Care Fund has been established by the Government to provide funds to local areas to support the integration of health and social care and to seek the achievement of national conditions and local objectives. It is a requirement of the Better Care Fund that North Tyneside Council establish a pooled fund for this purpose with the relevant health body. Until 30 June 2022 this health body was North Tyneside Clinical Commissioning Group. From 1 July 2022 the responsibility to establish a pooled fund for the Better Care Fund transferred to the North East and Cumbria Integrated Care Board.

The partners to this pooled fund arrangement are North Tyneside Council and the North East and North Cumbria Integrated Care Board (the Authority is the host partner). The pooled fund is subject to an agreement under Section 75 of the National Health Service Act 2006.

The aims and benefits of the partners in entering into this agreement are to:

- Improve the quality and efficiency of health and social care services in North Tyneside;
- Meet the national conditions and local objectives; and
- Make more effective use of resources through the establishment and maintenance of a pooled fund for revenue expenditure on the services.

For 2023/24, the North Tyneside Council Pooled contribution represents the Improved Better Care Fund Grant which is paid to the Authority on the condition that it is pooled in the local Better Care Fund Plan.

The capital elements of the Better Care Fund are non-pooled as they are financed by grant and all spend against them must comply with the grant conditions that make pooling impossible.

For accounting purposes, the Integrated Care Board and the Authority have agreed that joint control does not exist, and the Authority has only accounted for its share within the Comprehensive Income and Expenditure Statement.

2022/23 £000s		2023/24 £000s	2023/24 £000s
	Contributions		
1,869	North Tyneside Council (Non-Pooled)	2,032	
9,579	North Tyneside Council (Pooled)	9,578	
21,088	North Tyneside Clinical Commissioning Group (Pooled)	22,627	
32,536	**Total Contributions**		**34,237**
	Spend		
1,769	North Tyneside Council spend in year (Non-Pooled)		2,032
100	North Tyneside Council – grant carry forward (Non-Pooled)		0
23,651	North Tyneside Council spend in year (Pooled)		24,792
7,016	North Tyneside Clinical Commissioning Group spend in year (Pooled)		7,413
32,536	**Total Spend**		**34,237**

37 Financial Instruments

Financial Instruments are recognised on the Balance Sheet when the Authority becomes party to the contractual provisions of a financial instrument. They are classified based on the business model for holding the instruments and their expected cashflow characteristics.

Financial Liabilities
Financial liabilities are initially measured at fair value and subsequently measured at amortised cost. For the Authority's borrowing this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest).

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument.

Financial Assets
To meet Code requirements, financial assets are now classified into one of three categories:

(a) Financial assets held at amortised cost. These represent loans and loan-type arrangements where repayments or interest and principal take place on set dates and at specified amounts. The amount presented in the Balance Sheet represents the outstanding principal received plus accrued interest. Interest credited to the CIES is the amount receivable as per the loan agreement.

(b) Fair Value Through Other Comprehensive Income (FVOCI) – These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are accounted for through a reserve account, with the balance debited or credited to the CIES when the asset is disposed of.

(c) Fair Value Through Profit and Loss (FVTPL). These assets are measured and carried at fair value. All gains and losses due to changes in fair value (both realised and unrealised) are recognised in the CIES as they occur. The Authority has no assets classified as FVTPL during 2023/24.

Allowances for impairment losses have been calculated for amortised cost assets, applying the expected credit losses model. Changes in loss allowances (including balances outstanding at the date of derecognition of an asset) are debited/ credited to the Financing and Investment Income and Expenditure line in the CIES. The Authority has set aside £25.753m to cover bad and doubtful debts for debtors.

Changes in the value of assets carried at fair value are debited/credited to the Financing and Investment Income and Expenditure line in the CIES as they arise.

The value of debtors and creditors reported in the following table are solely those amounts meeting the definition of a financial instrument. The following categories of Financial Instrument are carried on the Balance Sheet:

	Long-term		Current	
	31 March 2023 £000s	**31 March 2024 £000s**	**31 March 2023 £000s**	**31 March 2024 £000s**
Financial Assets at Amortised Cost	0	0	15,000	0
Short Term Investments				
Debtors	2,044	1,334	37,439	43,702
Cash & Cash Equivalents	0	0	22,821	(2,373)
	2,044	1,334	75,260	41,329
Financial Assets – Fair Value through other Comprehensive Income				
Investments (Level 3)	22,249	21,577	0	0
Total Financial Assets	**24,293**	**22,911**	**75,260**	**41,329**
Financial Liabilities at Amortised Cost				
Loans principal	398,443	383,443	32,106	29,100
Loans accrued interest	0	0	3,106	3,075
Creditors	0	0	41,001	43,916
	398,443	383,443	76,213	76,091
Other Long-Term Liabilities				
PFI Schemes	100,659	95,871	4,919	5,101
Total Financial Liabilities	**496,414**	**479,314**	**81,132**	**81,192**

Financial instruments gains and losses

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

	2023/24			
	Financial Liabilities	Financial assets		Total
	Measured at amortised cost £000s	Measured at amortised cost £000s	Fair value through OCI&E £000s	£000s
Interest on loans	(14,650)	0	0	(14,650)
Interest on PFI Schemes	(10,674)	0	0	(10,674)
Total Interest Payable	(25,324)	0	0	(25,324)
Interest Income	0	1,327	0	1,327
Net loss/(gain) for the year	0	0	0	0
Dividend Received	0	0	0	0
Net (loss)/gain for the year	(25,324)	1,327	0	(23,997)

	2022/23			
	Financial Liabilities	Financial assets		Total
	Measured at amortised cost £000s	Loans and Receivables £000s	Fair value through OCI&E £000s	£000s
Interest on loans	(14,488)	0	0	(14,488)
Interest on PFI Schemes	(10,157)	0	0	(10,157)
Total Interest Payable	(24,645)	0	0	(24,645)
Interest Income	0	605	0	605
Net (loss)/gain for the year	0	0	0	0
Dividend Received	0	0	0	0
Net (loss)/gain for the year	(24,645)	605	0	(24,040)

Fair value of Financial Assets & Liabilities

Financial liabilities and financial assets classed at amortised cost and financial liabilities at amortised cost are carried in the Balance Sheet at amortised cost.
Their fair values can be estimated by calculating the present value of cash flows that will take place over the remaining term of the instruments.

31 March 2023			31 March 2024	
Carrying Amount £000s	**Fair Value £000s**		**Carrying Amount £000s**	**Fair Value £000s**
		Financial Assets at amortised cost		
15,000	15,000	Short Term Investments	0	0
39,483	39,483	Debtors	45,036	45,036
22,821	22,821	Cash and Cash Equivalents	(2,373)	(2,373)
77,304	77,304		42,663	42,663
		Financial Assets – Fair Value through other comprehensive income		
0	0	Cash and Cash Equivalents	0	0
0	0	Debtors	0	0
22,249	22,249	Investments*	21,577	21,577
0	0	**Financial Assets – Fair value through profit and loss**	0	0
0	0	Cash and Cash Equivalents	0	0
		Debtors		
22,249	22,249		21,577	21,577
99,553	**99,553**	**Total Financial Assets**	**64,240**	**64,240**
		Borrowings		
385,293	337,307	PWLB**	381,184	342,341
20,159	19,979	LOBO	20,162	17,855
25,097	25,097	Market Loans	14,271	14,271
430,549	**382,383**		**415,617**	**374,467**

31 March 2023 Carrying Amount £000s	31 March 2023 Fair Value £000s		31 March 2024 Carrying Amount £000s	31 March 2024 Fair Value £000s
41,001	41,001	**Creditors**	43,916	43,916
		Other Long-Term Liabilities		
		Service Concession and Finance lease liabilities		
102,890	102,890	PFI Schemes	100,972	100,972
574,440	**526,274**	**Total Financial Liabilities**	**560,505**	**560,505**

* The Authority holds a 6.33% share in Newcastle International Airport Limited. These shares are not traded in an active market. The fair value for Newcastle Airport has been assessed at 31 March 2024 based on a combination of the discounted cash flow of income method together with the guideline public company method of the market approach to valuations. The fair value of shares as at 31 March 2024 is £9.825m (2022/23 £9.825m). North Tyneside Trading Company is wholly owned by the Authority and these shares are not traded in an active market. The fair value shown above has been based on historic cost (cost of shares). Following review there is no evidence that we need to impair any of the value of the company. The value of the shares as at 31 March 2024 is £11.752m (2022/23 £12.424m).

**For loans from the Public Works Loans Board (PWLB), replacement rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.

PFI Liabilities are classified as Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Newcastle Airport – Level 3 inputs. The fair value for Newcastle Airport is based on a combination of the discounted cash flow of income method together with the guideline public company method of the market approach to valuations and other observable and unobservable factors. The last full valuation took place at 31 March 2022.

Fair Value of Financial Instruments Carried at Amortised Cost

Where investments and borrowings are not quoted on an active market a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount a net present value approach has been adopted, which provides an estimate of the value of payments in the future in today's terms as at the Balance Sheet date. The Authority's accounting policy uses early repayment rates to discount future cash flows. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (Level 2), using the following assumptions:

- For loans from the PWLB payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- For non-PWLB loans payable, PWLB premature repayment rates have been applied as proxy to provide the fair value under PWLB debt redemption procedures.
- For loans receivable prevailing benchmark market rates have been used to provide the fair value.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than twelve months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.

Nature and extent of risks arising from Financial Instruments

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

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

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

Credit risk

The Authority recognises expected credit losses on all its financial assets held at amortised cost or FVOCI, either on a 12 month or lifetime basis. Only lifetime losses are recognised for trade receivables (debtors) held by the Authority. Impairment losses are calculated to reflect expectations that the future cashflows might not take place because the borrower could default on their obligations. Credit risk plays an important role in assessing losses.

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Deposits are not made with banks and financial institutions unless they meet the Authority's minimum credit requirements. This is assessed using information on these institutions provided by our external Treasury Management advisors, assessing the credit risk of the counterparty and the duration of the investment. The Authority's lending policy is set out in the Annual Investment Strategy.

The Authority does not expect any losses from non-performance by any of its counterparties in relation to investments/ deposits. Exposures are managed in line with the approved Treasury Management Strategy Statement and Annual Investment Strategy. Any overnight excess of credit limits is reported to the Director of Resources.

Liquidity risk

As the Authority has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to raise finances to meet its commitments under financial instruments. Instead, the risk is that the Authority will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The Treasury Management Strategy is to continually review the profile of maturity dates so that it does not expose the Authority to undue risk by ensuring that a significant proportion of its borrowings do not mature at any one time.

The maturity structure of all financial liabilities, including borrowing, is as follows:

31 March 2023 £000s	Liabilities outstanding	31 March 2024 £000s
385,293	Public Works Loans Board	381,184
20,159	LOBO	20,162
25,097	Market Loans	14,271
41,001	Creditors	43,916
102,890	PFI liabilities	100,971
574,440		**560,505**
75,488	Less than 1 year	80,880
19,724	Between 1 and 2 years	10,141
67,413	Between 2 and 5 years	47,219
76,096	Between 5 and 10 years	69,976
335,719	More than 10 years	352,288
574,440		**560,505**

Market risk

Interest rate risk

The Authority is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have an impact on the Authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at fixed rates – the fair value of the borrowings will fall; and,
- Investments at fixed rates – the fair value of the assets will fall.

Borrowings and investments are not carried at fair value; so nominal gains and losses on fixed rate borrowings and investments would not impact on the Comprehensive Income and Expenditure Statement.

The Treasury Management Team has an active strategy for assessing interest rate exposure that feeds into the setting and monitoring of the annual budget. The budget is monitored bi-monthly during the year which allows any adverse changes to be accommodated. The analysis will also advise on whether new borrowing taken out is fixed or variable. Authorities are required to disclose the impact of interest rate changes on their financial assets and liabilities. Whilst there is provision in the Treasury Management Strategy for variable loans, no such loans were in place during 2023/24.

According to this investment strategy, as at 31 March 2024, if interest rates had been 1% higher with all other variables held constant, the financial effect would be:

31 March 2023 £000s		31 March 2024 £000s
(75)	Change in fair value of fixed rate investments	0
58,179	Increase in fair value of fixed rate borrowing liabilities (which does not have an impact on the Comprehensive Income and Expenditure Statement)	80,731

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

Price risk

The Authority does not generally invest in equity shares; consequently, it is not exposed to losses arising from movements in the prices of shares. However, the Authority has invested in North Tyneside Trading Company Limited as outlined in Note 23. The value of this investment is £11.752m and due to the nature of the investment it is deemed to be illiquid.

The Authority also holds an investment in Newcastle Airport Local Authority Holding Company Ltd which has been redesignated as fair value through Other Comprehensive Income & Expenditure under IFRS9 classifications. Further details can be found in Note 23.

Foreign exchange risk

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

Amounts arising from expected credit losses (Financial Assets at amortised cost)

Allowances for impairment losses have been assessed, applying the expected credit losses model. It has been concluded that expected credit losses are not material.

38 Notes to the Cash Flow – Operating Activities

The cash flows for operating activities include the following items:

Group 2022/23 £000s	Council 2022/23 £000s		Group 2023/24 £000s	Council 2023/24 £000s
856	856	Interest Received	1,963	1,963
(24,604)	(24,604)	Interest Paid	(28,585)	(28,585)

The surplus/deficit on the provision of services has been adjusted for the following non-cash movements:

Group 2022/23 £000s	Council 2022/23 £000s		Group 2023/24 £000s	Council 2023/24 £000s
33,464	33,464	Depreciation & Impairment	33,916	33,916
664	664	Revaluations	(2,036)	(2,306)
1,076	1,076	Amortisation of intangible assets	818	818
(31,378)	(31,272)	Increase/(Decrease) in Creditors	(60)	(126)
(2,327)	(2,366)	(Increase)/Decrease in Debtors	(1,369)	(1,573)
738	(162)	(Increase)/Decrease in Inventories	355	236
39,770	39,770	Movement in the Pension Liability	370	370
5,562	5,562	Carrying amount of non-current assets sold	15,113	15,113
(2,977)	(2,977)	Other non-cash items charged to the surplus/deficit on the provision of services	(2,045)	(2,045)
44,592	**43,759**		**44,792**	**44,403**

The surplus/deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

Group 2022/23 £000s	Council 2022/23 £000s		Group 2023/24 £000s	Council 2023/24 £000s
(6,549)	(6,549)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(11,550)	(11,550)
(23,392)	(23,392)	Any other items for which the cash effects are investing or financing cash flows	(27,413)	(27,413)
(29,941)	**(29,941)**		**(38,963)**	**(38,963)**

39 Notes to the Cash Flow – Investing Activities

Operating activities within the Cash Flow Statement include the following cash flows relating to investing activities.

Group 2022/23 £000s	Council 2022/23 £000s		Group 2023/24 £000s	Council 2023/24 £000s
(65,006)	(65,006)	Purchase of Property, Plant & Equipment, investment property and intangible assets	(70,825)	(68,874)
(1,916)	(1,916)	Purchase of short-and long- term investments	0	(1,328)
(332)	(332)	Other payments for investing activities	0	(500)
6,552	6,552	Proceeds from the sale of Property, Plant & Equipment investment property and intangible assets	11,554	11,554
35,406	35,406	Other receipts from Investing Activities	38,365	40,365
(25,296)	**(25,296)**	**Net Cash Flows from Investing Activities**	**(20,906)**	**(18,783)**

40 Notes to the Cash Flow – Financing Activities

Group 2022/23 £000s	Council 2022/23 £000s		Group 2023/24 £000s	Council 2023/24 £000s
55,000	55,000	Cash receipts of short- and long-term borrowing	34,100	34,100
(25,004)	(25,004)	Repayment of short- and long-term borrowing	(49,088)	(49,088)
(3,946)	(3,946)	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance sheet PFI contracts	(4,919)	(4,919)
(776)	(312)	Other receipts/payments for financing activities	83	102
25,274	**25,738**	**Net Cash Flows from Financing Activities**	**(19,824)**	**(19,805)**

41 Inventories

31 March 2023 £000s		31 March 2024 £000s
549	HRA Stock – Construction Contract	528
907	General Fund Stock (libraries, catering)	698
1,456	Authority Total	**1,226**
122	North Tyneside Trading Company (NTTC) Inventories *	0
1,578	**Group Total**	**1,226**

* The inventory for NTTC relates to land and buildings, it is the cost of completed properties pending sale on the open market.

42 Basis of Preparation Note

Going Concern

The Authority's financial statements for 2023/24 have been prepared on a going concern basis in accordance with the CIPFA Code of Local Government Accounting (2023/24). The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate.

The Authority continues to face unprecedented challenges, including the impact of on-going global conflict as well as the current cost of living crisis, in delivering essential services whilst resources are constrained.

The Authority continues to regularly monitor its financial position and provide full financial updates to the Authority as appropriate, including options on addressing any emerging spending pressures. This may include potential national flexibilities, reprioritisation of earmarked reserves and balances, restrictions on expenditure, including recruitment, revisions to service delivery or service standards and identification of additional saving measures. The Authority is continuing to liaise with the Government on ensuring sustainable funding going forward.

North Tyneside Council has balances of cash and short-term investments, totalling £5.102m as at 31 March 2024 and a projected cash balances in excess of £23m at 31 March 2025. The Authority's cash flow is monitored daily by management and the Authority does not forecast any cash flow shortage during 2023/24. The Authority maintains a cautious and risk-based strategy to managing cashflow. Cash balances are forecast to remain positive for at least 12 months following approval of the financial statements. The Authority has used surplus cashflow throughout 2023/24 to repay maturing debt which has contributed to an under-borrowed position of £86m, as such the Authority will not borrow above the approved Capital Financing Requirement to support the capital strategy and cashflow. The Authority, as part its cash flow modelling, has undertaken a prudent approach, ensuring the Authority will maintain an efficient level of working capital for the going concern period.

43 Events after the Balance Sheet Date

There are no events after the balance sheet date to report.

5.0 Supplementary Financial Statements and Explanatory Notes

5.1 Housing Revenue Account – Income & Expenditure Statement for year ended 31 March 2024

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

2022/23 £000s		Note	2023/24 £000s	2023/24 £000s
	Expenditure			
13,683	Repairs & Maintenance		14,853	
14,462	Supervision and Housing Management		12,242	
1,865	PFI Unitary Charge Payments		2,217	
230	Rents, Rates, Taxes and other charges		404	
507	Movement in the allowance for bad debts	47	682	
14,370	Capital Charges – including Depreciation, Revaluation and Impairment of non-current assets	52	3,020	
45,117	Total Expenditure			33,417
	Income			
(59,402)	Dwelling rents (Gross)		(63,645)	
(725)	Non-dwelling rents (Gross)		(756)	
(3,315)	Charges for services and facilities		(3,559)	
(2,105)	Contributions towards expenditure		(2,565)	
(7,693)	PFI Credits		(7,693)	
(73,240)	Total Income			(78,218)
(28,123)	**Net cost of HRA services as included in the Comprehensive Income & Expenditure Statement**			**(44,801)**

2022/23 £000s		Note	2022/23 £000s	£000s
317	HRA service's share of Central Costs		317	
2,391	HRA share of other amounts included in the whole Authority Cost of Services but not allocated to specific services		2,399	
(25,415)	**Net Income for HRA Services**			**(42,085)**
	HRA Share of the operating income & expenditure included in the Comprehensive Income & Expenditure Statement			
(863)	Gain on disposal of HRA non-current assets		(429)	
14,400	Interest payable & similar charges		14,476	
(286)	Interest and investment income		(589)	
1,131	Pensions interest cost & expected return on pensions assets	51	(236)	
(405)	Capital grants and contributions		0	13,222
(11,438)	**Surplus for the year on HRA Services**			**(28,863)**

5.2 Movement on the Housing Revenue Account Statement

2022/23 £000s		2023/24 £000s
(24,803)	Balance on the HRA at the end of the previous year	(27,462)
(11,438)	Surplus for the year on the HRA Services	(28,863)
8,779	Adjustments between accounting basis and funding basis under statute	28,040
(2,659)	(Increase)/Decrease in year on the HRA	(823)
(27,462)	**Balance on the HRA at the end of the year**	**(28,286)**

5.3 Explanatory Notes to the Housing Revenue Account

44 Housing Stock

The Authority was responsible for managing 14,108 dwellings at 31 March 2024 compared with 14,191 at 31 March 2023. The net reduction of 83 properties includes the sale of 90 properties, 9 affordable homes properties were added in-year,2 school house dropped out after both took on Academy status.

The number of empty homes included in the above figures as at 31 March 2024 stands at 117 compared with 113 at 31 March 2023.

The stock is made up as follows:

31 March 2023		31 March 2024
	Low Rise Flats	
1,541	- 1 Bed	1,538
1,015	- 2 Bed	1,008
110	- 3+ Bed	109
	Medium Rise Flats	
561	- 1 Bed	559
1,100	- 2 Bed	1,088
60	- 3+ Bed	60
	Houses and Bungalows	
1,569	- 1 Bed	1,569
2,919	- 2 Bed	2,908
4,989	- 3 Bed	4,945
327	- 4+ Bed	324
14,191	**Total**	14,108

45 Balance Sheet Valuation

This note identifies the total net balance sheet value of land, houses and other property within the HRA (valued in accordance with government guidelines) and analyses the movement in the balance sheet value during the year.

31 March 2023 £000s		31 March 2024 £000s
690,538	Houses	736,090
3,747	Land & Buildings	3,866
4,515	Vehicles, Plant & Equipment	4,613
0	Surplus Assets	0
8	Infrastructure	8
50	Intangibles	49
0	Assets Under Construction	2,352
698,858		**746,978**

46 Vacant Possession

The vacant possession value of dwellings within the HRA (valued in accordance with government guidance) was as follows:

1 April 2023 £ms		31 March 2024 £ms
1,473	Vacant Possession Value of HRA Dwellings	1,576

In accordance with government guidance, council house valuations (general housing stock) have been reduced by a regional adjustment factor in recognition of their status as social housing. This adjustment factor is currently 44% in 2023/24 (44% 2022/23).

As a consequence the Authority recognises council dwellings at a value of £736.091m on the Balance Sheet. The value of these properties on the open market if vacant would be £1,576.174m, therefore recognising an economic cost to the government of providing council housing at less than open market rents of £840.083m.

47 Rent Arrears and Bad Debt Allowance

Overall rent arrears have increased by £0.497m during 2023/24, from £6.3m at 31 March 2023 to £6.797m at 31 March 2024. These figures include rent, service charge and water rates arrears.

	£000s	£000s
Opening Rent Arrears at 1 April 2023 - consisting of:		
Current Tenant Arrears at 1 April 2023	3,930	
Former Tenant Arrears at 1 April 2023	2,370	6,300
Closing Rent Arrears at 31 March 2024 - consisting of:		
Current Tenant Arrears at 31 March 2024	4,437	
Former Tenant Arrears at 31 March 2024	2,360	6,797

The provision for bad debt required at 31 March 2024 is £5.633m compared with £5.207m at 31 March 2023, an increase of £0.426m. Bad debts of £0.255m were written off during the year, and a contribution of £0.681m was made:

2022/23 £000s		2023/24 £000s
5,085	Opening Provision for Bad Debt at 1 April	5,207
(385)	Bad debts written off during year	(255)
507	Additional contributions to bad debt provision during year	681
5,207	**Provision for Bad Debts at 31 March**	**5,633**

48 Major Repairs Reserve

The main credit to the Major Repairs Reserve is an amount equivalent to the total depreciation charges for all HRA assets. Statute allows any difference between the depreciation credit on the reserve and a specified amount deemed necessary for carrying out major repairs for the year to be transferred back to the HRA. Authorities are able to charge capital expenditure directly to the reserve and can also use it to make voluntary set aside payments to repay debt.

The movement on the HRA Major Repairs Reserve (MRR) during the year was as follows:

2022/23 £000s		2023/24 £000s
(8,227)	Balance as at 1 April	(7,185)
(14,621)	Depreciation transferred into MRR	(14,247)
15,663	Financing of HRA capital expenditure: Houses	15,691
(7,185)	**Balance as at 31 March**	**(5,741)**

49 Housing Capital Expenditure and Financing

Capital expenditure of £31.653m was incurred in the HRA during 2023/24

2022/23 £000s		2023/24 £000s
26,629	Dwellings	31,653
0	Revenue Expenditure Funded by Capital under Statute	0
26,629		**31,653**

This was financed as follows:

2022/23 £000s		2023/24 £000s
15,983	Major Repairs Reserve	15,691
9,401	Revenue Contribution	11,562
184	Usable Capital Receipts – RTB Retained	943
259	Usable Capital Receipts - Other	1,790
370	Use of Reserves	415
432	Grants	1,252
26,629		**31,653**

Total Gross Capital Receipts:

2022/23 £000s		2023/24 £000s
6,485	Dwellings	4,587
0	Land	19
6,485		**4,606**

50 Depreciation for HRA Assets

The charges for depreciation within the HRA for 2023/24 were as follows:

2022/23 £000s		2023/24 £000s
14,621	Dwellings	14,247
1,101	Vehicles, Plant & Equipment	1,076
52	Land & Buildings	61
0	Other	0
15,774		**15,384**

51 Pension Costs

In accordance with IAS19 Retirement Benefits, the Authority is required to disclose certain information concerning assets, liabilities, income and expenditure related to pension schemes for its employees. Note 9 provides further details on Pension Costs.

The amounts charged to the HRA for 2023/24 in accordance with IAS19 were as follows:

2022/23 £000s		2023/24 £000s
4,385	Allocated to Services	646
1,131	Interest on Net Defined Benefit Liability	(236)
(5,516)	Movement on Pension Reserve	(410)

52 Capital Charges

The total value of the capital charges within the Income & Expenditure Account are as follows:

2022/23 £000s		2023/24 £000s
15,775	Depreciation	15,384
1,144	Downwards Revaluations	2,608
(2,549)	Revaluation Increases	(14,972)
14,370		**3,020**

53 Revenue Expenditure funded from Capital under Statute

The amount of revenue expenditure funded from capital under statute in 2023/24 is £0.000m (£0.000m 2022/23).

54 Interest

the Authority's long-term loans are individually split between the General Fund and the HRA. The HRA is therefore charged with the actual interest costs of its long-term borrowing, plus the costs of any short-term borrowing which the HRA may undertake. The method of apportioning the HRA's share of the total interest costs incurred on its share of the debt portfolio complies with general accounting practice, and thus the amount charged to the HRA Income & Expenditure Account represents the statutory charge, totalling £8.845m for 2023/24 (£8.982m 2022/23). This figure is included in interest and other charges in the HRA Income & Expenditure Statement.

55 Capital Charges (Item 8 Debit and Credit)

The cost of capital asset charge to the HRA is prescribed via the Item 8 debit and credit calculations. Depreciation and impairment of property, plant and equipment (details shown in Note 19 of the main accounts) together with debt management expenses (£0.021m in 2023/24 and £0.019m in 2022/23) are included in the Net Cost of Services to reflect the true cost of the use of assets.

Interest payable and similar charges (£16.252m in 2023/24 and £14.400m in 2022/23) are charged after the Net Cost of Services.

5.4 Collection Fund Statement for year ended 31 March 2024

The Collection Fund is a statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and Central Government of Council Tax and Business Rates.

2022/23 £000s		Note	2023/24 £000s Business Rates	2023/24 £000s Council Tax	2023/24 £000s Total
	Income				
(128,006)	Council Tax	56	0	(135,553)	(135,553)
0	Council Tax Benefits		0	0	0
(55,004)	Business Rates Receivable	57	(58,939)	0	(58,939)
	Distribution of Collection Fund Deficit:				
(4,695)	Central Government		0	0	0
(5,925)	North Tyneside Council		0	0	0
(109)	Police and Crime Commissioner for Northumbria		0	0	0
(159)	Tyne & Wear Fire & Rescue Authority		0	0	0
(193,898)	**Total Income**		(58,939)	(135,553)	(194,492)
	Expenditure				
	Precepts, Demands & Shares:	58			
27,975	Central Government		30,674	0	30,674
137,136	North Tyneside Council Demand		30,060	116,052	146,113
9,573	Police and Crime Commissioner for Northumbria		0	10,585	10,585
5,995	Tyne & Wear Fire & Rescue Authority		613	5,790	6,403
180,679			61,347	132,427	193,774
	Distribution of Collection Fund Surplus:	59			
0	Central Government		1,156	0	1,156
0	North Tyneside Council		1,133	1,237	2,371
0	Police and Crime Commissioner for Northumbria		0	108	108
0	Tyne & Wear Fire & Rescue Authority		23	61	84
0			2,312	1,407	3,719

2022/23 £000s		Note	2023/24 £000s	£000s	£000s
	Charges to the Collection Fund:	60			
0	Interest charged to the collection fund		28	0	28
(90)	Increase/(decrease) in Provision for Appeals		1,149	0	1,149
3,176	Increase/(decrease) in Impairment Allowance		4	2,303	2,307
234	Cost of Collection		235	0	235
165	Disregarded Amounts		91	0	91
391	Transitional Protection Payment		(3,019)	0	(3,019)
3,876			(1,512)	2,303	791
184,554	**Total Expenditure**		62,148	136,137	198,285
(9,343)	Deficit/(Surplus) for the year		3,209	584	3,793
8,468	Deficit/(Surplus) as at 1 April		2,832	(3,707)	(875)
(875)	Deficit/(Surplus) as at 31 March	61	6,041	(3,123)	2,918

5.5 Explanatory Notes to the Collection Fund

General

This statement represents the transactions of the Collection Fund, which is a statutory fund separate from the General Fund of the Authority. The Collection Fund accounts independently for income relating to Council Tax and Business Rates on behalf of those bodies (including the Authority's own General Fund) for whom the income has been raised. The costs of administering collection are accounted for in the General Fund. Collection Fund balances are consolidated into the Authority's Consolidated Balance Sheet.

56 Council Tax

Under the Local Government Finance Act 1992, Council Tax replaced Community Charge as the local tax directly supporting local authority expenditure and was introduced on 1 April 1993.

Council Tax income derives from charges raised according to the value of residential properties, which have been classified into eight valuation bands estimating 1 April 1991 values for this specific purpose. Individual charges are calculated by estimating the amount of income required to be taken from the Collection Fund by the Authority, the Police and Crime Commissioner for Northumbria and the Tyne & Wear Fire & Rescue Authority for the forthcoming year, and dividing this by the Council Tax base, (the total number of properties in each band adjusted by a proportion to convert the number to a Band D equivalent and adjusted for discounts: (62,692 in 2023/24 and 62,229 2022/23).

This basic amount of Council Tax for Band D property (£2,112.34 in 2023/24 and £2,004.36 2022/23) is multiplied by the proportion specified for the particular band to give an individual amount due.

The table below shows the Band D equivalent and Council Tax base for 2023/24.

	Band D Equivalents	Collection Rate	Council Tax Base
Tax Base Calculation	63,596	98.50%	62,642
Add Payments in Lieu			50
2023/24 Council Tax Base			62,692

Council Tax Base Calculation

	BAND A Entitled to Disabled Relief Reduction	**BAND A** Value Range up to £40,000 (see Note 1)	**BAND B** Value Range £40,001 to £52,000	**BAND C** Value Range £52,001 to £68,000	**BAND D** Value Range £68,001 to £88,000	**BAND E** Value Range £88,001 to £120,000	**BAND F** Value Range £120,001 to £160,000	**BAND G** Value Range £160,001 to £320,000	**BAND H** Value range over £320,000	**TOTAL**
Properties as per List 30/11/23	0	50,498	15,983	19,839	8,331	4,374	1,529	366	36	100,956
Demolished Dwellings	0	0	0	0	0	0	0	0	0	0
Assumed Growth on New Build Properties	0	0	0	0	250	0	0	0	0	250
Disabled Relief	166	(91)	26	(49)	(28)	(8)	(4)	9	(21)	0
Exempt Dwellings or 100% discount.	0	(1,023)	(281)	(327)	(90)	(35)	(13)	(4)	(2)	(1,775)
Impact of Council Tax Support Scheme	(49)	(9,980)	(1,133)	(603)	(114)	(36)	(5)	(2)	0	(11,922)
	117	39,404	14,595	18,860	8,349	4,295	1,507	369	13	87,509
Less: Discounts at 25%	(15)	(6,485)	(1,564)	(1,359)	(437)	(167)	(57)	(27)	(3)	(10,114)
Add: Council Tax Premium Charge (100%)	0	133	22	17	6	2	2	1	0	183
Add: Council Tax Premium Charge (200%)	0	70	10	6	2	4	0	2	2	96
Add: Council Tax Premium Charge (300%)	0	60	9	3	3	0	0	0	0	75
	102	33,182	13,072	17,527	7,923	4,134	1,452	345	12	77,749
Proportion of Band D Equivalent	5/9	6/9	7/9	8/9	9/9	11/9	13/9	15/9	18/9	
Band D Equivalents	57	22,122	10,167	15,580	7,923	5,053	2,097	576	22	63,596
Total Number of 25% Discounts	56	25,902	6,243	5,417	1,739	661	216	64	4	40,302
Total Number of 50% Discounts	2	19	7	10	4	4	6	21	3	76

57 Business Rates

The NDR multipliers (the rate in the £) are set annually by Central Government. For 2022/23, the standard rates multiplier was set at 51.2 pence in the £ and the small business multiplier was set at 49.9 pence in the £.

From 1 April 2013 there has been a fundamental change to the system of Local Government Finance with the introduction of the Business Rates Retention Scheme. This system allows Authorities to retain a proportion of business rates revenues, as well as growth generated in their area. In the case of North Tyneside Council, the retained share (local share) of business rates income is 49%. Of the remainder, 50% is distributed to Central Government and 1% to the Tyne and Wear Fire and Rescue Authority.

At the outset of the Business Rates Retention Scheme the government undertook calculations to ensure that Councils with greater needs than their business rates income would receive a 'top up' payment and Councils with more business rates than their current spending will make a 'tariff' payment to Central Government. In the case of North Tyneside Council, the 'top up' payment for 2023/24 is £20.692m (2022/23 £20.505m). In addition, the Business Rates Retention system offers an element of protection through 'Safety Net' payments. North Tyneside Council would be entitled to a safety net payment if its business rates income in any year fell below 92.5% of its baseline amount.

The Authority's non-domestic rateable value at 31 March 2024 was £163,458,339 (£147,746,819 at 31 March 2023).

58 Precepts, Demands and Shares

In relation to the changes introduced as part of the Business Rates Retention Scheme and described previously, the amount estimated before the start of the 2023/24 financial year for business rates are set out here. Of these totals, the North Tyneside Council share was 49%, the Government share was 50% and the amount in respect of the Tyne & Wear Fire and Rescue Authority was 1%.

In relation to Council Tax, the following authorities made significant demands and precepts on the Collection Fund:

2022/23 £000s		2023/24 £000s
109,720	North Tyneside Council Demand	116,052
9,573	Police and Crime Commissioner for Northumbria Precept	10,585
5,436	Tyne & Wear Fire & Rescue Authority Precept	5,790
124,729		**132,427**

59 Distribution of Collection Fund Surplus/Deficit

Under Collection Fund legislation, North Tyneside Council has a statutory requirement to produce an estimated surplus or deficit for the following financial year. For 2023/24, the estimated position was as follows:

2022/23 £000s		2023/24 £000s
(1,324)	North Tyneside Council	1,237
(109)	Police and Crime Commissioner for Northumbria Precept	108
(65)	Tyne & Wear Fire & Rescue Authority Precept	61
(1,498)		**1,406**

60 Charges to the Collection Fund

As part of the charges to the Collection Fund, North Tyneside Council is required to show amounts written off as uncollectable, which for 2023/24 are £1.416m (£0.689m in 2022/23) for Council Tax and £0.712m for NDR ((£1.609m) in 2022/23).

In addition bad debt provisions are re-calculated on an annual basis, and for 2023/24 the Council Tax bad debt provision has been increased by £0.886m (£1.320m 2022/23) and the NDR bad debt provision has been decreased by (£0.708m) (decrease of £0.442m 2022/23).

As shown in the statements, the total charge to the Collection Fund relating to Council Tax is £2.303m and the total charge relating to Business Rates is £0.004m.

The other significant item here is the provision for the NDR appeals as part of the Business Rates System £1.149m in 2023/24 (£0.090m 2022/23).

61 Collection Fund (Surplus)/Deficit

The allocation of the Business Rates Collection Fund Deficit and the Council Tax Collection Fund Surplus are as follows:

	Business Rates Deficit £000s	Council Tax (Surplus) £000s
North Tyneside Council	2,960	(2,747)
Central Government	3,021	0
Police and Crime Commissioner for Northumbria Precept	0	(240)
Tyne & Wear Fire & Rescue Authority Precept	60	(136)
	6,041	**(3,123)**

6.0 Glossary of Terms

A

Accounting period: the period of time covered by the accounts, normally twelve months commencing on 1 April. The end of the accounting period i.e. 31 March is the balance sheet date.

Accounting policies: are the specific principles, bases, conventions, rules and practices applied in preparing and presenting these accounts.

Accruals basis: the method of including amounts in accounts to cover income or expenditure attributable to an accounting period but for which payment has not been received or made by the end of the accounting period. This is based on the concept that 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
  or;
- the actuarial assumptions have changed.

Amortised: reducing the value of a balance in an accounting period. The reduction in value is transferred from the balance sheet to the Comprehensive Income and Expenditure Statement.

Amortised Cost: is the amount at which an asset or liability is measured (usually at cost) plus or minus accumulated interest.

Appropriations: transferring of an amount between specific reserves in the Comprehensive Income and Expenditure Statement.

Asset: something of value which is measurable in monetary terms.

Assets Held for Sale: these are assets previously used in the provision of services by the Council which are now available for immediate sale. The assets are being actively marketed and a sale is probable.

Authorised Limit: this is the limit beyond which borrowing is prohibited.

Authority: this is the corporate body of North Tyneside Council.

Available for Sale financial assets: financial instruments that either do not have fixed or determinable payments or whose prices are quoted on an active market.

B

Bad (and doubtful) debts: debts which may be uneconomic to collect or unenforceable in law.

Balances: the reserves of the Authority, both revenue and capital, which represent the accumulated surplus of income over expenditure on any of the funds.

Balance Sheet: a statement of the recorded assets, liabilities and other balances at the end of an accounting period.

Billing authority: a local authority empowered to collect Business Rates and Council Tax i.e. metropolitan authorities, unitary authorities, London Boroughs, district authorities and the City of London. North Tyneside Council is a billing authority.

Business Rates (also known as Non-Domestic Rates (NDR)): a tax levied on business properties and is a means by which local businesses or organisations contribute to the cost of local authority services. The levy on businesses being based on a notional rate in the pound set by the government multiplied by the rateable value of the premises occupied. This multiplier is set annually by central government and comprises of a standard rates multiplier and a small business multiplier. The Authority can now keep half of this revenue to invest in local services.

Budget: a statement of the Authority's expected level of service expressed as an amount of spending over a set period, usually one year.

C

Capital Adjustment Account: provides a balancing mechanism between the different rates at which assets are depreciated under The Code and are financed through the capital controls systems.

Capital Charges: charges to services for the use of assets. They comprise depreciation, based on the current value of the assets used in the provision of services.

Capital expenditure: expenditure on the acquisition or enhancement of non-current assets. Capital expenditure can be incurred in some instances (where no asset is created) if Secretary of State permission is granted (e.g. equal pay, redundancy costs or where grants are made to other organisations for capital projects).

Capital Financing Requirement: the capital financing requirement is one of the indicators that must be produced as part of the CIPFA Prudential Code. This measures the Authority's underlying need to borrow for a capital purpose. In order to ensure that over the medium term net borrowing will only be for a capital purpose, the Authority should ensure that net external borrowing does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and the next two financial years.

Capital receipts: the proceeds from the sale of a fixed asset, or the repayment of some grants or loans made by the Authority.

Capitalised: transferred from revenue to capital.

Carrying Amount: the Balance Sheet value recorded of either an asset or a liability.

Cash and cash equivalents: this comprises cash in hand, cash overdrawn and short-term investments which are readily convertible into known amounts of cash.

Cashflow: movement in cash and cash equivalents by the Authority in the accounting period.

CIPFA: The Chartered Institute of Public Finance and Accountancy.

CIPFA/LASAAC Code of Practice on Local Authority Accounting (The Code): the code of practice applicable to preparing the accounts.

Collection Fund: this account reflects the statutory requirement contained in section 89 of the Local Government

Finance Act 1988 (as amended by the Local Government Finance Act 1992) for billing authorities to establish and maintain a separate fund for the collection and distribution of amounts due in respect of council tax and non-domestic rates (NDR).

Community assets: assets that the Authority intends to hold in perpetuity have no determinable finite useful life and in addition may have restrictions on their disposal. Examples of community assets are playing fields and parks.

Component: is a significant part of an asset (such as a roof or major item of plant or equipment), which has to be separately identified for the purposes of accounting and asset management.

Comprehensive Income & Expenditure Statement: the account, that sets out the Authority's income and expenditure for the year for non-capital spending. It is sometimes referred to as the Revenue Account.

Consistency: the concept that the accounting treatment of like items within an accounting period and from one period to the next should be the same.

Consolidated: added together with adjustments to avoid double counting of income, expenditure, or to avoid exaggeration, e.g. debtors, creditors as a result of trading between services within the Authority which are reported on as a whole in the section on consolidated financial accounts.

Consumer Price Index (CPI): the index has been designed as a macro-economic measure of consumer price inflation. The official measure is calculated each month by taking a sample of goods and services that a typical household might buy including food, heating, household goods and travel costs.

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 Authority's control.

Contingent liabilities: arises where an event has taken place that gives the Authority 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 Authority.

Contingencies: sums set aside as a provision for liabilities which may arise in the future, but which cannot be determined in advance.

Council (or Full Council): the formal meeting of all Members of North Tyneside Council.

Council Tax: the main source of local taxation for local authorities. It is a banded property tax (using 1 April 1991 property values) which is levied on households within its area by the billing authority and is set annually for the properties in its area. Council Tax income is paid into the billing authority's Collection Fund for distribution to precepting authorities and for use by the billing authority's own General Fund.

Creditors: amounts owed by the Authority for work done, goods received, or services rendered to the Authority during the accounting period, but for which payment has not been made by the Balance Sheet date.

Current assets: which will be consumed or cease to have value within the next accounting period, e.g. inventories and debtors.

Current liabilities: amounts that the Authority owes to other bodies and due for payment within 12 months.

Current Service Cost (Pensions): the increase in the present value of a defined benefit scheme's liabilities expected to rise from employee service in the current period.

Curtailment: for a defined benefit pension scheme this is 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, examples being termination of employees service through redundancy or amendment of the terms affecting future benefits.

D

Debtors: amounts due to the Authority which relate to the accounting period and have not been received by the Balance Sheet date.

Deferred Credits including deferred capital receipts: amounts derived from the asset sales which will be received in instalments over a period of a year (e.g. mortgages on the sale of Council houses).

Deferred Liabilities: these are liabilities which are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time, e.g. deferred purchase arrangements.

Defined Benefit Scheme: a defined contribution scheme is a pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all the employees benefits relating to employee service in the current or prior periods. A defined benefit scheme is a pension or retirement benefit scheme other than a defined contribution scheme.

Depreciation: the reduction in value of an asset due to age, wear and tear, deterioration or obsolescence.

Derecognition: financial assets and liabilities will need to be removed from the Balance Sheet once performance under the contract is complete or the contract is terminated.

E

Earmarked reserves: these reserves represent the monies set aside that can only be used for a specific usage or purpose (see Reserves definition for more information).

Emoluments: all sums paid to or receivable by an employee and sums due by way of expenses or allowances (as far as those sums are chargeable to UK income tax) and the monetary value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Enterprise Zones: specific areas where a combination of financial incentives and reduced planning restrictions apply.

Equity instrument: a contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Estimation Techniques: methods adopted by the Authority to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Events after the Balance Sheet Date: events after the Balance Sheet date are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statement of Accounts are authorised for issue.

Exceptional items: are ones that are material in terms of the Authority's overall expenditure for example impairments and changes in accounting regulations.

Expenditure: costs incurred by the Authority for goods received, services rendered or other value consumables during the accounting period, irrespective of whether any movement of cash has taken place.

External Audit: the independent examination of the activities and accounts of Local Authorities to ensure the accounts have been prepared in accordance with legislative requirements and proper practices and to ensure the Authority has made proper arrangements to secure value for money in its use of resources.

Extraordinary items: these are very rare. They are material items with a high degree of abnormality that arise outside the normal activities of the Authority and are not expected to recur.

F

Fair Value: fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

Finance Lease: a lease that transfers substantially all the risk and rewards of ownership of a fixed asset to the body leasing the asset (see Leasing definition for more information).

Financial Asset: a right to future economic benefits controlled by the Authority that is represented by: cash, an equity instrument of another entity, a contractual right to receive cash or another financial asset from another entity.

Financial Instruments: contracts that give rise to a financial asset of one entity and a financial liability of another entity.

Financial Liability: an obligation to transfer economic benefits controlled by the Authority that is represented by: a contractual obligation to deliver cash (or another financial asset) to another entity, or a contractual obligation to exchange financial assets/liabilities with another entity.

G

General Fund: the main revenue account of the Authority, which brings together all income and expenditure other than recorded in the Housing Revenue Account and the Collection Fund.

General Reserves and Balances: monies held by the Council to deal with unforeseen events that might arise. The Council must maintain a prudent level of such balances.

Government grants: grants made by the Government towards either revenue or capital expenditure to support the cost of the provision of local authority services. These grants may be specifically towards the cost of particular schemes or to support the general revenue spending of the Authority.

H

Heritage Assets these are assets, previously classified as community assets, which are intended to be preserved in trust for future generations because of their cultural, environmental of historical associations.

Historical cost: the actual cost of assets, goods or services, at the time of their acquisition.

Housing Benefits: a system of financial assistance to individuals towards certain housing costs administered by local authorities and subsidised by central government.

Housing Revenue Account: a separate account that includes all income and expenditure arising from the provision of Council housing by the Authority.

I

Impairment: a reduction in the value of a fixed asset, measured by specific means, below its stated carrying amount in the Balance Sheet.

Income: amounts which the Authority receives or expects to receive from any source, including rents, fees, charges, sales and grants.

Infrastructure Assets: assets such as highways, bridges, street lights and footpaths.

Intangible Asset: identifiable non-monetary asset without physical substance e.g. computer licences.

Interest Cost (pensions): for a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

International Accounting Standards (IAS): international accounting standards issued by the International Accounting Standards Board. They are authoritative statements of how particular types of transactions and other events should be reflected in financial statements.

Inventories: raw materials and consumable items which the Authority has procured to use on a continuing basis and have not been used by the end of the accounting period.

Investment Property: interests in land and/or buildings in respect of which construction work and development have been completed and which are held for their investment potential rather than for operational purposes, any rental income being negotiated at arm's length.

Investments: items such as company shares, other securities and money deposited with financial institutions (other than bank current accounts).

Item 8 Debit and Credit Calculation: this refers to Item 8 of Part I and Item 8 of Part II of Schedule 4 to, the Local Government and Housing Act 1989 in respect of provisions for the treatment of impairment and depreciation in housing revenue accounts of local authorities in England from 1 April 2017.

L

Leasing: a method of acquiring the use of an asset by paying a rental for a specified period of time, rather than purchasing it outright. The two methods are:

- *Operating Leases* – may generally be described as those which do not provide for the property in the asset to transfer to the Authority, only the rental will be taken into account by the lessee; or
- *Finance Leases* – are leases that transfer substantially all of the risks and rewards of ownership of the asset to the lessee. The asset is recorded on the lessee's balance sheet.

Lender Option Borrower Option Loans (LOBO): borrowing whereby the lender can opt to increase the interest rate payable at the end of the initial period. If the lender opts to increase the interest rate payable, then the borrower can either agree to this increase and continue to repay the loan up to the maturity date or can reject the new terms and repay the loan in full (without penalty).

Levies: similar to precepts, these sums are paid to other bodies. However, these amounts are not collected through Council Tax as with precepting bodies; they are items of expenditure on the face of the Comprehensive Income and Expenditure Statement. The bodies that charge a levy on the Authority are the North East Combined Authority (transport levy), the Environment Agency and the Tyne Port Health Authority and Northumberland Inshore Fisheries and Conservation Authority.

Liabilities: amounts due to individuals or organisations, which will have to be paid at some time in the future.

Long Term Assets: assets which have value to the Authority for more than one year, e.g. land, buildings, equipment (also known as non-current assets).

M

Material: the concept that any omission from or inaccuracy in the statements of account should not be large enough to affect the understanding of those statements by a reader.

Minimum Revenue Provision (MRP): is the minimum amount which must be charged to an authority's revenue account each year and set aside as a provision for credit liabilities (repayment of debt), as required by the Local Government Act 1989.

N

National Multiplier: the figure used to calculate a non-domestic rates bill from the rateable value.

Non-Domestic Rates (NDR) (also known as Business Rates): a tax levied on business properties and is a means by which local businesses or organisations contribute to the cost of local authority services. The levy on businesses being based on a notional rate in the pound set by the government multiplied by the rateable value of the premises occupied. This multiplier is set annually by central government and comprises of a standard rates multiplier and a small business multiplier. The Authority can now keep half of this revenue to invest in local services.

Net Book Value: the amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided by depreciation.

Net Realisable Value: the open market value of the asset in its existing use (or open market value in the case of investment Property), less the expenses to be incurred in realising the asset.

Non-Current Asset: assets which have value to the Authority for more than one year e.g. land, buildings, equipment (also known as Long Term Assets).

O

Operational Boundary: this reflects the maximum anticipated level of external debt consistent with budgets and forecast cash flows.

Operating Lease: a type of lease where the ownership of the asset remains with the lessor, and rental payments are recorded against services in the Comprehensive Income & Expenditure Statement (see Leasing definition for more information).

P

Pooled Funds: established to support partnership working. A pooled fund will receive funds from a variety of sources and will be administrated by the host partner.

Precept: the charge determined by precepting authorities on billing authorities. It requires the billing authority to collect income from Council taxpayers on their behalf. In the case of North Tyneside Council, the precepting authorities are the Police and Crime Commissioner for Northumbria and the Tyne and Wear Fire and Rescue Authority.

Prior Year Adjustments: material adjustments to the accounts of earlier years arising from changes in accounting policies or from the correction of prior year errors. A prior year error may include the effect of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of fact, and fraud. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Provisions: amounts set aside in the accounts for liabilities or losses which are certain or very likely to occur but where there is uncertainty as to the amounts involved or the dates on which they will arise.

Private Finance Initiative (PFI): public authority/private sector partnerships designed to procure new major capital investment resources for local authorities.

Property, Plant and Equipment (PPE): Property, Plant and Equipment covers all assets with physical substance (tangible assets) that are held for use in the production or supply of goods and services, for rental to others, or for administrative purposes, and expected to be used during more than one period.

Prudential Code: The current system on financial controls for capital financing introduced on 1 April 2004 that local authorities are required to operate by.

Prudence: this accounting concept requires that revenue is not anticipated until realisation can be assessed with reasonable certainty. Provision is made for all known liabilities whether the amount is certain or can only be estimated in the light of the information available.

Public Works Loan Board (PWLB): a central Government agency which lends money to local authorities at lower rates than those generally available from the private sector. Local authorities are able to borrow for their requirements to finance capital expenditure from this source.

R

Related Parties: individuals, or bodies, who have the potential to influence or control the Council or to be influenced or controlled by the Council

Remeasurement of the net defined benefit liability: comprises of

a) actuarial gains and losses,
b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset), and
c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Remuneration: defined as sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by the employer are excluded.

Replacement Cost: cost of replacement of the asset at the balance sheet date.

Reserves: amounts set aside in the accounts to meet expenditure which the Authority may decide to incur in future period, but not allocated to specific liabilities which are certain or very likely to occur. Earmarked reserves are allocated to a specific purpose or area of spending. Unallocated reserves are often described as balances, and usually arise as unplanned surpluses of income over expenditure.

Retail Price Index (RPI): measurement of the monthly change in the average level of prices at the retail level weighted by the average expenditure pattern of the average person.

Revaluation Reserve: records unrealised revaluation gains arising (since 1 April 2007) from holding property, plant & equipment. This reserve is matched by fixed assets within the Balance sheet; therefore, they are not resources available to the Authority.

Revenue Contributions: method of financing capital expenditure directly from revenue.

Revenue Expenditure Funded from Capital under Statute: expenditure classified as capital for funding purposes but does not result in the creation of an asset (previously called deferred charges).

Revenue Support Grant: a central Government grant paid to each local authority to help to finance its general expenditure, as opposed to specific grants.

Ring-fenced: this refers to the statutory requirement that certain accounts such as the Collection Fund and Housing Revenue Account must be maintained separately from the General Fund.

S

Section 151 Officer: the Council officer designated under Section 151 of the Local Government Act 1972 to take overall responsibility for the financial administration of the Council.

Service Concession: an arrangement whereby the Authority contracts with a private operator to develop (or upgrade), operate and maintain infrastructure assets (in this case Schools and Street Lighting). The Authority controls or regulates what services the operator must provide using the assets, to whom, and at what price, and also controls any significant residual interest in the assets at the end of the contract.

Strain on the Fund: An early payment of retirement benefits for members aged 55 or over and under 65 generates a ‘Strain on the Fund’ cost. This results in the Authority reimbursing the Tyne & Wear Pension Fund for the loss of employer and employee contributions and investment income which results from the employee retiring early.

T

Treasury Management: this is the process by which the Authority controls its cash flow and its borrowing and lending activities.

Treasury Management Strategy (TMS): a strategy prepared with regard to legislative and CIPFA requirements setting out the framework for treasury management activity for the Council.

U

Unuseable Reserves: reserves earmarked for specific accounting treatments which are not available to fund general expenditure (see Reserves definition for more information).

Useable Reserves: reserves that can be applied to fund expenditure or reduce local taxation (see Reserves definition for more information).